

400 North Fourth Street
Bismarck, ND 58501
701-222-7900

April 9, 2021

Victor Schock
North Dakota Public Service Commission
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

Re: PU-21-101 Extreme Cold Weather Event Investigation – Natural Gas

Dear Mr. Schock:

Montana-Dakota Utilities Co. electronically submits its responses to the Commission's request set 1, 1.1 through 1.12 issued on March 8, 2021 in the above referenced case.

If you have any questions, please contact me at (701) 222-7855.

Sincerely,

/s/ Travis R. Jacobson

Travis R. Jacobson
Director of Regulatory Affairs

Attachments

**MONTANA-DAKOTA UTILITIES CO.
 NORTH DAKOTA PUBLIC SERVICE COMMISSION
 EXTREME COLD WEATHER EVENT INVESTIGATION
 DATA REQUEST SET 1 (1.1-1.12)
 ISSUED MARCH 8, 2021
 CASE NO. PU-21-101**

1.1 Please provide forecasted February 2021 gas usage and cost estimates by customer class used to derive the Feb 2021 Cost of Gas (COG) rate.

Response:

The table below represents the forecasted February 2021 gas usage and the cost of gas estimates for Montana-Dakota Utilities Co. and Great Plains Natural Gas.

MDU - ND	Feb 2021 Forecasted Dk	Feb 2021 PGA COG
General Purpose	2,455,558	\$4.347
Seasonal Firm General	1,876	\$4.472
Interruptible	105,672	\$3.028
Contracted Demand	38,339	\$2.894
Air Base	61,964	\$3.014
	2,663,409	

GPNG - ND	Feb 2021 Forecasted Dk	Feb 2021 PGA COG
Firm	46,839	\$4.0042
Interruptible	79,628	\$2.9368
	126,467	

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1.2 Please provide the actual February 2021 gas usage and cost actuals by customer class.

Response:

Below is the table that represents the actual February 2021 gas usage and costs by customer class for Montana-Dakota Utilities Co. and Great Plains Natural Gas for North Dakota.

MDU - ND	Feb 2021 Actual Dk	Total Costs	Cost Per Dk
General Purpose	3,065,083	\$27,032,254	\$8.819
Seasonal Firm General	693	6,426	9.273
Interruptible	78,529	614,810	7.829
Contracted Demand	18,786	135,001	7.186
Air Base	64,748	504,595	7.793
Total North Dakota	3,227,839	\$28,293,086	\$8.765

GPNG-ND	Feb 2021 Actual Dk	Total Costs	Cost Per Dk
Firm	52,184	\$1,033,778	\$19.8103
Interruptible	97,829	1,965,930	20.0956
Total North Dakota	150,013	\$2,999,708	\$19.9963

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1.3 What is the total North Dakota difference between the forecast and actual natural gas cost/revenues for February 2021?

Response:

Below is the difference between the forecast and actual natural gas cost/revenues for February 2021 for Montana-Dakota Utilities Co. and Great Plains Natural Gas.

MDU - ND	Feb 2021 Actual Dk	Feb 2021 PGA COG	Feb 2021 Actual COG	Rate Difference	(Over)/Under Balance
General Purpose	3,065,083	\$4.347	\$8.819	\$4.472	\$13,707,051
Seasonal Firm General	693	4.472	9.273	4.801	3,327
Interruptible	78,529	3.028	7.829	4.801	377,018
Contracted Demand	18,786	2.894	7.186	4.292	80,630
Air Base	64,748	3.014	7.793	4.779	309,431
Total	<u>3,227,839</u>				<u>\$14,477,457</u>

GPNG - ND	Feb 2021 Actual Dk	Feb 2021 PGA COG	Feb 2021 Actual COG	Rate Difference	(Over)/Under Balance
Firm	52,184	\$4.0042	\$19.8103	\$15.8061	\$824,824
Interruptible	97,829	2.9368	20.0956	17.1588	1,678,630
Total	<u>150,013</u>				<u>\$2,503,454</u>

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**1.4 What amount of gas was forecasted to be used from storage during February?
What actual amount of gas was used from storage?**

Response:

Montana-Dakota forecasted a net storage withdrawal of 2.899 million Dk and realized net withdrawal was 3.975 million Dk in February 2021.

Great Plains forecasted a net storage withdrawal of 11,585 dk and realized a net withdrawal of 8,087 dk in February 2021. During the cold weather event, Great Plains withdrew the maximum amount from storage allowed pursuant to its contract.

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1.5 What amount of gas is procured using contract prices versus spot pricing? Is the contracted percentage the same year to year?

Response:

Montana-Dakota's normal supply requirements is 100% procured using contract pricing which may include an index component. Storage withdrawals increase as demand increases until storage withdrawals have reached maximum availability. Spot pricing is then used for peaking conditions. Montana-Dakota relies on spot pricing for only a small portion of total supply each year.

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1.6 How much of the gas usage during the events was used by customers on an interruptible rate?

Response:

Below is a table to show how much of the estimated gas usage during the events was used by customers on an interruptible rate.

MDU - ND

Date	Total Interruptible Energy	Total Core Energy	% of Total Core
2/13/2021	8,665	370,321	2.34%
2/14/2021	14,565	356,901	4.08%
2/15/2021	18,550	334,861	5.54%
2/16/2021	15,171	292,651	5.18%

GPNG – ND

Date	Total Interruptible Energy	Total Core Energy	% of Total Core
2/13/2021	3,872	6,984	41.72%
2/14/2021	4,047	7,088	45.55%
2/15/2021	4,124	6,997	40.31%
2/16/2021	2,269	4,874	46.55%

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1.7 How much interruptible customer gas usage was curtailed?

Response:

While there was no interruptible customer gas usage curtailed, Montana-Dakota and Great Plains did not allow grain dryers in North Dakota to run during the cold weather event.

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1.8 How much interruptible customer gas usage could have been curtailed during the events?

Response:

The Company's total interruptible volumes were provided in Response No. 1.6.

On Friday, February 12, Montana-Dakota and Great Plains contracted to purchase natural gas through Tuesday, February 16. The Company has an obligation to provide natural gas to customers and thus the utility could not have procured less gas to serve customers. The index prices of gas were unknown and inconceivable when the utility agreed to purchase supply for the President's Day weekend. Curtailing customers or any other demand-side management steps would not have relieved the utility from its obligation of consideration for gas that was purchased.

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1.9 What does your tariff or policy dictate regarding Interruptible customers when gas supply is available, but the gas price is extreme?

Response:

Neither Montana-Dakota or Great Plains tariffs address interruptions due to extreme price volatility nor economic curtailments.

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1.10 What mechanism would normally be used to recoup the under collection of natural gas costs from question 1.3?

Response:

Montana-Dakota currently recovers under collected gas costs through its Surcharge Adjustment as described in Section 4 of Tariff Rate 88 – Cost of Gas. This is an annual filing that established a per unit rate effective October 1 which reflects amortization of the applicable under or over recovered balance. The amortization period for the balances applicable under the Surcharge Adjustment is twelve months.

Great Plains currently recovers under collected gas costs through its Gas Cost Reconciliation (GCR) as described in Section 4 of Tariff Rate 88 – Cost of Gas. This is an annual filing that establishes a per unit rate effective June 1 which reflects amortization of the applicable under or over recovered balance. The amortization period for the balances applicable under the GCR adjustment is twelve months.

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1.11 What timeframe would the under collection normally be spread over? What return amount does the company earn on the under collected balance?

Response:

Montana-Dakota and Great Plains currently amortizes its unrecovered gas costs over twelve months. Montana-Dakota and Great Plains applies a carrying charge calculated based on the 3-month US Treasury Bill.

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1.12 Are there alternatives to the mechanism and timeframe to recoup the under collected balance that would provide less rate shock to North Dakota ratepayers?

Response:

On February 19, 2021, Montana-Dakota filed a request to eliminate the current surcharge adjustment associated with Case No. PU-21-008 in an effort to mitigate and smooth out the impact of the spike in natural gas prices. Montana-Dakota is continuing to explore mechanisms to provide less rate shock to North Dakota ratepayers. One approach may be to implement a surcharge during the summer months to continue recovery efforts.

On February 26, 2021, Great Plains filed its monthly Cost of Gas Adjustment associated with Case No. PU-21-010. In this filing, the Company request to eliminate the current surcharge adjustment in an effort to mitigate and smooth out the impact of the spike in natural gas prices. Great Plains' annual filing is effective June 1, and the Company will propose additional mitigation options at that time.