

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

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IN THE MATTER OF NORTHWESTERN)	REGULATORY DIVISION
ENERGY, Annual Application for Approval)	
of Unreflected Gas Cost Account Balance,)	DOCKET NO. D2012.5.48
Projected Gas Cost and Gas Transportation)	ORDER NO. 7218b
Adjustment)	

FINAL ORDER

PROCEDURAL HISTORY AND FINDINGS OF FACT

1. On May 30, 2012, NorthWestern Energy (NWE) filed an application before the Montana Public Service Commission (Commission) 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, 2012; b) reflects rate treatment for amortization of the Gas Transportation Adjustment Clause (GTAC) Balance as of April 30, 2012; c) extinguishes the unit amortizations in the current rate schedules, approved in Order No. 7152b in Docket D2011.5.36; and d) reflects the projected load, supply and related natural gas costs for the 12-month tracker period from July 1, 2012, through June 30, 2013. NWE also requested approval to continue to collect the cost of its interest in Battle Creek natural gas field (Battle Creek) on an interim basis in this Docket until such time that a final order is approved by the Commission in Docket D2012.3.25.

2. NWE requested an interim change in rates effective July 1, 2012, pending a final decision on this application. On June 20, 2012, the Commission issued Order 7218, granting NWE’s request.

3. The Commission issued a Notice of Application and Intervention Deadline on August 31, 2012. The Commission granted intervention to the Montana Consumer Counsel (MCC) on October 5, 2012, and on October 16, 2012, Procedural Order 7218a was issued.

4. Except for the production from its interest in Battle Creek, 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.

5. In its application, NWE projects the natural gas price for the 12-month period starting July 1, 2012, to be \$3.9401 per dekatherm (dkt) as compared with the 12-month period starting July 1, 2011, of \$5.1354 per dkt.

6. NWE requests approval to extinguish the current Unreflected Gas Cost Account (UGCA) Balance Amortization approved in Order No. 7152b in Docket D2011.5.36, and to reflect the UGCA Balance of \$(326,077) for the 12-month period ending June 30, 2012. NWE requests that the remaining UGCA balance of \$48,639 approved in Order No. 7152b be included in the Unreflected Gas Cost balance. The estimated Total UGCA Balance at the end of June 2012 is \$(277,439). NWE proposes to set the rate at zero until actuals are recorded for the months of May and June. NWE will review the account balance again and determine if the final amount merits filing a rate adjustment proposal. That rate adjustment, if necessary, will be implemented in either the August or September 2012 monthly tracking.

7. NWE requests approval to extinguish the current GTAC Balance Amortization approved in Order 7152b, and to reflect the GTAC Balance as of April 30, 2012, in natural gas supply rates. The proposed GTAC balance for this filing is \$(578,989), which is the net of the GTAC booked balance for the period ending April 30, 2012, of \$(481,331) and the current balance of the amortization approved in Order 7152b of \$(97,659). The balance will be refunded in rates over the 12-month period ending June 30, 2013.

8. NWE states that the increase for a typical residential customer using 10 dkt per month will be \$4.35 per month or \$52.20 per year on the total bill. This results in an overall increase of 4.82 percent on the total bill, in comparing a June 2012 bill to a July 2012 bill. The actual increase will depend on each customer's type and usage.

9. On February 6, 2013, a Notice of Opportunity to Comment and Request a Hearing was issued. No comments and no requests for hearing were received.

10. The Commission finds NWE's proposed rates and charges to be just and reasonable. The Commission previously found in Order 7210b that NWE's investment in Battle Creek was prudent and in the public interest. NWE will reflect the costs of its interest in Battle

Creek based on the Return on Equity (ROE) of 9.8 percent approved in Order 7249e in Docket D2012.9.94 on a going forward basis effective June 1, 2013.

11. NWE stated in its filing that when the final results of its DSM Evaluation that was underway became available, NWE will have updated adjustment factors. At that time NWE would recalculate the Lost Revenues for each of the relevant past trackers using the new adjustment factors, and true-up those previous lost revenues. That adjustment would be filed as supplemental testimony in this Docket or in the 2013 Annual Natural Gas Supply Tracker filing. No supplemental filing was received in this Docket. Therefore, the Commission requires that the revised DSM savings and adjustment factors to be reflected in the 2013 filing and applied to relevant past and forward-looking lost revenue calculations.

CONCLUSIONS OF LAW

12. 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.

13. The Commission properly exercises jurisdiction over NWE’s rates and operations pursuant to Title 69, Chapter 3, MCA.

14. The rate levels and spread approved in this Order are a reasonable means of providing rate relief to NWE.

ORDER

15. NWE shall adhere to and abide by all provisions in this Order. All rate schedules shall comply with all determinations set forth in the Findings of Fact section of this Order.

16. NWE shall file within 30 days of this order, tariffs in compliance with this Order.

17. This Order is effective for all services rendered on and after June 1, 2013.

DONE AND DATED this 21st day of May 2013 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

W. A. GALLAGHER, Chairman

BOB LAKE, Vice Chairman

KIRK BUSHMAN, Commissioner

TRAVIS KAVULLA, Commissioner

ROGER KOOPMAN, Commissioner

ATTEST:

Aleisha Solem
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.