

Service Date: June 24, 2009

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

* * * * *

IN THE MATTER OF NORTHWESTERN)	UTILITY DIVISION
ENERGY, Annual Application for Approval of)	
Unreflected Gas Cost Account Balance, Projected)	DOCKET NO. D2009.5.63
Gas Cost and Gas Transportation Adjustment)	ORDER NO. 7004

INTERIM ORDER

FINDINGS OF FACT

1. On June 2, 2009, NorthWestern Energy (NWE) filed an application before the Montana Public Service Commission (PSC) for approval of a natural gas rate change that: a) reflects rate treatment for the balance in Unreflected Gas Cost for the 12-month period ending June 30, 2009; b) reflects rate treatment for amortization of the GTAC Balance as of April 30, 2009; c) extinguishes the amortizations in the current rate schedules, approved in the order in Docket D2008.5.44; and d) reflects the projected load, supply and related natural gas costs for the 12-month tracker period July 1, 2009, through June 30, 2010. NWE requests an interim change in rates effective July 1, 2009, pending a final decision on this request.

2. NWE purchases wholesale natural gas from producers and passes the cost directly to consumers without mark-up. NWE annually estimates how much it will cost to purchase natural gas for the upcoming annual tracker period, and this estimate is updated each month within the tracking period. At the same time, the difference between revenue resulting from the estimated natural gas cost and the actual gas cost for the prior tracker period is computed.

3. NWE projects that the natural gas price for the fiscal year starting July 1, 2009, will be \$5.7562 per dekatherm (DKT) as compared with the 12-month period starting July 1, 2008, of \$10.6309 per dkt and the June 2009 price of \$5.1227 per dkt.

4. NWE requests approval to extinguish the current Unreflected Gas Cost Account (UGCA) Balance Amortization approved in Order 6930d in Docket No. D2008.5.44 and to reflect the UGCA Balance of \$(4,238) for the 12-month period ending June 30, 2009. Also, NWE requests that the remaining UGCA balance of \$24,363 approved in Docket No. D2008.5.44 be included in the Unreflected Gas Cost balance. The estimated Total Unreflected Gas Cost Account Balance at the end of June 2009 is \$20,125. NWE states that since this Total Unreflected Gas Cost Account Balance of \$20,125 estimated at the end of June 2009 is immaterial, it proposes to set the associated rate at zero. After actuals are recorded for the months of May and June 2009, NWE states it will review the account balance again and determine if the amount merits a filing proposing a rate adjustment.

5. NWE asks for approval to extinguish the current GTAC Balance Amortization approved in Order 6930d in Docket No. D2008.5.44, and to reflect the GTAC Balance as of April 30, 2009, in rates. The proposed GTAC balance for this filing is \$(218,363) which is the sum of the GTAC booked balance for the period ending April 30, 2009, of \$115,873 and the current balance of the amortization approved in Order 6930d in Docket No. D2008.5.44 of \$(334,236), which will be reflected in rates over the 12-month period ending June 30, 2010.

6. NWE states that the increase for a typical residential customer using 10 dkt per month will be \$6.99 per month or \$83.88 per year which results in an overall increase of 7.47 percent on the total bill. The actual increase will depend on each customer's type and usage.

7. NWE requests, in accordance with Order No. 5667a, FOF No. 3, approval to continue to reflect accounting treatment through the GTAC mechanism for certain expansions that generate Interruptible Transportation revenues or Interruptible and Firm Transportation revenues. NWE states that the rationale for this treatment remains viable.

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, at its discretion, within the scope of §69-3-305, MCA, can 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 the Findings of Fact section of this Interim Order.

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

3. Nothing in this Interim Order precludes the PSC from adopting in a subsequent Interim 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 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 this Interim Order.

6. This Interim Order is effective for all services rendered on and after July 1, 2009.

DONE AND DATED this 23rd day of June 2009 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chairman

KEN TOOLE, Vice Chairman

GAIL GUTSCHE, Commissioner

BRAD MOLNAR, Commissioner

JOHN VINCENT, Commissioner

ATTEST:

Verna Stewart
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 38.2.4806, ARM.