

Docket Number: EL16-003
Subject Matter: First Data Request
Request to: NorthWestern Corporation dba NorthWestern Energy
Request from: South Dakota Public Utilities Commission Staff
Date of Request: February 19, 2016
Responses Due: March 4, 2016

- 1-1. If the company fully allocated overheads to this customer based on the results of the rate case to the incremental cost, how would that affect the contribution?

NorthWestern does not record A&G costs directly to projects, which makes it difficult to determine how much A&G is attributable to this project. NorthWestern estimated the total annual O&M costs for this project will be \$11,600. By using a ratio of 2015 A&G costs compared to 2015 O&M costs; we can determine an estimate for A&G costs attributable to this project. NorthWestern's ratio of A&G costs to Distribution O&M costs for 2015 was 153%. The result of this allocation method results in an estimate of \$17,748 of A&G costs attributable to this project. ($\$11,600 \times 1.53 = \$17,748$)

After subtracting A&G costs from operating income, a positive result remains as a contribution to plant under all listed load factor usage scenarios.

- 1-2. What does the company anticipate Dakota Access Pipeline's typical load factor to be and at what voltage?

The typical load factor is estimated to be 57% in 2016 and increasing to 67% by 2019. The voltage will be 4160 VAC.

- 1-3. If it is possible for the pumps to operate on less than 9.5 MW demand, run an analysis of the contribution, similar to "NorthWestern Energy's Response to Staff's Data Request Docket EL15-023 DR1-2 Cost Recovery Confidential" at half of the projected typical load factor.

See the attached confidential file "Confidential 1-3 DAPL 50% Demand Cost Recovery". A 6 MW demand was used with load factors of 30%, 40%, 50%, 60% and 70% in order to show the effect of varying load factors. As with the 9.5MW scenario, the capacity costs were calculated using the full load of 13.5 MW. If the capacity costs were reduced to the 6 MW level, the results would be positively impacted.

- 1-4. Please file under confidential cover a list of the other customers in which NorthWestern provides service at Rate 34 so staff may determine similarities.

The confidential customer list is attached as file "Confidential Rate 34 Customer List"