

**Hamre, John G.**

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**Sent:** Wednesday, September 15, 2021 8:50 AM  
**To:** Hamre, John G.  
**Subject:** Filing Accepted for Case: 08-2021-CV-01508; Nodak Electric Cooperative, Inc. vs. North Dakota Public Service Commission, et al.; Envelope Number: 4453492

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## Filing Accepted

Envelope Number: 4453492

Case Number: 08-2021-CV-01508

Case Style: Nodak Electric Cooperative, Inc. vs. North Dakota Public Service Commission, et al.



The filing below was reviewed and has been accepted by the clerk's office. You may access the file stamped copy of the document filed by clicking on the below link.

Filing Details	
<b>Court</b>	Burleigh County - South Central District
<b>Case Number</b>	08-2021-CV-01508
<b>Case Style</b>	Nodak Electric Cooperative, Inc. vs. North Dakota Public Service Commission, et al.
<b>Date/Time Submitted</b>	9/14/2021 1:54 PM CST
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<b>Filing Description</b>	CR Exhibit 34 Prehearing Memo with Proposed Exhibits - part3of3 Case No. 08-2021-CV-01508
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<b>Filed By</b>	John Hamre
<b>Filing Attorney</b>	John Schuh

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<b>Lead Document Page Count</b>	9
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NODAK ELECTRIC COOPERATIVE, INC.  
Grand Forks, North Dakota

Policy Bulletin No. 402

**NEW LINE EXTENSIONS**

The Cooperative will build all extensions of facilities in the most direct and inexpensive manner possible. The customer requesting service will be required to sign an agreement to pay a minimum charge for a period of at least five years from the date service is made available. As a general rule, all new construction shall be placed underground; however, the cooperative reserves the option of constructing facilities overhead in cases where it deems it impractical to place the facilities underground due to rocky soil conditions, the temporary nature of the installation, etc.

No permanent service will be provided adjacent to the lake, Devils Lake, below the elevation of 1,460 feet unless the site has been approved for construction of an Insurable Structure, and a Floodplain Development Permit has been issued by the Floodplain Administrator of Ramsey County. If electric service is requested adjacent to the lake, Devils Lake, below the elevation of 1,460 feet and a Floodplain Development Permit is not available, the site will be classified as temporary in which case, Policy Bulletin No. 404 – Availability of Temporary Electric Service, shall apply.

If there is a request for new electric service that would utilize a distribution line within five years of being installed that had required a new service aid to construction payment, the party/parties requesting the new service will be required to equally share a five-year prorated aid to construction charge based on the charge that the original first party paid for the section of distribution line that will be equally shared. The prorated share of the aid to construction charge will be collected from the new party/parties and refunded to the original party.

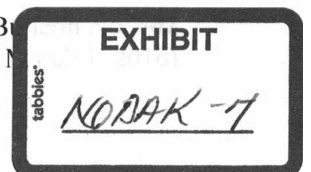
**1. Single-Phase Service Connections**

**Investment:**

New Accounts - New accounts shall be grouped into one of the following categories with the accompanying minimum requirement:

- Secondary service extension only – requires an annual minimum equal to the facility charge for five years.
- Plotted housing developments that are designed to serve multiple locations per transformer – requires an annual minimum of \$800 for five years. (The minimum may be waived if the new line extension is for service to a permanent structure, such as a home or business located in a plotted area that will result in multiple locations being served per transformer.)
- Primary service extension– requires an annual minimum of \$1,200 for five years. (The minimum is based on Nodak’s average investment divided equally over five years.)

The Cooperative reserves the right to determine which of the above formulas will be used to determine the minimum charge.



**Aid to Construction:**

If the distance required to serve a new customer is over 600 feet, an aid to construction payment of \$3.00 per foot will be required for the distance beyond 600 feet. (This is equal to 100% of the average cost per foot for investments beyond 600 feet.) Any special construction expenses such as directional boring and tree clearing will be billed additional at cost.

2. **Multi-Phase Service Connections**

When a customer has a need for multi-phase service, service will be furnished under the following conditions:

**Investment:**

New Accounts - New accounts shall be grouped into one of the following categories with the accompanying minimum requirement:

- Secondary service extension only – requires an annual minimum equal to the facility charge for five years
- Primary service extension:
  - Two-phase requires an annual minimum of \$1,800 for five years.
  - Three-phase requires an annual minimum of \$2,400 for five years. (The minimums are based on Nodak’s average investment for each category divided equally over five years.)

The Cooperative reserves the right to determine which of the above formulas will be used to determine the minimum charge.

**Aid to Construction:**

If the distance required to serve a new customer is over 600 feet, an aid to construction payment of \$6.00 per foot for two-phase, or \$9.00 per foot for three-phase will be required for the distance beyond 600 feet. (This is equal to 100% of the average cost per foot for investments beyond 600 feet.) Any special construction expenses such as directional boring and tree clearing will be billed additional at cost.

3. **Line Extension to Low Load Factor Accounts**

Low load factor accounts would consist of, but not limited to: irrigation, drain tile pumps, billboard signs, highway monitoring equipment, pasture wells, railroad services and any other services that would require at 15 kVa or smaller transformer, or have usage only part of the year.

Line extension charges would be based on total construction charges and no annual minimum

4. **Deposit**

If the customer requesting electric service does not have a good credit rating or is not a member in good standing, an advance cash deposit equal to Nodak’s investment will be required. The deposit plus interest will be refunded to the original customer after the initial term of the agreement has been fulfilled.

The cooperative may waive the deposit requirement if a second party, who has a good credit rating or is a Nodak customer in good standing, cosigns the application for electric service.

A customer may elect to make a cash payment toward the construction cost for the purpose of reducing the investment or for the purpose of reducing the initial term of the agreement.

4. **Single-Phase to Multi-Phase Conversion**

If a customer requests a conversion from single-phase to multi-phase, it shall be the policy of the cooperative to treat the additional facilities as a new line extension as per Section 2 of this policy. The aid to construction referred to in Section 2 shall be based on the new plant that is being required to convert the service from single phase to multi-phase.

5. **Metering of New Service Connections**

It is the general policy of the cooperative to require separate metering for each dwelling receiving service from the cooperative. It is recognized that a number of existing services with two or more dwellings are receiving service under one meter. In these situations, when one of the residences installs "off-peak" electric heating, and the cooperative is required to make a substantial investment to increase its capacity to provide this service, the cooperative may require that each residence be metered as a separate account.

6. **System Improvements for Large Loads**

When a customer or potential new customer requests electric service and the loading is of a nature that it very likely will cause system problems, especially power quality issues, a study will need to be conducted by Nodak to determine if adequate system capacity is available.

If Nodak determines that there is not adequate system capacity and additional system improvements are needed to supply this customer's request, an aid to construction payment may be required to cover the cost of these improvements. Such improvements may be but are not limited to increasing the conductor size and/or number of conductors, adding voltage regulation, modifying sectionalizing equipment, etc. When conducting a study, attention will be given to all existing customers on the line to make sure that their present electrical needs are included in the study. It is also expected that the new electric load will comply with the provisions of Policy 414 – Power Quality Criteria for Large Loads.

7. **New Service in an Existing Yard**

In the event where a current customer requests a new service within 600 feet of their existing service, the existing service would be required to have a five-year minimum commitment equal to the actual cost of the new service. The new and existing service minimum commitments would be concurrent.

## Nodak Electric Cooperative

Rate 501.2 Commercial and Industrial Distribution delivered 3 Phase (controlled)

	Love's Travel Stop Retail Charges	Capital Credit Allocation	Nodak Electric Power Cost	Cost of Service	Nodak Net Revenue
Year 1	\$ 57,416.00	\$ 1,240.19	\$ 50,366.00	\$ 785.54	\$ 5,024.27
Year 2	\$ 58,656.19	\$ 1,266.97	\$ 50,366.00	\$ 809.11	\$ 6,214.11
Year 3	\$ 58,771.02	\$ 1,269.45	\$ 50,366.00	\$ 833.38	\$ 6,302.18
Year 4	\$ 58,771.02	\$ 1,269.45	\$ 50,366.00	\$ 858.38	\$ 6,277.18
Year 5	\$ 59,787.28	\$ 1,291.41	\$ 51,272.59	\$ 884.13	\$ 6,339.16
Year 6	\$ 60,309.77	\$ 1,302.69	\$ 51,272.59	\$ 910.66	\$ 6,823.83
Year 7	\$ 60,206.42	\$ 1,300.46	\$ 51,272.59	\$ 937.98	\$ 6,695.40
Year 8	\$ 60,476.27	\$ 1,306.29	\$ 51,272.59	\$ 966.12	\$ 6,931.28
Year 9	\$ 60,476.27	\$ 1,306.29	\$ 51,272.59	\$ 995.10	\$ 6,902.30
Year 10	\$ 60,476.27	\$ 1,306.29	\$ 51,272.59	\$ 1,024.95	\$ 6,872.45

Retail Charges based on similar full service truck stop in Nodak Electric's Service Area.

Power Supply Cost increased in year 5 as per Suppliers Long Range Forecast

Cost of Service is based on our expenses per service location increased by 3% annually

Love's retail Charges increased as per Nodak Electric's long-range financial forecast totaling 5.33% over 8 years

Nodak's Service location investment will be recovered in approximately 3.25 years

Capital Credit Allocations for C&I Rate Class average 2.16% of revenue



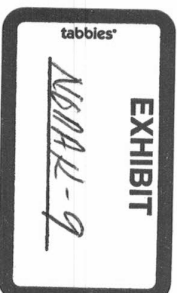


## Nodak Electric 5 Year Average Rate of Return Controlled

	Cash Flow	Cumulative Cash Flow	Average Rate of Return
Year Zero	\$ (19,037.50)	\$ (19,037.50)	
Year 1	\$ 5,024.27	\$ (14,013.23)	
Year 2	\$ 6,214.11	\$ (7,799.12)	
Year 3	\$ 6,302.18	\$ (1,496.94)	
Year 4	\$ 6,277.18	\$ 4,780.25	
Year 5	\$ 6,339.16	\$ 11,119.40	
			$\frac{\$ 11,119.40}{\$ 19,037.50} / 5 \text{ years} = \boxed{11.7\%}$

Net Cash flow / Capital Investment = Return on Investment or Rate of Return

3.25 Years to recover initial capital investment



## Nodak Electric 5 Year Average Rate of Return (Uncontrolled)

	Cash Flow	Cumulative Cash Flow	Average Rate of Return
Year Zero	\$ (19,037.50)	\$ (19,037.50)	
Year 1	\$ 9,768.08	\$ (9,269.42)	
Year 2	\$ 11,717.34	\$ 2,447.92	
Year 3	\$ 11,875.74	\$ 14,323.65	
Year 4	\$ 11,850.73	\$ 26,174.39	
Year 5	\$ 11,987.55	\$ 38,161.94	
			$\frac{\$ 38,161.94}{\$19,037.50} / 5 \text{ years} = \boxed{40.1\%}$

Net Cash flow / Capital Investment = Return on Investment or Rate of Return

1.8 Years to recover initial capital investment

# Nodak Electric Cooperative

Love's Travel Stop Drayton Location

Total Cost of New Service Extension	\$19,037.50
Nodak's 5-year average System Wide Rate of Return	2.61%
ROI required to meet 5-year average	\$ 496.88
Estimated Annual Revenue (985,320 KWH) Controlled	\$57,416
Wholesale Power Cost	\$50,366
Estimated Net Revenue	\$ 7,050
Capital Credit Allocation	(\$ 1,240)
Net Contribution of Costs after Capital Credits	\$ 5,313

EXHIBIT  
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