

Monica J. Tranel, Esq.  
TRANEL LAW FIRM, P.C.  
Great Northern Town Center – Empire Block  
30 W. 14<sup>th</sup> Street, Suite 204  
Helena, Montana 59601  
(406) 513-1108  
[mtranel@tranelfirm.com](mailto:mtranel@tranelfirm.com)

*Attorneys for Intervenor Montana Consumer Counsel*

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

\* \* \* \* \*

IN THE MATTER OF the NorthWestern ) REGULATORY DIVISION  
2011 – 2012 Electricity Supply Tracker )  
 ) DOCKET NO. D2012.5.49

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**PREHEARING MEMORANDUM OF THE MONTANA CONSUMER COUNSEL**

In accordance with the schedule provided in the procedural order in this docket, the Montana Consumer Counsel submits its prehearing memorandum.

**I. CONTESTED ISSUES.**

The contested issues in this docket are:

**A. DGGS.**

1. Whether costs and expenses incurred as a result of NWE's failure to mitigate risks associated with DGGS outage should be borne by shareholders.
2. Dr. Wilson's recommended disallowance of \$1.42 million for costs related to DGGS outage should be adopted by the Commission.

3. Revenues attributed to 7aMW base load from DGGs should be trued-up and credited to ratepayers as a one-time adjustment in this tracker docket. Whether the Commission's methodology, as established in Docket No. D2008.8.85, of adjusting the value of the 7 MW of minimum generation should be done only in general rate filings should be reconsidered in conjunction with the Company's next electric general rate case filing.

**B. Supply Portfolio: Hedging.**

Whether NWE's historical use of off-system price swaps/hedges in an effort to mitigate electric supply price volatility should be discontinued.

**C. Lost Revenues.**

1. Whether the Company's proposed recovery of lost revenues resulting from savings in its own buildings should be allowed.
2. Does the Company's methodology for recovering "lost revenues" continue to be appropriate? In addition to any consideration the Commission gives this issue in this docket, which is the subject of a pending motion for reconsideration from NWE at the time of filing of this Prehearing Memo, MCC recommends that this significant policy issue be noticed and included as a major inquiry for the Company's next tracker filing (Docket No. D2013.5.33). In this regard, particular attention should be directed to the Company's claimed lost revenues for Colstrip IV during periods when

NWE's actual revenues for Colstrip IV output exceed Colstrip IV authorized cost of service revenues.

## **II. WITNESSES.**

MCC will present the testimony of its expert witnesses John W. Wilson, George L. Donkin, and Jaime Stamatsan.

## **III. EXHIBITS.**

MCC will offer into evidence the March 22, 2013 direct testimony of Dr. Wilson as Exhibit MCC-1 (redacted version as MCC -1a, protected version as MCC – 1b); the March 22, 2013 direct testimony of George Donkin as MCC-2; the March 22, 2013 direct testimony of Jaime Stamatson as MCC – 3; and all exhibits attached thereto including exhibits, data responses and evidence relied upon in preparing and compiling the testimony and exhibits, data responses, evidence and any confidential information relied upon and referred to in the testimony and exhibits.

MCC will offer the following Exhibits into evidence:

- MCC – 4: Supplemental Testimony of John Wilson derived from previous testimony filed in Dockets D2011.5.38, D2010.5.50, D2009.5.62 (consolidated with D2008.5.45), D2007.5.46 (consolidated with D2006.5.66), D2005.5.88, & D2004.6.90 (consolidated with D2003.6.77).<sup>1</sup>
- MCC – 5: September 21, 2012 ALJ Decision in FERC Docket Nos. ER10-1138-000 and ER12-316;

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<sup>1</sup> This Exhibit will be offered in response to the NCA issued on May 31, 2013 in this proceeding. The MCC will respond to any ruling on NWE's pending motion for reconsideration as appropriate. In an attempt to be responsive to the current NCA which governs this process, and to comply with the Scheduling Order and disclosures required by that Order, the MCC includes this Exhibit in this Prehearing Memo, subject to any appropriate or necessary modifications.

- MCC – 6: NWE’s 2011 Procurement Plan (including all confidential information referenced by NW in its testimony and relied upon by its witnesses related to the Plan);
- MCC – 7: Order No. 6943a in Docket No. D2008.8.95;
- MCC – 8: Order No. 6943e in Docket No. D2008.8.95;
- MCC – 9: Comments of GLD submitted in Docket No. N2008.12.138 filed April 1, 2010;
- MCC – 10: NWE’s 2012 Natural Gas Supply Procurement Plan; and
- Any other exhibits necessary for impeachment or rebuttal.

**IV. DATA RESPONSES AND ADDITIONAL EXHIBITS**

MCC will move for admission into the record responses and exhibits thereto to the following data requests, including all material referenced in the responses:

- Responses to Data Requests (including all subparts thereto, references, exhibits, supplements and updates thereto):

<b>DATA REQUEST</b>	<b>WITNESS</b>	<b>SUBJECT</b>
<b>PSC DATA REQUESTS</b>		
006	Cashell	DGGS
007	Cashell	DGGS
008	Cashell	DGGS
009	Cashell	DGGS
010	Bennett	Administrative Expenses and Costs
012	Thomas	DSM Issues
014	Bennett, Markovich, Hansen, Thomas, Cashell	2010-2011 Tracker period
016	Bennet, Fine	Wind Resources

017	Fine, Cashell	DGGS
018	Markovich	Hedging
019	Markovich	CU4
025	Bennett	Short Term Purchases and Sales
030	Thomas	NW Facilities
066	Thomas	LRAM
079	Markovich/Johnson	Comparison of Operational Characteristics
080	Markovich	Energy Sources
092	Donkin	Hedging
093	Stamatson	SBW Report
094	Stamatson	Criteria for programs
095	Stamatson	Dispatch
100	Rhoads	Contract Modification
101	Rhoads	Outage
102	Rhoads	Control software
103	Rhoads	Operational safeguards
104	Rhoads	DGGS
105	Rhoads	DGGS
106	Rhoads	DGGS
107	Rhoads	Warranty
108	Rhoads	DGGS
109	Markovich	Hedging
110	Markovich	Hedging
111	Markovich	Hedging
112	Markovich	Hedging
113	Markovich	Hedging
114	Markovich	Hedging
115	Rhoads	PWPS
116	Rhoads	DGGS
117	Rhoads	DGGS
<b>MCC DATA REQUESTS</b>		
001	Fine	Alternatives for resource additions
002	Fine	Supplying Regulation Service
003	Markovich	2011-2012 Tracker

004	Markovich	Appendix 1 of 2011 Plan
005	Markovich	Hedging
006	Markovich	Hedging
007	Markovich	CU4 Dispatch
008	Thomas	DSM
009	Thomas	DSM
010	Thomas	DSM
011	Thomas	DSM
012	Thomas	DSM
013	Bennett	2011-2012 Tracking Period
014	Bennett	QF Contracts
015	Bennett	DSM
016	Bennett	Transmission Costs
017	Bennett	Fixed Price Transactions
018	Bennett	Market Transactions
019	Bennett	Administrative Expenses
020	Bennett	2012 – 2013 Tracking Period
021	Markovich	Off System Transactions
022	Hansen	Billing Statistics
023	Hansen	Deferred Supply Rates
024	Hansen	CU4 Derivation
025	Hansen	DGGS Derivation
026	Hansen	Supply Rates
027	Bennett	CU4 Tracking period
028	Bennett	CU4 Tracking period
029	Bennett	DGGS Tracking period
030	Bennett	DGGS Tracking period
031	Bennett/Cashell	DGGS Tracking period
032	Bennett/Cashell	DGGS Tracking period
033	Bennett/Cashell	DGGS Tracking period
034	Bennett	DGGS Tracking period
035	Bennett	Tracker Sales
036	Cashell	Sources of Regulation
037	Cashell	DGGS
038	Cashell	DGGS
039	Cashell	DGGS
040	Cashell	DGGS
041	Cashell	DGGS

042	Cashell	DGGS
043	Cashell	Third Party Contracts
044	Markovich	Basin Creek
045	Markovich	Basin Creek
046	Thomas	Overcollected lost revenues
047	Thomas	DSM
048	Thomas	Exhibit WMT – 5
049	Thomas	Exhibit WMT 3 – S
050	Thomas	Exhibit WMT 3 – S
051	Thomas	Exhibit WMT – 5
052	Johnston	Scheduled Load and Supply
053	Johnston	Load and Supply
054	Johnston	Adjustments
055	Markovich	I-TAP
056	Markovich	Basin Creek
057	Markovich	Wind Integration
058	Rhoads	Performance
059	Cashell	Service
060	Rhoads	DGGS
061	Rhoads	DGGS
062	Rhoads	DGGS
063	Rhoads	DGGS
064	Rhoads	Warranty
065	Rhoads	Warranty
066	Rhoads	DGGS
067	Rhoads	DGGS
068	Rhoads	Replacement Power
069	Rhoads	Warranty
070	Rhoads	Warranty
071	Rhoads	DGGS
072	Rhoads	DGGS
073	Rhoads	Exhibit WTR - 3
074	Rhoads	Exhibit WTR – 2
075	Lyon	Qualifications
076	Lyon	PWPS
077	Lyon	Other Agreements
078	Lyon	Engagement
079	Lyon	Exhibit FL – 1
080	Markovich	Exhibit KJM – 2
081	Markovich	Hedges

082	Markovich	Hedging
083	Markovich	Exhibit KJM - 2

- All exhibits appended to any of the responses to the above data requests and to any testimony filed in this proceeding;
- Exhibits referred to in testimony, including but not limited to: MRC – 1; GLD – 1; FVB – 2; WMT – 1; WMT – 5; WMT 3 – S; JTS – 2; JTS – 3.
- Any Exhibits necessary for impeachment or rebuttal, including responses to data requests and exhibits thereto;
- Exhibits necessary for foundation; and
- Any other exhibits identified, referenced or relied upon in the testimony.

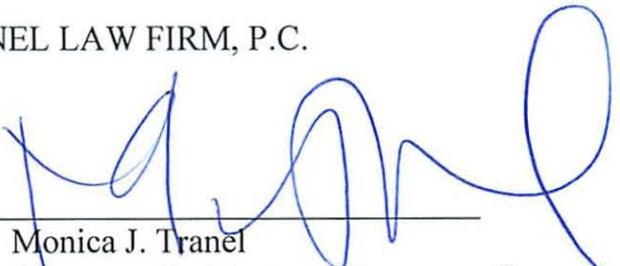
**V. SPECIAL SCHEDULING NEEDS.**

MCC requests that Dr. Wilson and Mr. Donkin be scheduled to testify no later than Thursday, June 13, 2013. MCC has no other special scheduling needs.

DATED this 5<sup>th</sup> day of June, 2013.

TRANEL LAW FIRM, P.C.

By: \_\_\_\_\_

  
Monica J. Tranel  
Attorneys for Montana Consumer Counsel  
P.O. Box 201703  
111 North Last Chance Gulch  
Helena, Montana 59620-1703

**CERTIFICATE OF SERVICE**

I certify that on the 5<sup>th</sup> day of June, 2013, a true and accurate copy of the foregoing was duly served upon the parties listed below by depositing the same, postage prepaid, in the United States mail to:

Al Brogan  
Corporate Counsel  
NorthWestern Energy  
208 North Montana Ave.  
Suite 205  
Helena, MT 59601

Montana Consumer Counsel  
111 North Last Chance Gulch  
P.O. Box 20173  
Helena, MT 59620-1703

Charles McGraw  
501 8<sup>th</sup> Avenue  
Helena, MT 59601

Dr. Thomas M. Power  
920 Evans Avenue  
Missoula, MT 59801

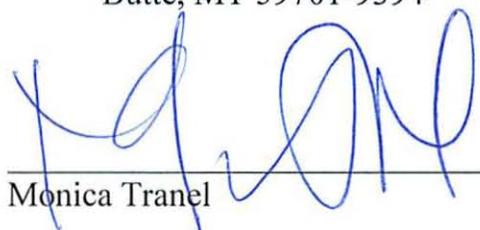
Susan Callaghan  
CALLAGHAN AND GERNANT, P.C.  
17 South Main  
Butte, Montana 59701  
Attorneys for Gordon Butte Wind, LLC

Pratt & Whitney Power Systems, Inc.  
Alan Joscelyn  
GOUGH, SHANAHAN, JOHNSON &  
WATERMAN, PLLP  
33 S. Last Chance Gulch  
Helena, MT 59601

Kate Whitney  
Montana Public Service Commission  
1701 Prospect Ave.  
P.O. Box 202601  
Helena, MT 59620-2601

John Alke  
Hughes Kellner Sullivan & Alke  
40 W. Lawrence Street Suite A  
P.O. Box 1166  
Helena, MT 59624-1166

Joe Schwartzenberger  
Northwestern Energy  
40 E. Broadway Street  
Butte, MT 59701-9394

  
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Monica Tranel