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Attorneys for NorthWestern Energy

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

IN THE MATTER OF NorthWestern Energy's)	
2013 and 2014 Applications for (1) Approval of)	REGULATORY DIVISION
Deferred Cost Account Balances for Electricity)	
Supply, CU4 Variable Costs, DGGS)	DOCKET NO. D2013.5.33
Variable Costs/Credits, Spion Variable)	
Costs; and (2) Projected Electricity Supply Cost)	DOCKET NO. D2014.5.46
Rates, CU4 Variable Rates, DGGS Variable)	
Rates, and Spion Variable Rates)	

NorthWestern Energy's Prehearing Memorandum

I. Procedural Background

On May 31, 2013, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) submitted its Application for (1) Approval of Deferred Cost Account Balances for Electricity Supply, Colstrip Unit 4 (“CU4”) Variable Costs, and Dave Gates Generating Station (“DGGS”) Variable Costs/Credits; and (2) Projected Electricity Supply Cost Rates, CU4 Variable Rates, DGGS Variable Rates, and Spion Kop Wind Generation Asset (“Spion”) Variable Rates for the tracker year from July 1, 2012 through June 30, 2013 (“2013 Electric Tracker”).

On June 19, 2013, the Commission issued a Notice of Application and Intervention Deadline setting the intervention deadline for July 31, 2013. By Notice of Staff Action, intervention was granted to the Human Resource Council District XI, Natural Resources Defense Council, and the Montana Consumer Counsel. As part of the 2013 Electric Tracker, NorthWestern requested interim rates. On June 26, 2013, the Commission issued Order No. 7283, which granted NorthWestern’s request for interim rates.¹

On May 12, 2014, the Commission issued a Notice of Commission Action that granted NorthWestern’s request to consolidate and process the 2013 Electric Tracker with the 2014 Electric Tracker filing (hereinafter referred to as the consolidated docket) to be made at the end of that month. On May 29, 2014, NorthWestern submitted its 2014 Application for (1) Approval of Deferred Cost Account Balances for Electricity Supply, CU4 Variable Costs, DGGS Variable Costs/Credits, and Spion Variable Costs; and (2) Projected Electricity Supply Cost Rates, CU4 Variable Rates, DGGS Variable Rates and Spion Variable Rates for the tracker year from July 1, 2013 through June 30, 2014 (“2014 Electric Tracker”) in the consolidated docket.

¹ The Commission removed from NorthWestern’s interim recovery \$1,419,172 associated with the replacement regulation services purchased by NorthWestern during the 2012 DGGS outage.

On June 2, 2014, the Commission issued a Notice of Application and Intervention Deadline noting that those parties who were granted intervention in the 2013 Electric Tracker were parties to the consolidated docket and that any other interested party may seek intervention in the consolidated docket by July 18, 2014. Over the objection of NorthWestern, the Commission granted general intervention to the Montana Environmental Information Center and Sierra Club (collectively referred to as “MEIC/Sierra Club”).²

On June 17, 2014, the Commission granted interim rate relief as requested by NorthWestern in the 2014 Electric Tracker. The Commission issued a procedural order in October of 2014. However, due to some outstanding discovery matters, this procedural order was suspended and the Commission issued Amended Procedural Order No. 7283f (“Order 7283f”) on February 27, 2015. Then on July 14, 2015, through a Notice of Staff Action (“NSA”), the schedule laid out in Order 7283f was further amended. The NSA provided that September 18, 2015 was the “[f]inal day for NorthWestern and intervenors to file prehearing memoranda.”

Order 7283f, ¶ 19 requires each party to file a prehearing memorandum “listing the following information regarding the hearing: (1) Contested issues; (2) uncontested issues; (3) witnesses it intends to call; (4) exhibits and responses to data requests that it intends to introduce (other than responses to data requests related to additional issues response testimony); and (5) any special accommodations sought regarding witness sequences or scheduling.” NorthWestern submits this prehearing memorandum pursuant to Order 7283f.

II. Contested Issues

The contested issues in this docket are as follows:

² Siemens Energy, Inc. and PPL Montana LLC requested and were granted limited intervention in this docket. These entities’ intervention was limited solely to the issue of seeking protective orders for information that they had identified as trade secret information subject to protection.

1. Whether the replacement power costs incurred during the outage at Colstrip Unit 4 from July 2013 to January 2014 were prudently incurred costs;
2. Whether lost revenues should be recovered in tracker dockets;³ and
3. Whether NorthWestern should be prohibited from entering into future off-system, fixed price electric hedges.

III. Uncontested Issues

Except those issues identified above as contested issues, all other issues are uncontested.

IV. Witnesses

NorthWestern intends to call the following witnesses to testify at the hearing:

1. Frank V. Bennett;
2. Joe Schwartzenberger;
3. Joseph S. Janhunnen;
4. Kevin J. Markovich;
5. Patrick R. Corcoran;
6. James H. Goetz;
7. Fred Lyon;
8. Ronald A. Halpern;
9. Robert T. Ward; and
10. Michael J. Barnes.

NorthWestern will call all witnesses who submitted prefiled direct testimony in its case in chief. It will call its rebuttal witnesses after intervenors have presented their case in chief. For the convenience of the Commission and other parties, NorthWestern intends to call Kevin J. Markovich to the stand once in its case in chief for presentation of both his direct and rebuttal

³ If the Commission's Final Order in Docket No. D2014.6.53 adheres to the directions provided by the Commission in its September 8, 2015 work session, this issue is moot.

testimonies. NorthWestern reserves the right to recall a witness presented during its case in chief if one of the intervenors' witnesses testifies to a matter outside the scope of his prefiled response testimony.

Frank V. Bennett, Joseph S. Janhunen,⁴ and Joe Schwartzberger⁵ submitted Prefiled Direct Testimonies. Kevin J. Markovich submitted both Prefiled Direct Testimonies and Prefiled Rebuttal Testimony. Michael J. Barnes, Patrick R. Corcoran, James H. Goetz, Ronald A. Halpern, Fred Lyon and Robert T. Ward submitted Prefiled Rebuttal Testimony.

V. Exhibits and Evidence

NorthWestern intends to introduce into evidence the following:

1. The prefiled direct testimonies and prefiled rebuttal testimonies of each of the witnesses identified above together with the internal exhibits, if any, attached and incorporated in those testimonies;
2. As separately identified hearing exhibits, the final updated and/or revised exhibits presented by the witnesses testifying in NorthWestern's case in chief, all of which were previously provided during the course of discovery in this docket; and
3. Any document needed for impeachment.

NorthWestern will not request that any data request be made part of the evidentiary record at the hearing.

VI. Special Needs

NorthWestern requests the following accommodations for witnesses:

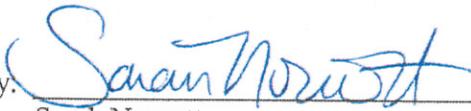
1. That Fred Lyon and James H. Goetz be permanently excused no later than Thursday, October 8, 2015; and
2. That Ronald A. Halpern and Robert T. Ward be permanently excused no later than Friday, October 9, 2015.

⁴ Mr. Janhunen will be sponsoring the Prefiled Direct Testimony of Cheryl Hansen filed in the 2013 Electric Tracker.

⁵ Mr. Schwartzberger will be sponsoring the Prefiled Direct Testimonies of William M. Thomas filed in the 2013 Electric Tracker and 2014 Electric Tracker.

Respectfully submitted this 18th day of September 2015.

NORTHWESTERN ENERGY

By: 
Sarah Norcott

Attorney for NorthWestern Energy

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's Prehearing Memorandum in Docket Nos. D2013.5.33/D2014.5.46 has been hand delivered to the Montana Public Service Commission and to the Montana Consumer Counsel this date. It has been e-filed on the PSC website, emailed to counsel of record, and served on the most recent service list by mailing a copy thereof by first class mail, postage prepaid.

Date: September 18, 2015


Tracy Lowney Killoy
Administrative Assistant
Regulatory Affairs

Docket Nos.
D2013.5.33/D2014.5.46
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