

Direct Testimony and Schedules

Dante Mugrace

Before the North Dakota Public Service Commission

State of North Dakota

In the Matter of the Application of Montana-Dakota Utilities Co.

a Division of MDU Resources Group, Inc.,

For Authority to Establish Increased Rates for

Natural Gas Service

Case No. PU-23-341

Overall Revenue Requirement

Rate Base

Income Statement

Public Version

July 31, 2024

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1 **I. Introduction**

2 **Q. Please state your name, position and business address.**

3 **A.** My name is Dante Mugrace. I am a Senior Consultant with the regulatory
4 consultant firm of PCMG and Associates, LLC. My business address is 22
5 Brookes Avenue, Gaithersburg, MD 20877.

6 **Q. What is your present occupation?**

7 **A.** In my capacity as a Senior Consultant, I am responsible for evaluating and
8 examining rate case and rate case related proceedings before various
9 governmental entities, preparing expert testimony and reviewing and
10 recommending revenue requirement proposals, as well as, offering opinions on
11 economic policy and policy issues and methodologies used to set a value on a
12 utility's rate base and cost of service components of revenue requirement.

13 **Q. Please summarize your professional experience.**

14 **A.** PCMG is an association of experts in the field of utility regulation and policy,
15 economics, accounting and finance. PCMG's members have over 75 years'
16 collective experience providing assistance to counsel and expert testimony
17 regarding the economic regulation of electric, gas, water and wastewater utilities
18 that operate under local, state and federal jurisdictions. PCMG brings to client
19 engagements a consultative and collaborative approach to the identification of
20 issues and the development of positions with strict adherence to client procedures
21 and deadlines. PCMG focuses on areas regarding revenue requirement, cost of
22 service and rate design and cost of capital and rate of return. Prior to my
23 association with PCMG, I was employed by Snavelly-King Majoros and Associates
24 (SKM) from 2013 to 2015, in the same capacity as PCMG. Prior to SKM I was
25 employed by the New Jersey Board of Public Utilities (NJBPU) from 1983 through
26 my retirement in 2011. During my tenure at the NJBPU, I held various accounting,
27 administrative and managerial positions. My last position was Bureau Chief of
28 Rates in the Agency's Division of Water (Bureau Chief of Rates). I held this
29 position for nearly 10 years. My CV is attached at Appendix A.

1 **Q. What experience do you have in the area of utility rate setting procedures**
2 **and other utility matters?**

3 **A.** In my capacity as Bureau Chief of Rates, I was responsible for overseeing and
4 managing the rate case process regarding administrative, financial and day-to-day
5 functions of the bureau. My primary duties were to ensure that the regulated
6 utilities were provided with sufficient revenues to cover their operating expenses
7 and the opportunity to earn a reasonable return on their plant investments. During
8 my tenure at the NJBPU, I was involved in hundreds of rate and rate related
9 proceedings that were resolved through settlement negotiations or litigated
10 proceedings.

11 In my capacity as a Senior Consultant, I am and have been involved in rate and
12 rate related proceedings (tracker mechanisms, pass-through of certain capital and
13 operating costs and adjustment clauses) before the Commissions in the
14 Commonwealth of Massachusetts and Pennsylvania and; the States of Maine,
15 Maryland, New Jersey, New York, North Dakota and Ohio. I was involved in the
16 Generic Proceedings to Establish Parameters for the Next Generation
17 Performance Base Rate Plans before the Alberta Utilities Commission. I am
18 currently involved in matters before the Federal Energy Regulatory Commission
19 (FERC) regarding transmission formula rate plans.

20 **Q. What is your educational background?**

21 **A.** I hold a Master of Business Administration (MBA) degree with a concentration in
22 Strategic Management from Pace University – Lubin School of Business in New
23 York, NY. I hold a Master of Public Administration (MPA) degree from Kean
24 University in Union, NJ. I hold a Bachelor of Science (BS) degree in Accounting
25 from Saint Peter’s University in Jersey City, NJ.

26 **Q. On whose behalf are you testifying?**

27 **A.** I am testifying on behalf of the Advocacy Staff of the North Dakota Public Service
28 Commission (NDPSC).

1 **II. Purpose of Testimony**

2 **Q. What is the purpose of your testimony?**

3 **A.** The purpose of my testimony is to compute and recommend a revenue
4 requirement in the natural gas rate case proceeding of Montana-Dakota Utilities
5 Co. (MDU or Company) that was filed with the NDPSC on November 1, 2023
6 (Case No. PU-23-341). Our firm has been retained to determine a revenue
7 requirement based upon a test year ending December 31, 2024. I present my
8 findings regarding MDU's test year rate base, revenues, operating expenses and
9 net income at present rate revenue. Included in my recommended position on rate
10 base and operating income, I am incorporating and relying on the
11 recommendations of Dr. Marlon Griffing for cost of capital, and any adjustments to
12 Dr. Karl Pavlovic for cost of service and rate design, and Depreciation Expense.

13 **Q. Have you reviewed and examined the Company's testimony and**
14 **accompanying exhibits in this proceeding?**

15 **A.** Yes, I have reviewed MDU's testimony, statements, exhibits and the Company's
16 responses to data requests propounded by Advocacy Staff and PCMG.

17 **Q. Have you prepared schedules to accompany your testimony?**

18 **A.** Yes. I have prepared Schedules DM-1 through DM-21.

19 **Q. Please summarize the rate relief proposed by MDU in this proceeding.**

20 **A.** On November 1, 2023, the Company filed an application to increase rates for
21 natural gas service in North Dakota. The Company requests additional annual
22 revenues of \$11,635,044 or 7.45%.¹ The revenue requirement increase is
23 predicated upon a 2024 future test year ending December 31, 2024.² The
24 Company has proposed an overall rate of return of 7.563% which includes a return
25 on common equity of 10.50%. The Company has computed its rate base in the

¹ Company Statement A, page 1.

² On January 1, 2024, the Commission approved an interim rate increase for natural gas service of \$10,094,595 or 6.46% increase in annual revenues, subject to refund including interest.

1 amount of \$216,970,104 based upon average balances of plant investments and
2 13-month average balances of average working capital (Materials and Supplies,
3 Fuel Stock, Prepayments). In computing the Company's revenue requirement
4 increase, the Company multiplied its total average Rate Base of \$216,970,104
5 multiplied by the proposed Rate of Return of 7.563% to compute its Operating
6 Income of \$16,409,449. It then subtracted its Operating Income at Present Rates
7 of \$7,613,926 to arrive at additional revenue requirement of \$8,795,523.³ The
8 Company multiplied this about by its gross up factor of 1.3228371x to arrive at its
9 revenue requirement increase of \$11,635,044.⁴

10 **Q. Do you accept the Company's proposed Average 2024 future test year period**
11 **ending December 31, 2024?**

12 **A.** Yes. I accept the Company's Average test year period 2024.

13 **Q. Please summarize your findings and recommendations.**

14 **A.** Based upon the use of the Company's future test year period ending December
15 31, 2018, I have the following recommendations:

- 16 1. My recommended rate base balance is \$195,365,013, which is \$21,605,091
17 lower than the Company's proposed rate base balance of \$216,970,104.
- 18 2. My rate of return is based upon the recommendation of Dr. Marlon Griffing,
19 which recommends an overall return of 7.174%, which includes a common
20 equity component of 9.725%.
- 21 3. My recommended operating revenues at present rates is \$159,847,677, which
22 is equal to the Company's operating revenues at present rates of
23 \$159,847,677.
- 24 4. My overall revenue requirement increase based upon an overall rate of return
25 of 7,174% is \$4,255,429, or 2.66% which is \$7,379,615 lower than the

³ Company Statement A page 1.

⁴ Gross up factor as per Company Excel -Tax Rate in response to ND-PSC-2.1.

1 Company's proposed revenue requirement increase of \$11,635,044,⁵ or
2 7.28%.

3 The revenue requirement impact on my recommendations are shown on my
4 Schedule DM-1.

5 **Q. How is the remainder of your testimony organized?**

6 **A.** The remainder of my testimony is organized by documenting and explaining
7 adjustments to various rate base components and net operating income
8 components to arrive at my recommended revenue requirement increase.

9

10 **III. Rate Base Issues**

11 **A. Gas Plant In Service (GPIS)**

12 **Q. What has the Company proposed regarding its Gas Plant In Service (GSIP)**
13 **Balance for the Projected 2024 Test Year Period?**

14 **A.** The Company has computed its GPIS by using an average 2023 and 2024
15 projected plant in service balance for a total average 2023-2024 balance of
16 \$378,345,500 as shown on Company Statement B, page 1.

17

18 **Q. How did the Company develop its average Projected 2023-2024 GPIS**
19 **Balance of \$378,345,500?**

20 **A.** The Company developed its GPIS Balance by adding the capital budget items for
21 2023 to the 2022 plant in service balances, excluding the balance associated with
22 the Gwinner pipeline. That balance is \$361,963,685 and to that balance added
23 capital additions items for 2024 and adjusted for Retirements (three-year average).
24 This produced a balance of \$394,727,307. The Company then averaged out the

⁵ This increase is as per Company Statement A, page 1 of 3.

2023 and 2024 GPIS balance to produce an average GPIS balance of \$378,345,500. (Company Statement B Schedule B-1 page 1 of 6).

Q. Did the Company provide a Summary of Plant Additions expected to be placed in service for 2023 and 2024?

A. Yes. As shown on Company Schedule B Statement B-2, page 1 of 9, the Company has provided the following plant additions breakdown:

	<u>Projected 2023</u>	<u>Projected 2024</u>
Distribution Plant	\$18,992,484	\$21,869,325
General Plant	\$ 1,492,478	\$ 4,777,723
General Intangible Plant	\$ 1,392,427	\$ 5,425,801
Common Plant	\$ 861,481	\$ 1,859,605
Common Intangible Plant	<u>\$ 128,066</u>	<u>\$ 2,955,335</u>
Total	\$22,866,936	\$36,887,789

Q. Did the Company update its Plant Additions balance for 2023 or 2024?

A. Yes, in various responses, to certain discovery responses, the Company stated that certain plant additions have been cancelled or delayed until 2025 due to the project no longer being needed at this time. (See response to 3-16, 24, 25, 26). Also, the Company identified that certain projects included contingencies as part of the overall project costs.

Q. What changes do you have regarding the Company's proposed Projected Average 2023-2024 Gas Plant In Service Balance of \$378,345,500?

A. I have several adjustments related to the Company's GPIS Balance, which I am recommending disallowance to the Company's Gas Plant in Service:

- Main Reinforcement – Minot - \$779,708 – Cancelled (Set 3-16)
- Devil's Lake Town Boarder Station - \$462,931 – Delayed (Set 3-24)
- Devil's Lake Town Boarder Station - \$1,341,964 – Delayed (Set 3-25)
- Minot Project – remove contingency - \$25,000 – (Set 3-26)

- 1 • Mains – Wahpeton – remove contingency - \$323,828 – (Set 3-33)
- 2 • Regulatory Station – Wahpeton – remove contingency - \$103,950 (Set 3-
- 3 33)
- 4 • Soybean Processing Plant – remove contingency - \$153,813 (Set 3-35)
- 5 • Remove the Company’s allocated costs related to Aircraft Equipment of
- 6 \$877,954 (Statement H-2 page 5) (Set 3-13)
- 7 • Two Way Radio upgrade – remove contingency - \$294,118 – (Set 3-32)
- 8 • Service Shop – \$503,950 – timing undeterminable – (Set 3-31)

9

10 Total disallowance of Utility Plant in Service is \$4,867,216. I will discuss each of

11 these adjustments below:

12 **Q. Please explain your adjustments to the Company’s projected Utility Plant in**

13 **Service balance (UPIS).**

14 **A.** In responses to Set 3-16, the Company indicated that its Mains Reinforcement –

15 Minot project was cancelled and determined that it was not needed at this time.

16 The amount of the project was \$779,708. I removed this project from the

17 Company’s UPIS balance. In response to Set 3-24, the Company indicated that

18 its Devils Lake Town Border station has been delayed until 2025 due to higher

19 priority projects being identified. The amount of the project was \$462,931. I

20 removed this project from the Company’s UPIS balance. In response to Set 3-25,

21 the Company indicated that its TBS – Devils Lake Town Border Station has been

22 delayed until 2025 due to higher priority projects being identified. The amount of

23 the project was \$1,341,964. I removed this project from the Company’s UPIS

24 balance. In response to Set 3-31, the Company stated that its acquisition and

25 design of its new Construction Shop is still to be determined as property is

26 identified and a design is completed. The amount of the project was \$503,950.

1 **Q. What level of the total balance of plant additions did the Company stated was**
2 **due to delays or cancellations?**

3 **A.** The total balance of plant additions that were due to delays or cancellations is
4 \$2,584,603. (\$779,708, \$462,931 and \$1,341,964).

5 **Q. Why are you removing the balance of \$503,950 related to the Construction**
6 **Shop?**

7 **A.** I am removing this balance because this project is still under acquisition and the
8 timing of the project is still to be determined. I believe this project is not known
9 and measurable and it is unclear as to when this project will be placed in service.

10 **Q. What are your next set of adjustments to the Company's UPIS balance?**

11 **A.** In reviewing certain responses to the Company's project costs, the Company
12 included contingencies in the development of its project costs. I am recommending
13 disallowing these contingencies because these types of adjustments are not
14 known and measurable as they represent estimates or unknown costs that may or
15 may not occur in a project. These costs are typically included in a budget to
16 represent uncertainty and compensate for the unpredictability of risk exposure.
17 The total contingency costs included in the Company's projects are as follows:

- 18 • Regulator Station - \$25,000 (Set 3-26)
- 19 • Two-Way Radio Upgrade Project - \$294,118 (Set 3-32)⁶
- 20 • Mains – Wahpeton - \$323,828 (Set 3-33)⁷
- 21 • Regulatory Station – Wahpeton - \$103,950 (Set 3-33)⁸
- 22 • Soybean Processing Plant - \$153,873 (Set 3-35)⁹

⁶ Total costs are \$2,064,357 allocated to MDU. (Total MDR costs are \$35,570,000 or 5.80% allocated to MDU. Total contingency costs are \$5,071,000. Total contingency costs allocated to MDU are (\$5,071,000 times 5.8% or \$294,118).

⁷ Total cost is \$2,158,850 which include a contingency of 10% on contract labor and 5% on materials and direct labor or 15%. (\$2,158,850 times 15% or \$323,828).

⁸ Total cost is \$693,000 which include a contingency of 10% for contract labor and 5% for material and direct labor or 15% (\$693,000 times 15% or \$103,950).

⁹ Total cost is \$3,076,254 time a contingency of 5% or \$153,873.

1 **Q. What is the total balance related to contingencies that you are disallowing?**

2 **A.** The total balance is \$900,709.

3 **Q. What is your final adjustment to the Company's UPIS balance?**

4 **A.** My final adjustment to the Company's UPIS balance is my disallowance related to
5 aircraft of \$877,954 as shown on Company's Statement H Schedule H-2 page 5
6 of 8. In response to Set 3-13, the Company stated that it uses corporate aircraft to
7 provide a reliable source of travel to areas within its service territory that may not
8 be readily accessible using commercial air travel and / or when a number of
9 employees utilize the plane to one location. These costs are spread out across
10 all brands of the utility.

11 **Q. What is your reason to disallow Aircraft costs in the Company's UPIS**
12 **balance?**

13 **A.** I am recommending removal of the plant related to Aircraft Equipment because I
14 believe that Company ratepayers should not be charged for expenditures related
15 to aircraft equipment and related costs. The costs and usage of private and /or
16 chartered airplane usage are usually more expensive in nature. Although the
17 Company has stated that there are few commercial flight options, employees still
18 have the option to drive. It seems unlikely that chartered airplane usage is used
19 for travel with the State of North Dakota. If the Company does utilize chartered
20 airplane travel within North Dakota, the Company should provide specifics on
21 when, where and why the in-state flights occurred. Even by using commercial
22 airplane flights and including lodging and meals, the costs will be less than the use
23 of the Company's aircraft.

24 **Q. What is your recommended average Gas Plant In Service Balance with the**
25 **adjustments that you have made?**

26 **A.** My recommended average Gas Plant In Service Balance is \$373,478,014, which
27 is \$4,867,216 lower than the Company's average Gas Plant In Service Balance of

1 \$378,345,500. My recommendation is shown on my Schedule DM-5 and carried
2 over to Schedule DM-3 – Average Rate Base.

3 B. Accumulated Depreciation

4 **Q. What has the Company proposed regarding its Accumulated Depreciation?**

5 **A.** The Company has proposed and computed an Accumulated Depreciation Balance
6 of \$152,660,393 as shown on Company Statement C, page 1. The Company's
7 Accumulated Depreciation balance was calculated using the reserve balance at
8 December 31, 2022, (exclusive of the Gwinner Pipeline) adding the calculated
9 Depreciation Expense and deducting retirements based upon a three-year
10 average of retirements. The average 2023 balances were then calculated, and the
11 process was repeated for 2024. (Company witness Vesey testimony page 16).

12 **Q. Did the Company provide a breakdown of its Projected Average**
13 **Accumulated Depreciation?**

14 **A.** Yes. On Company Statement C, page 1, the Company provided the following
15 breakdown:

16	Transmission	\$ 698,986
17	Distribution	\$123,881,873
18	General	\$ 5,440,204
19	General Intangible	\$ 3,407,400
20	Common	\$ 7,617,822
21	Common Intangible	\$ 11,526,463
22	Acquisition Adjustment	<u>\$ 87,645</u>
23	Total	<u>\$ 152,660,393</u>

24 **Q. Do you have any adjustments to the Company's proposed Projected Average**
25 **Accumulated Depreciation Balance?**

26 **A.** Yes. My adjustments to the Gas Plant In Service balance of \$373,478,014 are
27 related to my adjustments for disallowance related to cancelled and delayed
28 projects, contingency cost removals and the disallowance of Company aircraft as

1 identified in my UPIS section of my testimony. I used the same average
2 methodology to compute my recommended adjustments for each of the accounts
3 above. My recommendation reduces the Company's Accumulated Depreciation
4 from \$152,660,393 to \$152,450,271 a difference of \$210,122 and is shown on my
5 Schedule DM-6 and carried over to Schedule DM-3 (Average Rate Base).

6 C. Working Capital Components

7 **Q. What has the Company computed regarding its Working Capital**
8 **Components?**

9 **A.** The Company proposed a total Working Capital allowance of \$26,246,537 as
10 shown on Company Statement D, page 1, which is broken down by the following
11 components:

12	Materials and Supplies	\$2,463,479
13	Fuel Stock	\$ 26,293
14	Prepayments	\$ 415,793
15	Unamortized Loss on Debt	\$ 120,097
16	Unamortized Redemption Cost	
17	Of Preferred Stock	\$ 35,472
18	Gain/Loss on Sale of Building	\$ 400,639
19	Provision for Pension/Benefits	\$18,273,074
20	Provision for Post-Retirement	<u>\$ 4,511,690</u>
21	Total	<u>\$26,246,084</u>

22 **Q. How did the Company develop its Working Capital Allowance Components?**

23 **A.** According to Company witness Vesey, the following approaches were used to
24 develop the Working Capital Components:

- 25 • The Materials and Supplies and Fuel Stocks were restated to a thirteen-
26 month average reflecting actual balances through June 2023 with July
27 through December remaining at 2022 levels. (Company Statement D, page
28 1).
29

- 1 • The Prepayments, which are made up of prepaid insurance, were restated
2 to a thirteen-month average balance based reflecting through June 2023.
3 The July through December 2024 balances were based upon the projected
4 2023 and 2024 insurance expense. (Company Statement D, page 1).
5
6 • Gas in underground storage and prepaid commodity were restated to a
7 thirteen-month average reflecting actual balances through June 2023 with
8 July through December remaining at the 2022 levels. Projected 2024 were
9 adjusted to reflect Montana-Dakota’s proposal to include Great Plains
10 customers into the Montana-Dakota integrated system of gas costs. (Vesey
11 testimony page 17).
12
13 • The Unamortized Loss on Debt was calculated using the balances as of
14 December 31, 2022, and adding the calculated change for 2023, which
15 reflected a reallocation of the balance and the annual amortization, to arrive
16 at a balance for 2023. The 2023 and 2024 balances were averaged to
17 reflect the 2023 average. The process was repeated to calculate the 2024
18 average. (Company Statement D-1, page 6 and Vesey testimony page 18).
19
20 • The Unamortized Redemption of Preferred Stock Cost was calculated using
21 the balances as of December 31, 2022 and adding the calculated change
22 for 2023 to arrive at a balance for 2023. The 2023 and 2024 balances were
23 then averaged to reflect the 2023 average and was repeated to calculate
24 the 2024 average. (Company Statement D Schedule D-1 and Vesey
25 testimony page 18).
26
27 • The Loss on Sale of Buildings is being amortized over 20 years. The
28 projected activity for 2023 is reflected and the 2022 and 2023 balances were
29 then averaged to reflect the 2023 average. The process was repeated to
30 calculate the 2024 average balance. (Company Statement D, Schedule D-
31 1 and Vesey testimony page 18).
32
33 • Pursuant to the approval for inclusion in Case No. PU-20-379, the provision
34 for pension and benefits and post-retirement are shown on Company
35 Statement D Schedule D-1 pages 9 and 10. The projected activity for 2023
36 is reflected and the 2022 and 2023 balances were then averaged to reflect
37 the 2023 average balance. The process was repeated to calculate the 2024
38 average balance. (Vesey testimony page 18-19).

39 **Q. What changes do you have regarding the Company’s Working Capital**
40 **Allowance Components?**

41 **A.** I accept the Company’s proposal related to the components of its Average Working
42 Capital components:

1	Materials and Supplies	\$2,463,479
2	Fuel Stock	\$26,293
3	Prepaid Insurance	\$415,793
4	Unamortized Lost on Debt	\$120,097
5	Unamortized Redemption Cost	
6	Of Preferred Stock	\$35,472

7 I have adjustments related to the following Working Capital Components:

8	Gain/Loss on Sale of Building	\$400,639
9	Provision for Pensions & Benefits	\$18,273,074
10	Provision for Post-Retirement	\$4,511,690

11 **Q. Please explain the Company's proposal for the three Working Capital**
 12 **Components.**

13 D. Gain/Loss on Sale of Building (Set-3-65)

14 **Q. What has the Company proposed regarding its Gain/Loss on the Sale of**
 15 **Building?**

16 **A.** In response to Set 3-65, the Company included \$400,639 related to the sale of
 17 office buildings in Williston and Watford city in 2013 which resulted in a gain on the
 18 sale. The gain was deferred until several rate proceedings introduced these costs
 19 and transactions which were ultimately settled and approved by the Commission.
 20 During 2012 and 2013, the western portion of North Dakota experienced a
 21 population boom related to oil development in the Bakken oil formation. Because
 22 of this rapid population shift, there was a lack of housing available in the areas and
 23 the Company found it necessary to provide housing options, specifically
 24 manufactured homes, in order to attract and retain employees. In 2016, the
 25 Company found that housing conditions within the affected area were stable, and
 26 employees were able to find their own housing. The Company made the decision

1 to dispose of all housing units. The Company has proposed to amortize this gain
2 over a twenty-year period or \$400,639 annually.

3 **Q. What is your adjustment?**

4 **A.** I am recommending disallowance of these costs in Rate Base. These types of
5 costs are not the sort of expenses that should be recovered from ratepayers
6 through gas utility rates. This situation was extraordinary in nature and unusual
7 in occurrence and therefore should have been borne by the Company, as it is not
8 the sort of recurring expenses that a gas utility realizes in its day to day operations.
9 This transaction was a business risk taken on by the Company to provide housing
10 for its employees during a short period of time when rapid population growth
11 occurred due to the oil development in the Bakken oil formation. As quickly as the
12 occurrence happened, it quickly disappeared. These are past costs that the
13 Company is proposing to include in future rates. The Company should not be able
14 to earn a return on this transaction as these costs do not provide safe and reliable
15 utility services to ratepayers. These costs are solely to recover a loss and a return
16 due to a business decision experience by the Company.

17 E. Provision for Pension & Benefits (NDPSC-3-66)

18 **Q. What has the Company proposed with respect to its Pension and Benefits?**

19 **A.** The Company has proposed to include \$18,273,074 of Pension costs in Rate Base
20 (Statement D Schedule D-1 page 9). The Company stated that in the most recent
21 North Dakota Natural Gas Case (Case No. PU-20-379) and Electric Rate Case
22 (Case No. PU-22-194) the Company proposed the Pension and Benefits balance
23 as a regulatory asset balance in rate base. This was approved in settlements
24 approved by the Commission on May 5, 2021, and on June 6, 2023, respectively.

25 **Q. What is your response?**

26 **A.** I am recommending disallowance of this costs in Rate Base. The Company has
27 not specifically provided a reason for inclusion but for allowance of these costs

1 through prior settlements. Pension costs and such funding vary from year to year,
2 and this inclusion in Rate Base is merely to adjust an accounting mismatch that
3 arises from unique circumstances and the nature of Pension funding in addition to
4 the employer's obligation to comply with specific pension funding requirements. If
5 this adjustment is allowed in Rate Base it may overstate Rate Base indefinitely
6 which will allow the Company to over-earn on this amount going forward, without
7 any offset or amortization of these costs. Moreover, this treatment of inclusion
8 Pension and Benefits in Rate Base would inappropriately allow the Company to
9 earn a return on past pension expense, which violates fundamental principles of
10 ratemaking. While the Company may be required to account for the Pension
11 activity in this manner, (i.e. FAS 87 and/or ASC 715 expense (NDPSC-5-4)), the
12 Commission does not have to accept or allow this approach for ratemaking
13 purposes.

14 **Q. Has the Company provided further information on the development of its**
15 **Pension Funding?**

16 **A.** Yes. In response to NDPSC-5-1, the Company provided five years' worth of
17 Pension funding from 2018 through 2022. Cash contributions ranged from a low
18 of (\$5,133,171) in 2019 due to Corporate reorganization, to a high of \$15,452,375
19 in 2019 (after Corporate reorganization). In 2020, 2021 and 2022 there were no
20 cash contributions to the Pension. The Pension balance allocated to the North
21 Dakota operations averaged about \$14.316 million over a six-year period (2018-
22 2022). In response to NDPSC-5-3, the Company objected to providing actuarial
23 estimates that were used to rely upon in calculating pension and post-retirement
24 benefits. Given this, I am unable to formulate a meaningful recommendation on
25 the development of the Company's Pension asset.

26 My recommendation is shown on my Schedule DM-3.

27

28

1 F. Provision for Post-Retirement

2 **Q. What has the Company proposed with respect to its Post -Retirement?**

3 **A.** The Company has proposed to include \$4,511,690 of Post-Retirement costs in
4 Rate Base (Statement D Schedule D-1 page 10). In the same manner as the
5 Company included its Pension & Benefits adjustments in Rate Base, it is proposing
6 to include the same for its Post-Retirement costs.

7 **Q. What is your recommendation?**

8 **A.** As I stated previously with respect to my disallowance of Pension and Benefits
9 costs in Rate Base above, I am making the same argument here with respect to
10 Post-Retirement costs. These types of costs should not be included in Rate Base
11 in order to earn a return on these costs indefinitely. By including these costs in
12 Rate Base, it may overstate the balance and allow the Company to over-earn going
13 forward without any offset or amortization of these costs.

14 **Q. Has the Company provided further information on the development of its**
15 **Pension Funding?**

16 **A.** Yes. In response to NDPSC-5-2, the Company provided five years' worth of Post-
17 Retirement funding from 2018 through 2022. Cash contributions ranged from a
18 low of (\$403,553) in 2019 due to Corporate reorganization, to a balance of \$69,576
19 in 2018. In 2019, 2020, 2021 and 2022 the funding was \$6,632, \$28,728, \$19,525
20 and \$16,813, respectively. The Post-Retirement balance allocated to the North
21 Dakota operations averaged about 1.372 million over a six-year period (2018-
22 2022). In response to NDPSC-5-3, the Company objected to providing actuarial
23 estimates that were used to rely upon in calculating pension and post-retirement
24 benefits. Given this, I am unable to formulate a meaningful recommendation on
25 the development of the Company's Post-Retirement asset.

26 My recommendation is shown on my Schedule DM-3.

27

1 G. Accumulated Deferred Income Taxes

2 **Q. What has the Company proposed regarding its Accumulated Deferred**
3 **Income Taxes (ADIT)?**

4 **A.** The Company has proposed an ADIT balance of \$28,799,456, as shown on
5 Company Statement A, page 3 and Statement J, Schedule J-2). The Company's
6 projected balances were derived by adding the changes to the deferred income
7 taxes for 2023 and 2024 to the 2022 balances and calculating the average
8 balance. (Vesey testimony page 19). Ms. Vesey stated that the changes
9 associated with book/tax depreciation differences are detailed on Company
10 Schedule J-2. The Company is required to use the Proration Method of computing
11 deferred taxes for all test period filings in which a forecast has been used to
12 develop the revenue requirement to comply with IRS normalization rules. (Vesey
13 testimony page 19). Plant related excess deferred taxes are amortized using the
14 average rate assumption method (ARAM) and is reflected in 2023 and 2024. The
15 accumulated deferred income taxes associated with the unamortized loss on debt,
16 the loss on the sale of the building, the provision for pension and benefits, the
17 provision for post-retirement and customer advances are shown on Statement D,
18 Schedule D-1 pages 6, 8, 9, 10, and 11, respectively. The change in accumulated
19 deferred income taxes associated with the acquisition adjustment are the same as
20 experienced in 2022. (Vesey testimony page 20).

21 **Q. What are your adjustments?**

22 **A.** My adjustments are to my recommended disallowance of certain Gas Plant In
23 Service additions, contingency costs and the Aircraft costs included in the
24 Company's UPIS balance. Since I made adjustments to the Company's
25 Distribution, General and Common plant balance, I am making corresponding
26 adjustments associated with the calculation of the ADIT balance. I utilized the
27 Company's methodology of average balances which are shown on my Schedule
28 DM-3 and DM-7 – Liberalized Depreciation. I removed the ADIT balances related
29 to Gain/Loss on Sale of Building, and the ADIT balances related to the
30 disallowances on the Company's Provision for Pension and Benefits and Post-

1 Retirement balances. My recommended ADIT balance reduces the Company's
2 ADIT balance from \$28,799,456 to \$22,561,781 a difference of \$6,237,675. This
3 is carried over to my Schedule DM-7.

4 IV. Revenue Requirement Issues

5 A. Operating Revenues

6 **Q. What has the Company proposed regarding its total Operating Revenues at**
7 **Present Rates for the Projected Test Year 2024?**

8 **A.** The Company proposed total Present Rate Revenues of \$159,847,677 is shown
9 on Company Statement F, page 1. The Company provided a breakdown of the
10 Present Rate Revenue as follows:

11	• Sales Revenue	\$149,672,336
12	• Transportation Revenue	\$ 6,598,674
13	• Other Operating Revenue	<u>\$ 3,576,667</u>
14	Total	\$159,847,677

15 Included in Other Operating Revenues are \$1,940,754 associated with the
16 Company's Heskett Pipeline of which a portion is assigned to gas operations upon
17 completion of the town border station and pipeline serving Mandan, ND. (NDPSC-
18 4-39).

19 **Q. How did the Company develop its Present Rate Revenues in the 2024 Test**
20 **Year Period?**

21 **A.** Company witness Mr. Bensen stated that natural gas volumes for residential, firm
22 general, the Minot Air Force Base, and select interruptible and transportation
23 customers were adjusted to reflect normal weather patterns, where appropriate.
24 (Direct Testimony of Mr. Bensen page 2). (Include response to NDPSC-4-37
25 weather normalization period). (include response to NDPSC-4-38). Normalization
26 models were separated for the Company and Great Plains customers. (Mr.
27 Bensen testimony page 3).

28

1 **Q. What adjustments do you have regarding the Company's Present Rate**
2 **Revenues of \$159,847,677?**

3 **A.** After a review of the Company's Revenues and Other Operating Revenues, I am
4 accepting the balance of \$159,847,677. My balance is shown on my Schedule
5 DM-4.

6 B. Operating Expenses

7 **Q. How did the Company develop its operation and maintenance (O&M)**
8 **expenses in this proceeding?**

9 **A.** According to Ms. Vesey, the cost of gas used the projected sales volume and the
10 demand cost and a projected 2024 annual commodity cost of gas. The projected
11 sales and volume included a large customer that will begin taking service in 2024
12 and the additional cities of Portal and Kindred, North Dakota. (Ms. Vesey testimony
13 page 8). The Company is proposing to integrate Wahpeton, North Dakota
14 currently provided for under Great Plains North Dakota gas tariff, into the
15 Company's North Dakota gas tariff. (Ms. Vesey testimony page 8). With respect
16 to the remaining O&M expenses, these were reviewed and projected by resource
17 or cost category, some on a North Dakota only basis and some on a total Company
18 basis. The Company developed the O&M expenses for 2023 by reviewing current
19 information, as well as discussions with operations personnel to determine the best
20 information for 2023. (Ms. Vesey testimony page 8). The projections for 2024 were
21 based upon the Company's best estimate for known changes or based on an
22 inflation factor when appropriate. The Company reviewed the indices published
23 by the Congressional Budget Office for Economic Cooperation and Development,
24 International Monetary Fund, PriceWaterhouseCoopers, and Statistica. (Ms.
25 Vesey testimony page 8). The rates are adjusted to reflect inflation of 4.10% for
26 2023 and 2.38% for 2024. (Ms. Vesey testimony page 9).

27 **Q. What is your response to the Company's use of Inflation Factors in the**
28 **development of its O&M expenses for 2023 and 2024?**

29 **A.** I am recommending disallowance of all of the Company's proposed inclusion of
30 inflation adjustments to set rates for service as they are not known and

1 measurable. I am of the opinion that inflationary costs (CPI) or escalation costs
2 should not be used for ratemaking purposes or to set rates for utility services.
3 Inflationary type increases do not provide a good index of cost increases, but rather
4 are overall broad blanket-type economic adjustments that are typically applied to
5 all goods and services that may not be directly related to costs incurred by PGW.
6 Inflation adjustments do not address any particular or individual expense category.
7 It is simply a forecast or prediction of cost adjustments. As costs of goods and
8 services fluctuate over time, applying escalation factors to adjust costs is not a
9 proper approach that should be utilized in setting rates for utility service. While
10 such CPI indexes are used to develop economic data as in changes to broad
11 baskets of consumer goods and services such as housing, clothing, food, etc.,
12 utilizing CPI indexes for ratemaking purposes is not reasonable. Throughout my
13 testimony I will discuss the removal of these inflation related factors.

14 1. Cost of Gas

15 **Q. What has the Company proposed regarding its Cost of Gas?**

16 **A.** The Company proposed total projected Cost of Gas of \$106,767,865 as shown on
17 Company Statement G page 1 and Schedule G-1. The cost of gas rates and Cost
18 of Propane rates used the projected sales volume and the demand cost calculated
19 in the June 2023 demand costs and a projected 2024 annual commodity cost of
20 gas. (Ms. Vesey testimony page 8). The Company provided a detailed breakdown
21 of the components of the Cost of Gas on Company Statement G Schedule G-1
22 page 7.

23 **Q. What changes do you have regarding the Company's Cost of Gas?**

24 **A.** I am accepting the Company's total projected Cost of Gas of \$106,767,865. This
25 is shown on my Schedule DM-10.

26

27

28

1 2. Labor and Benefits Expenses

2 **Q. How did the Company develop and allocate its Labor and Benefits Expenses**
3 **for the average test year 2024?**

4 **A.** As shown on Company Statement G Schedule G-1 page 8 and 9 of 25 and
5 Statement G Schedule G-1 page 9 and 10 of 70, the Company proposed total
6 Labor Expense of \$15,288,799. The breakdown of these costs are as follows:

7 Labor Expense

8	• Straight Time	\$12,429,122
9	• Premium Time	\$ 676,564
10	• Bonuses and Commission	\$ 448,032
11	• Incentive Compensation	\$ 1,538,602
12	• Moving Allowance	\$ 20,915
13	• Meals	<u>\$ 172,058</u>
14	• Total	\$15,288,799

15 The Company proposed total Benefits Expenses of \$2,874,852 as shown on
16 Statement G Schedule G-1 page 9 of which the breakdown is as follows:

17 Benefits Expense

18	• Medical/Dental	\$1,988,383
19	• Pension Expense	\$ 82,270
20	• Post-Retirement	(\$ 4 85,515)
21	• 401K	\$ 1,215,833
22	• Workers Compensation	\$ 51,550
23	• Other Benefits	<u>\$ 22,331</u>
24	• Total Benefits	\$2,874,853

1 Labor Expense - Vacancy Rate Ratio

2 **Q. What is your adjustment related to the Company's Labor Expense?**

3 **A.** My first adjustment to Labor Expense is a Vacancy Rate Ratio. In reviewing the
4 Company Set 3-46 the Company stated that it is having on-going recruiting efforts
5 throughout the year to backfill positions due to employee retirements, resignations,
6 and as part of the normal course of business cycles year over year. The Company
7 stated that it does not have a full list of employees to be hiring but has provided a
8 list of four new positions that will be hired in April and May 2024. In response to
9 Company Set 3-48, the Company stated that it does not have a way to accurately
10 illustrate headcount broken down by expense categories in the same way salary
11 amounts are extracted through the general ledger. There are multiple factors that
12 contribute to the limitation including individual employees performing work across
13 multiple expense categories and across O&M Expense and Capital labor projects.
14 Given this situation, I believe it is appropriate to implement a Vacancy Rate Ratio
15 to take into account the varying fluctuations occurring at any organization that has
16 inflows and outflows of employees being hired and leaving the Company over any
17 given period. Therefore, I believe it is appropriate to take these vacancies into
18 consideration when setting labor rates.

19 **Q. How did you calculate your Vacancy Rate Ratio and what effect does this
20 have on the Company's Labor balance?**

21 **A.** In reviewing the response to Set 3-47, the Company provided 6-years of union and
22 non-union vacancy counts, and turnover rates. I utilized a 5-year vacancy rate ratio
23 for both the union vacancy count and non-union vacancy count. I note that during
24 the COVID-19 pandemic the vacancy count for both union and non-union labor
25 was particularly low at 3.4% and 6.2%, respectively, as compared to prior years
26 (2018-2019) and subsequent years (2021-2023). Thus, given that the COVID-19
27 pandemic did not really affect labor, a 5-year vacancy rate ratio is appropriate.¹⁰
28 A 5-year Vacancy Rate Ratio resulted in an 11.12% rate for union employees and

¹⁰ I note that the use of a 3-year average would increase the vacancy rate ratio for both union and non-union employees.

1 \$12.04% for non-union employees. Averaging out these ratios resulted in an
2 overall Vacancy Rate Ratio of 11.58% which I used to adjust the Company's
3 Straight time labor and Premium time labor. This results in an adjustment of
4 (\$12,429,122 x 11.58%) \$1,439,292 for the Straight time labor and (\$676,564 x
5 11.58%) \$78,346 for the Premium time labor. My vacancy rate ratio flows through
6 to all of the operating expense components as shown on my Schedule DM-21.

7 Labor Expense - Bonuses and Commissions

8 **Q. What has the Company proposed with respect to Bonuses and**
9 **Commissions?**

10 **A.** The Company has proposed to recovery Bonuses and Commissions of \$448,032
11 as shown on Company Statement G Schedule G-1 page 8. The balance of \$41,359
12 are related to awards such as employee recognition, sign on bonuses, recruitment
13 bonuses, relocation allowances and other employee rewards. The balance of
14 \$406,673 are related to long-term incentive compensation in the form of company
15 stock to certain executive employees. (NDPSC-3-42). The plan establishes a total
16 grant that is vested at the end of three years.

17 **Q. What adjustments do you have with respect to the Company's Bonuses and**
18 **Commissions?**

19 **A.** I am recommending disallowance of Bonuses costs of \$41,359 for ratemaking
20 purposes. While the Company can reward its employees for achieving or attaining
21 specific goals, I do not see any connection that these Bonuses benefit ratepayers
22 in the provision of utility service. The Company has not provided a breakdown of
23 which employees are expected to be rewarded, the nature of the reward nor the
24 timing of these Bonuses. These types of costs provide morale and camaraderie
25 among and between employees and the Company and are not specifically
26 customer oriented costs that should be borne by ratepayers. With respect to the
27 Company's long-term stock payment to certain executive employees of \$406,673,
28 I am recommending disallowance of these costs for ratemaking purposes. These
29 types of incentive costs should not be passed on to ratepayers, as I believe they

1 are not geared towards customer service issues. I do not see any nexus between
2 providing executives with company stock and ratepayer benefits. It is not the
3 responsibility of ratepayers to absorb these types of incentive and rewarding
4 executives absent ratepayer benefits. The Company has not provided any
5 evidence that these types of incentive costs are related to safe, reliable and proper
6 utility service to ratepayers.

7 Labor Expense - Incentive Compensation

8 **Q. What has the Company proposed with respect to Incentive Compensation?**

9 **A.** The Company has proposed to include \$1,538,602 of Incentive Compensation as
10 shown on Company Schedule G Statement G-1 page 8. In response to Set 3-44
11 the Company provide its Short-Term Incentive Plans (2023 and 2024) (the Plan)
12 for incentive plans and performance goals. **(BEGIN CONFIDENTIAL)**

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED] **(END CONFIDENTIAL).**

17
18 **Q. What did the Company state regarding the need for the Plan?**

19 **A.** The Company stated that the Plan was designed to:

- 20 • Establish a strong relationship between pay and Company performance.
- 21 • Provide focus on Company strategic initiatives that increase effectiveness
22 and efficiency.
- 23 • Deliver labor market competitive rewards that attract, retain and motivate
24 talented employees to higher level of performance. (NDPSC-3-44
25 Attachment B page 1 of 21).

26 **Q. What performance metrics has the Company provided that reflects the
27 recovery of the Incentive Compensation costs of \$1,538,602?**

1 **A.** In the Company’s 2024 Plan, (addendum A.3 and A.4) the Company provided the
2 following goal achievements:

- 3 • O&M Expense Goal – 40%
- 4 • Operational Goal – Customer Service – 30%
- 5 • Cyber Security Goal – 30%
- 6 • Total 100%.

7 **Q. What are your recommendations and adjustments?**

8 **A.** I am recommending recovery of those Incentive Compensation costs that are
9 geared towards ratepayer and customer oriented benefits goals (customer service,
10 satisfaction, safety, and reliability). The Company’s Operational Goal at a
11 weighted 30% appears to provide customer benefits. The Company’s Cyber
12 Security Goal at a weighted 30% appears to provide customer information
13 protection and protects breaches of customer homes and the Company’s physical
14 systems. The Company’s O&M Expense Goal at a weighted 40% appears to
15 geared towards financial performance in which these costs are related to the
16 effects of earnings from asset sales/dispositions/retirements; the effect on
17 earnings from Corporate transactions, acquisitions, divestitures, mergers, spin-offs
18 or other strategic transactions; the effects on earnings from unanticipated changes
19 and interpretations of tax laws and; the effects on earnings of corporate overhead
20 allocation differences. (NDPSC-3-44 Attachment B page 5 of 21). I am
21 recommending disallowance of the Company’s O&M Expense Goal at a 40%
22 weighted or \$615,441). I believe these types of incentives do not benefit
23 ratepayers in the provision of safe and reliable utility service. These types of
24 benefits are aligned with the Company’s financial goals and earnings per share
25 growth. While the Company’s Plan stated that these are related to the control of
26 O&M expenses, I believe they are related to non-ratepayer performance
27 measures, such as increasing operating income, increasing in shareholder growth
28 and promoting shareholder interests. I am recommending allowance of the
29 remaining 60% (30% for Operational Goal – Customer Service and 30% for Cyber

1 Security Goal) or \$923,161. My recommendation is shown on my Schedule DM-
2 21.

3 **Q. What are your total adjustments to the Company's Labor Costs?**

4 **A.** My total adjustment is a reduction of \$2,581,111 and a balance of \$12,707,688.
5 This is shown on my Schedule DM-21. I have reflected and carried over these
6 adjustments to each of my discussion to the Company's O&M Expenses.

7 **Q. What has the Company proposed with respect to its Benefits?**

8 **A.** As shown on Company Statement G Schedule G-1 page 9, the Company
9 proposed a total balance of \$2,874,852. I will discuss each component below.

10 Benefits - Medical and Dental

11 **Q. What are your adjustments to the Company's Benefits Expense?**

12 **A.** My first adjustment is to the Company's proposed adjustment to include 13.00%
13 increases to calculated its 2024 Medical and Dental Benefits. In response to Set
14 3-50, the Company stated that this increase is based upon actuarial information
15 (Attachment A CONFIDENTIAL) and projected medical premiums (Statement G
16 Schedule G-1 page 8). I am recommending disallowance of these costs as I
17 believe they are inflationary in nature, and not known and measurable in the setting
18 of utility rates.

19 **Q. Has the Company provided any other information in support of its proposed
20 13.00% increase?**

21 **A.** Yes. In response to NDPSC-3-50, the Company provided 5-years-worth of actual
22 medical and dental expenses (2018-2022). That five-year average calculated to
23 \$1,466,799. The differences in costs from 2018 through 2022 ranged from a
24 negative 2% adjustment from 2021 – 2022, to a high of 15% in 2018-2019. The
25 overall average adjustment for this period was 6.1%.

26

27

1 **Q. What is your response?**

2 **A.** The Company's 2022 Medical and Dental costs are \$1,557,196 or \$903,974 over
3 the Company's five-year average of \$1,466,799 or 6.1% above 2022 costs. Given
4 the fluctuations in costs over the five-year period, I believe that the Company's
5 \$1,557,196 balance is sufficient enough to cover the Company's Medical and
6 Dental costs prospectively. I do not support the Company's 13.00% increase over
7 2022 costs and an additional 13.00% increase over 2023 costs to calculate the
8 Company's Medical and Benefits costs in 2024. This is a \$431,187 increase or
9 28% over actual 2022 costs.

10 **Q. What are your recommendations?**

11 **A.** I am recommending maintaining the Company's Medical and Dental Benefits at
12 the 2022 level or \$1,557,196.

13 Benefits - Pension Expense

14 **Q. What has the Company proposed with respect to its Pension Expense?**

15 **A.** The Company proposed a balance of \$82,270 as shown on Company Statement
16 G Schedule G-1 page 9. The Company referred to its actual 2023 estimates in
17 workpaper Statement G Schedule G-1 pages 13-16 and page 19.

18 **Q. Has the Company provided these workpapers?**

19 **A.** No. In response to DNPSC 5-3, the Company stated that the redacted information
20 is related to activities of other business units and is not relevant to Montana-Dakota
21 which is used for planning purposes related to other pension and post-retirement
22 funding and expenses. The information does not include any recommendations
23 or guidance on the recovery of the balance through established rates.

24 **Q. What is your response and recommendations?**

25 **A.** Given this lack of information on Pension Expense, I am recommending
26 normalizing these costs over 2022-2024 period. This results in a negative balance
27 of \$5,140 ($(\$131,411) + 33,720 + \$82,270$). These are the balance that were

1 booked by the Company over the three year period, and given the variability of
2 these balances, it is appropriate to normalize these costs prospectively.

3 Benefits- Post-Retirement

4 **Q. What has the Company proposed with respect to its Post-Retirement costs?**

5 **A.** The Company proposed a balance of (\$485,515) as shown on Statement G
6 Schedule G-1 page 9.

7 **Q. What is your response and recommendations?**

8 **A.** Given this lack of information on Post-Retirement Expense as in Pension Expense,
9 I am recommending normalizing these costs over 2022-2024 period. This results
10 in a negative balance of \$496,622 $((\$447,951) + (\$556,400) + (\$485,515))$. These
11 are the balance that were booked by the Company over the three year period, and
12 given the variability of these balances, it is appropriate to normalize these costs
13 prospectively.

14 Benefits - 401k

15 **Q. What has the Company proposed with respect to its 401k?**

16 **A.** The Company proposed a balance of \$1,215,883 as shown on Statement G
17 Schedule G-1 page 9. The Company stated this balance reflects straight time
18 labor increases in 2023 and 2024.

19 **Q. What adjustments do you have?**

20 **A.** Given that I have used a vacancy rate ratio to calculate total labor, I am using a
21 vacancy rate ratio to adjust the Company's 401k costs. Using the vacancy rate
22 ratio of 11.58% and multiplying that ratio by the Company's \$1,215,883 balance I
23 arrive at an adjustment of \$140,793. This results in a balance of \$1,075,040.

24

25

26

1 Benefits - Workers Compensation and Other Benefits

2 **Q. What has the Company proposed with respect to its Workers Compensation**
3 **and Other Benefits?**

4 **A.** The Company has proposed a balance to its Workers Compensation of \$51,550
5 and its Other Benefits of \$22,331 as shown on Statement G Schedule G-1 page
6 9.

7 **Q. What adjustments do you have?**

8 **A.** I am recommending normalizing these costs over the 2022-2024 period. This
9 results in a balance to Workers Compensation of \$49,176 (an adjustment of
10 (\$2,374)); and for the Other Benefits a balance of \$21,303 (an adjustment of
11 (\$1,028)).

12 **Q. What are your total adjustments to the Company's Benefits Expense?**

13 **A.** My total adjustments to the Company's Benefits Expense is a reduction of
14 \$673,900 or a balance of \$2,200,952 as shown on my Schedule DM-21. I have
15 reflected and carried over these adjustments to each of my discussion to the
16 Company's O&M Expenses.

17 3. Other Gas Supply

18 **Q. What has the Company proposed regarding its Other Gas Supply Expenses?**

19 **A.** The Company proposed Projected 2024 expenses related to Other Gas Supply of
20 \$320,085, as shown on Company Statement K Schedule G-1 page 5. The
21 Company provided a breakdown of the components of Other Gas Supply
22 Expenses as follows:

23	• Labor	\$228,395
24	• Vehicles & Work Equip.	\$ 6
25	• All Other O&M	<u>\$ 91,684</u>
26	Total	\$320,085

27 Included in the Labor Expense balance of \$228,395, the Company included
28 Incentive Compensation of \$24,811.

1 **Q. What changes do you have regarding the Company's Other Gas Supply**
2 **Expenses?**

3 **A.** I have two adjustments to the Company's Other Gas Supply. My first adjustment
4 is to the Company's Labor of \$228,395. My second adjustment is to the
5 Company's All Other O&M Expense of \$91,684. I will address these adjustments
6 below.

7 Labor Expenses

8 **Q. Please explain your first adjustment regarding Labor Expense.**

9 **A.** With respect to the Company's Labor Expense balance of \$228,395, the Company
10 included \$24,811 of Incentive Compensation in its Projected 2024 Test Year. As
11 I discussed previously on my adjustments to the Company's Labor Expenses,
12 including incentive compensation, I am carrying over the portion allocated to the
13 Other Gas Supply expense from my Schedule DM-21 that included my inclusion
14 of a vacancy rate ratio of 11.58%. This reduced the Labor expense by \$28,012.
15 My other recommendation to Labor costs is my adjustment to disallow \$9,924
16 related to Incentive Compensation, with the reasonings that I addressed
17 previously. My total recommended Labor costs is \$190,458 or a reduction of
18 \$37,937 from the Company's proposed balance of \$228,395.

19 All Other O&M Expenses

20 **Q. What is your final adjustment to the Company's Other Gas Supply?**

21 **A.** My final adjustment is to the Company's All Other O&M expenses of \$91,684 as
22 shown on Company Statement G, Schedule G-1 page 6 and page 25. The
23 Company included a 4.10% inflation increase to set 2023 expense levels, and
24 another 2.38% inflation increase to set 2024 expense levels. (Ms. Vesey testimony
25 page 13).

26 **Q. What is your recommendation?**

27 **A.** My recommendation is to remove the 4.10% inflation increases for the 2023 and
28 the 2.38% for the 2024 period. The Company has not provided reasons for the

1 increase to this expense but for these inflation increases. These inflation increases
2 are not a true cost of providing service and are not known and measurable.
3 Inflation rates are merely blanket type adjustments which may or may not reflect
4 the true costs of expenses incurred by the Company across all expense
5 categories. Costs increases should be based upon evidence or documentation
6 that supports the Company's adjustments. While such inflationary cost
7 adjustments are used to calculate and measure changes in economic data, they
8 should not be used to set rates for ratemaking purposes.¹¹ My adjustment
9 removes the Company's inflation related increase to arrive at a cost of 86,026, an
10 adjustment of \$5,658. My next adjustment to the Company's O&M Expense is the
11 disallowance of corporate aircraft of \$1,305 as identified in response to NDPSC-
12 3-13. I am recommending disallowance of these costs because I do not believe
13 that ratepayers should be funding corporate aircraft for employees to travel within
14 the Company's service territory. While I understand that commercial air travel may
15 not be accessible, I believe these costs should be paid for by the Company and
16 not require ratepayers to bear these costs. I do not see any benefits accruing to
17 ratepayers. My total adjustment is \$6,963 and a balance of \$84,721. My
18 recommendation is shown on my Schedule DM-11.

19 **Q. What are your total adjustments to the Company's Other Gas Supply?**

20 **A.** My total adjustments is a reduction of \$44,900 as shown on my Schedule DM-11.

21 4. Transmission

22 **Q. What has the Company proposed regarding its level of Transmission**
23 **Expenses?**

24 **A.** The Company proposed a Projected 2024 Transmission Expense balance of
25 \$11,371 as shown on Company Statement G page 1 and Schedule G-1 page 5.
26 The Company provided a breakdown of its Transmission Expenses as follows:

27 • Labor \$4,693

¹¹ My arguments for disallowing inflationary types cost adjustments are carried over to the remaining O&M expense categories.

1	• Subcontract Labor	\$4,864
2	• Materials	\$ 34
3	• Vehicles and Work Equip.	<u>\$1,780</u>
4	• Total	<u>\$11,371</u>

5 Included in the Transmission Labor Balance is Incentive Compensation costs of
6 \$495.

7 **Q. What adjustments do you have?**

8 **A.** I have adjustments to the Company's Labor Expense balance of \$4,693;
9 Subcontract Labor of \$4,864; Materials of \$34 and Vehicles and Work Equipment
10 of \$1,780. I will address these adjustments below:

11 Labor Expense

12 **Q. What is your adjustment to Labor Expense?**

13 **A.** As I discussed previously on my adjustments to the Company's Labor Expenses,
14 including incentive compensation, I am carrying over the portion allocated to the
15 Transmission expense from my Schedule DM-21 that included my inclusion of a
16 vacancy rate ratio of 11.58% or a reduction of \$573. My next adjustment to Labor
17 Expenses is related to the Company's Incentive Compensation. As stated
18 previously in my testimony I am disallowing \$198 of Incentive Compensation costs.
19 My total recommending disallowance to Labor costs is \$771. This is shown on
20 my Schedule DM-12.

21

22 Subcontract Labor

23 **Q. What is your next adjustment to the Company's Transmission Expenses?**

24 **A.** My next adjustment is to the Company's Subcontract Labor. The Company
25 included \$4,894 as shown on Statement G, Schedule G-1 page 10. Included in
26 that amount is an inflation factor of 4.10% in 2023 and 2.38% in 2024. The
27 Company stated that these increases reflect additional subcontractor costs for line
28 locating and leak surveying. (Ms. Vesey testimony page 10).

29

1 **Q. What is your recommendation?**

2 **A.** My recommendation is to remove the Company's proposed 4.10% and 2.38%
3 inflation increases for 2023 and 2024, respectively, as these types of increases
4 are not known and measurable and do not reflect the true costs of doing business.
5 I am recommending keeping these costs at the 2022 level of \$4,564, a reduction
6 of \$300. My recommendation is shown on my Schedule DM-12.

7

8 Materials

9 **Q. What is your next adjustment to the Company's Transmission Expense?**

10 **A.** My next adjustment is to the Company's Materials. The Company included \$34 of
11 Materials as shown on Statement G Schedule G-1 page 11. Included in those
12 costs is an adjustment of 9.4% increase in gas distribution and transmission
13 materials in 2023, and 2.38% inflation rate increase in 2024.

14

15 **Q. What is your recommendation?**

16 **A.** My recommendation is to remove the 9.4% increase in 2023 and 2.38% in 2024,
17 respectively or \$4 from the Company's Materials Expense. The Company
18 increased this expense only to account for expected inflation. Given that the
19 Company has not been specifically notified of any cost increases, it is appropriate
20 to keep the Material Expense at 2022 level or \$30. My arguments that recommend
21 disallowance of inflation related increases are discussed previously in my
22 testimony. My recommendation is shown on my Schedule DM-12.

23

24 Vehicles and Work Equipment

25 **Q. What is your next adjustment to the Company's Transmission Expense?**

26 **A.** My next adjustment is to the Company's Vehicles and Work Equipment. The
27 Company included \$1,780 for Transmission Costs as shown in Statement G
28 Schedule G-1 page 12. The Company stated that these expenses reflect
29 expenses associated with the Company's vehicles and equipment such as
30 backhoes, skid steers and excavators, including fuel costs, insurance,
31 maintenance and depreciation. The depreciation is charged to a clearing account

1 where it is recorded in O&M expenses or capitalized as part of a project as the
2 vehicle or work equipment is used. (Ms. Vesey testimony page 10-11).

3 **Q. What is your recommendation?**

4 **A.** My recommendation is to average out the Company's Vehicles and Work
5 Equipment using the 2022-2024 average to take into account the change in the
6 way the Company accounts for its vehicles and work equipment directly
7 attributable to work performed rather than being allocated to any specific
8 jurisdiction. It unclear how the Company allocates its Vehicles and Work
9 Equipment and how they are actually being charged to the North Dakota gas
10 operations. My three-year average for the 2022-2024 results in a balance of
11 \$1,573, and adjustment of \$207. My recommendation is shown on my Schedule
12 DM-12.

13 **Q. What are your total adjustments to the Company's Transmission Expense?**

14 **A.** My total adjustments is a reduction of \$1,282 as shown on my Schedule DM-12.
15

16 5. Distribution

17 **Q. What has the Company propose regarding the level of Distribution**
18 **Expenses?**

19 **A.** The Company propose Projected 2024 Distribution Expenses in the amount of
20 \$13,113,336 as shown on Company Statement G, Schedule G-1 page 5. The
21 Company provided a breakdown of its Distribution Expenses as follows:

22	• Labor	\$9,162,323
23	• Subcontract Labor	\$1,038,828
24	• Materials	\$ 751,770
25	• Vehicles & Work Equip.	\$ 1,329,294
26	• Company Consumption	\$ 409,902
27	• Postage	\$ 10,826
28	• Software Maintenance	\$ 8,241
29	• Rent Expense	\$ 47,525
30	• Annual Easement	\$ 43,647
31	• All Other O&M	<u>\$ 286,971</u>
32	Total	\$13,113,336

1
2 Included in the Company's Distribution Labor Expense are Bonuses and
3 Commissions of \$20,549 and Incentive Compensation of \$922,420. (Company
4 Statement G Schedule G-1 page 10).

5
6 **Q. What changes do you have regarding the Company's proposed Distribution
7 Expenses?**

8 **A.** I have several adjustments to the Company's Distribution Expenses. These relate
9 to all of the categories above with the exception of (1) Company Consumption; (2)
10 Uncollectible Accounts; (3) Rent Expense and : (4) Subcontract Labor.

11
12 Labor Expenses

13 **Q. Please explain your first adjustment to Labor Expense.**

14 **A.** My first adjustment is to the Company's Labor Expense of \$9,162,323. I am
15 carrying over the portion allocated to the Distribution Expense from my Schedule
16 DM-21 that included my inclusion of a vacancy rate ratio of 11.58%. That reduces
17 the Company's Labor Expense by \$1,150,526. My next adjustment is to the
18 Company's Incentive Compensation. As I previously discuss the reasoning for my
19 disallowance, I am recommending a reduction of \$368,968. My next adjustment
20 is to the Company's Bonuses and Commissions. As I previously discussed my
21 recommended disallowance, I am carrying over the portion that is allocated to the
22 Distribution Expense of \$20,549. My total disallowance to the Company's Labor
23 Distribution Expenses is \$1,540,043.

24
25 Materials

26 **Q. What is your next adjustment to the Company's Distribution Expense?**

27 **A.** My next adjustment is to the Company's Materials. The Company included
28 \$751,770 of Materials as shown on Statement G Schedule G-1 page 5 and 11.
29 Included in those costs is an inflation adjustment of 9.40% in 2023 and 2.38% in
30 2024. The Company stated that it is expecting an increase of 9.40% as shown on
31 Workpaper Statement G Schedule G-1 page 21.

1 **Q. What is your recommendation?**

2 **A.** My recommendation is to remove the 9.40% inflation increase in the 2023 period
3 and an additional 2.38% inflation increase in 2024 from the Company's Materials
4 Expense. As I previously stated inflationary costs adjustments are not known and
5 measurable and do not provide a true cost adjustments. The Company increased
6 this expense only to account for expected inflation which may or may not occur.
7 Given that the Company has not been specifically notified of any cost increases, it
8 is appropriate to keep the Material Expense at 2022 level or \$671,201 or a
9 decrease of \$80,569. My recommendation is shown on my Schedule DM-13.

10

11 Vehicles and Work Equipment

12 **Q. What is your next adjustment to the Company's Distribution Expense?**

13 **A.** My next adjustment is to the Company's Vehicles and Work Equipment. The
14 Company included \$1,329,294 for Distribution Costs as shown in Statement G
15 Schedule G-1 page 5 and 12. As previously indicated the total costs for Vehicles
16 and Work Equipment reflects all expenses associated with the Company's vehicles
17 and equipment costs. The depreciation expenses on these items are charged to
18 a clearing account rather than to a depreciation expense, where it is recorded in
19 O&M expense or capitalized as part of a project as the vehicle or work equipment
20 is used. (Ms. Vesey testimony page 10-11).

21

22 **Q. What is your recommendation?**

23 **A.** My recommendation is to average out the Company's Vehicles and Work
24 Equipment using the 2022-2024 average to take into account the change in the
25 way the Company accounts for its vehicles and work equipment directly
26 attributable to work performed rather than being allocated to any specific
27 jurisdiction. As indicated previously in my testimony, it is unclear how the
28 Company allocates its Vehicles and Work Equipment and how they are actually
29 being charged to the North Dakota gas operations. My three-year average for the
30 2022-2024 results in a decrease of \$153,669 from the Company's proposed

1 balance of \$1,329,294 or a recommended balance of \$1,175,625. My
2 recommendation is shown on my Schedule DM-13.

3
4 Postage

5 **Q. What has the Company proposed with respect to its Postage Expense?**

6 **A.** The Company proposed a balance to its Postage Expense of \$10,836 as shown
7 on Company Statement G Schedule G-1 page 6 and 15. The Company stated
8 that it reflected a 13.28% increase for 2023 based upon the projected weighted
9 average increase, partially offset by electronic billing savings in 2022. (Ms. Vesey
10 testimony page 12).

11
12 **Q. What is your adjustment?**

13 **A.** I am recommending disallowing the Company's proposed 13.28% increase. I
14 believe this is an inflation adjustment in which the Company has not provided any
15 evidence to support it. Also, the Company's 2022-2024 balance for Postage
16 reflects the same \$10,836, so it is not clear how the Company developed this
17 balance in the 2024 test year period. Therefore, I am recommending disallowance
18 of the Company 2023 2.38% inflation adjustment or a reduction of \$252 for
19 Postage expense in 2024. My recommendation is shown on my Schedule DM-13.

20
21 Software Maintenance

22 **Q. What is your next adjustment to the Company's Distribution Expenses?**

23 **A.** My next adjustment is to the Company's Software Maintenance costs of \$8,241 as
24 shown on Statement G, Schedule G-1 page 6 and 16. The Company included a
25 2.38% inflation increase over the 2023 Projected year. The Company indicated
26 that the increase is due to new 2024 software maintenance expenses.

27
28 **Q. What is your recommendation?**

29 **A.** As I indicated previously in my testimony, I am recommending that inflation related
30 costs increases be disallowed in the Company's O&M Expenses. My

1 recommendation removes the 2.38% inflation increase, an adjustment of \$192.
2 My recommendation is shown on my Schedule DM-13.

3
4 Annual Easement

5 **Q. What has the Company proposed related to Annual Easements?**

6 **A.** The Company has proposed Annual Easements expenses of \$43,647. This is
7 shown on Company Statement G Schedule G-1 page 6 and 24. The Company
8 stated that this cost is adjusted to include radio tower leases in support of the new
9 two-way radio replacement project and includes a projected 2.38% inflation
10 increase in 2024. (M. Vesey testimony page 13).

11 **Q. What is your response?**

12 **A.** I am recommending disallowing the inflation adjustment of 2.38% in the 2024
13 Projected year. This reduces the balance by \$1,015 and sets the 2024 Projected
14 year to \$42,632. My reasoning for disallowing inflation related expense
15 adjustments are discussed previously in my testimony. My recommendation is
16 shown on my Schedule DM-13.

17
18 All Other O&M Expenses

19 **Q. What is your final adjustment to the Company's Distribution Expenses?**

20 **A.** My final adjustment is to the Company's All Other O&M Expenses of \$286,971 as
21 shown on Statement G Schedule G-1 page 6 and 25. The Company stated that
22 these expenses were adjusted in 2023 by 4.10% and in 2024 by 2.38% to reflect
23 the effects of inflation. (Ms. Vesey testimony page 13-14).

24 **Q. What is your recommendation?**

25 **A.** I am recommending removing these inflation adjustments in 2023 and in 2024.
26 This reduces the balance by \$17,711 and sets the balance in 2024 of \$269,260.
27 My next adjustment is to removal the costs associated with aircraft costs of \$1,586
28 (NDPSC-3-13). My reasonings for disallowing these costs have been previously
29 discussed. Given that there are no specific cost increases or adjustments, the

1 removal of these inflation adjustments are appropriate, and my adjustment is
2 shown on my Schedule DM-13.

3 **Q. What is your total adjustment to the Company's Distribution Expense?**

4 **A.** My total adjustment is a reduction of \$1,795,036 as shown on my Schedule DM-
5 13.

6 6. Customer Accounting

7 **Q. What has the Company proposed regarding its Customer Accounting**
8 **Expenses?**

9 **A.** The Company proposed Projected 2024 Customer Accounting Expenses of
10 \$3,030,742 as shown on Company Statement G Schedule G-1, page 5. The
11 Company provided a breakdown of its Customer Accounting Expenses as follows:

12	• Labor	\$1,847,324
13	• Subcontract Labor	\$ 71,845
14	• Materials	\$ 416
15	• Vehicles & Work Equip.	\$ 88,297
16	• Company Consumption	\$ 4,152
17	• Uncollectible Accounts	\$ 382,296
18	• Postage	\$ 425,275
19	• Software Maintenance	\$ 50,385
20	• All Other O&M	<u>\$ 160,752</u>
21	Total	\$3,030,742

22
23 Included in the Labor balances are Bonuses and Commissions of \$8,523 and
24 Incentive Compensation of \$196,944. (Company Statement G Schedule G-1 page
25 10).

26
27 **Q. What changes do you have regarding the Company's proposed Customer**
28 **Accounting Expenses?**

29
30 **A.** I have several adjustments to the Company's Customer Accounting Expenses.
31 They are addressed below.

32

1 Labor Expense

2 **Q. What are your adjustments regarding the Company's Labor Expense?**

3 **A.** My first adjustment is to the use of a Vacancy Rate Ratio that I previously use to
4 adjustment the Company's Labor Expense. My reasonings is a discussed
5 previously. I am carrying over the portion allocated to the Customer Accounts
6 Expense category from my Schedule DM-21 that included my inclusion of a
7 vacancy rate ratio of 11.58%. That reduces the Company's Labor Expense by
8 \$221,767. My next adjustment is to the Company's Incentive Compensation. As I
9 previously discuss the reasoning for my disallowance, I am recommending a
10 reduction of \$78,778. My next adjustment is to the Company's Bonuses and
11 Commissions. As I previously discussed my recommended disallowance, I am
12 carrying over the portion that is allocated to the Customer Accounting expense
13 category of \$8,523. My total disallowance to the Company's Customer Accounting
14 Expenses is \$309,067. This is shown on my Schedule DM-14.

15 Materials

16 **Q. What is your next adjustment to the Company's Customer Accounts**
17 **Expense?**

18 **A.** My next adjustment is to the Company's Materials. The Company included \$416
19 of Materials as shown on Statement G Schedule G-1 page 5 and 11. Included in
20 those costs are adjustments of 4.10% in 2023 and 2.38% in 2024 related to
21 inflation factors.

22 **Q. What is your recommendation?**

23 **A.** My recommendation is to remove the 4.10% increase in 2023, and 2.38% increase
24 in 2024 related to inflation or a disallowance of \$26 from the Company's Materials
25 Expense. The proposed inflation adjustments are not a known and measurable
26 cost increase, but a blanket increase with no known specific increases to the
27 Materials Expense. My further argument to disallowing inflation costs are as
28 discussed previously. My recommendation is shown on my Schedule DM-14.

29

1 Vehicles and Work Equipment

2 **Q. What is your next adjustment to the Company's Customer Accounts**
3 **Expense?**

4 **A.** My next adjustment is to the Company's Vehicles and Work Equipment. The
5 Company has included a total expense level of \$88,297 shown on Statement G
6 Schedule G-1 page 5 and 12. As stated previously, the increase reflects all
7 expenses associated with the Company's vehicles and equipment including the
8 cost of fuel, insurance, maintenance and depreciation. The depreciation
9 expenses on these items are charged to a clearing account where it is then
10 recorded in O&M expenses or capitalized as part of a project as the vehicle or work
11 equipment is used. (Ms. Vesey testimony page 10-11).

12 **Q. What is your recommendation?**

13 **A.** My recommendation is to average the Company's Vehicles and Work Equipment
14 using the 2022-2024 years to take into account the change in the way the
15 Company accounts for its vehicles and work equipment that is directly attributable
16 to work performed rather than being allocated to any specific jurisdiction.
17 Therefore, I believe that a three-year average is reasonable to set costs for 2024.
18 The three-year average reduces the Company's costs from \$88,297 to \$78,094 or
19 a reduction of \$10,203. This is shown on my Schedule DM-14.

20 Postage Expense

21 **Q. What has the Company proposed regarding Postage Expense?**

22 **A.** The Company has proposed a Postage Expense of \$425,275 as shown on
23 Statement G Schedule G-1 page 6 and 15. The Company stated that a 13.18%
24 inflation in 2023 and in 2024 was included in the development of this expense.
25 (Ms. Vesey testimony page 12).

26 **Q. What is your recommendation?**

27 **A.** I am recommending that Postage Expense remain at the 2023 level. As I indicated
28 earlier in my testimony, inflation or CPI increases do not reflect the true cost of

1 doing business. These are merely blanket increases for all categories of expenses
2 and not specific increases attributable to one particular expense item. My
3 adjustment reduces the Company's Postage expense by \$11,405 and is shown on
4 my Schedule DM-14.

5 Software Maintenance

6 **Q. What is your next adjustment to the Company's Customer Accounts**
7 **Expense?**

8 **A.** My next adjustment is to the Company's Software Maintenance Expense of
9 \$50,385 as shown on Statement G Schedule G-1 page 6 and 16. The Company
10 included a 2.38% inflation increase over 2023 projections.

11 **Q. What is your recommendation?**

12 **A.** My recommendation is to keep the Company's Software and Maintenance
13 Expense levels at 2023 levels or \$49,214. This disallows the 2.38% inflation
14 increase from the 2024 level and reduces the balance by \$1,171. My
15 recommended level is shown on Schedule DM-14.

16 All Other O&M

17 **Q. What is your final adjustment to the Company's Customer Accounts**
18 **Expense?**

19 **A.** My final adjustment is to the Company's All Other O&M Expenses of \$160,752 as
20 shown on Statement G Schedule G-1 page 6 and 25. The Company included a
21 4.10% inflation increase in 2023 and an additional 2.38% inflation increase in 2024
22 to arrive at its Projected 2024 expense level.

23 **Q. What is your recommendation?**

24 **A.** My recommendation removes the Company's 4.10% inflation increase in 2023 and
25 2.38% in 2024. As indicated earlier, these types of blanket increases are not
26 known and measurable. My adjustment removes these inflation costs and keeps
27 the All Other O&M Expense at 2022 levels or \$150,752, reducing the amount by
28 \$10,000 as shown on my Schedule DM-14.

1 **Q. What are your total adjustments to the Company's Customer Accounting**
2 **Expenses?**

3 **A.** My total adjustments is a reduction of \$341,873 as shown on my Schedule DM-
4 14.

5 7. Customer Service & Information

6 **Q. What has the Company propose regarding its Customer Service &**
7 **Information Expenses?**

8 **A.** The Company proposed Projected 2024 Customer Service & Information
9 Expenses of \$358,394 and is shown on Company Statement G page 1 and
10 Schedule G-1 page 5. The Company provided a breakdown of its Customer
11 Service & Information Expenses as follows:

12	• Labor	\$226,322
13	• Subcontract Labor	\$ 1,584
14	• Vehicles & Work Equip.	\$ 12,674
15	• Postage	\$ 3
16	• Advertising	\$ 79,018
17	• All Other O&M	<u>\$ 38,793</u>
18	Total	\$358,394

19
20 Included in the Labor amount are costs related to Bonuses and Commissions of
21 \$760 and Incentive Compensation of \$24,544.

22
23 **Q. What changes do you have regarding the Company's proposed Customer**
24 **Service & Information Expenses?**

25
26 **A.** I have several changes to the Company's Customer Service & Information
27 Expenses. They are addressed below:

28
29 Labor Expense

30 **Q. What is your adjustment to the Company's Labor Expense?**

31 **A.** My first adjustment is to the use of a Vacancy Rate Ratio that I previously use to
32 adjustment the Company's Labor Expense. My reasonings is a discussed
33 previously. I am carrying over the portion allocated to the Customer Accounts

1 Expense category from my Schedule DM-21 that included my inclusion of a
2 vacancy rate ratio of 11.58%. That reduces the Company's Labor Expense by
3 \$26,963. My next adjustment is to the Company's Incentive Compensation. As I
4 previously discuss the reasoning for my disallowance, I am recommending a
5 reduction of \$9,818. My next adjustment is to the Company's Bonuses and
6 Commissions. As I previously discussed my recommended disallowance, I am
7 carrying over the portion that is allocated to the Customer Service and Information
8 expense category of \$760. My total disallowance to the Company's Customer
9 Services and Information Expenses is \$37,540. This is shown on my Schedule
10 DM-15.

11
12 Subcontract Labor

13 **Q. What is your next adjustment to the Company's Customer Service and**
14 **Information?**

15
16 **A.** My next adjustment is to the Company's Subcontract Labor of \$1,584 as shown
17 on Company Statement G Schedule G-1 page 5 and 10. Included in that amount
18 is an inflation factor of 4.10% in 2023 and 2.38% in 2024. The Company stated
19 that these increases reflect additional subcontractor costs for line locating and leak
20 surveying. (Ms. Vesey testimony page 10).

21
22 **Q. What is your recommendation?**

23 **A.** My recommendation is to remove the Company's proposed 4.10% and 2.38%
24 inflation increases for 2023 and 2024, respectively, as these types of increases
25 are not known and measurable and do not reflect the true costs of doing business.
26 I am recommending keeping these costs at the 2022 level of \$1,486, a reduction
27 of \$98. My recommendation is shown on my Schedule DM-15.

1 Vehicles & Work Equipment

2 **Q. What is your next adjustment to the Company's Customer Service &**
3 **Information Expense?**

4
5 **A.** My next adjustment is to the Company's Vehicles & Work Equipment. The
6 Company has included total costs of \$12,674 as shown on Company Schedule G
7 Schedule G-1 page 5 and 12. As previously indicated, the Company stated that
8 this increase was due to the expenses associated with the Company vehicles and
9 equipment including cost of fuels, insurance, maintenance and depreciation
10 expenses. The depreciation expense on these items is charged to a clearing
11 account where it is then recorded in O&M expenses or capitalized as part of a
12 project as the vehicle or work equipment is used. (Ms. Vesey testimony page 10-
13 11).

14
15 **Q. What is your recommendation?**

16 **A.** Given this change and the arguments I previously address in the other categories
17 of expenses, it is reasonable to average out these costs over the 2022-2024
18 period. My adjustment reduces the Company's Vehicles & Work Equipment by
19 \$1,465 and a balance in the 2024 Projected period of \$11,209 and is shown on my
20 Schedule DM-15.

21
22 Advertising

23 **Q. What has the Company proposed with respect to its Advertising Expense?**

24 **A.** The Company proposed total Advertising Expense related to Customer Service &
25 Information of \$79,018 as shown on Company Statement G Schedule G-1 page 6
26 and 17. Ms. Vesey stated that projected 2023 costs eliminated promotional
27 advertising expenses and expenses not applicable to North Dakota gas
28 operations. The Company included an inflation rate of 2.38% based upon the
29 average five indices. (Ms. Vesey testimony page 12). The Company provided a
30 breakdown of these Advertising expenses shown on Workpaper Statement G
31 Schedule G-1 page 46 through 60.

1 **Q. What is your recommendation?**

2 **A.** I am recommending disallowing the 2.38% inflation rate increase in the 2024 test
3 year. As I previously discussed, these types of adjustments are not known and
4 measurable and do not provide true cost adjustments. My disallowance reduces
5 the Company's Advertising expense by \$1,837 and sets the level for 2024 of
6 \$77,181.

7

8 All Other O&M Expenses

9 **Q. What is your final adjustment to the Company's Customer Service &
10 Information Expense?**

11

12 **A.** My final adjustment is to the Company's All Other O&M Expenses of \$38,793,
13 shown on Company Schedule G, Schedule G-1 page 6 and 25. The Company
14 has included a 4.10% inflation increase in 2023 and 2.38% in 2024 to set its 2024
15 expense levels.

16

17 **Q. What is your recommendation?**

18 **A.** My recommendation is to remove the inflation increases for both periods. My
19 argument is the same as indicated previously in my testimony. This reduces the
20 Company's increase from \$38,793 to \$36,399, or \$2,394. I am also disallowing
21 costs related to the use of aircraft in the expense category. My reasoning for the
22 disallowance has been discussed previously. This reduced the Other O&M costs
23 by \$353. My total recommended disallowance is \$2,747 and is shown on my
24 Schedule DM-15.

25

26

27 **Q. What is your total adjustment to the Company's Customer Service and
28 Information Expense?**

29

30 **A.** My total adjustment is a reduction of \$43,688 as shown on my Schedule DM-15.

31

32

1 8. Sales

2 **Q. What has the Company proposed regarding its Sales Expenses?**

3 **A.** The Company proposed Projected 2024 Sales Expenses of \$139,303 as shown
4 on Company Statement G, Statement G-1 page 5. The Company provided a
5 breakdown of its Sales Expenses as follows:

6 • Labor	\$127,338
7 • Vehicles & Work Equip.	\$ 8,454
8 • All Other O&M	<u>\$ 3,511</u>
9 Total	\$139,303

10 Included in the Labor Expenses are costs associated with Bonuses and
11 Commissions of \$760 and Incentive Compensation of \$13,773.

12 **Q. What changes do you have regarding the Company's proposed Sales**
13 **Expenses?**

14 **A.** I have several adjustments to the Company's Sales Expense. They are discussed
15 below.

16 Labor Expense

17 **Q. Please explain your adjustments to the Company's Labor Expense.**

18 **A.** My first adjustment is to the use of a Vacancy Rate Ratio that I previously use to
19 adjust the Company's Labor Expense. My reasonings is a discussed
20 previously. I am carrying over the portion allocated to the Sales Expense category
21 from my Schedule DM-21 that included my inclusion of a vacancy rate ratio of
22 11.58%. That reduces the Company's Labor Expense by \$14,897. My next
23 adjustment is to the Company's Incentive Compensation. As I previously discuss
24 the reasoning for my disallowance, I am recommending a reduction of \$5,509. My
25 next adjustment is to the Company's Bonuses and Commissions. As I previously
26 discussed my recommended disallowance, I am carrying over the portion that is
27 allocated to the Sales expense category of \$760. My total disallowance to the
28 Company's Sales Expenses is \$21,166. This is shown on my Schedule DM-16.

1 Vehicles and Work Equipment

2 **Q. What is your next adjustment to the Company's Sales Expense?**

3 **A.** My next adjustment is to the Company's Vehicles and Work Equipment. The
4 Company proposed a total cost of \$8,454 as shown on Statement G Schedule G-
5 1, page 5 and 12. As I previously stated in my testimony, the Company stated that
6 this increase was due to the expenses associated with the Company vehicles and
7 equipment including cost of fuels, insurance, maintenance and depreciation
8 expenses. The depreciation expense on these items is charged to a clearing
9 account where it is then recorded in O&M expenses or capitalized as part of a
10 project as the vehicle or work equipment is used. I am averaging 2022-2024 costs
11 to arrive at a balance of \$7,471. This reduces the Company's expense by \$983
12 and is shown on my Schedule DM-16.

13 All Other O&M

14 **Q. What is your final adjustment to the Company's Sales Expense?**

15 **A.** My final adjustment to the Company's Sales Expense is the All Other O&M
16 Expenses as shown on Company Statement G Schedule G-1, page 6 and 25, in
17 the amount of \$3,511. The Company included a 4.10% inflation increase to the
18 2013 expense level and an additional 2.38% in 2024.

19 **Q. What is your recommendation?**

20 **A.** My recommendation is to remove the 4.10% inflation increase in 2023 and 2.38%
21 inflation increase in 2024. This reduces the costs by \$217 and sets the balance to
22 \$3,294. My recommendation is shown on my Schedule DM-16.

23 **Q. What is your total adjustment to the Company's Sales Expense?**

24 **A.** My total adjustment is a reduction of \$22,366 as shown on my Schedule DM-16.

25
26
27

1 9. Administrative & General (A&G)

2 **Q. What has the Company proposed regarding its Administrative & General**
3 **Expenses?**

4 **A.** The Company proposed Projected 2024 A&G Expenses of \$12,145,856 as shown
5 on Company Statement G Schedule G-1 page 5. The Company provided a
6 breakdown of its Administrative & General Expenses as follows:

7	• Labor	\$3,692,404
8	• Benefits	\$2,874,852
9	• Subcontract Labor	\$ 435,677
10	• Materials	\$ 28,247
11	• Vehicles & Work Equip.	\$ 50,355
12	• Company Consumption	\$ 61,928
13	• Postage	\$ 54,493
14	• Software Maintenance	\$1,311,987
15	• Rent Expense	\$1,018,250
16	• Advertising	\$ 33,370
17	• Industry Dues	\$ 81,249
18	• Insurance	\$1,084,845
19	• Regulatory Commission Exp.	\$ 253,074
20	• All Other O&M	<u>\$1,165,125</u>
21	Total	\$12,145,856

22 Included in the Labor Expenses are costs associated with Bonuses and
23 Commissions of \$417,440 and Incentive Compensation of \$355,615.

24 **Q. What changes do you have regarding the Company's proposed**
25 **Administrative and General Expenses?**

26 **A.** I have several adjustments to the Company's A&G expenses. They are addressed
27 and discussed below:

28
29
30

1 Labor Expense

2 **Q. Please explain your first adjustment to Labor Expense?**

3 **A.** My first adjustment is to the use of a Vacancy Rate Ratio that I previously use to
4 adjustment the Company's Labor Expense. My reasonings is a discussed
5 previously. I am carrying over the portion allocated to the A&G Expense category
6 from my Schedule DM-21 that included my inclusion of a vacancy rate ratio of
7 11.58%. That reduces the Company's Labor Expense by \$74,901. My next
8 adjustment is to the Company's Incentive Compensation. As I previously discuss
9 the reasoning for my disallowance, I am recommending a reduction of \$142,246.
10 My next adjustment is to the Company's Bonuses and Commissions. As I
11 previously discussed my recommended disallowance, I am carrying over the
12 portion that is allocated to the Sales expense category of \$417,440. My total
13 disallowance to the Company's A&G Labor Expenses is \$634,587. This is shown
14 on my Schedule DM-16

15 Benefits

16 **Q. What did the Company propose with respect to its Employee Benefits?**

17 **A.** The Company proposed total Employee Benefits of \$2,874,852 as shown on
18 Statement G Schedule G-1 page 5 and 9. These costs consists of medical/dental
19 insurance, pension, post-retirement, 401K, and workers compensation. The
20 Company stated that each of these items were adjusted individually.
21 Medical/dental expenses reflect an increase of 13.00% for 2023 and 2024.
22 Pension and Post-retirement expenses were based upon 2023 Actuarial
23 estimates. Projected 401K, workers compensation and other expenses reflected
24 the straight time labor increases of 4.07% for 2023 and 5.32% for 2024. (Ms.
25 Vesey testimony page 9).

26 **Q. What adjustments do you have with regard to the Company's Benefits**
27 **Expense?**

28 **A.** As I previously discussed in my testimony related to the adjustments for each of
29 the Company's Benefits categories, and the reasoning for such adjustments, I am

1 recommending a reduction of \$673,900 or a balance of \$2,200,952. This is shown
2 on my Schedule DM-17.

3 Subcontract Labor

4 **Q. What is your next adjustment to the Company's A&G Expenses?**

5 **A.** My next adjustment is to the Company's Subcontract Labor in the amount of
6 \$435,677, shown on Company Statement G Schedule G-1, page 10. Included in
7 that amount is an inflation factor of 4.10% in 2023 and 2.38% in 2024. As I
8 previously discussed, these types of increases are not known and measurable and
9 do not reflect the true costs of doing business I am removing these inflation
10 adjustments from the Company's proposed Subcontract labor. which amounts to
11 a balance of \$388,775 or a reduction of \$46,902. My adjustment is shown on my
12 Schedule DM-17.

13 Materials

14 **Q. What is your next adjustment to the Company's A&G Expenses?**

15 **A.** My next adjustment is to the Company's Materials Expense in the amount of
16 \$28,247, shown on Company Statement G Schedule G-1, page 11. Included in
17 this cost is a 4.10% inflation increase in 2023 and an additional 2.38% inflation
18 increase in 2024.

19 **Q. What is your recommendation?**

20 **A.** I am recommending disallowance the 4.10% inflation increase in 2023 and 2.38%
21 inflation increase in 2024 or a reduction of \$1,744 from the Company expense, as
22 these proposed inflation adjustments are not a known and measurable cost
23 increase, but a blanket increase with no known specific increases to the Materials
24 Expense. My recommendation is shown on my Schedule DM-17.

25

26

27

1 Vehicles and Work Equipment

2 **Q. What has the Company propose with respect to its Vehicle and Work**
3 **Equipment within its A&G Expenses?**

4 **A.** The Company has included a total expense related to its Vehicles and Work
5 Equipment of \$50,355, shown on Company Statement G Schedule G-1, page 12.
6 As I explained earlier,

7 **Q. What is your recommendation?**

8 **A.** As the Company stated that this increase was due to the expenses associated with
9 the Company vehicles and equipment including cost of fuels, insurance,
10 maintenance and depreciation expenses. The depreciation expense on these
11 items is charged to a clearing account where it is then recorded in O&M expenses
12 or capitalized as part of a project as the vehicle or work equipment is used. I
13 adjusted the Vehicles and Work Equipment Expenses by averaging the 2022-2024
14 costs. My three-year average produces an adjustment of \$5,826, and a 2024
15 balance of \$44,529 and is shown on my Schedule DM-17.

16 Postage

17 **Q. What has the Company proposed with respect to Postage?**

18 **A.** The Company proposed a balance to its Postage expense of \$54,493. The
19 Company stated that a 13.18% inflation in 2023 and in 2024 was included in the
20 development of this expense, partially offset by electronic billing savings for the
21 twelve months ending December 31, 2022. (Ms. Vesey testimony page 12).

22 **Q. What is your recommendation?**

23 **A.** I am recommending disallowing the Company's proposed 13.28% increase. I
24 believe this is an inflation adjustment in which the Company has not provided any
25 evidence to support it. Also, the Company's 2022-2024 balance for Postage
26 reflects the same \$54,493, so it is not clear how the Company developed this
27 balance in the 2024 test year period. Therefore, I am recommending disallowance

1 of the Company 2023 2.38% inflation adjustment or a reduction of \$1,267 for
2 Postage expense in 2024. My recommendation is shown on my Schedule DM-17.

3
4 Software Maintenance

5 **Q. What has the Company proposed with respect to its Software Maintenance**
6 **in its A&G Expenses?**

7 **A.** The Company proposed a Software Maintenance level of \$1,311,987, shown on
8 Statement G Schedule G-1 page 16. Included in that amount is a 2.38% inflation
9 increase in 2024. This balance includes new 2024 Software Maintenance
10 expenses.

11 **Q. What is your recommendation?**

12 **A.** I am recommending disallowing the 2.38% inflation increase in 2024 as these
13 proposed inflation adjustments are not a known and measurable cost increase, but
14 a blanket increase with no known specific increases. This reduces the Company's
15 balance by \$30,499. This is shown on my Schedule DM-17.

16
17 Rent Expense

18 **Q. What has the Company proposed regarding its Rent Expense within its A&G**
19 **Expenses?**

20 **A.** The Company proposed a Rent Expense of \$1,018,250, shown on Statement G
21 Schedule G-1 page 23. The Company stated that its balance reflects the projected
22 level of increase in rent. The projected 2023 reflects an adjustment for increases
23 in additional building lease as well as a change to the treatment of printer rentals.
24 These expense increase are also related to North Dakota's allocation of shared
25 software. Projection for 2024 reflect a lease extension resulting in a higher rental
26 cost. (Ms. Vesey testimony page 13).

1 **Q. What did the Company provide to support its Rent Expense?**

2 **A.** The Company provided information in response to NDPSC-3-29 reflecting lease
3 agreements related to a leasing facility in Bismarck, ND. The Leasing reflect a
4 monthly agreement of \$6,697.86 per month or \$80,374.32 annually. In response
5 to NDPSC-3-59, the Company stated that the Company built and owned a
6 shop/warehouse (building) that was located on Government land at the Minot Air
7 Force base (MAFB). In 2022 the Company agreed to give the building to MAFB in
8 exchange for using space in another MAFB owned building for thirty years
9 beginning in 2023. The Company accounted for this exchange as an operating
10 lease. The Company retired the original fixed asset and used a fair market value
11 of what a similar building would cost to lease. The Company calculated the present
12 value of the future lease payments on the other MAFB building and recorded that
13 as salvage value of the retired building, which became the total amount of lease
14 payments, which were used as monthly lease payments beginning in January
15 2023. This is the additional building lease expense referred to on Company
16 Statement G Schedule G-1 page 23 of 25.

17 **Q. What is your recommendation?**

18 **A.** I did not see any evidence or information that supported the Company's remaining
19 Rent Expense adjustments and increases from the per books balance of \$760,326
20 in 2022, the balance in 2023 of \$1,012,668 and the 2024 balance of \$1,018,250.
21 Given this situation, I am recommending normalizing the Rent Expense over three
22 years to arrive at a balance of \$930,415, or a reduction of \$87,835. This is shown
23 on my Schedule DM-17.

24 Advertising

25 **Q. What has the Company proposed with respect to its Advertising Expense?**

26 **A.** The Company proposed total Advertising Expense in the amount of \$33,370 as
27 shown on Statement G Schedule G-1 page 17. As stated previously, the Company
28 eliminated the promotional advertising expenses and advertising expenses not
29 applicable to North Dakota gas operations. (Ms. Vesey testimony page 12).

1 **Q. What is your recommendation?**

2 **A.** I am disallowing the 2.38% inflation adjustment projected in 2024 or a reduction of
3 \$776. My reasoning for disallowance of inflation adjustments are as previously
4 discussed earlier in my testimony. In reviewing the Company's Advertising
5 expenses as shown on Company Workpaper Statement G Schedule G-1
6 beginning on page 46, the Company eliminated promotional advertising expenses
7 and advertising expenses not applicable to the North Dakota gas operations. My
8 adjustment is a reduction of \$776 as shown on my Schedule DM-17.

9 Industry Dues

10 **Q. What has the Company proposed with respect to its Industry Dues?**

11 **A.** The Company proposed total Industry Dues of \$81,249 as shown on Statement G,
12 Schedule G-1 page 20.

13 **Q. What are your adjustments?**

14 **A.** In reviewing Company Statement G Schedule G-1, pages 18-20, there are many
15 entries that do not particularly relate to gas service operations in North Dakota.
16 Some of the entries that I believe do not reflect or provide a benefit to natural gas
17 ratepayers are as follows:

- 18 • Bismarck-Mandan Convention - \$284
- 19 • Bismarck-Mandan Home Builders - \$204
- 20 • Cavalier Retail Committee - \$150
- 21 • Downtown Bismarck Community - \$3,400
- 22 • Downtown Business Association of Bismarck - \$1,131
- 23 • Economic Development Association of ND - \$275
- 24 • Jamestown Downtown Association - \$450
- 25 • Mandan Progress Organization - \$48
- 26 • Minot Association of Builders - \$425
- 27 • North Dakota Petroleum Council - \$106
- 28 • New England Lions Club- \$43

- 1 • Stark Development Corporation - \$135
- 2 • Valley City- Barnes County - \$1,580
- 3 • Various Chambers of Commerce - \$9,160
- 4 • Various Business and Rotary Clubs - \$853
- 5 • West Associates - \$177
- 6 • Western Area Buildings Association - \$26
- 7 • Williston Area Builders Associates - \$425

8 These Industry Dues amount to \$18,872 I believe these sort of Industries Dues
9 related to chambers of commerce, civic donations, social and fraternal
10 organizations, and state and local donations that do not provide customer oriented
11 benefits in the provision of gas service to ratepayers. My adjustment reduces the
12 Company's Industry Dues to \$62,377 and is shown on my Schedule DM-17.

13 Insurance Expense

14 **Q. What has the Company proposed regarding its Insurance Expense?**

15 **A.** The Company has proposed a level of Insurance Expense of \$1,084,845 as
16 shown on Company Statement G Schedule G-1 page 21. The Company has
17 included various costs increases based upon risk management and market
18 analysis. (Ms. Vesey testimony page 12).

19 **Q. What is your recommendation?**

20 **A.** In reviewing the Company's Workpaper Statement G Schedule G-1 page 21, the
21 Company projected estimated increases from 5.00% to 20.00% on various
22 premium adjustments to its Insurance Coverages. In response to NDPSC-3-57,
23 the Company provided a schedule of Insurance Premiums invoices. In Company
24 Workpaper Statement G page 68, the Company reflected the premium
25 reconciliation on certain coverage costs. The Company stated that the projected
26 increases for 2024 were based upon risk management market analysis of
27 estimated increases in 2024. Given that there has been no formal or written
28 notification from its Insurance providers, I am recommending that these estimated
29 cost increases be disallowed. I am recommending that these costs be kept at 2023

1 current levels or \$956,167. This reduces the Company's expense by \$128,678.
2 My recommendation is shown on my Schedule DM-17.

3 All Other O&M Expenses

4 **Q. What has the Company proposed with respect to its All Other O&M Expenses**
5 **within its A&G Expense category?**

6 **A.** The Company has proposed total All Other O&M Expenses of \$1,165,125 as
7 shown on Company Statement G Schedule G-1 page 25. Included in this amount
8 are inflation increases of 4.10% in 2023 and 2.38% inflation increases in 2024.

9 **Q. What is your recommendation?**

10 **A.** My recommendation is to remove the 4.10% inflation increase in 2023 and 2.38%
11 inflation increase in 2024. My arguments for removal of the inflation adjustment
12 has been stated previously in my testimony. This reduces the Company's expense
13 from \$1,165,125 to \$1,093,218 or \$71,907. My adjustment is shown on my
14 Schedule DM-17.

15 Aircraft Expenses

16 **Q. Did the Company propose or address any adjustments to Aircraft Expenses?**

17 **A.** Yes. In response to Data Request No. 3-13, the Company provided expenses
18 related to aircraft used by employees to travel within its service territory that may
19 not be readily accessible using commercial air travel or when a number of
20 employees utilize the plane to one location.

21 **Q. How much is allocated to MDU-North Dakota Gas?**

22 **Q.** In response to Data Request No. 3-13, approximately \$10,765 of expenses are for
23 Corporate Aircraft. This balance is included in the Company's All Other O&M
24 Expense.

25 **Q. What recommendations do you have with regard to Aircraft Expenses?**

26 **A.** In the same manner as I recommended removal of Rate Base assets related to
27 Aircraft, I am recommending removal of the associated expenses of \$10,765.

1 **Q. What are your total adjustments to the Company's A&G Expenses?**

2 **A.** My total adjustments is a reduction of \$1,713,550 as shown on my Schedule DM-
3 17.

4 C. Depreciation & Amortization

5 **Q. What has the Company proposed regarding its Depreciation & Amortization**
6 **Expense?**

7 **A.** The Company proposed Projected 2025 Depreciation Expense of \$13,076,262 as
8 shown on Company Statement H, page 1. The Company computed its
9 Depreciation Expense based on a Depreciation Study conducted by Concentric
10 Advisors (Mr. Kennedy's testimony page 1). The Company provided a breakdown
11 of its Depreciation & Amortization Expense as follows:

12	• Transmission	\$ 38,157
13	• Distribution	\$9,642,948
14	• General	\$ 472,524
15	• General Intangible	\$ 566,581
16	• Common	\$ 894,295
17	• Common Intangible	\$1,432,515
18	• Amort. Of Preferred Stock Cost	\$ 3,978
19	• Amort. Of (Gain)/Loss on Building	\$ 22,443
20	• Acquisition Adjustment	<u>\$ 2,821</u>
21	Total	\$13,076,262

22 **Q. What are the Depreciation Rates that the Company is proposing in this**
23 **Filing?**

24 **A.** The Company is proposing to use the following composite Depreciation Rates as
25 outlined in on Company Statement H Schedule H-2 page 4 of 8.

26

27 **Q. What changes do you have regarding the Company's proposed Depreciation**
28 **Expense?**

29 **A.** I am accepting the Company's Depreciation Study, and the related Depreciation
30 Rates that are included in the development of the Depreciation Expense balance.
31 My adjustments are related to my adjustments to the Company's Plant in Service

1 additions (Schedule DM-5) that related to my adjustments to certain of the
2 Company's plant additions in Distribution, General and Common categories. My
3 total adjustments to the Company Depreciation Expense is a reduction of \$210,122
4 as shown on my Schedule DM-18.

5 D. Taxes Other Than Income

6 **Q. What has the Company proposed regarding its Taxes Other Than Income?**

7 **A.** The Company proposed total Taxes Other Than Income of \$3,073,189 as shown
8 on Company Statement I, page 1. The Company provided a breakdown of its
9 Taxes Other Than Income Taxes as follows:

10	• Ad Valorem Taxes	\$2,030,312
11	• Payroll Taxes	\$1,030,465
12	• Delaware Franchise	\$ 10,647
13	• Other	<u>\$ 1,765</u>
14	Total	<u>\$3,073,189</u>

15 The Company calculated its Ad Valorem Taxes using the Projected 2023 and 2024
16 plant in service balances and applying a projected tax rate based on the ratio of
17 2022 Ad Valorem Taxes to average plant balances, as of December 31, 2022, by
18 function. (Ms. Vesey testimony page 14).

19 The Company calculated its Payroll Taxes based upon the ratio of payroll taxes to
20 labor expense for 2022 and applying that rate to the projected 2023 and 2024 labor
21 expense. All other Taxes Other Than Income were projected to remain at 2022
22 levels. (Ms. Vesey Testimony page 13-14).

23
24 **Q. What are your changes with respect to the Company's Taxes Other than**
25 **Income?**

26 **A.** I have two changes to the Company's Taxes Other than Income. My first
27 adjustment is to the Company's Ad Valorem Tax. Since I made adjustments to the
28 Company's Plant Balance, I am making adjustments to the Company's Ad Valorem

1 Taxes related to its Distribution, General Plant and Common Plant. I accepted the
2 Company's Tax Rates. My adjustments total a reduction of \$26,198.

3 **Q. What is your next adjustment?**

4 **A.** My next adjustment is to the Company's Payroll Taxes. Since I made adjustments
5 to the Company's Bonus and Commission costs, Incentive Compensation, and the
6 use of a vacancy rate ratio, I am making adjustments to the payroll taxes
7 associated with these costs. I accepted the Company's 6.74% tax rate. My
8 adjustments calculate to a reduction of \$173,967 and are shown on my Schedule
9 DM-19.

10 **Q. What are your total adjustments to the Company's Taxes Other Than**
11 **Income?**

12 **A.** My total adjustments is a reduction of \$200,165 as shown on my Schedule DM-
13 19.

14 E. Income Taxes

15 **Q. What has the Company proposed regarding its calculation of its Income**
16 **Taxes?**

17 **A.** As shown on Company Statement J, page 1, the Company computed its Income
18 Taxes at present rate revenue (before additional proposed revenue requirements)
19 of \$197,338. Under the proposed revenue requirement increase of \$11,635,044
20 the Company calculated Income Taxes of \$3,036,859. The Company has
21 calculated interest expense based upon the projected Rate Base and the projected
22 debt ratio and weighted cost of debt (\$216,970,104 x 2.070%) to compute a level
23 of interest expense of \$4,977,294. (Company Statement J Schedule J-1 page 1).
24 The Company also included excess deferred income taxes related to the use of
25 the average rate assumption method (ARAM) in the amount of \$602,506. The
26 Company stated that North Dakota federal and state income taxes are fully
27 normalized so the calculation of income taxes are made on the taxable income
28 after interest, since any tax deductions would be fully offset by deferred income
29 taxes. (Ms. Vesey testimony page 15).

1 **Q. Do you agree with the methodology the Company used to compute its**
2 **Federal and State Income Taxes?**

3 **A.** Yes, I agree with the Company's methodology used to compute its Federal and
4 State Income Taxes, and the Combined Federal and State Tax Rate of 24.4049%.
5 What I am adjusting is my recommended Gross Operating Income based upon my
6 changes to the Company's Operating Revenues and Operating Expenses.

7 **Q. What is your recommended Federal and State Income Tax Expense?**

8 **A.** My recommended Federal and State Income Tax Expense is \$1,385,780, which is
9 \$1,651,079 lower than the Company's level of \$3,036,859 and is shown on my
10 Schedule DM-20. My recommended Federal and State Income Taxes includes the
11 Company's ARAM adjustment of \$602,506.

12 **Q. Does this conclude your testimony?**

13 **A.** Yes, it does. I reserve the right to update my testimony once the Company has
14 updated its filing.

15

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DANTE MUGRACE

Education

Master Business Administration, MBA Strategic Management, Pace University, Lubin School of Business, New York, NY, 2010

Master Public Administration, MPA, Kean University, Union, NJ, 2001

Bachelor of Science, BS. Accounting, St. Peter's University, Jersey City, NJ, 1983

Position

Senior Consultant – PCMG and Associates	2014 – present
Senior Consultant – Snavely King Majoros and Associates	2013 – 2014
Independent Consultant	2012 – 2013
Bureau Chief/Administrative Analyst/Accountant – New Jersey Board of Public Utilities	1983 – 2011

Professional Experience

Mr. Mugrace has 35 years' experience in all aspects of regulatory accounting and policy including processing, analyzing and evaluating utility rate case petitions before Public Service Commissions. Mr. Mugrace examines and evaluates rate filings, contracts, agreements and rate matters regarding utility operations and provides recommendations as to best course of action. Additionally, Mr. Mugrace analyzes and reviews utility regulatory matters and sets forth recommendations for resolution of issues, calculates total revenue requirement needed to cover operating expenses and rate of return; researches and evaluates regulatory utility matters to assess impact on various classes of customers, regarding rates, service, compliance and cost of service provisions, as well as annual true-up and tracking mechanisms.

Prior to undertaking consulting assignments, Mr. Mugrace was the Bureau Chief Utility Rate Manager for the New Jersey Board of Public Utilities, in which role he managed and assigned tasks to a staff of 12 professionals and supervisory personal in the daily administrative, financial and managerial functions of the Division. Mr. Mugrace's primary duties were to determine whether the utility had sufficient revenues to cover its operating expenses and earn a return on its plant investment and to ensure that the utility provided safe, reliable and continuing utility service to its customers. Mr. Mugrace set rates and charges for utility companies, which had revenues of up to \$500 million, and ensured that the revenue requirement provided for recovery of all operating expenses, return on investment and depreciation. Mr. Mugrace was also responsible for reviewing and verifying that the companies' property, plant and equipment (up to \$2.5 billion) were used and useful in providing service to its customers. Mr. Mugrace coordinated and met with the New Jersey State Department of Environmental Protection to

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determine whether water and wastewater utilities were complying with state regulations and were adhering to any regulatory agency directives or orders. Mr. Mugrace developed ways to minimize the rising costs of water utility services by investigating alternative rate structures, analyzing engineering mechanisms and techniques, looking into the feasibility of mergers and acquisitions within the water industry and reviewing financing, and rate alternatives to minimize the impact on ratepayers. Mr. Mugrace was responsible for ensuring that the rate-case process adhered the statutory timeframe for preparing, reviewing and recommending findings to the Board Commissioners on financial operations, costs, revenues and operating expenses, prior to the litigation proceedings. Mr. Mugrace also examined alternative rate recovery mechanisms and clauses, phase-ins of revenue requirements, deferral mechanisms and pass-through of rate charges. Mr. Mugrace assumed the role of Director during transition periods and Administrative changes. Finally, Mr. Mugrace conducted the recruitment and hiring of employees for placement within the Division and the Board.

Professional and Business Affiliations

- Institute of Public Utilities (IPU) Michigan State University (MSU), National Association of Regulatory Utility Commissioners (NARUC), National Association of State Utility Consumer Advocates (NASUCA)

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Regulatory Projects and Appearances

1. In Re: Northern States Power Company for Approval of a 2024 Natural Gas Rate Increase. (Appearance: Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff).
North Dakota Public Service Commission – Docket No. PU-23-367.
2. In Re: FirstEnergy Pennsylvania Electric Company for Approval of a General Base Rate Case increase for Electric Distribution rates for service. (Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2024-3047068
3. In Re: Duquesne Light Company for Approval of a General Base Rate Case to increase Electric Distribution rates for service. (Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No.- R-2024-3046523
4. In Re: Peoples Natural Gas Company, LLC for Approval of a General Base Rate Case increases in Natural Gas Service. (Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2023-3044549
5. In Re: Black Hills Energy Arkansas, Inc. (BHEA) and Summit Utilities Arkansas, Inc. (SUA) for a General Change, or Modification in its Rates, Charges and Tariffs (Appearance: Incentive Compensation Proposals on behalf of the Attorney General Office) Arkansas Public Service Commission – Docket No. (BHEA) - 23-074-U and Docket No. (SUA) - 23-079-U.
6. In Re: Montana Dakota Utilities Co. for Approval to increase Gas Rates for Natural Gas Service in North Dakota (Appearance- Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff)
North Dakota Public Service Commission – Docket No. PU-23-341
7. In Re: Otter Tail Power Company for Approval to increase Electric Rates in North Dakota. (Appearance: Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff)
North Dakota Public Service Commission – Docket No. PU-23-342
8. In Re: New Jersey-American Water Company for Approval to change the level of its Purchased Water and Purchased Wastewater Treatment Adjustment Clause for 2023. (Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)

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New Jersey Board of Public Utilities – Docket No. WR23110791

9. In Re: Verified Petition of Jersey Central Power & Light Company to establish a Rate for Rider Lost Revenue Adjustment Mechanism for Sales Losses incurred during Program Year 2 Pursuant to the Energy Efficiency and Peak Demand Reductions Programs (PY Rider LRAM Filing).
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23110865
10. In Re: Fitchburg Gas & Electric Company; The Berkshire Gas Company; Boston Gas Company d/b/a National Grid; Liberty Utilities; Eversource Gas of Massachusetts d/b/a Eversource Energy and; NSTAR Gas Company d/b/a Eversource Energy – 2023 Gas System Enhancement Program Plan Filings. (DPU GSEP-01; DPU GSEP-02; DPU GSEP-03; DPU GSEP-04; DPU GSEP-05; and DPU GSEP-06, respectively)
(Appearance: Accounting Issues on behalf of the Commonwealth of Massachusetts Office of the Attorney General)
Department of Public Utilities
11. In Re: Northern States Power Company – Advance Determination of Prudence – 345 kV Transmission Line – MN.
(Appearance: Accounting Issues and Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff.
North Dakota Public Service Commission – Docket No. PU-23-142.
12. In Re: Northern States Power Company – Advance Determination of Prudence- Brookings Second Circuit Project.
(Appearance: Accounting Issues and Revenue Requirement on behalf of the North Dakota Public Service Commission Advocacy Staff.
North Dakota Public Service Commission – Docket No. PU-23-295.
13. In Re: Northern States Power Company – Advance Determination of Prudence – 345 kV Big Stone to Sherburne.
(Appearance: Accounting Issues and Revenue Requirements on behalf of the North Dakota Public Service Commission Advocacy Staff.
North Dakota Public Service Commission – Docket No. PU-23-329.
14. In Re: Rockland Electric Company – Annual Conservation Incentive Program Filing – Reconciliation for the period July 1, 2022 – June 30, 2023.
(Appearance: Accounting Issues on behalf the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23070471
15. In Re: Public Service Electric & Gas Company for Approval of Incremental COVID-19 Costs for Recovery through a New Special Purpose Clause and for Authorization to Recovery Uncollectible Costs for Gas Through the Societal Benefits Charge
16. (Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23070448

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17. In Re: Jersey Central Power & Light Company's Verified Petition Seeking Review and Approval of the Net Deferred Costs Included in its COVID-19 Regulatory Asset and Establishment of a COVID-19 Recovery Charge (JCP&L CRC-Filing)
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23070453.
18. In Re: Aqua New Jersey, Inc. Petition for 2024 PSTAC Rate and True-up for 2021 and 2022 PSTAC.
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WR23080576
19. In Re: Public Service Electric & Gas Company for Approval of Changes in its Electric Tax Adjustment Credit and Gas Tax Adjustment Credit 2023 (2023 TAC Filing)
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23090634 and GR23090635
20. In Re: New Jersey – American Water Company for Deferral Accounting Authority for the Costs of Implementing the Clean Energy Act of 2018 Benchmarking Requirements.
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WF23060346
21. In Re: Public Service Electric & Gas Company – Annual BGSS (2023-2024) Commodity Charge Filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for Changes in its Balancing Charge Rate.
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR23060331
22. In Re: Public Service Electric & Gas Company – Electric and Gas Green Programs Recovery Charges 2023. (GPRC).
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23070423 and GR23070424
23. In Re: Public Service Electric & Gas Company – Electric Solar Pilot Recovery Charge (SPRC) for its Solar Loan I Program (2023).
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER23060412
24. In Re: Middlesex Water Company for approval of Proposed Cost Recovery of Lead Service Line Replacement Program
(Appearance: Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WR23050291
25. In Re: Black Hills Wyoming Gas, LLC d/b/a Black Hills Energy for Approval of a General Rate Increase of \$19,262,412 to the Retail Gas Rates.

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(Appearance: Revenue Requirement on behalf of the Wyoming Office of Consumer Advocate)
Wyoming Public Service Commission – Docket No. 30026-78-GR-23

26. In Re: Pittsburgh Water and Sewer Authority for an Increase in Rates for Water Service, Wastewater Service and Stormwater Service
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket Nos. R-2023-3039920 (water), R-2023-3039921 (wastewater), and R-2023-3039919 (stormwater)
27. In Re: Massachusetts Electric and Nantucket Electric Companies d/b/a National Grid – Request for recovery of Incremental Storm related expenses associated with fourteen weather events between February 2020 and December 2020.
(Appearance: Storm Cost recovery (Operating and Maintenance Expenses) on behalf of the Massachusetts Office of Attorney General.
Massachusetts Department of Public Utilities – DPU No. 22-43.
28. In Re: Philadelphia Gas Works – for approval of an Increase in rates for Distribution Gas Service for 2023
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2023-3037933
29. In Re: Lanai Water Company, Inc. for Review and Approval of Rate Increases, Revised Rate Schedules and Charges to its Tariff.
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)
Hawaii Public Utilities Commission – Docket No. 2022-0233
30. In Re: Hawaii Water Service Company, Inc., For Approval of a General Rate Increase for Its Pukalani Wastewater Division and Certain Tariff Changes
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)
Hawaii Public Utilities Commission – Docket No. 2022-0186
31. In Re: UGI Utilities – Electric Division for Review of an Electric Base Rate Case proceeding for 2023.
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2022-3037368
32. In Re: Southern Maryland Electric Cooperative, Inc. (SMECO) for Authority to Revise its Rates and Charges for Electric Service and Certain Rate Design Changes.
(Appearance: Revenue Requirement on behalf of the Maryland Office of People’s Counsel)

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Maryland Public Service Commission – Case No. 9688

33. In Re: Public Service Electric and Gas Company – 2022 Electric and Gas Tax Adjustment Credit (TAC)
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
NJ Board of Public Utilities – BPU Docket Nos. ER22100667 and GR22100668
34. In Re: Public Service Electric and Gas Company – 2022 Green Program Recovery Charge.
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
NJ Board of Public Utilities – BPU Docket Nos. ER22070413 and GR22070414
35. In Re: Rockland Electric Company – Annual Conservation Incentive Program Filing – Reconciliation for the Period July 1, 2021 – June 30, 2022.
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
NJ Board of Public Utilities – BPU Docket No. ER22070469.
36. In Re: Atlantic City Electric Company for Implementation to its Conservation Incentive Program Rate Mechanism and Associated Customer Class Rate (2022)
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
NJ Board of Public Utilities – BPU Docket No. ER22070463
37. In Re: Public Service Electric and Gas Company – 2022/2023 Annual BGSS Commodity Charge filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for changes to its Balancing Charge.
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
NJ Board of Public Utilities – BPU Docket No. GR22060363
38. In Re: Citizens’ Electric Company of Lewisburg, PA – 2022 Base Rate Case Proceeding for an Increase in Electric Distribution Rates.
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2022-3032369
39. In Re: Valley Energy, Inc. – 2022 Base Rate Case for an Increase in Gas Distribution Rates.
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2022-3032300
40. In Re: Berkshire Gas Company – 2021 Gas System Enhancement Program Reconciliation Filing.
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General’s Office)
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-02

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41. In Re: Liberty Utilities (New England Natural Gas Company) 2021 Gas System Enhancement Program Reconciliation Filing.
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office)
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-04
42. In Re: Eversource Gas Company (Eversource Energy) 2021 Gas System Enhancement Program Reconciliation Filing.
(Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office)
Massachusetts Department of Public Utilities – D.P.U. 22-GREC-05
43. In Re: South Jersey Gas Company – 2022 Base Rate Case Proceeding for an Increase in rates for Distribution Gas Service.
(Appearance: Revenue Requirement, CWC and Consolidated Income Taxes on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. GR22040253
44. In Re: Public Service Electric and Gas Company – 2022 Electric Conservation Incentive Program (CIP) for changes in its Electric CIP rate for 2022.
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. ER22020035
45. In Re: PECO Energy Company-Gas Division – 2022 Base Rate Case Proceeding for an Increase in rates for Distribution Gas Service.
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2022-3031113.
46. In Re: Nova Scotia Power Company- 2022-2024 General Rate Application for an Increase in Rates for Electric Service
(Appearance- Review of COSS – Subcontract with Synapse Energy Economics, Inc. on behalf of the Nova Scotia Utility Review Board)
Nova Scotia Utility and Review Board – Docket No. M10431
47. In Re: Georgia Power Company – 2022 Base Rate Case petition for an Increase in rates for Electric Distribution Service
(Appearance: Review of O&M Expenses for calendar years 2023-2025 on behalf of the Georgia Public Service Commission – Docket No. TBD)
48. In Re: UGI Utilities Inc, Gas Division – 2022 Base Rate Case petition for an Increase in Distribution Gas Service Rates
(Appearance: Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2022-3030218

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49. In Re: Hawaii-American Water Company – Approval of Rate Increases and Revised Rate Schedules for Wastewater Services – 2021
(Appearances: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)
Hawaii Public Service Commission – Case No. 2021-0063
50. In Re: Kalaheo Water Company – Approval of a General Rate Increase / Adjustments for Water and Wastewater Services – 2021
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)
Hawaii Public Service Commission – Case No. 2021-0005
51. In Re: Northern States Power Company – 2021 Natural Gas Rate Increase Application
(Appearance: Revenue Requirements on behalf of the Advocacy Staff of the North Dakota Public Service Commission – Case No. PU-21-381
52. In Re: Shore Water Company – Petition for an Increase in Rates for Water Service and Other Relief
(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket No. WR21091141
53. In Re: Atlantic City Sewerage Company – Petition for an Increase in Rates for Sewerage Service and other Tariff Changes
(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket No. WR21071006
54. In Re: Gordon’s Corner Water Company – Petition for an Increase in Rates and Charges for Water Service
(Appearance: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket No. WR21070979
55. In Re: The Petition of HPBS Inc., for review and approval of Central Scheduling System (CSS) charge increase and revised CSS Schedule (2021)
(Appearance – Accounting and Revenue Requirement on behalf of the Hawaii Division of Commerce and Consumer Affairs)
Hawaii DCCA – Docket No. PTP-2021-001
56. In Re: The Berkshire Gas Company, 2020 Gas System Enhancement Program Reconciliation Filing
(Appearance – Massachusetts Attorney General’s Office – Accounting and Revenue Requirement)
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-02

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57. In Re: Eversource Gas Company of Massachusetts d/b/a Eversource Energy, 2020 Gas System Enhancement Program Reconciliation Filing
(Appearance – Massachusetts Attorney General’s Office – Account and Revenue Requirement)
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-05
58. In Re: NSTAR Gas Company d/b/a Eversource Energy, 2020 Gas System Enhancement Program Reconciliation Filing
(Appearance: Massachusetts Attorney General’s Office – Accounting and Revenue Requirement)
Massachusetts Department of Public Utilities – DPU Docket No. 21-GREC-06
59. In Re: Joint Petition of New Jersey Natural Gas Company and Public Service Electric and Gas Company for Authorization and Approval of a Waiver of Certain Accounting Treatment Pursuant to the Clean Energy Order
(Appearance – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement.
New Jersey Board of Public Utilities – BPU Docket No. EO20030254
60. In Re: Public Service Electric and Gas Company – 2021/2022 Annual BGSS Commodity Charge Filing for its Residential Gas Customers under its Periodic Pricing Mechanism and for Changes in its Balance Charge.
(Appearance – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket No. GR21060878
61. In Re: Middlesex Water Company – Petition for Approval of an Increase in Rates for Water Service and Other Tariff Changes.
(Appearances – New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket No. WR21050813
62. In Re: New Jersey Natural Gas Company – Petition for an Increase in Gas Base Rates and Changes in its Tariff for Gas Service and for a Change to Depreciation Rates for Gas Property and for Approval of a Base Rate Adjustment Pursuant to the NJ RISE and SAFE II Programs.
(Appearances: New Jersey Division of Rate Counsel – Accounting and Revenue Requirement)
New Jersey Board of Public Utilities – BPU Docket Nos. GR21030679 and GR21030680.
63. In Re: PECO Energy Company – a division of Exelon Corp., for a General Base Rate Case Filing for Electric Operations
(Appearances: Accounting and Policy on behalf of the Pennsylvania Office of the Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2021-3024601

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64. In Re: The Pittsburgh Water and Sewer Authority for approval of increased rates and charges for Water, Wastewater and Stormwater services
(Appearance: Accounting and Policy, and Regulatory Policy on behalf of the Pennsylvania Office of the Consumer Advocate)
Pennsylvania Public Utility Commission – Docket Nos. R-2021-3024773 (Water) R-2021-3024774 (Wastewater) and R-2021-3024779 (Stormwater).
65. In Re: Northern States Power Company – 2021 Electric Base Rate Case Increase
(Appearance: Revenue Requirement on behalf of the Advocacy Staff of the North Dakota Public Service Commission)
North Dakota Public Service Commission – Case No. PUC-20-441
66. In Re: Public Service Electric and Gas Company – Approval of a Tax Adjustment Clause (TAC).
(Appearance; Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. ER20100685 and GR20100686.
67. In Re: Pike County Light and Power Company – Approval to increase base rates for Electric and Gas Service.
(Appearance: Revenue Requirement in behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket Nos. R-2020-3022134 (Gas) and R-2020-3022135 (Electric)
68. In Re: Jersey Central Power and Light Company for Approval of JCP&L’s Energy Efficiency and Conservation Plan Including Energy Efficiency and Peak Demand Reduction Programs.
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090620
69. In Re: Atlantic City Electric Company for Approval of an Energy Efficiency Program, Cost Recovery Mechanism, and Other Related Relief for Plan Years One Through Three.
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090621
70. In Re: Rockland Electric Company for Approval of Its Energy Efficiency and Peak Demand Reduction Programs.
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. QO19010040 and EO20090623
71. In Re: Public Service Electric and Gas Company for Approval of Changes in its Electric Green Programs Recovery Charge and its Gas Green Programs Recovery Charge 2020 PSE&G Green Programs Cost Recovery filing

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(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. ER20060467 and GR20060468

72. In Re: Public Service Electric and Gas Company's 2020/2021 Annual BGSS Commodity Charge filing for its Residential Gas Customers under its Pricing Mechanism and for Changes in its Balance Charge
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR20060379
73. In Re: Public Service Electric and Gas Company's 2020 Annual Margin Adjustment Clause (MAC)
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR20060384
74. In Re: South Jersey Gas Company for Approval to Revise the Rider H Rate Associated with the Tax Cuts and Jobs Act of 2017
(Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR20060382
75. In Re: Berkshire Gas Company -2019 Gas System Enhancement Program Reconciliation Filing
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)
Commonwealth of Massachusetts -Department of Public Utilities – DPU 20-GREC-02
76. In Re: Bay States Gas Company d/b/a Columbia Gas – 2019 Gas System Enhancement Program Reconciliation Filing.
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)
Commonwealth of Massachusetts – Department of Public Utilities – DPU 20-GREC-05
77. In Re: NSTAR Gas Company – 2019 Gas System Enhancement Program Reconciliation Filing
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)
Commonwealth of Massachusetts – Department of Public Utilities – DPU 20-GREC-06
78. In Re: South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions.
(Appearances: Revenue Requirement and Cash Working Capital) on behalf of the New Jersey Division of Rate Counsel.
New Jersey Board of Public Utilities – Docket No. GR20030243
79. In Re: Jersey Central Power & Light Company for Review and Approval of Increased in, and Other Adjustments to Rates and Charges for Electric Services and approval of Other Proposed Tariff Revisions (Appearance: Revenue Requirement, Cash Working Capital,

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Consolidated Income Taxes, LED Conversion and Reliability Roll-In) on behalf of the New Jersey Division of Rate Counsel.
New Jersey Board of Public Utilities – Docket No. ER20020146

80. In Re: The Pittsburgh Water and Sewer Authority for approval of increased rates and charges for water and wastewater service and for approval of a multi-year rate plan. (Appearance: Accounting and Policy, Customer Service and Regulatory Policy) on behalf of the Pennsylvania Office of the Consumer Advocate)
Pennsylvania Public Utility Commission – Docket Nos. R-2020-3017951 and R-2020-3017970.
81. In Re: New Jersey-American Water Company, Inc. for approval of Increased Base Tariff Rates and Charges for Water and Wastewater Services and Other Tariff Revisions. (Appearance: Accounting and Revenue Requirement and Cash Working Capital / Consolidated Income Taxes) on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WR19121516
82. In Re: Hawaiian Electric Company, Inc., for approval of a General Rate Increase and Revised Rate Schedules and Rules. (Appearance: Accounting and Revenue Requirement on behalf of the Hawaiian Division of Consumer Advocacy)
Hawaii Public Utilities Commission – Docket No. 2019-0085
83. In Re: Mount Olive Villages Water Company for approval of an Increase in Rates for Water Service and Other Tariff Changes. (Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WR19060770
84. In Re: Mount Olive Villages Sewer Company for approval of an Increase in Rates for Sewer Service and Other Tariff Changes. (Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. WR19060769
85. In Re: Public Service Electric and Gas Company for approval of changes in its Electric Green Programs Recovery and its Gas Green Programs Recovery Charge (2019 PSE&G Green Programs Cost Recovery Filing). (Appearance: Accounting and Consulting Services on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket Nos. ER19070764 and GR19070765
86. In Re: Proposed Amendment to N.J.A.C. 14:9- Adoption by reference to the Uniform System of Accounts for Water Utilities and Wastewater Utilities. (Appearance: Consulting Services on behalf of the New Jersey Division of Rate Counsel)

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New Jersey Board of Public Utilities- Docket Nos. WX19050612 (Water) and WX19050613 (Wastewater)

87. In Re: Public Service Electric and Gas Company's 2019/2020 Annual BGSS Commodity Charge filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge.
(Appearance: Revenue Requirement and accounting/consulting services on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR190600699
88. In Re: Bay States Gas Company d/b/a Columbia Gas of Massachusetts for Approval of a 2018 Gas System Enhancement Program Reconciliation Filing
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)
Commonwealth of Massachusetts Department of Public Utilities – Docket No. 19-GREC-05
89. In Re: NSTAR Gas Company d/b/a Eversource Energy for Approval of a 2018 Gas System Enhancement Program Reconciliation Filing
(Appearance: Revenue Requirement on behalf of the Massachusetts Office of the Attorney General)
Commonwealth of Massachusetts Department of Public Utilities – Docket No. 19-GREC-06
90. In Re: Public Service Electric and Gas Company for Approval of Gas Rate Base Adjustments Pursuant to its Gas System Modernization Program (April 2019 GSMP)
(Appearance: Revenue Requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR19040522
91. In Re: Kalaeloa Water Company, LLC for Approval of General Rate Case and Revised Rules, Regulations and Rates.
(Appearance: Revenue Requirement on behalf of the Hawaii Division of Consumer Advocacy)
Hawaii Public Utilities Commission – Docket No. 2019-0057
92. In Re: Elizabethtown Gas Company for Approval of an Increase in Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions.
(Appearance: Revenue Requirement and Other Accounting Issues on behalf of the New Jersey Division of Rate Counsel).
New Jersey Board of Public Utilities – Docket No. GR19040586
93. In Re: Petition of Peoples Natural Gas Company for Approval of an Increase in Rates for Natural Gas Distribution Service.
(Appearance: Revenue Requirement and Other Accounting Issues on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utility Commission – Docket No. R-2018-3006818

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94. In Re: Petition of Aqua New Jersey, Inc. for Approval of an Increase in Rates for Water Service and other Tariff Changes.
(Appearance: Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. WR18121351
95. In Re: Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Energy Efficiency (CEF-EE) Program on a Regulated Basis.
(Appearance: Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket Nos. GO18101112 and EO18101113.
96. In Re: Petition of Public Service Electric and Gas Company for Approval of its Clean Energy Future – Energy Vehicle and Energy Storage (CEF-EVES) Program on a Regulated Basis. (Appearance – Revenue Requirement and other Accounting Issues on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. EO18101111.
97. In Re: Petition of New Jersey Natural Gas Company- Request for Deferred Accounting Authority for Costs Related to New Information Technology Systems. (Appearance: Impact on Revenues, prudence of costs on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. GR18101096
98. In Re: Petition for Approval of An Indirect Change in Control of the New Jersey Public Utilities Subsidiaries of SUEZ Water Resources, Inc. and Other Related Approvals.
(Appearance: Impact on Rates, Service, Employees, Positive Benefits on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. WM18090982
99. In Re: The Matter of the Merger of Roxbury Water Company into New Jersey American Water Company (Appearance: Impact on Rates, Service and Employees, Positive Benefits on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities – BPU Docket No. WM18080904
100. In Re: The Matter of the Application of Maryland-American Water Company for Authorization to Adjust its Existing Schedule of Tariffs and Rates.
(Appearance: Revenue Requirement on behalf of the Maryland Office of People’s Counsel)
Maryland Public Service Commission – Case No. 9487
101. In Re: The Matter of the Joint Petition for Approval of an Increase in Rates for Water and Wastewater Service and Other Tariff Changes for SUEZ Water NJ, Inc., Toms River, Inc., Arlington Hill, Inc., West Milford, Inc., Matchaponix, Inc., and Princeton Meadows, Inc.

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(Appearance: Revenue Requirement and the development of Consolidated Income Taxes on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No. WR18050593

102. In Re: The Matter of the Application of Atlantic City Electric Company to Adjust the Level of its Rider RGGI Rate Associated with its Solar Renewable Energy Certificate Financing Program 2018 (Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No. ER18050543

103. In Re: The Matter of the Petition of New Jersey Natural Gas Company's Approval of the Cost Recovery Associated with Energy Efficiency Programs (Appearance; Revenue Requirement on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No, GR18050585

104. In Re: The Matter of Bay States Gas Company d/b/a Columbia Gas of Massachusetts, 2017 Gas System Enhancement Reconciliation Filing (Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy)

Commonwealth of Massachusetts – Department of Public Utilities – Docket No. D.P.U. 18-GREC-05.

105. In Re; The Matter of NSTAR Gas Company d/b/a Eversource Energy, Gas System Enhancement Program Reconciliation Filing (Appearance: Revenue Requirement on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy)

Commonwealth of Massachusetts – Department of Public Utilities – Docket No. D.P.U. 18-GREC-06.

106. In Re: The Matter of the Merger of SUEZ Water NJ, SUEZ Water Toms River, SUEZ Water Arlington Hills, SUEZ Water West Milford, SUEZ Water Princeton Meadows and SUEZ Water Matchaponix (Appearance: Positive Benefits related to the Merger on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No. WR18030266

107. In Re: The Matter of the Columbia Gas of Pennsylvania for a General Rate Increase in Distribution Gas Service (Appearance; Accounting Issues and Revenue Requirement on behalf of the Pennsylvania Office of Consumer Advocate)

Pennsylvania Public Utility Commission – Docket No. R-2018-2647577

108. In Re: The Matter of the New Jersey Board of Public Utilities Consideration of the Tax Cuts and Jobs Act of 2017 – Generic Proceeding (Appearance: Revenue Requirement on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No. AX18010001

109. In Re: Acquisition of Elizabethtown Gas, a Division of Pivotal Utilities Holdings, Inc. by ETG Acquisition Corp., a Division of South Jersey Industries, Inc., and Related

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Transactions. (Appearance: Customer Service Issues/Employee and Labor Relations on behalf of the NJ Division of Rate Counsel)

New Jersey Board of Public Utilities – BPU Docket No. GM17121309.

110. In Re: Middlesex Water Company – Base Rate Case Proceeding for Water Service. (Appearance: revenue requirement on behalf of the NJ Division of Rate Counsel).
New Jersey Board of Public Utilities – BPU Docket No. WR17101049.
111. In Re: Township of East Brunswick – Sewer Rate Study – (Evaluation of the existing sewer rate structure and examining and quantify costs for future expansion).
112. In Re: Montana-Dakota Utilities – Base Rate Case Proceeding for Gas Service. (Appearance: revenue requirement on behalf of the North Dakota Public Service Commission). NDPSC Docket No. PU-17-295.
113. In Re: Andover Utility Company – Base Rate Case Proceeding for Wastewater Services. (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel).
New Jersey Board of Public Utilities – BPU Docket No. WR17070726.
114. In Re: Public Service Electric and Gas Company- Approval of Changes in its Electric and Gas Green Programs Recovery Charges “2017 Public Service Electric & Gas Green Programs Cost Recovery Filing. (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel).
New Jersey Board of Public Utilities – BPU Docket Nos. ER17070724 and GR17070725.
115. In Re: Bay States Gas Company d/b/a Columbia Gas of Massachusetts, 2016 Gas System Enhancement Program Reconciliation Filing, (Appearance: revenue requirement on behalf of the Massachusetts Attorney General’s Office of Ratepayer Advocacy).
Commonwealth of Massachusetts Department of Public Utilities – Docket No. D.P.U. 17-GREC-05.
116. In Re: NSTAR Gas Company d/b/a Eversource Energy, 2016 Gas System Enhancement Program Reconciliation Filing (Appearance: revenue requirement on behalf of the Massachusetts Attorney General’s Office of Ratepayer Advocacy).
Commonwealth of Massachusetts Department of Public Utilities – Docket No. D.P.U. 17-GREC-06.
117. In Re: Petition of Columbia Gas of Maryland – Increase in rates for Distribution Service – (Appearance: revenue requirement on behalf of the Office of People’s Counsel) Public Service Commission of Maryland – Case No. 9447
118. In Re: Petition of South Jersey Gas Company – Increase in base rates for gas services – (Appearance: revenue requirement on behalf of the NJ Division of Rate Counsel)
New Jersey Board of Public Utilities – Docket No. GR17010071

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119. In Re: Petition of UGI Penn Natural Gas – Increase in base rates for gas services – (Appearance: revenue requirement on behalf of the Pennsylvania Office of Consumer Advocate)
Pennsylvania Public Utilities Commission Docket No. R-2016-2580030
120. In Re: Petition of PJM Interconnection, LLC. – Mid-Atlantic Interstate Transmission, LLC. Formula Rate Filing. (Appearance on behalf of the Pennsylvania Office of Consumer Advocate).
FERC Docket No. ER17-211-000
121. In Re: Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company for approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket No. GR16090826
122. In Re: Petition of SUEZ Water New Jersey, et al – Approval of a Management and Services Agreement pursuant to N.J.S.A 48: 3-7.1 (Appearance on the reasonableness of contract agreements on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket No. WO16080806
123. In Re: Petition of SUEZ Water Arlington Hills Inc. – Approval of an Increase in Rates for Wastewater Services and other Tariff Changes (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket No. WR16050510
124. In Re: Petition of Public Service Electric and Gas Company – 2016 Marginal Adjustment Clause (MAC) (Appearance; reconciliation and rate setting on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket No. GR16060484
125. In Re: Petition of Public Service Electric and Gas Company for Approval of Changes in its Electric Green Programs Recovery Charges and its Gas Green Program Recovery Charges 2016 PSEG Program Cost Recovery Filing
(Appearance: reconciliation and rate setting on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket Nos. ER16070613 and GR16070614
126. In Re: Petition of the Mount Olive Village Sewer Company, Inc., for Approval of an Increase in Rates for Service (Appearance: revenue requirement on behalf of the New Jersey Division of Rate Counsel)
New Jersey Board of Public Utilities Docket No. WR16050391
127. In Re: Petition of the Mount Olive Village Water Company, Inc. for Approval of an Increase in Rates for Service (Appearance; revenue requirement on behalf of the New Jersey Division of Rate Counsel)

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New Jersey Board of Public Utilities Docket No. WR16050390

128. In Re: Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Analysis and Advice to Counsel: computation of the revenue requirement and rate impact on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-01
129. In Re: Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its 2015 Gas System Enhancement Plan Reconciliation Filing (2016) - (Appearance: computation of the revenue requirement and rate impact on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)
MA Department of Public Utilities Docket No. D.P.U. 16-GREC-05
130. In Re: Petition for Approval of Gas Infrastructure Contract Between Public Service Company of New Hampshire d/b/a Eversource Energy and Algonquin Gas Transmission, LLC (2016) - (Analysis and Advice to Counsel: compliance with statutes and regulations, review of contract, and ratemaking on behalf of the New Hampshire Office of Consumer Advocate)
NH Public Utilities Commission Docket No. DE 16-241
131. In Re: Central Maine Power Company, Annual Compliance Filing and Price Change (2016) - (Analysis and Advice to Counsel; tax normalization regulatory asset on behalf of the Maine Office of the Public Advocate)
ME Public Service Commission Docket No. 2016-00035
132. In Re: Bulletin 2015-10 Generic Proceeding to Establish Parameters for the Next Generation PBR Plans (Appearance: productivity adjustments/performance-based ratemaking on behalf of the Alberta Utilities Consumer Advocate)
Alberta Utilities Commission Proceeding 20414
133. In Re: The Matter of Request by Emera Maine for Approval of a Rate Change (2016) - (Appearance: revenue requirement on behalf of the Maine Office of the Public Advocate)
Maine Public Utilities Commission Docket No. 15-00360)
134. In Re: the Matter of the Joint Application of the Southern Company, AGL Resources Inc., and Pivotal Holdings, Inc. d/b/a Elkton Gas (2015-2016) - (Analysis and advice to counsel: customer service impacts, employee impacts, supplier diversity on behalf of the Maryland Office of People's Counsel)
MD PSC Case No. 9404
135. In Re: The Matter of the Merger of Southern Company and AGL Inc. (2015-2016) - (Appearance: customer service impacts and employee impacts on behalf of the NJ Division of Rate Counsel)
New Jersey BPU Docket No. GM15101196

PCMG and Associates LLC

136. In Re: The Matter of the United Water New Jersey, Inc., for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2015-2016) - (Appearance: revenue requirements, rate base issues and operating income on behalf of the NJ Division of Rate Counsel)
New Jersey BPU Docket No. WR15101177
137. In Re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Precedent Agreements with Millennium Pipeline Company, LLC (2015) - (Analysis: review of contract and compliance of the Gas Supply Plan on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)
MA D.P.U. 15-130
138. In Re: Petition of Boston Gas Company and Colonial Gas Company d/b/a National Grid for Approval of Agreements for LNG or Liquefaction Services with GDF Suez Gas NA, LLC; Northeast Energy Center, LLC; Metro LNG, L.P.; and National Grid LNG (2015) - (Analysis: review of contract and compliance of the Gas Supply Plan on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)
MA D.P.U. 15-129
139. In Re: Columbia Gas of Massachusetts CY2014 Targeted Infrastructure Reinvestment Factor (TIRF) Compliance Filing (2015) - (Appearance: computation of the revenue requirement impact on the TIRF on behalf of the Massachusetts Attorney General Office of Ratepayer Advocacy)
MA D.P.U. 15-55
140. In Re: The Matter of the Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of its Targeted Infrastructure Reinvestment Factor (TIRF) for CY 2013 (2014) - (Appearance: computation of the revenue requirement impact on the TIRF)
MA D.P.U. 14-83
141. In Re: The Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc. (Atlantic City Electric Company) (2014-2015) - (Appearance: customer service impacts)
New Jersey BPU Docket No. EM14060581
91. In Re: Public Utilities Commission of Ohio – In the Matter of the Application of Ohio Power Company (American Electric Power Ohio) (AEP Ohio) to Adopt a Final Implementation Plan for the Retail Stability Rider – (Appearance - Accounting Issues) (2014) on behalf of the Ohio Office of Consumer Counsel (OCC)
PUCO Case No. 14-1186-EL-RDR
92. In Re: Public Utilities Commission of Ohio - In the Matter of the Application of Aqua Ohio, Inc. to Increase its Rates and Charges for its Waterworks Service. – Revenue and Rates (2014) - (Appearance: operating income, certain rate base issues and income taxes on behalf of the Ohio Office of Consumer Counsel)
PUCO Case No. 13-2124-WW-AIR

PCMG and Associates LLC

93. In Re: New York Public Service Commission, as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. Revenue Requirement (2013-2014) – (Appearance: revenue requirement, rate base issues and operating income on behalf of the Intervenor, the County of Westchester)
NYPSC Case Nos. 13-E-0030, 13-G-0031 and 13-S-0032, et al
94. In Re: North Dakota Public Service Commission, - Application of Northern States Power Company for Authority to Increase Rates for Electric Service in North Dakota, On-Going Revenue Requirement (2013) - (Appearance: revenue requirement and rate base, operating income, operating and maintenance expenses on behalf of the North Dakota Public Service Commission Staff)
North Dakota Case No. PU-12-813
95. In the Matter of the Petition of New Jersey American Water Company for Authorization to Implement a Distribution System Improvement Charge (DSIC) Order Denying Petition and Instituting Stakeholder Process (2008) - (Case manager on policy decision and revenue requirement impact on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WO08050358
96. In the Matter of the Joint Petition of the City of Trenton, New Jersey and New Jersey-American Water Company, Inc. for Authorization of the Purchase and Sale of the Assets of the Outside Water Utility System ("OWUS") of the City of Trenton, New Jersey and for Other Relief Order Adopting Initial Decision, (2008) - (Case manager on the revenue requirement impact on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WM08010063
97. In the Matter of the Petition of United Water New Jersey, United Water Toms River, United Water Lambertville, United Water Mid-Atlantic and Gaz de France for Approval as Need for a Change in Ownership and Control (2007) - (Case manager on customer impact, employee impact and impact on rates on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WM06110767
98. In the Matter of the Petition of United Water Arlington Hills Sewerage, Inc. for an Increase in Rates for Wastewater Service and Other Tariff Changes (2009) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR08100929
99. In the Matter of the Petition of United Water New Jersey Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes, (2009) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR08090710

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100. In the Matter of the Petition of United Water Toms River, Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2008) - (Case manager on the revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR08030139
101. In the Matter of the Joint Petitioners of New Jersey-American Water Company, Inc., S.J. Services, Inc., South Jersey Water Company, Inc. and Penns Grove Water Supply Company, Inc. for Among Other Things Approval of a Change in Control of South Jersey Water Supply Company, Inc. and Penns Grove Water Supply Company, Inc. (2007) - (Case manager on the overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WM07020076
102. In the Matter of the Petition of Aqua, New Jersey, Inc. for Approval of an Increase in Rates for Water Service and Other Tariff Changes (2008) - (Case manager on revenue requirement and the overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR0712095
103. I/M/O the Joint Petition of Thames Water, Aqua Holdings GMBH, on Behalf of Itself and Its Parent Holdings Company, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., American Water works Company Inc., Thames Water Holdings Incorporated, E 'town Corporation, New Jersey-American Water Company, Inc., Elizabethtown Water Company, the Mount Holly Water Company and Applied Wastewater Management, Inc. for Confirmation that the Board of Public Utilities Does Not Have Jurisdiction Over, or, Alternatively, for Approval of a Proposed Transaction Involving, Among Other Things, the Sale by Thames Water Aqua Holdings GMBH of Up to 100% of the Shares of the Common Stock of American Waterworks Company, Inc. in One or More Public Offerings (2007) - (Case manager on revenue requirement impacts, effect on rates and effect on service on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WM06050388
104. In the Matter of the Petition of Elizabethtown Water Company for Approval of an Increase in Rates for Water Service (2007) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR03070510
105. In the Matter of the Petition of New Jersey American Water Company, Inc. for Approval of Increased Tariff Rates and Charges for Water and Sewer Service; Increased Depreciation Rates and Other Tariff Revisions (2008) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)
BPU Docket No. WR08010020
106. In the Matter of Middlesex Water Company for Approval of an Increase in its Rates for Water Service and Other Tariff Changes (2007) - (Case manager on overall revenue

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requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)

BPU Docket No. WR07040275

107. In the Matter of the Joint Petition of United Water New Jersey, Inc., United Water Arlington Hills, Inc., United Water Hampton, Inc., United Water Vernon Water Hills, Inc., and United Water Lambertville, Inc. for an Increase in Rates and Charges for Water Service and Other Tariff Changes and for Approval to Merge the Operations of the Joint Petitioners into and with United Water New Jersey, Inc. (2007) - (Case manager on revenue requirement and overall rate proceeding on behalf of the Staff of the NJ Board of Public Utilities)

BPU Docket No. WR07020135

SUMMARY REVENUE REQUIREMENT

	(1) Company Proposed	Adjustments	ND PSC Staff Recommended	References
Rate Base Balance	\$ 216,970,104	\$ (21,605,091)	\$ 195,365,013	
Rate of Return	7.563%		7.174%	
Income Requirement	\$ 16,409,449	\$ (2,394,087)	\$ 14,015,362	
Present Income Requirement	\$ 7,613,926	\$ 3,184,541	\$ 10,798,467	
Income Deficiency	\$ 8,795,523	\$ (5,578,627)	\$ 3,216,896	
Gross Revenue Factor	1.3228371		1.3228371	Set 3-64
Proposed Revenue Requirement	\$ 11,635,044	\$ (7,379,615)	\$ 4,255,429	
	7.28%		2.66%	
Current Revenues	\$ 159,847,677		\$ 159,847,677	
Total Proposed Revenues	\$ 171,482,721		\$ 164,103,106	

(1) Company Statement A

RATE OF RETURN

1 Company Proposed (1)		Balance	Ratio	Cost	Required Return	References
2	Long Term Debt	\$ 887,851,964	45.296%	4.569%	2.070%	
3	Short Term Debt	\$ 88,586,888	4.519%	4.954%	0.224%	
4	Preferred Stock	\$ -	0.000%	0.000%	0.000%	
5	Common Equity	\$ 983,670,833	50.185%	10.500%	5.269%	
6	Total	\$ 1,960,109,685	100.000%		7.563%	
					2.294%	

(1) Company Statement D

NDPSC Staff Proposed

7	Long Term Debt	\$ 887,851,964	45.296%	4.569%	2.070%	
8	Short Term Debt	\$ 88,586,888	4.519%	4.954%	0.224%	
9	Preferred Stock	\$ -	0.000%	0.000%	0.000%	
10	Common Equity	\$ 983,670,833	50.185%	9.725%	4.880%	
11	Total	\$ 1,960,109,685	100.000%		7.174%	
					-0.389%	

(1) Company Statement E

AVERAGE RATE BASE				
	(1)			
	Company			
	Proposed	Adjustments	NDPSC Staff	References
Average Gas Plant In Service	\$ 378,345,500	\$ (4,867,486)	\$ 373,478,014	
Accumulated Depreciation	\$ 152,660,393	\$ (210,122)	\$ 152,450,271	
Net Average Gas Plant In Service	\$ 225,685,107	\$ (4,657,364)	\$ 221,027,743	
Average Working Capital				
Additions to Rate Base				
Materials and Supplies	\$ 2,463,479	\$ -	\$ 2,463,479	
Fuel Stock	\$ 26,293	\$ -	\$ 26,293	
Prepayments	\$ 415,793	\$ -	\$ 415,793	
Unamortized Loss on Debt	\$ 120,097	\$ -	\$ 120,097	
Unamortized Redemption Cost of Preferred Stock	\$ 35,472	\$ -	\$ 35,472	
Gain/Loss on Sale of Building	\$ 400,639	\$ (400,639)	\$ -	Set-3-65
Provision for Pension & Benefits	\$ 18,273,074	\$ (18,273,074)	\$ -	
Provision for Post-Retirement	\$ 4,511,690	\$ (4,511,690)	\$ -	Set-3-66 Set 5-1
Total Additions to Rate Base	\$ 26,246,537	\$ (18,273,074)	\$ 3,061,134	
Sub-Total	\$ 251,931,644		\$ 224,088,877	
Deductions to Rate Base				
Accumulated Deferred Income Taxes	\$ 28,799,456	\$ (6,237,675)	\$ 22,561,781	
Customer Advances	\$ 6,162,084	\$ -	\$ 6,162,084	
Total Deductions to Rate Base	\$ 34,961,540	\$ (6,237,675)	\$ 28,723,865	
Total Average Rate Base	\$ 216,970,104	\$ (21,605,091)	\$ 195,365,013	

(1) Company Statement A

OPERATING INCOME SUMMARY

	(1)						
	Company Present	Adjustments	Company Proposed	Adjustments	NDPSC Staff	References	
1 Operating Revenues							
2 Sales	\$ 149,672,336	\$ 11,635,044	\$ 161,307,380	\$ -	\$ 149,672,336	Set-3-37	
3 Transportation	\$ 6,598,674	\$ -	\$ 6,598,674	\$ -	\$ 6,598,674	Set-3-38	
4 Other	\$ 3,576,667	\$ -	\$ 3,576,667	\$ -	\$ 3,576,667	Set-3-39	
5 Total Revenues	\$ 159,847,677	\$ 11,635,044	\$ 171,482,721	\$ -	\$ 159,847,677		
% Increase		7.28%		2.662%			
6 Operating Expenses							
7 Operation and Maintenance							
8 Cost of Gas	\$ 106,767,865	\$ -	\$ 106,767,865	\$ -	\$ 106,767,865		
9 Other Operation and Maintenance Other	\$ 29,119,097	\$ -	\$ 29,119,097	\$ (3,962,694)	\$ 25,156,403	Set 3-14	
10 Depreciation Expense	\$ 13,076,262	\$ -	\$ 13,076,262	\$ (210,123)	\$ 12,866,139		
11 Taxes Other Than Income	\$ 3,073,189	\$ -	\$ 3,073,189	\$ (200,166)	\$ 2,873,023		
12 Income Taxes	\$ 197,338	\$ 2,839,521	\$ 3,036,859	\$ (1,651,079)	\$ 1,385,780		
13 Total Expenses	\$ 152,233,751	\$ 2,839,521	\$ 155,073,272	\$ (3,184,541)	\$ 149,049,210		
14 Operating Income	\$ 7,613,926	\$ 8,795,523	\$ 16,409,449	\$ 3,184,541	\$ 10,798,467		
15 Rate Base	\$ 216,970,104	\$ -	\$ 216,970,104	\$ (21,605,091)	\$ 195,365,013		
16 Rate of Return	3.509%		7.563%		7.174%		
(1) Company Statement A		1.32284	\$ 16,409,168		\$ 14,015,362		
<input checked="" type="checkbox"/>					\$ 3,216,896		

GAS UTILITY PLANT IN SERVICE				
	(1)			
	Company Proposed	Adjustments	NDPSC Staff	References
Transmission	\$ 2,015,586	\$ -	\$ 2,015,586	Set-3-35
Distribution	\$ 307,568,774	\$ (3,191,194)	\$ 304,377,580	Set 3-15/16
Total	\$ 309,584,360	\$ (3,191,194)	\$ 306,393,166	
				Set-3-24/25
General				Set-3-26
Other	\$ 7,742,141	\$ -	\$ 7,742,141	Set 3-33
Structures and Improvememnts	\$ 3,369,920	\$ (503,950)	\$ 2,865,970	Set-3-30/31
Computer Equipment	\$ 43,484	\$ -	\$ 43,484	
Vehicles	\$ 5,927,396	\$ -	\$ 5,927,396	
Work Equipment	\$ 3,787,641	\$ -	\$ 3,787,641	Set-3-22
Total	\$ 20,870,582	\$ (503,950)	\$ 20,366,632	
General Intangibles	\$ 10,358,478	\$ -	\$ 10,358,478	
Common				
Other	\$ 3,932,446	\$ (294,118)	\$ 3,638,328	Set 3-32
Structures and Improvements	\$ 13,153,956	\$ -	\$ 13,153,956	
Computer Equipment	\$ 1,527,699	\$ -	\$ 1,527,699	
Vehicles	\$ 1,676,551	\$ (877,954)	\$ 798,597	Stat H-2 p 5
Total	\$ 20,290,652	\$ (1,172,072)	\$ 19,118,580	
Common Intangible	\$ 17,143,892	\$ -	\$ 17,143,892	Set-3-18
Acquisition Adjustment	\$ 97,266	\$ -	\$ 97,266	
Total Gas Plant In Service	\$ 378,345,230	\$ (4,867,216)	\$ 373,478,014	

(1) Company Statement B

ACCUMULATED DEPRECIATION

	(1)			
	Company Proposed	Adjustments	NDPSC Staff	References
Transmission	\$ 698,986		\$ 698,986	
Distribution	\$ 123,881,873	\$ (100,051)	\$ 123,781,822	
General	\$ 5,440,204	\$ (49,078)	\$ 5,391,126	
General Intangible	\$ 3,407,400	\$ -	\$ 3,407,400	
Common	\$ 7,617,822	\$ (60,994)	\$ 7,556,828	
Common Intangible	\$ 11,526,463	\$ -	\$ 11,526,463	
Acquisition Adjustment	\$ 87,645	\$ -	\$ 87,645	
Total	\$ 152,660,393	\$ (210,122)	\$ 152,450,271	

(1) Company Statement C

**ACCUMULATED DEFERRED
 INCOME TAXES**

(1)

	Company			
	Projected Bal.	Adjustments	NDPSC Staff	References
Liberalized Depreciation	\$ 21,328,709	\$ (51,280)	\$ 21,277,429	
Excess Plant DIT	\$ 6,007,345	\$ -	\$ 6,007,345	
Contribution In Aid of Construction	\$ (3,255,673)	\$ -	\$ (3,255,673)	
Customer Advances	\$ (1,503,850)	\$ -	\$ (1,503,850)	
Unamortized Gain/Loss on Debt	\$ 32,005	\$ -	\$ 32,005	
Gain/Loss on Sale of Building	\$ 97,777	\$ (97,777)	\$ -	
Provision for Pension & Benefits	\$ 4,872,136	\$ (4,872,136)	\$ -	
Provision for Post-Retirements	\$ 1,216,482	\$ (1,216,482)	\$ -	
Acquisition Adjustment	\$ 4,525	\$ -	\$ 4,525	
Balance	\$ 28,799,456	\$ (6,237,675)	\$ 22,561,781	

(1) Company Schedule J

SUMMARY OF REVENUES

		(1)			
		Company			
		Present	Adjustments	NDPSC Staff	References
1	Sales				
2	Residential	\$ 76,032,566	\$ -	\$ 76,032,566	
3	Propane	\$ 223,553	\$ -	\$ 223,553	
4	Sub-Total	\$ 76,256,119	\$ -	\$ 76,256,119	
5	Firm	\$ 58,200,452	\$ -	\$ 58,200,452	
6	Firm Propane	\$ 289,836	\$ -	\$ 289,836	
7	Sub-Total	\$ 58,490,288	\$ -	\$ 58,490,288	
8	Air Force	\$ 1,810,639	\$ -	\$ 1,810,639	
9	Seasonal	\$ 72,225	\$ -	\$ 72,225	
10	Contract Demand	\$ 6,556,486	\$ -	\$ 6,556,486	
11	Small Interruptible	\$ 6,486,579	\$ -	\$ 6,486,579	
12	Total Sales	\$ 149,672,336		\$ 149,672,336	
13	Transportation	\$ 6,598,674	\$ -	\$ 6,598,674	
14	Total Sales and Transportation	\$ 156,271,010	\$ -	\$ -	
15	Miscellaneous Service Revenue	\$ 538,238		\$ 538,238	Set-3-39
16	Rent from Property	\$ 668,010	\$ -	\$ 668,010	
17	Other Revenue	\$ 2,370,419	\$ -	\$ 2,370,419	
19	Total Miscellaneous Service Revenue	\$ 3,576,667	\$ -	\$ -	
19	Total Operating Revenue	\$ 159,847,677	\$ -	\$ 159,847,677	

(1) Company Schedule F

SUMMARY OF O&M EXPENSES

	Company Proposed	Adjustments	NDPSC Staff	References
1 Cost of Gas	\$ 106,767,865	\$ -	\$ 106,767,865	
2 Other Gas Supply	\$ 320,085	\$ (44,900)	\$ 275,185	
Transmission	\$ 11,371	\$ (1,282)	\$ 10,089	
3 Distribution	\$ 13,113,346	\$ (1,795,036)	\$ 11,318,310	
4 Customer Accounting	\$ 3,030,742	\$ (341,873)	\$ 2,688,869	
5 Customer Service and Information	\$ 358,394	\$ (43,688)	\$ 314,706	
6 Sales	\$ 139,303	\$ (22,366)	\$ 116,937	
7 Administrative and General	\$ 12,145,856	\$ (1,713,550)	\$ 10,432,306	
8 Aircraft Expenses	\$ -	\$ -	\$ -	
9 Other - Shared Services	\$ -	\$ -	\$ -	
10 Total O & M Expenses	\$ 135,886,962	\$ (3,962,694)	\$ 131,924,268	
(1) Company Statement G				

COST OF GAS

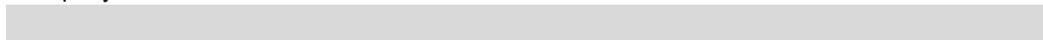
	Projected Cost	Adjustments	NDPSC Staff	References
Residential	\$ 46,161,277	\$ -	\$ 46,161,277	
Residential - Propane	\$ 142,308	\$ -	\$ 142,308	
Firm General Service	\$ 43,055,168	\$ -	\$ 43,055,168	
Firm General - Propane	\$ 235,855	\$ -	\$ 235,855	
Air Force	\$ 1,664,309	\$ -	\$ 1,664,309	
Seasonal	\$ 49,034	\$ -	\$ 49,034	
Contracted Demand	\$ 5,982,245		\$ 5,982,245	
Small Interruptible	\$ 5,188,538	\$ -	\$ 5,188,538	
Large Interruptible	\$ -	\$ -	\$ -	
Transport Interruptible	\$ 4,289,131		\$ 4,289,131	
Total Cost of Gas	\$ 106,767,865	\$ -	\$ 106,767,865	

(1) Company Statement G

OTHER GAS SUPPLY

	(1)			
	Company		NDPSC Staff	References
	Proposed	Adjustments		
Projected - 2024	\$ 320,085	\$ -	\$ 320,085	
(2) Labor	\$ 201,123	\$ (28,012)	\$ 173,111	
(3) Labor - Incentive Compensation	\$ 24,811	\$ (9,924)	\$ 14,887	
(4) Labor - Bonus and Commission	\$ -	\$ -	\$ -	
Vacation/Other	\$ 2,461		\$ 2,461	
Total Labor	\$ 228,395	\$ (37,937)	\$ 190,458	
Subcontract Labor	\$ -	\$ -	\$ -	
Vehicles & Work Equipment	\$ 6	\$ -	\$ 6	
Software Maintenance	\$ -	\$ -	\$ -	
All Other O&M	\$ 91,684	\$ (6,963)	\$ 84,721	Set 3-13
Total	\$ 320,085	\$ (44,900)	\$ 275,185	

(1) Company Statement G



TRANSMISSION

	(1)			
	Company		NDPSC Staff	References
	Proposed	Adjustments		
Projected - 2024	\$ 11,371		\$ 11,371	
(2) Labor	\$ 4,130	\$ (573)	\$ 3,557	
(3) Labor - Incentive Compensation	\$ 495	\$ (198)	\$ 297	
(4) Taxable Meals	\$ 17	\$ -	\$ 17	
Vacation /Other	\$ 51	\$ -	\$ 51	
Total Labor	\$ 4,693	\$ (771)	\$ 3,922	
Subcontract Labor	\$ 4,864	\$ (300)	\$ 4,564	
Materials	\$ 34	\$ (4)	\$ 30	
Vehicles & Work Equipment	\$ 1,780	\$ (207)	\$ 1,573	
Software Maintenance	\$ -	\$ -	\$ -	
All Other O&M	\$ -	\$ -	\$ -	
Total	\$ 11,371	\$ (1,282)	\$ 10,089	

(1) Company Statement G

DISTRIBUTION		(1)			
	Company Proposed	Adjustments	NDPSC Staff	References	
Projected 2024	\$ 13,113,346		\$ 13,113,346		
(2) Labor	\$ 8,095,050	\$ (1,150,526)	\$ 6,944,524		
(3) Labor - Incentive Compensation	\$ 922,420	\$ (368,968)	\$ 553,452		
(4) Labor - Bonus and Commission	\$ 20,549	\$ (20,549)	\$ -		
Moving Allowance	\$ 20,504	\$ -	\$ 20,504		
Taxable Meals	\$ 3,376	\$ -	\$ 3,376		
Vacation/Other	\$ 100,424	\$ -	\$ 100,424		
Total Labor	\$ 9,162,323	\$ (1,540,043)	\$ 7,622,280		
Subcontract Labor	\$ 1,038,838	\$ -	\$ 1,038,838		Set-3-51
Materials	\$ 751,770	\$ (80,569)	\$ 671,201		
Vehicles & Work Equipment	\$ 1,329,294	\$ (153,669)	\$ 1,175,625		
Company Consumption	\$ 409,902	\$ -	\$ 409,902		
Uncollectible Accounts	\$ 24,009		\$ 24,009		
Postage	\$ 10,826	\$ (252)	\$ 10,574		
Software Maintenance	\$ 8,241	\$ (192)	\$ 8,049		Set-3-55
Rent Expense	\$ 47,525	\$ -	\$ 47,525		Set 3-59
Annual Easement	\$ 43,647	\$ (1,015)	\$ 42,632		Set 3-60
All Other O&M	\$ 286,971	\$ (19,297)	\$ 267,674		Set 3-13
Total	\$ 13,113,346	\$ (1,795,036)	\$ 11,318,310		

(1) Company Statement G

CUSTOMER ACCOUNTING

	(1)			
	Company Proposed	Adjustments	NDPSC Staff	References
Projected 2024	\$ 3,030,742		\$ 3,030,742	
(2) Labor	\$ 1,621,934	\$ (221,767)	\$ 1,400,167	
(3) Labor - Incentive Compensation	\$ 196,944	\$ (78,778)	\$ 118,166	
(4) Labor - Bonus and Commission	\$ 8,523	\$ (8,523)	\$ -	
Taxable Meals	\$ 16	\$ -	\$ 16	
Vacation/Other	\$ 19,907	\$ -	\$ 19,907	
Total Labor	\$ 1,847,324	\$ (309,067)	\$ 1,538,257	
Subcontract Labor	\$ 71,845	\$ -	\$ 71,845	
Materials	\$ 416	\$ (26)	\$ 390	
Vehicles & Work Equipment	\$ 88,297	\$ (10,203)	\$ 78,094	
Company Consumption	\$ 4,152	\$ -	\$ 4,152	
Uncollectible Accounts	\$ 382,296	\$ -	\$ 382,296	
Postage	\$ 425,275	\$ (11,405)	\$ 413,870	
Software Maintenance	\$ 50,385	\$ (1,171)	\$ 49,214	
All Other O&M Expenses	\$ 160,752	\$ (10,000)	\$ 150,752	
Total	\$ 3,030,742	\$ (341,873)	\$ 2,688,869	

(1) Company Statement K page 10/11 of 37

**CUSTOMER SERVICE
 AND INFORMATION**

	(1)			
	Company		NDPSC Staff	References
	Proposed	Adjustments		
Projected 2024	\$ 358,394		\$ 358,394	
Labor	\$ 198,502	\$ (26,963)	\$ 171,539	
Incentive Compensation	\$ 24,544	\$ (9,818)	\$ 14,726	
Bonuses and Commissions	\$ 760	\$ (760)	\$ -	
Vacation/Other	\$ 2,516	\$ -	\$ 2,516	
Total Labor	\$ 226,322	\$ (37,540)		
Subcontract Labor	\$ 1,584	\$ (98)	\$ 1,486	
Materials	\$ -			
Vehicles & Work Equipment	\$ 12,674	\$ (1,465)	\$ 11,209	
Postage	\$ 3	\$ -	\$ 3	
Advertising	\$ 79,018	\$ (1,837)	\$ 77,181	Set-3-56
All Other O&M	\$ 38,793	\$ (2,747)	\$ 36,046	Set 3-13
Total	\$ 358,394	\$ (43,688)	\$ 314,706	

(1) Company Statement G

SALES	(1)			
	Company Proposed	Adjustments	NDPSC Staff	References
Projected 2024	\$ 139,303		\$ 139,303	
Labor	\$ 111,412	\$ (14,897)	\$ 96,515	
Labor - Incentive Compensation	\$ 13,773	\$ (5,509)	\$ 8,264	
Labor - Bonus and Commission	\$ 760	\$ (760)	-	
Vacation/Other	\$ 1,393	\$ -	\$ 1,393	
	\$ 127,338	\$ (21,166)	\$ 106,172	
Subcontract Labor	\$ -	\$ -	\$ -	
Vehicles & Work Equipment	\$ 8,454	\$ (983)	\$ 7,471	
Postage	\$ -	\$ -	\$ -	
All Other O&M	\$ 3,511	\$ (217)	\$ 3,294	
Total	\$ 139,303	\$ (22,366)	\$ 116,937	

(1) Company Statement G

ADMINISTRATIVE AND GENERAL				
	(1)			
	Company Proposed	Adjustments	NDPSC Staff	References
Projected 2024	\$ 12,145,856		\$ 12,145,856	
Labor	\$ 2,873,535	\$ (74,901)	\$ 2,798,634	
Labor - Incentive Compensation	\$ 355,615	\$ (142,246)	\$ 213,369	
Labor - Bonus and Commission	\$ 417,440	\$ (417,440)	\$ -	
Moving Allowance	\$ 411	\$ -	\$ 411	
Taxable Meals	\$ 97	\$ -	\$ 97	
Vacation/Other	\$ 45,306	\$ -	\$ 45,306	
Total Labor	\$ 3,692,404	\$ (634,587)	\$ 3,057,817	
Benefits	\$ 2,874,852	\$ (673,900)	\$ 2,200,952	
Subcontract Labor	\$ 435,677	\$ (46,902)	\$ 388,775	
Materials	\$ 28,247	\$ (1,744)	\$ 26,503	
Vehicles & Work Equipment	\$ 50,355	\$ (5,826)	\$ 44,529	
Company Consumption	\$ 61,928	\$ -	\$ 61,928	
Postage	\$ 54,493	\$ (1,267)	\$ 53,226	
Software Maintenance	\$ 1,311,987	\$ (30,499)	\$ 1,281,488	
Rent Expense	\$ 1,018,250	\$ (87,835)	\$ 930,415	Set-3-29 Set-3-59
Advertising	\$ 33,370	\$ (776)	\$ 32,594	Set-3-56
Industry Dues	\$ 81,249	\$ (18,872)	\$ 62,377	Sch G-1 p 18
Insurance	\$ 1,084,845	\$ (128,678)	\$ 956,167	Set-3-57
Regulatory Commission Expense	\$ 253,074	\$ -	\$ 253,074	Set-3-58
All Other O&M	\$ 1,165,125	\$ (82,663)	\$ 1,082,462	Set 3-13
Total	\$ 12,145,856	\$ (1,713,550)	\$ 10,432,306	

(1) Company Statement G

DEPRECIATION EXPENSE						
Plant Account	(1) Company Proposed	Composite Depreciation Rate	Depreciation Expense	Adjustment	NDPSC Staff	References
Transmission	\$ 2,015,856	1.893%	\$ 38,157	\$ -	\$ 38,157	
Distribution	\$ 307,568,774	3.135%	\$ 9,642,948	\$ (100,051)	\$ 9,542,897	
General	\$ 20,870,582	9.739%	\$ 2,032,517	\$ (49,078)	\$ 1,983,439	
General Intangible	\$ 10,358,478	5.470%	\$ 566,581	\$ -	\$ 566,581	
Common	\$ 20,290,652	5.204%	\$ 1,055,907	\$ (60,994)	\$ 994,913	
Common Intangible	\$ 17,143,892	8.356%	\$ 1,432,515	\$ -	\$ 1,432,515	
Amort of Preferred Stock	\$ -		\$ -	\$ -	\$ -	
Amort of Gain/Loss on Building	\$ -		\$ -	\$ -	\$ -	
Acquisition Adjustment	\$ 97,266	2.899%	\$ 2,820	\$ 9	\$ 2,820	
Total	\$ 378,345,500		\$ 14,771,445	\$ (210,122)	\$ 14,561,323	Set 3-62
Adjustment	\$ 378,345,500		\$ (1,721,605)	\$ -	\$ (1,721,605)	
			\$ 13,049,840	\$ (210,122)	\$ 12,839,718	
Amortization - Preferred Stock			\$ 3,978	\$ -	\$ 3,978	
Amortization - Gain/Loss on Building			\$ 22,443	\$ -	\$ 22,443	
Common - Vehicles			\$ -	\$ -	\$ -	
Total Depreciation Expense	\$ 378,345,500		\$ 13,076,261	\$ (210,122)	\$ 12,866,139	

(1) Company Statement H and H-2

TAXES OTHER THAN INCOME

	(1) Company Projected	Tax Rate	Tax	Adjustments	NDPSC Staff	References
Ad Valorem Taxes						
Transmission Plant	\$ 2,015,856	0.6214%	\$ 12,527			
Distribution Plant	\$ 307,568,774	0.5992%	\$ 1,842,952	\$ (7,044)	\$ 1,835,908	
General Plant	\$ 20,870,582	0.4948%	\$ 103,268	\$ (2,494)	\$ 100,774	
General Intangible Plant	\$ 10,358,478	0.0000%	\$ -	\$ -	\$ -	
Common Plant	\$ 20,290,652	0.3527%	\$ 71,565	\$ (4,134)	\$ 67,431	
Common Intangible Plant	\$ 17,143,892	0.0000%	\$ -	\$ -	\$ -	
Acquisition Adjustment	\$ 97,266					
Total Ad Valorem Taxes	\$ 378,345,500		\$ 2,030,311	\$ (26,198)	\$ 2,004,113	
Payroll Taxes	\$ 15,288,799	6.74%	\$ 1,030,465	\$ (173,967)	\$ 856,498	
Franchise Taxes			\$ -	\$ -	\$ -	
Delaware Taxes			\$ 10,647	\$ -	\$ 10,647	
Other			\$ 1,765	\$ -	\$ 1,765	
			\$ 3,073,188	\$ (200,165)	\$ 2,873,023	

Set 3-63

(1) Company Statement I

INCOME TAXES						
	(1)				Present Rates	References
	Company Present Rates	Adjustment	Company Proposed Rates	Adjustment	NDPSC Staff	
Total Operating Revenues	\$ 159,847,677	\$ 11,635,044	\$ 171,482,721		\$ 159,847,677	
Operating Expenses						
Cost of Gas	\$ 106,767,865		\$ 106,767,865		\$ 106,767,865	
Other O&M Expenses	\$ 29,119,097		\$ 29,119,097		\$ 25,156,403	
Depreciation and Amortization	\$ 13,076,261		\$ 13,076,261		\$ 12,866,139	
Taxes Other than Income	\$ 3,073,188		\$ 3,073,188		\$ 2,873,023	
Total Operating Expenses	\$ 152,036,411		\$ 152,036,411	\$ (4,372,981)	\$ 147,663,430	
Gross Operating Income	\$ 7,811,266		\$ 19,446,310	\$ (7,262,063)	\$ 12,184,247	
AFUDC Equity Add Back	\$ 68,462		\$ 68,462		\$ 68,462	
Permanent Additions	\$ 374,958		\$ 374,958		\$ 374,958	
Interest Synchronization	\$ 4,977,294		\$ 4,977,294		\$ 4,480,590	
Taxable Income	\$ 3,277,391		\$ 14,912,435	\$ (6,765,359)	\$ 8,147,077	
Federal and State Tax Rate	24.4049%		24.4049%		24.4049%	
Total Federal and State Income Taxes	\$ 799,844	\$ 2,839,521	\$ 3,639,365	\$ (1,651,079)	\$ 1,988,286	
ARAM	\$ (602,506)		\$ (602,506)		\$ (602,506)	
Total Income Taxes	\$ 197,338	\$ 2,839,521	\$ 3,036,859	\$ (1,651,079)	\$ 1,385,780	

(1) Company Statement J

(2) Recommended Rate Base	\$ 195,365,013
Recommended Cost of Debt	2.293%
Interest Synchronization	\$ 4,480,590

LABOR AND BENEFITS WORKSHEET

Labor	(1)			References
	Company Proposed	Adjustments	NDSC Staff	
Straight Time	\$ 12,429,122	\$ (1,439,292)	\$ 10,989,830	Set 3-47
Premium Time	\$ 676,564	\$ (78,346)	\$ 598,218	Set 3-48
Bonuses and Commissions	\$ 448,032	\$ (448,032)	\$ -	Set-3-42
Incentive Compensation	\$ 1,538,602	\$ (615,441)	\$ 923,161	Set 3-44
Moving Allowances	\$ 20,915	\$ -	\$ 20,915	
Meals	\$ 3,506	\$ -	\$ 3,506	
Vacation	\$ 172,058	\$ -	\$ 172,058	
Total Labor	\$ 15,288,799	\$ (2,581,111)	\$ 12,707,688	Set-3-46

Benefits

Medical and Dental	\$ 1,988,383	\$ (431,187)	\$ 1,557,196	
Pension Expenses	\$ 82,270	\$ (87,410)	\$ (5,140)	
Post-Retirement	\$ (485,515)	\$ (11,107)	\$ (496,622)	
401K	\$ 1,215,833	\$ (140,793)	\$ 1,075,040	Set 3-47
Workers Compensation	\$ 51,550	\$ (2,374)	\$ 49,176	
Other Benefits	\$ 22,331	\$ (1,028)	\$ 21,303	
Total Benefits	\$ 2,874,852	\$ (673,900)	\$ 2,200,952	

Labor Category Allocation

Other Gas Supply	1.494%	\$ 228,395	\$ (38,558)	\$ 189,837
Transmission	0.031%	\$ 4,693	\$ (792)	\$ 3,901
Distribution	59.928%	\$ 9,162,323	\$ (1,546,817)	\$ 7,615,506
Customer Accounts	12.083%	\$ 1,847,324	\$ (311,872)	\$ 1,535,452
Customer Service	1.480%	\$ 226,322	\$ (38,209)	\$ 188,113
Sales	0.833%	\$ 127,338	\$ (21,498)	\$ 105,840
Administrative & General	24.151%	\$ 3,692,404	\$ (623,365)	\$ 3,069,039
Total	100.00%	\$ 15,288,799	\$ (2,581,111)	\$ 12,707,688

Benefits Category Allocation

Other Gas Supply	\$ -			
Transmission	\$ -			
Distribution	\$ -			
Customer Accounts	\$ -			
Customer Service	\$ -			
Sales	\$ -			
Administrative & General	100.00%	\$ 2,874,852	\$ (673,900)	\$ 2,200,952
Total	100.00%	\$ 2,874,852	\$ (673,900)	\$ 2,200,952

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Montana-Dakota Utilities Co.
2023 Natural Gas Rate Increase
Application

Case No. PU-23-341

Verification

State Of New Jersey)
County Of Ocean) ss.

Dante Mugrace, being first duly sworn on oath, deposes and states that he has read the testimony and exhibits submitted in the above captioned matters under his name, that they were prepared by him or under his direction, that he knows the contents thereof, and that the same are true and correct to the best of his knowledge and belief.

Dante Mugrace
Dante Mugrace

Subscribed and sworn to before me this 29th day of July, 2024.

[Signature]
Notary Public
My Commission Expires: 1/19/2027

