

# PUBLIC SERVICE COMMISSION STATE OF MONTANA



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## Memorandum

October 14, 2011

To: Joe Schwartzenberger  
Regulatory Affairs Department  
NorthWestern Energy  
40 East Broadway  
Butte, MT 59701

Mr. Ross Richardson  
Henningsen, Vucurovich & Richardson PC  
116 W. Granite  
Butte, MT 59701

From: Neil Templeton, Rate Analyst  
Leroy Beeby, Rate Analyst  
Justin Kraske, Attorney  
Montana Public Service Commission

RE: Data requests in Docket D2011.5.36

Enclosed please find Data Requests PSC-001 through PSC-010 of the Montana Public Service Commission to NorthWestern Energy in the above-referenced docket. If you have any questions, please contact Neil Templeton at (406) 444-6191 (PSC-001 through PSC-002); Justin Kraske at (406) 444-6376 (PSC-003 through PSC-006); or Leroy Beeby at (406) 444-6188 (PSC-007 through PSC-010).

Enclosure

cc: Service list

Service Date: October 14, 2011

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

\* \* \* \* \*

IN THE MATTER OF NorthWestern Energy's	)	REGULATORY DIVISION
Application for Approval of the Unreflected Gas	)	
Cost Account Balance, Projected Gas Cost	)	DOCKET NO. D2011.5.36
Tracking, and Gas Transportation Adjustment	)	
Clause Balance	)	

**DATA REQUESTS PSC-001 THROUGH PSC-010 OF THE  
MONTANA PUBLIC SERVICE COMMISSION  
TO  
NORTHWESTERN ENERGY**

PSC-001

Regarding: Transportation Discounts, GTAC Offsets  
Witness: Phelps, NWE Staff

- a. In Exhibit\_(GDP-2), page 5, the TBU firm transportation discount revenue impact is shown to be \$(512,082). Please provide an explicit derivation of this number.
- b. For each customer receiving a firm transportation discount, please specify the measure of discount for each rate in the tariff.
- c. For each customer receiving an interruptible transportation discount, please specify the measure of discount for each rate in the tariff.
- d. For each customer receiving a firm or interruptible transportation discount, please describe the rationale for the discount, and the calculation of the discount. The description should include the estimated costs of bypass to the customer and to the utility, and any other costs or benefits considered in the decision to offer discount.
- e. For each offset on page 5 that was derived under Orders 7046g & 7046h, please provide all relevant assumptions and calculations used in its derivation.

## PSC-002

Regarding: TBU Interruptible Transportation Revenues and IT Tariff  
Witness: Phelps, NWE Staff

- a. In Exhibit\_(GDP-2), page 5, the TBU On-System interruptible transportation revenue is shown to be \$748,198, a figure that appears to be significantly greater than the expected value of \$424,767. If possible, please provide a probable explanation for this departure from expectation.
- b. In Exhibit\_(GDP-2), page 5, the TBU Off-System interruptible transportation revenue is shown to be \$429,484, a figure that appears to be significantly less than the expected value of \$703,003. If possible, please provide a probable explanation for this departure from expectation.
- c. Please specify all instances in the last ten years where TBU On or Off-System IT customers have been interrupted, and the reason for each interruption.
- d. Please describe the location and other relevant characteristics of any probable capacity constraints on the transmission system under design day conditions.
- e. Please describe the rationale for retaining a TBU interruptible transportation tariff, including reference to any capacity constraints from (d), any applicable federal regulations, and any benefits obtained or costs avoided through service under the IT tariff, which could not be realized through service under the existing FT tariff.

## PSC-003

Regarding: Battle Creek  
Witness: Smith, NWE Staff

- a. On page JMS-8 of your testimony you state that NWE intends to submit a Battle Creek revenue requirement filing in 2011. Is that still NWE's intention? When exactly does NWE plan to submit that filing?
- b. NWE acquired its current interest in Battle Creek through two separate transactions in 2010. Does NWE have any intention to purchase an additional part of Battle Creek in the near future?

## PSC-004

Regarding: Transmission U&UAF  
Witness: Smith, NWE Staff

Exhibit JMS-1, page 1 indicates that Transmission U&UAF was approximately 507,792 dkt during the 2010/2011 tracker period. How does that figure compare to the past five years? Is that amount within ranges other regional utilities experience? What if anything can NWE do to reduce this figure?

## PSC-005

Regarding: DSM Lost Revenues  
Witness: W.M. Thomas, NWE Staff

On page WMT-15 of your testimony you indicate that DSM Lost Revenues for the 2010-11 tracker period are \$553,828. The 12-month forecast amount of Lost Revenues for the 2011-12 tracker period is \$969,667. Please detail and provide your calculation for this estimate. A response should include estimated number of participants, dkt savings and lost revenues for each of the specific Natural Gas DSM Programs.

## PSC-006

Regarding: DSM Savings  
Witness: W.M. Thomas, NWE Staff

On page WMT-3 of your testimony you include Table 1 detailing the reported savings from DSM programs. Can you explain specifically what led to reported DSM dkt savings to increase by over 144% between the 2008-09 tracker year and the current 2010-11 tracker year, when it has been relatively constant prior to that?

## PSC-007

Regarding: Capital Structure Used  
Witness: Smith

Exhibit JMS-1 Page 3 of 3, lines 27-37, indicates a capital structure last approved in Docket D2000.8.113. The Stipulation Agreement in Docket D2009.9.129 and Final Order determined that a Capital Structure of 52% Debt and 48% Equity, an authorized ROE of 10.25% and Debt cost of 5.76% became effective January 1, 2011.

- a. Please indicate all changes in the submitted workpapers that the new approved Capital Structure and ROE affect.
- b. Please adjust and indicate any effects on the GTAC and UGCA balances and update to indicate correct balances if necessary.

## PSC-008

Regarding: Stipulation Agreement  
Witness: Smith

The previous gas tracker Dockets D2009.5.63 and D2010.5.49 were settled with a Stipulation agreement. Please, on an item by item basis, explain how NWE has complied with that agreement. If there was a non-compliance on a provision, explain why there was non-compliance.

PSC-009

Regarding: 2010-11 E+ Natural Gas Supply DSM Programs

Witness: Thomas

On Page WMT-6, Lines 9-12, you state that natural gas savings from operations for the tracker period totaled 186,210 if all program measures were installed and in operation for a full year.

- a. Were all program measures installed and in operation for the full year? Please explain.
- b. What is the process used to determine the actual percentage and point in time the program measures were placed into service?

PSC-010

Regarding: DSM expenses – costs of operation

Witness: Thomas

- a. Please provide in electronic format the itemized GL entries for the \$2,857,253 expense.
- b. Please update the DSM expenses – costs of operation to actual, and if need be based on those expenses, any estimated expenses for the 2011-2012 tracker year.