

**MONTANA-DAKOTA UTILITIES CO.
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION STAFF
SECOND DATA REQUEST
DATED FEBRUARY 17, 2015
DOCKET NO. NG15-001**

- 2-2) Do carrying charges assigned for each month reflect the carrying charges incurred from the previous month? Based on Staff's calculations, it appears that the end of the month balance was multiplied by the 90-day T-bill rate for the month in order to calculate the carrying charge and then applied to the following month. If this is accurate, please provide support for MDU's calculation of carrying charges.

In addition, why does MDU prefer to use its method rather than a calculation similar to the following? $((\$85,804 \text{ \{Jan Beg Balance\} + \$88,885 \text{ \{Jan End Balance\}}) / 2) \times (.04 \% \text{ \{Jan 1 T-bill rate\}}) = \$35 \text{ (Carrying Charge applied to January)}$

Response:

Yes, the carrying charges are based on the prior month balance multiplied by the average interest rate for the month, as proposed and authorized in Docket No. NG09-001. This methodology has been utilized since the inception of the tracker and is consistent with the Purchased Gas Cost (PGA), which uses the month end balance with the carrying charges recorded in the next month.