

MONTANA-DAKOTA UTILITIES CO.

Before the South Dakota Public Utilities Commission

Docket No. NG23-_____

Direct Testimony

Of

Stephanie Bosch

1 **Q. Please state your name and business address.**

2 A. My name is Stephanie Bosch, and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. What is your position with Montana-Dakota Utilities Co.?**

5 A. I am the Regulatory Affairs Manager for Montana-Dakota Utilities
6 Co. (Montana-Dakota).

7 **Q. Would you please describe your duties as Regulatory Affairs
8 Manager?**

9 A. I am responsible for the proper application of the Company's gas
10 and electric rates in the Customer Care and Billing System (CC&B), the
11 application of tariffs, and the preparation of miscellaneous rate filings.

12 **Q. Would you please describe your education and professional
13 background?**

14 A. I graduated from the University of North Dakota in 1995 with a
15 Bachelor of Business and Public Administration degree in Banking and
16 Financial Economics. I joined Montana-Dakota in June 1997 as a Rate

1 Clerk in the Regulatory Affairs Department and realized positions of
2 increasing responsibility within the Regulatory Affairs Department until
3 2011 when I left the Company. In 2013 I returned to the Company as a
4 Regulatory Analyst before attaining my current position in August of 2015.

5 **Q. What is the purpose of your testimony in this proceeding?**

6 A. The purpose of my testimony is to present the pro forma revenues,
7 as included in Statement I of this Application, the proposed rate schedules
8 provided in Appendix B to the Application, and other proposed changes to
9 the Company's gas tariff.

10 **Q. Have you testified in other proceedings before regulatory bodies?**

11 A. Yes. I have previously presented testimony before the Public
12 Service Commissions of Montana, North Dakota, and Wyoming and the
13 Public Utilities Commission of Minnesota.

14 **Q. What statements and exhibits are you sponsoring in this
15 proceeding?**

16 A. I am sponsoring Statement I pages 7 through 19 and the proposed
17 rate schedules provided in Appendix B to the Application.

18

19 **Pro Forma Revenue Analysis**

20 **Q. Would you please explain the pro forma revenues included in
21 Statement I pages 7 through 19?**

22 A. Yes, as shown on the referenced pages, Montana-Dakota applied
23 the Basic Service Charges and Distribution Delivery Charges applicable

1 under each rate schedule, as first authorized in Docket No. NG15-005 and
2 later updated to reflect the impact of the Tax Cuts and Jobs Act of 2017 in
3 Docket No. GE17-003, to the number of pro forma customers and use,
4 identified by Mr. Bensen, to derive the Company's pro forma revenues.
5 Interruptible Sales and Transportation customers were priced at each
6 applicable rate schedule's maximum Distribution Delivery Charge unless
7 service is provided under a contract rate. The Cost of Gas rates used are
8 reflective of the commodity gas rate for 2023 and demand costs as of
9 March 2023, excluding any surcharges.

10

11 **Proposed Tariff Changes**

12 **Q. The Company is proposing two new rate schedules. Please describe**
13 **the first of the two new rate schedules being proposed, Firm General**
14 **Contracted Demand Service Rate 74, provided here as Exhibit No.**
15 **____(SB-1).**

16 A. Montana-Dakota is proposing a new rate schedule titled Firm
17 General Contracted Demand Service Rate 74 (Rate 74) which will be
18 applicable to non-residential customers with standby natural gas
19 generators or customers who qualify under the Company's interruptible
20 service tariffs, but have requested, and received Company approval, for
21 firm gas service under the proposed rate schedule.

1 The purpose of the new rate schedule is to recover capacity related
2 costs from (1) standby use customers whose gas consumption is
3 intermittent and do not, at this time, provide adequate recovery of these
4 costs and (2) customers who otherwise qualify for service under the
5 Company's interruptible service rates due to their natural gas
6 requirements but who want the option of reserving capacity for firm
7 service. Interruptible customers requesting firm gas service under Rate
8 74 will need approval from the Company prior to the commencement of
9 service under this rate in order to determine that adequate capacity is
10 available for firm service for the requesting customer.

11 The proposed rate consists of four components: a Basic Service
12 Charge, a Distribution Demand Charge, a Capacity Charge, and a Cost of
13 Gas Commodity Charge. The Basic Service Charge reflects the same
14 level of Basic Service Charges applicable under the Company's Firm
15 General Service Rate 70 schedules. The Distribution Demand Charge is a
16 new billing component for Montana-Dakota and is designed to recover the
17 distribution demand-related costs from these customers. Customers will
18 consult with the Company, prior to service under this rate, to determine the
19 connected load (or demand Dk) applicable to their service that the
20 Distribution Demand Charge will then be applied to each month.

1 The Cost of Gas is separated into two billing components: a
2 Capacity Charge and a Cost of Gas Commodity Charge, as discussed by
3 Ms. Vesey. The Capacity Charge will be applied to the contracted monthly
4 billing demand Dk and the Cost of Gas Commodity Charge will be applied
5 to the customer's actual measured Dk.

6 **Q. Please explain the calculation of the proposed Distribution Demand**
7 **Charge.**

8 A. The Company calculated the proposed Distribution Demand
9 Charge rate of \$8.00 per monthly demand Dk utilizing the results of the
10 Company's class cost of service study. As identified in Schedule N-1 of
11 Statement N, the Company's total distribution demand-related costs are
12 \$8,287,683. In dividing those costs by the Company's peak day deliveries
13 of 86,484 Dk, an annual demand cost per Dk of \$95.83 is calculated,
14 which in turn, equates to a monthly rate of \$8.00 per demand Dk.

15 **Q. The second new rate schedule is Summary Billing Plan Rate 115.**
16 **Please briefly explain that new rate schedule which is provided as**
17 **Exhibit No. ____ (SB-2).**

18 A. Summary Billing Plan Rate 115 (Rate 115) is an optional billing
19 arrangement where qualifying customers that have multiple premises in
20 South Dakota can choose to consolidate the billing of those premises
21 under one account. The new rate schedule outlines the general

1 availability of this new billing arrangement as well as the terms and
2 conditions for enrolling in and maintaining eligibility under the plan.

3 The proposed rate schedule is in response to customers requesting
4 the ability to consolidate their multiple monthly Montana-Dakota bills into
5 one account which in turn equates to one monthly bill with one payment.
6 The Company recognizes the value of a bill consolidation program for
7 participating customers; however, believes such an optional billing
8 arrangement is best managed through a defined program that helps
9 inform interested and participating customers of their responsibilities as
10 well as the Company's parameters for continued participation in the plan.

11 **Q. Would you briefly describe any additional changes the Company is**
12 **proposing to the Company's gas tariff?**

13 A. The Company is proposing the following changes to its gas tariff as
14 clearly identified in the legislative copy of the tariff provided in Appendix B
15 of the Application:

- 16 • The Company is proposing an entirely new volume of its gas rate
17 book, designated herein as SDPUC Volume 3, to supersede the
18 current Volume 2, in order to reflect the removal of "A Division of
19 MDU Resources Group, Inc." in the tariff header of all rate schedules.
- 20 • The rates described by Mr. Ron Amen have been incorporated into
21 the proposed rate schedules.
- 22 • Clarify that the charges included in the determination of a penalty
23 payment as provided for under the Penalty for Failure to Curtail or

1 Interrupt provision applicable under the Company's Interruptible
2 Service Rates 71 and 85 and Transportation Rates 81 and 82 tariffs.
3 The proposed tariff language clarifies that all charges billed under the
4 Company's Firm General Service Rate 70, excluding the Basic
5 Service Charge, are billed on any gas taken in the event of a penalty
6 situation.

- 7 • Update the metering requirements provision under the Company's
8 Interruptible Service Rates 71 and 85 schedules to bring them in line
9 with the metering requirement provisions under Montana-Dakota's
10 Transportation rate schedules applicable today.
- 11 • Update select definitions included in the Company's Distribution
12 Delivery Stabilization Mechanism Rate 87 schedule to reflect
13 components from this rate case. The first definition updated is the
14 30-year average for normal degree days to reflect the same 30 years
15 used to normalize the Company's volumes. The second definition
16 updated is the Temperature Sensitive Use per Customer to reflect
17 the daily base use per customer per day resulting from the applicable
18 rates' regression analyses performed for normalizing firm volumes in
19 this case.
- 20 • Reflect the proposed changes to the Purchased Gas Cost
21 Adjustment Rate 88 schedule as described in the direct testimony of
22 Ms. Vesey.

- 1 • Introduce new or update existing provisions within the Company's
2 General Provisions Rate 100 that:
- 3 ○ Allows the Company to turn a customer's gas meter on and, if
4 no gas use is detected at that time, leave the gas meter on and
5 permit the customer to relight any pilot lights on their
6 equipment at the customer's earliest convenience. This will
7 eliminate the required presence of the customer at the time of a
8 gas meter turn on, if the requesting customer consents to and
9 accepts responsibility for their pilot relight(s). (Rate 100,
10 Section IV.2 Liability/Customer's Equipment)
- 11 ○ Introduce a monthly Manual Meter Reading Charge assessed
12 customers who request to have their gas meter read manually
13 each month in lieu of the Company installing an AMR-equipped
14 meter to obtain meter reads. (Rate 100, Section V.14 General
15 Terms and Conditions/Manual Meter Reading Charge)
- 16 ○ Update the annual authorized usage by rate used in the
17 determination of the Non-Residential Reconnection Fee for
18 Seasonal or Temporary Customers to reflect each respective
19 rate class's average annual use from this docket. (Rate 100,

1 Section V.20 General Terms and Conditions/Reconnection Fee
2 for Seasonal or Temporary Customers)

3 Also update the Seasonal Reconnection provisions to
4 include in their determination the Expansion Customer
5 Charges, under North Deadwood Area Surcharge Rate 75,
6 which would have been applicable during the period service
7 was not being used. The inclusion of these charges in the
8 seasonal reconnection fee eliminates the delay and/or shifting
9 of costs being recovered under Rate 75 that would result from
10 seasonal customers stopping service and therefore not
11 contributing to the recovery of the Rate 75 project during their
12 absence.

- 13 ○ Advise customers that over time rates will apply if the
14 customer's call is received after 12:00 p.m. local time for
15 service work to be performed after hours on that same
16 workday. To avoid over time rates, a customer may schedule
17 the service work for a future workday. (Rate 100, Section V. 21
18 Discontinuance of Service for Nonpayment of Bills.) This will
19 provide a consistency regarding the timing of calls received for
20 customers requesting service work under Paragraph V.16

1 Utility Services Performed after Normal Business Hours and
2 that included in Paragraph V. 21 Discontinuance of Service for
3 Nonpayment of Bills.

4 ○ Summarize the rules regarding billing adjustments necessary,
5 due to metering or other errors, in order to provide a point of
6 reference for both Company personnel and customers. (Rate
7 100, Section V.26 General Terms and Conditions/Billing
8 Adjustments)

9 • Revise the Maximum Allowable Investment (MAI) formula used to
10 determine a firm extension project's cost participation under Firm
11 Gas Service Extension Policy Rate 120 in order to recognize the
12 charges billed under proposed Firm General Contracted Demand
13 Rate 74 includes a Distribution Demand Charge, not a Distribution
14 Delivery Charge.

15 • Modify Meter Data and Privacy Policy Rate 140 to allow the
16 Company to release aggregated and/or anonymized data for multiple
17 customers to third parties that have a qualifying business purpose
18 such as for energy efficiency and/or conservation or HUD
19 compliance. Third parties requesting data will need to submit a new
20 form, Authorization Form for Aggregated/Anonymized Energy
21 Consumption Data included on Sheet No. 16 in Section 6 of the

1 Company's gas tariff, which will be reviewed by Company personnel
2 for accuracy prior to the release of any information. No identifiable
3 customer information will be provided in response to the request.

4 The Company will only provide customer identifying information upon
5 receipt of each customer's written authorization.

- 6 • There are other minor wording changes listed throughout the
7 Company's rate book to improve the readability of the rate without
8 modifying any conditions, update the rate and/or page references or
9 are self-explanatory. These changes are clearly denoted on the tariff
10 sheets in the legislative format.

11 **Q. Section 6 of the Company's gas tariff includes a number of sample**
12 **forms used by the Company. Did Montana-Dakota review its sample**
13 **forms in preparation for this rate case?**

14 A. Yes, a complete form review was performed to ensure the sample
15 forms included in Section 6 of the Company's gas tariff reflect the current
16 forms the Company is using to communicate with customers and/or
17 reflective of any new agreements or forms used by Montana-Dakota.
18 Some forms, included in Appendix B, reflect minor changes from those
19 included in the Company's current tariff, such as the overall appearance of
20 the form and/or language changes that do not modify the intent of the
21 form, but were made for readability, clarification, etc. Other forms were
22 found to no longer be used in South Dakota or are new since the
23 Company's last sample form review in Docket No. GE19-004.

1 Q. Does this conclude your testimony?

2 A. Yes.