



Public Service Commission

State of North Dakota

COMMISSIONERS

Randy Christmann
Julie Fedorchak
Brian Kroshus

Executive Secretary
Darrell Nitschke

600 East Boulevard, Dept. 408
Bismarck, North Dakota 58505-0480
Web: www.psc.nd.gov
E-mail: ndpsc@nd.gov
Phone: 701-328-2400
ND Toll Free: 1-877-245-6685
Fax: 701-328-2410
TDD: 800-366-6888 or 711

1 June 2017

Mitch Armstrong
Counsel for Advocacy Staff
marmstrong@smithbakke.com

Paul Sanderson
Counsel for Montana-Dakota Utilities
psanderson@esattorneys.com

John Schuh
Counsel for Advocacy Staff
jschuh@nd.gov

Karl Liepitz, Sr. Attorney, MDU Resources Group
Counsel for Montana-Dakota Utilities
karl.liepitz@mduresources.com

John Coffman
Counsel for AARP
john@johncoffman.net

Via e-mail only

RE: MDU 2016 Electric Rate Increase Application, Case No. PU-16-666
Questions from 30 May 2017 work session

Dear Counsel:

As you know, the Public Service Commission met 30 May in a second work session on the captioned case. The purpose of the work session was to discuss the response to my 19 April 2017 letter in connection with the settlement and the other evidence of record.

The discussion at the work session focused on the accuracy of and support for the revenue and expense information associated with implementation of the rider settlement provisions. The purpose of this letter is to inform the parties of the issue, request more information, and notify the parties that the commission intends to make the responses part of the record evidence in the case.

Please reply to this request for more information as soon as possible, but no later than 9 June 2017. Please be sure you serve your response on all parties. The commission plans to make the responses part of the record on which the decision can be based.

Under North Dakota Century Code section 28-32-25, you have an opportunity to examine the information the commission receives in response to the questions, present your own information, and cross-examine the person furnishing the information or evidence. This letter, together with service of your responses, will provide notification that the commission intends to incorporate the information into the record, and that you have an opportunity to examine the

information, provide additional information, and request the opportunity to cross-examine. After the parties see each other's response, if anyone wants to request opportunity to cross examine a witness concerning the information, please let me know as soon as possible.

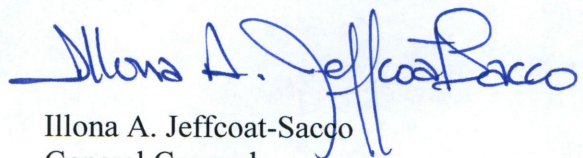
The commission requests that MDU file and serve supporting information concerning the rider accounts. Please file work papers detailing monthly sales volumes, rider rates, tracker and balancing account balances, along with all calculations to substantiate the rider tracker account balances.

The Commission also requests that MDU further explain the sand and reagent expenses that MDU proposes to subtract from the interim revenue refund. Please provide a full explanation of the sand and reagent expense, and any other expense included in the amount being deducted from the refund, complete with work papers substantiating the deduction, and reasons why it should be excluded from the interim rate refund.

Lastly, the commission requests that, after review of the information provided by MDU, Advocacy Staff file a response indicating its position on the rider impacts and the resulting interim refund calculations and balances. Specifically, Advocacy Staff should indicate whether it agrees with MDU's position on the sand and reagent expenses, as well as on the net effect of implementing each of the rider settlement provisions. If it does not agree, Advocacy Staff should indicate its reasons for not agreeing, and what Advocacy Staff asserts is the correct net effect of implementation. AARP is, of course, welcome to file a response, as well.

Thank you for your prompt response to this request. If you have any questions, please do not hesitate to contact me.

Best regards,



Ilona A. Jeffcoat-Sacco
General Counsel