

MONTANA-DAKOTA UTILITIES CO.

Before the South Dakota Public Utilities Commission

Docket No. EL23-_____

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, explain the net bill impact of
8 the Company's request on the Company's South Dakota customers shown
9 on Statement O, page 1, present the proposed rate schedules provided in
10 Appendix B to the Application, and other proposed changes to the
11 Company's electric tariff.

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

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

16 **Q. What statements and exhibits are you sponsoring in this
17 proceeding?**

18 A. I am sponsoring Statement I, pages 6 through 23 and the proposed
19 rate schedules provided in Appendix B to the Application.

20

21 **Pro Forma Revenue Analysis**

22 **Q. Would you please explain the pro forma revenues included in
23 Statement I pages 6 through 23?**

1 A. Yes, as shown on the referenced pages, the Company applied the
2 Basic Service Charges, Energy Charges, and Demand Charges
3 applicable under each rate schedule, as first authorized in Docket No.
4 EL15-024 and later updated to reflect the impact of the Tax Cuts and Jobs
5 Act of 2017 in Docket No. GE17-003, to the pro forma customers, energy
6 use, and demand to derive the revenues shown on Statement I pages 6
7 through 23. Statement I page 6 also reflects the level of Infrastructure
8 Rider and Transmission Cost Recovery Rider (Transmission Rider)
9 revenue to be collected under the pro forma rider rates. As explained
10 further in the direct testimony of Ms. Tara Vesey, Montana-Dakota is
11 moving costs currently being recovered through the Infrastructure Rider
12 and Transmission Rider into base rates. Therefore, in order to
13 appropriately reflect the recovery of all costs to be recovered through the
14 Company's base rates, Montana-Dakota is including the pro forma rider
15 revenue in revenues. The Fuel and Purchased Power rates used in
16 revenues reflect the pro forma Fuel and Purchased Power rates
17 developed by Ms. Tara Vesey.

18

19 **Proposed Residential Customer Bill Impact**

20 **Q. What is the total increase being requested?**

21 A. As will be fully explained by other Company witnesses, the
22 Company is requesting \$2,984,237 which represents a net increase of
23 17.3 percent over today's rates, based on a pro forma 2023 test year,

1 including Montana-Dakota's two riders, the Infrastructure Rider and the
2 Transmission Rider. See Statement O, page 1. The 17.3 percent net
3 increase reflects an increase of 35.8 percent in base rates, an 8.0 percent
4 decrease in the Infrastructure Rider and a 10.5 percent decrease in the
5 Transmission Rider.

6 The Company's \$2,984,237 request in rates is comprised of two
7 separate elements: an increase in Montana-Dakota's base rates of
8 \$2,592,318 and the amortization of the retired investment and related
9 expenses of Lewis & Clark Unit I and Heskett Unit I and II of \$391,919
10 through the Infrastructure Rider.

11 **Q. Currently production tax credits (PTCs) related to the Thunder Spirit**
12 **Wind Facility are included in the Infrastructure Rider and PTCs**
13 **related to the Diamond Willow Wind Facility are retained by the**
14 **Company pursuant to the Order in Docket No. EL22-021. Is the**
15 **Company proposing any changes?**

16 A. Yes, the Company is proposing to include all PTCs as an offset to
17 fuel and purchased power costs. The pro forma 2023 revenue at current
18 rates reflects the proposed change. Statement O, page 1 presents both
19 the change in the riders noted above and the reduction in fuel and
20 purchased power costs of \$1,032,195 resulting from the proposed change.

1 **Q. Can you explain the difference between Statement O, page 1 and**
2 **Statement O, page 2?**

3 **A.** Yes. Statement O, page 2 presents the revenues under current
4 rates and proposed rates and reflects the change in base rates and the
5 riders. It does not include the change in fuel and purchased power costs.
6 Statement O, page 1 presents those same revenues under current rates
7 and proposed rates as page 1, but also incorporates the reduction in fuel
8 and purchased power costs due to the inclusion of the PTCs in order to
9 reflect a total customer bill impact. This provides the overall bill impact by
10 rate class when comparing the revenues produced under rates reflected
11 on customers' bills today and the rates being proposed in this case,
12 including base rates, riders and fuel and purchased power.

13 **Q. How does the overall increase noted above affect the bills of the**
14 **Company's residential customers?**

15 **A.** The Company's residential class of customers would see a net
16 increase of 17.6 percent which reflects an increase of 35.1 percent in base
17 rates offset by a 7.6 percent decrease in the Infrastructure Rider and a 9.9
18 percent decrease in the Transmission Rider.

19 As a result, an individual residential customer using approximately
20 900 kWh per month will see a net increase of 17.6 percent or
21 approximately \$20 per month. This equates to an annual increase of
22 approximately \$236.

1 **Proposed Tariff Changes**

2 **Q. The Company is proposing a number of changes to Street Lighting**
3 **Service Rate 41. Could you please briefly outline those changes?**

4 A. Montana-Dakota is proposing a number of changes to Street
5 Lighting Service Rate 41. First, the Company is proposing to expand the
6 availability of the rate schedule to include the lighting of all public streets,
7 alleys, and other road right of ways, and to no longer limit the availability
8 solely to those lighting facilities owned by a municipality. This expansion
9 of availability necessitates a change to the title of the rate schedule to
10 Public Lighting Service Rate 41.

11 The Company is also proposing to remove the discount provision
12 under today's rate schedule. In 2019 and 2020, the Company undertook
13 an LED street lighting replacement project in South Dakota at which time
14 the Company replaced older Company-owned street lighting fixtures with
15 LED street lighting fixtures. This resulted in energy and maintenance
16 savings and higher lumen output. This project was also prompted in part
17 due to declining availability of older lighting fixtures. At the time of this
18 replacement project, Rate 41 customers were advised that the Company
19 would be eliminating the percentage discount provision when the
20 Company filed its next rate case.

21 Montana-Dakota is also proposing to include on the rate schedule
22 the monthly Facilities Charges applicable to lighting facilities owned,
23 installed, and maintained by the Company. While these "rental type"

1 charges are not new to the Company or the customer being billed the
2 charges today, the Company has not previously included these charges
3 on the Rate 41 schedule. The street lighting project afforded the
4 Company the opportunity to standardize across the Company's South
5 Dakota service territory the lighting facilities the Company will now install
6 and/or maintain for the customer and the associated monthly rate
7 applicable for such facilities. The inclusion of the Facilities Charges on the
8 rate schedule offers both the Company and customers a reference point
9 as to the type of facilities and "rental charge" associated with such
10 facilities. These charges are not applicable to lighting facilities owned by
11 the customer and/or municipality.

12 And lastly, the Company is proposing to clarify the determination of
13 the monthly energy usage when the lighting service is un-metered.
14 Consistent with all other customers, un-metered Rate 41 customers are
15 billed monthly; however, the determination of that monthly energy usage is
16 computed using a daily consumption level times the number of days in a
17 customer's billing period.

18 **Q. Please explain the proposed changes to Residential Electric Dual**
19 **Fuel Space Heating Service Rate 53 (Rate 53).**

20 A. Before outlining the proposed changes to Rate 53, a brief history of
21 the rate will help lay the foundation for the proposed changes.

22 Rate 53 was first instituted over thirty years ago to provide an
23 alternative heat source to propane while also providing the Company with

1 an interruptible load. Under the rate, electric service is provided to
2 customers who operate Company approved space heating equipment that
3 provides the Company with the ability to interrupt their space and/or water
4 heating service under certain conditions.

5 In the Company's 2016 rate case, Montana-Dakota considered
6 moving customers under Rate 53 to the Company's standard residential
7 Rate 10. In the end, the bill impact was determined too significant for the
8 339 customers and therefore the Company proposed to close the rate to
9 new customers and move the rates closer to the cost of service.

10 In 2022 in Docket No. EL22-014, Montana-Dakota requested
11 Commission approval to remove the interruption provisions under the rate,
12 enabling the installation of a standard residential meter for the Rate 53
13 service and allowing Montana-Dakota to obtain the service's monthly
14 meter reads using the Company's meter reading system. Today reads for
15 Rate 53 services must be obtained manually due to incompatibility issues
16 with the meter and the Company's meter reading system.

17 Staff's recommendation, at that time, was to deny Montana-
18 Dakota's request and consider it in more detail in the next general rate
19 case. In September 2022, the Commission denied the Company's
20 request.

21 In preparation for this rate case, Montana-Dakota again reviewed
22 the bill impact of moving customers' services under Rate 53 to Rate 10.
23 The Company again believes the bill impact to move these services is too

1 great when coupled with the rate increase. However, Montana-Dakota is
2 proposing to introduce a seasonal component to the rate's energy charge,
3 thus starting the alignment of the energy charges to the otherwise
4 applicable rate (Rate 10) for such service. The summer energy charge
5 under Rate 53 will also be the same energy charge applicable under Rate
6 10, thus offering no discount from that of Rate 10 during the months of
7 June through September. Rate 53 customers will continue to pay a
8 reduced winter energy charge than that paid under Rate 10, but at a
9 lessor discount than today.

10 **Q. Aside from the proposed changes to the Rate 53 energy charges, is**
11 **Montana-Dakota proposing any other changes to Rate 53?**

12 A. Yes, the Company is proposing to eliminate the interruption
13 provisions from Rate 53. This would allow the Company to obtain these
14 customers' monthly meter reads through the Company's meter reading
15 system and the time currently spent reading meters each month could be
16 better utilized on other projects or responsibilities in the area.

17 **Q. Is the Company proposing any changes to the Company's Extension**
18 **Policy Rate 112?**

19 A. Yes. The Company is proposing to update the cost to revenue ratio
20 identified in Rate 112 to reflect the costs and projected return included in
21 this rate case. The cost to revenue ratio is used to determine if cost
22 participation is warranted for an extension to proceed. Currently if the
23 estimated project construction cost is greater than two times the estimated

1 annual revenue, the extension will be made only with a contribution.
2 Reflecting today's costs and projected return, Montana-Dakota is
3 proposing a cost to revenue ratio of 3.6 to 1.

4 The other change the Company is proposing to Rate 112 is to
5 exclude the cost of fuel and purchased power from the revenue used to
6 determine cost participation. As the Company's fuel and purchased power
7 costs are pass-through costs, the use of margin to determine cost
8 participation is a better representation of the dollars available to recover
9 the project's investment.

10 **Q. The Company is proposing a new rate schedule. Can you briefly**
11 **explain proposed Summary Billing Plan Rate 115 provided as Exhibit**
12 **No. ___(SB-1)?**

13 A. Summary Billing Plan Rate 115 (Rate 115) is an optional billing
14 arrangement where qualifying customers with multiple premises can
15 choose to consolidate the billing of those premises under one account.
16 The new rate schedule outlines the general availability of this new billing
17 arrangement as well as the terms and conditions for enrolling in and
18 maintaining eligibility under the plan.

19 The proposed rate schedule is in response to customers requesting
20 the ability to consolidate their multiple monthly Montana-Dakota bills into
21 one account which in turn equates to one monthly bill with one payment.
22 The Company recognizes the value of a bill consolidation program for
23 participating customers; however, believes such an optional billing

1 arrangement is best managed through a defined program that helps
2 inform interested and participating customers of their responsibilities as
3 well as the Company's parameters for continued participation in the plan.

4 **Q. Would you briefly describe any additional changes the Company is**
5 **proposing to the Company's electric tariff?**

6 A. The Company is proposing the following changes to its electric tariff
7 as clearly identified in the legislative copy of the tariff provided in Appendix
8 B of the Application:

- 9 • The Company is proposing an entirely new volume of its electric rate
10 book, designated herein as SDPUC Volume 3, to supersede the
11 current Volume 3, in order to reflect the removal of "A Division of
12 MDU Resources Group, Inc." in the tariff header of all rate schedules.
- 13 • The rates described by Mr. Ron Amen have been incorporated into
14 the proposed rate schedules.
- 15 • Remove the Base Fuel and Purchased Power included within the
16 Rate section of each rate schedule as described further by Ms.
17 Vesey.
- 18 • Proposing a new non-metered service provision applicable under
19 Small General Electric Service Rate 20 whereby the installation of a
20 meter on a customer's service may not be warranted. In the absence
21 of a meter, customers would be billed a predetermined energy use
22 each month based on the operating characteristics of the equipment
23 being served, such as of Wi-Fi equipment.

- 1 • Proposing changes to Outdoor Lighting Service Rate 24 to reflect
2 current practices.
- 3 • Introduce new or update existing provisions within the Company’s
4 General Provisions Rate 100 that:
- 5 ○ Clarifies that the Company will only change the rate on a
6 customer’s service once in a twelve-month time period unless
7 there is a material change in the customer’s load that is of a
8 permanent basis which alters the service’s rate applicability
9 and/or availability. (Rate 100, Section III.1 General Terms and
10 Conditions/Rules for Application of Electric Service.)
- 11 ○ Introduce a monthly Manual Meter Reading Charge assessed
12 customers who request to have their electric meter read
13 manually each month in lieu of the Company installing an AMR-
14 equipped meter to obtain meter reads. (Rate 100, Section III.5
15 General Terms and Conditions/Manual Meter Reading Charge.)
- 16 ○ Advise customers that over time rates will apply if the
17 customer’s call is received after 12:00 p.m. local time for
18 service work to be performed after hours on that same
19 workday. To avoid over time rates, a customer may schedule
20 the service work for a future workday. (Rate 100, Section III.7
21 General Terms and Conditions/Utility Services Performed after
22 Normal Business Hours and Rate 100, Section III.9
23 Discontinuance of Service for Nonpayment of Bills.) This will

- 1 provide a consistency regarding the timing of calls received for
2 customers requesting service work with similar provisions
3 under the Company's current and proposed gas tariff.
- 4 ○ Summarizes 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 III.15 General Terms and Conditions/Billing
8 Adjustments.)
 - 9 • Add clarifying language select sub-sections of Section 600 –
10 Metering under Electric Service Rules and Regulations Rate 110
11 regarding the installation of customer equipment ahead of the
12 Company's meter.
 - 13 • Modify Meter Data and Privacy Policy Rate 140 to allow the
14 Company to release aggregated and/or anonymized data for multiple
15 customers to third parties that have a qualifying business purpose
16 such as for energy efficiency and/or conservation or HUD
17 compliance. Third parties requesting data will need to submit a new
18 form, Authorization Form for Aggregated/Anonymized Energy
19 Consumption Data included on Sheet No. 18 in Section 6 of the
20 Company's electric tariff, which will be reviewed by Company
21 personnel for accuracy prior to the release of any information. No
22 identifiable customer information will be provided in response to the
23 request. If further detailed (or non-aggregated or non-anonymized)

1 information is wanted, the third party will be advised that all individual
2 customers must authorize the release of any further information.

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

8 **Q. Section 6 of the Company's electric tariff includes a number of**
9 **sample forms used by the Company. Did Montana-Dakota review its**
10 **sample forms in preparation for this rate case?**

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

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

22 A. Yes.