

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

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IN THE MATTER Of Northwestern Energy's) REGULATORY DIVISION
2011-2012 electricity Supply Tracker) DOCKET NO. D2012.5.49

DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL

MCC-001 RE: Alternatives for Resource Additions
Witness: David E. Fine

In your testimony at page DEF-5, lines 10-13, you state that NWE is evaluating alternatives for resource additions to the portfolio. Please provide a list, including a brief description, of those alternatives.

MCC-002 RE: Supplying Regulation Service
Witness: David E. Fine

In reference to your testimony at page DEF-8, lines 17-18: Is there a distinction between supplying regulation service to the NWE transmission control area and supplying it to retail customers? If so explain. Or, do retail customers simply share in the regulation service supplied to the transmission control area just like all other control area customers receiving transmission service?

MCC-003 RE: 2011/2012 Tracker Period Activities
Witness: Kevin J. Markovich

In reference to your testimony at page KJM-4, lines 7-11:

- (a) Appendix 1 (Energy Supply Hedging Strategy) does not specify reducing the total cost of supply as an intended hedging objective. Please explain why reducing the total cost of supply is not an objective of hedging.
- (b) Were annual total supply costs less in 2009, 2010, and 2011 with hedging than they would have been without hedging? Please provide complete analyses (and all underlying data) showing the net cost of hedging (positive or negative) in each of these years.
- (c) Using the data provided in response to (b), demonstrate that during the past three years NWE did "take advantage of downturns in the market by allowing for the

procurement of larger volumes of supply when the market is viewed as being favorable.” (Appendix 1 at 196)

- (d) For each month in this 3-year time period provide the percentage of the forecasted supply that was fixed price hedged.
- (e) Were annual supply costs less volatile in 2009, 2010 and 2011 with hedging than they would have been without hedging? Please provide complete analyses (and all underlying data) showing supply cost volatility with and without hedging.

MCC-004 RE: Appendix 1 of the 2011 Plan
Witness: Kevin J. Markovich

In reference to Appendix 1, page 197:

- (a) Please explain why some fixed amount of forecasted supply “*must*” be fixed price hedged at times when short term prices are temporarily at unsustainably high levels.
- (b) Please explain procedures that can be used to reduce hedging below these specified minimum levels at times when short term prices are temporarily at unsustainably high levels.
- (c) Please list and fully describe each instance when variance from specified minimum hedging levels has been sought during the past five years.
- (d) If no such variance is ever permitted, please provide all economic justification for this policy.

MCC-005 RE: Hedging Strategy
Witness: Kevin J. Markovich

Please update the responses to MCC-10 and MCC-12 in Docket D2011.5.38 that were submitted in that case on August 23, 2011.

MCC-006 RE: Hedging Strategy
Witness: Kevin J. Markovich

Does NWE believe that being long on energy (i.e., being greater than 100% hedged) could result in substantial costs to ratepayers? Please fully explain your answer.

MCC-007 RE: CU4 Dispatch during 2011/2012 Tracker Period
Witness: Kevin J. Markovich

During the 2011/2012 tracker period when NWE schedulers backed down NWE's share of the output from CU4 and replaced the energy with market purchases (page KJM-5, lines 9-15).

- (a) Please list the periods during the 2011/2012 tracker period when market prices fell below the variable cost to operate CU4.
- (b) Please state the quantity and price of energy that was purchased during each of these periods and the variable cost of operating CU4.
- (c) To the extent that NWE's share of CU4 was not fully backed down in each period, please state the reason why that did not occur in each period.
- (d) Please state the value realized from this practice during each of these periods.

MCC-008 RE: Electric DSM Avoided Cost.
Witness: William M. Thomas

- (a) What DSM electric avoided costs are being used at the present time?
- (b) Please fully describe the methods, time frames and procedures followed by NWE to update DSM electric avoided costs.
- (c) For the years 2010-2012 please list the electric avoided costs that were used in each time period and the dates on which the avoided cost amounts were changed.

MCC-009 RE: E+ Commercial DSM Programs and Contractors.
Witness: William M. Thomas

Please provide any cost/benefit analysis that was done to determine that the increase in contractors and KEMA employees was economically justified.

MCC-010 RE: Electric Supply DSM Program Spending & Budget.
Witness: William M. Thomas

Please provide an electronic working copy, with all links intact, of Exhibit__(WMT-2), including all workpapers.

MCC-011 RE: Electric Supply DSM Program Spending.
Witness: William M. Thomas

During the eight year period (2004-2012), Electric Supply DSM Program Expenditures have been a total of \$37,111,756 and the sum of Reported Program Results over the same period has been 38.77 aMW. Please specify any additional expected Program Results attributable to these specific Program Expenditures, by year for the next ten years.

MCC-012 RE: Electric DSM Lost Revenues.
Witness: William M. Thomas

Please provide a revised version of Exhibit__(WMT-3), with most current information available, replacing the estimated three months of actual data in the tracker period 2011-2012. Please provide this updated exhibit in electronic working copy, with all links intact, including all workpapers.

MCC-013 RE: 2011/2012 Default Supply Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-1)11-12, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

MCC-014 RE: 2011/2012 QF-1 Tariff Contracts.
Witness: Frank V. Bennett

In the previous tracker filing, QF-1 Tariff Contracts were forecasted at about the same amount of energy for every month during the 2011-2012 tracker period. Please explain in detail why these contracts provided less energy in the months from September 2011 to April 2012 than in the other months during the 2011-2012 tracker period.

MCC-015 RE: 2011/2012 DSM Program & Labor Costs.
Witness: Frank V. Bennett

Please reconcile the amount you show for DSM Program & Labor Costs (\$8,771,493) on your table at page FVB-15 with the spending amount for 2011-12 (\$8,765,487) shown in the testimony of Mr. Thomas, Table 1, line 8, page WMT-5. If the amounts shown are correct, please explain the difference.

MCC-016 RE: 2011/2012 Transmission Cost.
Witness: Frank V. Bennett

Please provide all documents and calculations supporting the transmission cost of \$682,976 for the 2011/2012 default supply tracking period, including the most updated

transmission costs as they become available. Also, please explain why this cost is almost twice what it was forecasted to be in the previous tracker filing for the 2011/12 period.

MCC-017 RE: 2011/2012 Fixed Price Transactions.
Witness: Frank V. Bennett

Please provide all supporting documents for the net fixed price purchase requirement of 390,912 MWhs during the 2011/2012 default supply tracking period, indicating quantity and price for each sale and purchase.

MCC-018 RE: 2011/2012 Market Transactions.
Witness: Frank V. Bennett

Please provide all supporting documents for the net market purchase requirement of 499,457 MWhs during the 2011/2012 default supply tracking period, indicating quantity and price for each sale and purchase.

MCC-019 RE: 2011/2012 Administrative Expense.
Witness: Frank V. Bennett

Please provide all documents supporting the \$199,993 in administration as shown on page 1 of Exhibit__(FVB-1)11-12, line 39.

MCC-020 RE: 2012/2013 Default Supply Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-2)12-13, with all links intact, including all workpapers.

MCC-021 RE: 2012/2013 Off System Transactions.
Witness: Frank V. Bennett & Kevin J. Markovich

Please explain in detail why in every month of forecasted volumes during the 2012-2013 tracker period Fixed Price Purchase Transactions are exactly offset by Index Price Sale Transactions at a different price resulting in a net transaction cost of \$14,932,708.

MCC-022 RE: 2012-13 Tracker Year Billing Statistics.
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-1)_12-13, including all workpapers.

MCC-023 RE: Deferred Supply Rates.
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-2)_12-13, including all workpapers.

MCC-024 RE: CU4 Derivation of Rates.
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-3)_12-13, including all workpapers.

MCC-025 RE: DGGGS Derivation of Rates.
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-4)_12-13, including all workpapers.

MCC-026 RE: Supply Rates.
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-5)_12-13, including all workpapers.

MCC-027 RE: 2011/2012 CU4 Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-4)11-12, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

MCC-028 RE: 2012/2013 CU4 Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-5)12-13, with all links intact, including all workpapers.

MCC-029 RE: 2011/2012 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-6)10-11, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

MCC-030 RE: 2011/2012 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide detailed description of each of the monthly entries of the DGGS Fuel Cost shown on lines 49-57 of your Exhibit__(FVB-6)11-12, including quantity, price, and any other supporting materials.

MCC-031 RE: 2011/2012 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide a detailed narrative and supporting materials of the DGGS fuel adjustment of \$2,392,728 in the month of May 2012.

MCC-032 RE: 2011/2012 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide a detailed description and supporting materials for each of the Regulation Contracts (Exhibit__(FVB-6)11-12, lines 61-63) that make up the total cost of \$3,683,607, estimated for the month of May 2012; if actual information is available, please provide your response based on actuals.

MCC-033 RE: 2011/2012 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide a detailed description and supporting materials for the Regulation Contracts Revenue Credits (Exhibit__(FVB-6)11-12, line 75) that make up the total credit of \$1,032,704, estimated for the month of May 2012; if actual information is available, please provide your response based on actuals.

MCC-034 RE: 2012/2013 DGGS Tracking Period.
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-7)12-13, with all links intact, including all workpapers.

MCC-035 RE: 2012/13 Tracker Sales Mwh for CU4 and DGGS.
Witness: Frank V. Bennett

Please explain in detail why, although the total annual sales Mwh are the same, the monthly 2012/13 Tracker Sales Mwh for CU4 and DGGS (Exhibit__(FVB5)12-13, line 36 for CU4 and Exhibit__(FVB6)12-13, line 39 for DGGS) differs from the monthly sales Mwh shown on the Electric Tracker Projection excluding generation assets cost of service (Exhibit__(FVB2)12-13, line 7). If this is an error, please provide the corrected exhibits in electronic format.

MCC-036 RE: Availability of Sources of Regulation other than DGGS
Witness: Michael R. Cashell

In your testimony, page MRC-4, lines 17-21, you state that pursuant to Order No. 6943a, ¶ 262, NorthWestern is obligated to test the market for available alternatives for regulation services. Please provide a detailed list of each effort that NorthWestern has made to comply with the Order that were not related to the recent outage at DGGS; if the effort was not pursued, please explain the reasons for not doing so.

MCC-037 RE: DGGS Turbine Outage
Witness: Michael R. Cashell

In reference to your testimony at page MRC-5, lines 13-15: Please specify the amount of DGGS capacity that was out of service on each day during this period.

MCC-038 RE: DGGS Turbine Outage
Witness: Michael R. Cashell

Please describe all efforts (if any) that have been made to obtain compensation from PWPS (or others who may be liable) for the cost of the 2012 DGGS outage. If such efforts have not been made, please fully explain why that is the case. If efforts have been made, please describe the outcome or status of each effort.

MCC-039 RE: DGGS Turbine Outage
Witness: Michael R. Cashell

For the months of February, March and April 2012 that DGGS experienced a forced outage, please provide a comparison table by month of the variable cost of DGGS that would have been incurred if DGGS were fully in service, the monthly cost of the third party contracts that NorthWestern arranged for regulation service during the outage, and the monthly variable cost of the partial operation of DGGS as it was brought back online.

MCC-040 RE: NWE's Actions to Reduce Impact of the DGGGS Outage
Witness: Michael R. Cashell

In reference to your testimony at page MRC-6, lines 16-18: Please fully explain how it was determined that 91 MW of purchased regulating reserve was sufficient to replace full DGGGS capacity.

MCC-041 RE: DGGGS True-up
Witness: Michael R. Cashell

Please provide an electronic working copy of Exhibit__(MRC-1), with all links intact, including all workpapers.

MCC-042 RE: DGGGS Revenue Credits
Witness: Michael R. Cashell

In reference to your testimony at page MRC-9, lines 14-20: Please confirm that this DGGGS energy is in addition to the 7 MW of DGGGS energy output in the tracker that is used to serve retail load. If not, please explain fully.

MCC-043 RE: DGGGS Third Party Contracts
Witness: Michael R. Cashell

On page MRC-10 starting at line 15 you state, "However, as described above, Order No. 6943a contemplated that NorthWestern may at some time enter into third-party contracts if the comparison of economic alternatives to the operation of DGGGS showed that option to be a more cost-effective source of regulation services."
Please explain how the necessity of third party contracts due to the outage of DGGGS is similar to the use of third party contracts because they represent a more cost-effective source of regulation services. How were these contracts more cost effective than if DGGGS had been operating as expected?