

Service Date: August 16, 2012

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

IN THE MATTER OF NorthWestern Energy's) REGULATORY DIVISION
2011-2012 Electricity Supply Tracker) DOCKET NO. D2012.5.49

**DATA REQUESTS PSC-014 THROUGH PSC-032 OF THE
MONTANA PUBLIC SERVICE COMMISSION (MPSC)
TO
NORTHWESTERN ENERGY (NWE)**

PSC-014

Regarding: 2010-2011 Tracker Period

Witnesses: Bennett, Markovich, Hansen, Thomas, Cashell

- a. Please provide working electronic copies of all Exhibits with all supporting files and links intact.
- b. Please update any exhibits that contained estimated figures relating to the 2011-2012 tracker period with actual figures, including Exhibits FVB-1, FVB-4, FVB-6, WMT-1 and WMT-2.
- c. Staff appreciates NWE's efforts to provide additional information regarding market transactions in Exhibit FVB-2. Staff is concerned, however, that Exhibit FVB-2 conveys less information regarding specific resources, particularly in the category of "Net Base Fixed Price Contracts." See Ex. FVB-1, pp. 3-5. Please provide a version of Exhibit FVB-2 (showing estimates for the 2012-2013 tracker period) in the same format and with the same categories of information as in Exhibit FVB-1.
- d. Please identify and specify the extent of any actual or potential overlap between the categories outlined on pages KJM-12 through KJM-15.

PSC-015

Regarding: Qualifying facility (QF) projects

Witness: Fine

- a. Please provide copies of any QF contracts that NWE entered into or cancelled during the 2011-2012 tracker period.

- b. Please provide a spreadsheet setting forth the counterparty (its full legal title), owner, price, nameplate capacity, capacity factor, contract date and contract term of each QF from which NWE purchased electricity supply during the 2011-2012 tracker period or from which NWE expects to purchase supply during the 2012-2013 tracker period.
- c. Please provide a list of QF projects, including their owner (full legal title) fuel type, size and location (by county), that have indicated an intention to proceed with developing a project or have sought a contract with NWE.
- d. Please describe the status of the project being developed by Fairfield Wind, LLC, and steps taken by NWE to procure supply from that project.

PSC-016

Regarding: Wind resources

Witness: Fine

- a. Please provide a list of the wind resources interconnected to NWE's transmission or distribution system, including the owner (full legal title), price, contract term, nameplate capacity and capacity factor of each.
- b. Please provide the total cost of integration service actually incurred by month during the 2011-2012 tracker period (including the fixed and variable costs of DGGS attributable to providing wind integration service), and for each resource interconnected to NWE's system, provide a calculation or estimate of the amount of integration costs attributable to that resource based on its size, location, date of commercial operation, and coincidence of scheduling errors.
- c. Please define and describe the "Judith Gap costs" that are a subset of "wind other costs" described on lines 3-4 of page FVB-12.
- d. Please explain what steps NorthWestern has taken to schedule variable energy resources on an intra-hourly basis to reduce scheduling errors.

PSC-017

Regarding: Dave Gates & regulation service

Witness: Fine, Cashell

- a. Please provide any documents that describe the forced outages that have occurred at the Dave Gates gas turbines since they became commercial operable.
- b. Please provide the bids received in response to NWE's 2011 regulation service RFP and any subsequent RFP for regulation service, as well as a summary of projected costs for regulation contracts through June 30, 2013.

- c. Please provide a spreadsheet showing NWE's monthly CPS2 score and the amount of regulating reserves available to NWE by month during the 2011-2012 tracker period.
- d. Please provide a spreadsheet showing NWE's 10-minute CPS2 scores beginning the day before the outage at DGGS and continuing for one month thereafter.

PSC-018

Regarding: Hedging

Witness: Markovich

- a. Is NWE seeking MPSC authorization to engage in financial hedging for electric supply?
- b. Did NWE financially hedge any amount of electric supply for the 2011-2012 or 2012-2013 tracker periods?
- c. For each month during the 2011-2012 tracker period, please provide a list of the forecasted supply needs that were fixed price hedged, detailing the counterparty, transaction type, trade date, start date, end date, terms, price, quantity. *See e.g.* Response to MCC-010, D2011.5.38 (Sept. 7, 2011).
- d. Please provide a copy of NWE's most recent hedging strategy.

PSC-019

Regarding: Colstrip Unit 4 (CU4)

Witness: Markovich

- a. How many hours during the 2011-2012 tracker period was CU4 re-dispatched or not dispatched as a result of lower market prices (i.e. economic dispatch)?
- b. How long is "an appropriate period of time" for market prices to remain low and thereby justify backing down CU4, and how does NWE forecast those periods of time? *See Ex. KJM-5, lines 12-15.*
- c. Does forecasting an appropriate period of time to justify economic dispatch require NWE to speculate on energy price movements?
- d. Please provide a table summarizing the value realized from backing down CU4 and replacing it with market purchases during the 2011-2012 tracker period, and explain whether and how those figures account for the operational costs (please describe these costs) of backing down and starting up CU4.
- e. Please provide any documents that describe any outages that occurred at CU4 during the 2011-2012 tracker period.

PSC-020

Regarding: Electricity Supply Service tariff

Witness: Fine

- a. Please explain why the term “default” was eliminated from the Electricity Supply Service Tariff (ESS-1) beginning January 1, 2012, and the effect of eliminating the term “default” from that tariff.
- b. Does NWE offer or intend to offer electricity supply service under any MPSC-approved tariff to non-default or choice customers?

PSC-021

Regarding: Line losses & loss factors

Witness: Hansen

- a. Staff appreciated NWE’s inclusion of “MPSC System Average” loss factors on page 1 of Appendix E in the 2010-2011 monthly tracker docket (D2010.7.74). However, NWE stopped providing that figure beginning in July 2011. Please provide “MPSC System Average” loss factors by month based on forecasted load during the 2011-2012 tracker period. Also, please update page 3 of Exhibit CAH-2 to include a system average loss factor on line 25.
- b. Please provide the same figures requested in PSC-021a based on actual load during the 2011-2012 tracker period.
- c. Does NWE have any plans to monitor, study or quantify actual lines losses on its transmission and distributions systems?

PSC-022

Regarding: Forecasting Wind

Witness: Fine, Markovich

- a. Please provide any graphical or numerical expressions of monthly forecast accuracy provided to NWE by 3-Tier during the 2011-2012 tracker period.
- b. Please compare the wind forecasts NWE receives from 3-Tier to NWE’s real-time projections and actual generation, providing hourly data and monthly summaries for the 2011-2012 tracker period. *See e.g.* Updated Response to PSC-005d, D2011.5.38 (Dec. 22, 2011).
- c. Please explain what steps NorthWestern has taken to improve its wind forecasting capabilities.

PSC-023

Regarding: Competitive Solicitations

Witness: Fine

- a. Please provide copies of all competitive solicitations (including RFPs and RFIs) that NWE drafted or issued during the 2011-2012 tracker period.
- b. Please describe each competitive solicitation that NWE intends to issue during the 2012-2013 tracker period, including the amount of resource, type of resource, contract term and resource attributes that NWE intends to solicit.

PSC-024

Regarding: Comprehensive Rate Case

Witnesses: Fine

- a. Please specify when NWE expects to file its next rate case.
- b. Is NWE planning to file its next rate case as a comprehensive rate case, including cost of service studies for transmission and distribution, electric supply, CU4, and DGGS?

PSC-025

Regarding: Short-Term Purchases & Sales

Witness: Bennett, Markovich

- a. Please explain why NWE expects spot sales to average \$51.83 per megawatt-hour in December 2012. *See* Ex. FVB-2, p. 5, line 141.
- b. Please explain why NWE expects to sell electricity in the spot market for a lower unit price than it expects to purchase electricity from the spot market in every month during the 2012-2013 tracker period. *See* Ex. FVB-2, p. 5, lines 164-165.
- c. Please quantify the price difference, by hour and in dollars per megawatt-hour, between electricity supply prices during each of the forty most expensive hours of the 2011-2012 tracker period and the average electricity supply price during all other hours over the same period.

PSC-026

Regarding: Administrative Expenses

Witness: Bennett

Please provide a detailed breakdown, by category, counterparty and expense, of all administrative expenses incurred during the 2011-2012 tracker period.

PSC-027

Regarding: Transmission Costs
Witness: Bennett

Please provide copies of all invoices related to the transmission costs incurred during the 2011-2012 tracker period and recovered through the electricity supply rate.

PSC-028

Regarding: Rate Design
Witness: Hansen

- a. Please describe whether and how NWE could improve the rate design of the electricity supply rate for any particular customer class based on principles of cost causation.
- b. Please describe whether and how NWE could improve cost allocations between customer classes based on principles of cost causation.

PSC-029

Regarding: DSM Programs
Witness: Thomas

- a. Please list and describe any new DSM programs or measures that NWE is considering implementing during the 2012-2013 tracker period.
- b. Please describe the status and progress of NWE's smart grid demonstration project, addressing improvements to reliability, customer response to price signals, and whether the project is on schedule.
- c. Please provide any results or documentation available of the cost-effectiveness of the Green Blocks and Building Blocks Programs.
- d. Please discuss whether a pilot or demonstration project would be an appropriate methodology for testing the cost-effectiveness of a behavior-based DSM program or measure, and why.

PSC-030

Regarding: NWE's Facilities
Witness: Thomas

- a. Please identify the funding source for NWE's efforts to secure cost-effective DSM in its own buildings and facilities as described on pages WMT-26 and WMT-27.

- b. Please explain whether NWE intends to include the savings achieved at its own buildings and facilities in its calculation of lost revenues.

PSC-031

Regarding: E+ Lighting Programs

Witness: Thomas

- a. Please provide specific dates when NWE will modify its E+ Lighting programs to account for federal regulations restricting the manufacture of certain less-efficient light bulbs.
- b. Please provide any documentation available that supports the claim that “remaining stock of lighting products (e.g., incandescent bulbs) will continue to be sold and installed by consumer for perhaps a year or more following the effective dates of the new regulations for each respective lighting product.” See Ex. WMT-10, lines 10-13.
- c. What percentage of the bulbs NWE subsidized during the 2011-2012 tracker period would be subject to the new federal lighting standards, and what percentage of the total cost of the E+ Residential Lighting Program is attributable to subsidizing and distributing those bulbs?
- d. In November 2011 the Northwest Energy Efficiency Alliance issued the “Long-Term Northwest Residential Lighting Tracking and Monitoring Study.” KEMA, Inc. prepared this study. Did NWE refer to this document to estimate savings from its E+ Lighting Program? If so, please specify which figures, assumptions, or conclusions NWE utilized to estimate savings from its E+ Lighting Program.
- e. Please estimate what percentage of the current stock of lighting products for sale in NWE’s service territory already complies with the new federal regulations, and describe how such an estimate might be used to refine estimates of the savings attributable to the E+ Lighting Program.

PSC-032

Regarding: Relief Requested

Witness: Fine

NWE’s application requested that the MPSC grant “final approval of the proposed rates included in Appendix A to be effective *on a monthly basis* for service on and after July 1, 2012” (emphasis added). Please confirm that NWE is requesting final approval of the “Net Deferred Electric Supply Rate” on an annual (tracker year) basis.