

Service Date: June 30, 2006

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF NORTHWESTERN	)	UTILITY DIVISION
ENERGY, Annual Application for Approval of	)	
Monthly Gas Tracker True-Up, Projected Gas	)	DOCKET NO D2006.5.58
Costs, and Gas Transportation Balance	)	ORDER NO. 6741a

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**INTERIM ORDER**

**Discussion and Findings of Fact**

1. On May 31, 2006, NorthWestern Energy (NWE) filed an application before the Montana Public Service Commission (PSC) for approval of a rate change that: a) reflects an increase in projected gas costs; b) amortizes the Unreflected Gas Cost Account (UGCA) balance for the 12-month period ending June 30, 2006; and c) amortizes the Gas Transportation Adjustment Clause (GTAC) balance as of April 30, 2006. NWE also requests approval of a new monthly tracking methodology that will be used for the remainder of the annual tracking period ending June 30, 2007. NWE requests approval of its application on an interim (temporary) basis effective July 1, 2006.
2. NWE purchases wholesale natural gas from producers and passes the cost directly to customers without mark-up. NWE annually estimates how much it will cost to purchase natural gas for the future year and calculates the difference between revenue resulting from the estimated cost and the actual cost for the prior tracker year.
3. NWE projects that the natural gas price for the fiscal year starting July 1, 2006, will be \$7.5564 per dekatherm (dkt) as compared with the current tracking price of \$7.545 per dkt. NWE's estimates are subject to month-by-month adjustments, through NWE's monthly gas cost tracking procedure.

4. NWE requests approval to replace the existing UGCA amortization with one that combines the current UGCA account balance of (\$2,504,520) for the 12-month period ending June 30, 2006, and the remaining unamortized UGCA account balance of \$51,169 approved in PSC Docket No. D2005.5.87 (NWE's 2005 annual gas cost tracker), resulting in a proposed net UGCA account balance amortization of (\$2,453,351). This over-collection amount results in rates changing from an existing UGCA amortization credit of (\$0.0013) per dkt to a proposed UGCA amortization credit of (\$0.1275) per dkt, a net decrease in rates of (\$0.1262) per dkt.

5. NWE states that the GTAC in this filing is \$2,613,808, consisting of the current GTAC balance of \$2,443,463 for the 12-month period ending April 30, 2006, and the remaining unamortized GTAC balance of \$170,345 approved in PSC Docket No. D2005.5.87. NWE proposes to charge this balance to its customers over a 12-month period ending June 30, 2007.

6. NWE proposes to change its monthly gas cost tracking methodology. The 12-month annual forecast remains the same for the period July 1 through June 30 of the tracking year. The change requested affects the monthly calculations, which will be based on the balance of the tracking year forecasts and other relevant factors instead of a rolling 12-month forecast methodology. NWE believes this will help stabilize monthly natural gas supply prices and minimize any year-end balance over-collections or under-collections.

7. NWE states that the rate decrease for a typical residential customer using 10 dkt per month will be (\$1.03) per month or (\$12.36) per year.

8. The PSC finds NWE's proposed rates and changes to be just and reasonable for interim purposes.

### **Conclusions of Law**

1. NWE provides natural gas service within the State of Montana and as such is a "public utility" within the meaning of § 69-3-101, MCA.

2. The PSC properly exercises jurisdiction over NWE's rates and operations pursuant to Title 69, Chapter 3, MCA.

3. The PSC may, at its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision on the matter.

4. The rate levels and spread approved in this Interim Order are a reasonable means of providing interim relief to NWE. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

### **ORDER**

1. NWE shall adhere to and abide by all provisions in this Interim Order. All rate schedules shall comply with all determinations set forth in this Interim Order.

2. NWE must file tariffs in compliance with this Interim Order.

3. Nothing in this Interim Order precludes the PSC from adopting in a subsequent order or Final Order a revenue requirement, or any other item approved in this Interim Order, different from that contained in this Interim Order.

4. Any interest associated with the refund that might result from a final revenue increase granted in this Interim Order will be computed at the NWE's approved return on equity for this interim rate change.

5. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in the Interim Order.

6. This Interim Order is effective for all services rendered on and after July 1, 2006

Done and dated this 27<sup>th</sup> day of June, 2006, by a vote of 5 to 0.

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GREG JERGESON, Chairman

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BRAD MOLNAR, Vice Chairman

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DOUG MOOD, Commissioner

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ROBERT H. RANEY, Commissioner

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THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.