

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. D2010.5.49
Gas Cost and Gas Transportation Adjustment	)	ORDER NO. 7089

**INTERIM ORDER**

**FINDINGS OF FACT**

1. On May 28, 2010, 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, 2010; b) reflects rate treatment for amortization of the GTAC Balance as of April 30, 2010; c) extinguishes the unit amortizations in the current rate schedules, approved on an interim basis in Order No. 7004 in Docket D2009.5.63; and d) reflects the projected load, supply and related natural gas costs for the 12-month tracker period July 1, 2010 through June 30, 2011. NWE requests an interim change in rates effective July 1, 2010, 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, this difference between revenue resulting from the estimated natural gas cost and the actual gas cost for the prior tracker period is calculated.

3. NWE projects that the natural gas price for the 12-month period starting July 1, 2010, is \$5.6916 per dekatherm (dkt) as compared with the 12-month period starting July 1, 2009, of \$5.7562 per dkt.

4. NWE requests approval to extinguish the current Unreflected Gas Cost Account (UGCA) Balance Amortization approved in Interim Order No. 7004 in Docket D2009.5.63, and to reflect

the UGCA Balance of (\$98,478) for the 12-month period ending June 30, 2010. NWE requests that the remaining UGCA balance of (\$189) approved in Order No. 7004 be included in the Unreflected Gas Cost balance. Since, in NWE's opinion, the estimated Total Unreflected Gas Account Balance of (\$98,667) at the end of June 2010 is immaterial, NWE proposes to set the associated rate at zero. NWE states that, after the actual unreflected gas costs are recorded for the months of May and June 2010, NWE will review the account balance again and determine if the amount merits proposing a rate adjustment. NWE proposed that any such adjustment would be implemented either in August or September of 2010.

5. NWE requests approval to extinguish the current Gas Transportation Adjustment Clause (GTAC) Balance Amortization approved in Interim Order 7004, and to reflect the GTAC Balance as of April 30, 2010, in natural gas supply rates. The proposed GTAC balance for this filing is \$6,169 which is the net of the GTAC booked balance for the period ending April 30, 2010, of \$231,270 and the current balance of the amortization approved in Interim Order 7004 of (\$225,101). The balance will be recovered in rates over the 12-month period ending June 30, 2011.

6. NWE states that the increase for a typical residential customer using 10 dkt per month will be \$29.98 per month or \$359.76 per year on the total bill. This results in an overall increase of 42.67 percent on a total bill, in comparing June 2010 bill to July 2010 bill. The actual increase will depend on each customer's type and usage.

7. NWE requests, in accordance with Order No. 5667a, Finding of Fact 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 charges 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 within 30 days of this order, 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, 2010.

DONE AND DATED this 29<sup>th</sup> day of June 2010 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 ARM 38.2.4806.