

Service Date: June 7, 2013

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

NOTICE OF COMMISSION ACTION ON RECONSIDERATION

Procedural History

On June 1, 2012, NorthWestern Corporation d/b/a NorthWestern Energy (NorthWestern) filed its annual Electricity Supply Tracker (Application) with the Montana Public Service Commission (Commission).

The Commission issued a *Notice of Application and Intervention Deadline* on June 15, and granted intervention to the Montana Consumer Counsel (MCC) and the Human Resource Council, District XI and Natural Resources Defense Council (HRC/NRDC) on July 11, 2012. On July 27, 2012, the Commission issued *Procedural Order 7219b*, which it suspended on October 1 to allow time for the completion of informal discovery.

On November 16, 2012, the Commission directed NorthWestern to file supplemental testimony regarding the comprehensive demand-side management (DSM) Program Evaluation (DSM Program Evaluation) performed by SBW Consulting, Inc. (SBW), and the efficient scheduling and dispatching of electricity supply resources. On November 21, 2012, the Commission issued *Modified Procedural Order 7219e*.

On March 22, 2013, MCC filed the *Direct Testimony of Jaime Stamatson, George L. Donkin and Dr. John W. Wilson*, and HRC/NRDC filed the *Direct Testimony of Dr. Thomas M. Power*. NorthWestern filed *Rebuttal Testimony* on May 3, 2013.

On May 21, 2013, the Commission issued a *Notice of Public Hearing*, setting a public hearing date of June 11, 2013.

On May 31, 2013, the Commission issued a *Notice of Commission Action (NCA)*

requesting counsel of record to address the following specific topics:

- Whether the lost revenue adjustment mechanism (LRAM) should be discontinued, maintained in its current form, or somehow modified.
- Whether the net-to-gross adjustment factor of 1.0 to account for the effects of free-ridership and spillover of demand-side management programming should be accepted or in some way modified.
- Whether the Commission should offer policy direction on the continued incentivization of energy-efficient lighting, in light of federal mandates regarding the availability of incandescent bulbs and the advancement in market availability and saturation of energy-efficient light bulbs; and, if the Commission does offer guidance, what that should be.

On June 4, 2013, NorthWestern filed a *Motion for and Brief in Support of Reconsideration of the Notice of Commission Action* (Motion), requesting that the Commission reverse certain actions set forth in the NCA. On June 5, 2013, HRC/NRDC filed a *Statement on May 31, 2013 Notice of Commission Action* in support of NorthWestern's Motion.

Commission Action

In response to the Motion and HRC/NRDC's *Statement*, the Commission unanimously voted to grant in part and deny in part NorthWestern's Motion.

The Commission denied NorthWestern's Motion in relation to the Commission's observation that without the introduction of responses to data requests related to issues addressed in pre-filed testimony, the record may not be adequate or sufficient. In denying this part of the Motion, the Commission is not requiring any party to introduce any evidence; it is merely requesting parties to introduce evidence to ensure an adequate and sufficient record. *See* Mont. Code Ann. § 69-2-102 (2011).

The Commission granted NorthWestern's Motion to rescind the part of the NCA that directed counsel to address specific topics, and made the following three observations.

First, the Commission reasoned that the three topics described in the NCA were reasonably related to issues previously identified in this proceeding. Specifically, these are topics subsumed within the policy considerations and ratemaking issues related to the SBW evaluation. *See, e.g.*, Not of Commn. Action pp. 1-2 (Nov. 16, 2012). As HRC/NRDC observed in its *Statement on the May 31, 2013 NCA*, various parties have already offered pre-filed testimony addressing these topics, or have addressed them in responses to data requests.

Second, like other issues raised in pre-filed testimony, the Commission's observation regarding the adequacy of the record related to introduction of data requests applies to these topics also.

Third, nothing in this NCA prevents parties or the Commission from conducting examination and cross-examination on the issues to obtain a more developed record.

BY THE MONTANA PUBLIC SERVICE COMMISSION

W. A. (BILL) GALLAGHER, Chairman

BOB LAKE, Vice Chairman

KIRK BUSHMAN, Commissioner

TRAVIS KAVULLA, Commissioner

ROGER KOOPMAN, Commissioner