

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
Application for Approval of Unreflected Gas)
Cost Account Balance and Projected Gas Cost,) DOCKET NO. D2013.5.34
and Gas Transportation Adjustment Clause)
Balance)

**Pre-Filed Direct Testimony
of
George L. Donkin
on Behalf
of
The Montana Consumer Counsel**

November 27, 2013

J. W. Wilson & Associates, Inc.

Economic Counsel

1601 North Kent Street • Rosslyn Plaza C • Suite 1104 Arlington, VA 22209

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1 **I. IDENTIFICATION AND QUALIFICATIONS OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
3 **ADDRESS.**

4 A. My name is George L. Donkin. I am an economist employed by J.W.
5 Wilson & Associates, Inc. My business address is 1601 North Kent Street,
6 Arlington, VA, 22209.

7 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS**
8 **PROCEEDING?**

9 A. My appearance in this case is on behalf of the Montana Consumer Counsel
10 (MCC).

11 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND**
12 **PROFESSIONAL BACKGROUND?**

13 A. I hold B.A. and M.A. degrees in economics from the University of
14 Maryland, where my major fields of study were economic theory, industrial
15 organization, and antitrust economics. I am a consulting economist
16 specializing in energy economics and public policy toward business. I have
17 more than forty years of experience in energy-related and public utility
18 work, both as a consultant and as a staff economist at the Federal Power

1 Commission, the predecessor of the Federal Energy Regulatory
2 Commission (FERC). Since 1974, I have been employed as a consulting
3 economist representing various clients, including federal agencies, state
4 regulatory commissions, state consumer advocate offices, public and
5 private utility companies, industrial firms, natural gas producers, gas
6 pipelines, gas distribution companies, gas marketers, and non-profit
7 organizations. My professional work has pertained to a wide range of
8 issues concerning the natural gas and petroleum industries, public utility
9 regulation, energy policy, antitrust issues, and economic research and
10 analysis. A special focus of my professional work has been the study of
11 natural gas markets generally, and the analysis of price formation in both
12 the regulated and unregulated sectors of the natural gas industry, in
13 particular.

14 **Q. HAVE YOU PREVIOUSLY PRESENTED EXPERT TESTIMONY IN**
15 **PROCEEDINGS INVOLVING THE NATURAL GAS AND OIL**
16 **INDUSTRIES?**

17 A. Yes. I have presented expert testimony on natural gas and oil industry
18 topics in more than one hundred-fifty proceedings before numerous State
19 and Federal courts, before the FERC, before the Surface Transportation

1 Board, and before various state public utility commissions. I have also
2 testified as a natural gas expert in arbitration proceedings in Kansas,
3 Louisiana, New Mexico and Texas, before a Mediator in Ohio, and in
4 Federal tax and bankruptcy courts. Attachment A contains a listing of my
5 prior expert testimony.

6 **Q. HAVE YOU PREVIOUSLY PRESENTED EXPERT TESTIMONY**
7 **BEFORE THE MONTANA PUBLIC SERVICE COMMISSION?**

8 A. Yes. As is shown in Attachment A, I have presented expert testimony
9 before this Commission in numerous proceedings, several of which
10 involved natural gas tracker cases of NorthWestern Energy (NWE, or the
11 Company), or NWE's predecessor, the Montana Power Company.

12 **II. INTRODUCTION**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

14 A. This case involves NWE's May 31, 2013, annual natural gas tracker filing,
15 in which the Company requests Commission approval of various
16 components of its actual and projected gas supply costs. The actual period
17 reflected in NWE's filing is the 12-month period ending June 30, 2013. The
18 projected period in the filing is the 12-month period ending June 30, 2014.

1 One of the components of expenses for which NWE seeks Commission
2 approval in this case is the estimated lost revenues that result from its
3 estimates of natural gas Dkt reductions in gas usage that take place under
4 its Universal Systems Benefits (USB) and Natural Gas Supply Demand
5 Side Management (DSM) energy efficiency programs. I have been asked by
6 the MCC to analyze the Company's filing, including the USB-related lost
7 revenues the Company has included in its 2012-13 program period gas
8 tracker costs, and to present the Commission with the results of my analysis
9 in the form of pre-filed direct testimony and related exhibits.

10 **Q. PLEASE DESCRIBE THE USB-RELATED TOPICS YOU ARE**
11 **ADDRESSING?**

12 **A.** I am addressing the following three categories of USB-related topics:

- 13 1. Increased gas tracker revenues that NWE collects to recover
14 its estimates of lost revenues that result from decreases in gas
15 consumption by participants in the Company's USB
16 programs;
- 17 2. Actual out-of-pocket expenses associated with NWE's "E +
18 Free Weatherization Program;" and

1 3. Actual out-of-pocket expenses associated with NWE’s “E +
2 Energy Audit for the Home” Program.

3 **III. NWE’S USB-RELATED COSTS AND REVENUES**

4 **Q. IS IT COMMON FOR GAS UTILITIES TO RECOVER CHANGES**
5 **IN THEIR PURCHASED GAS COSTS THROUGH FREQUENT**
6 **ADJUSTMENTS TO RATES WITH GAS TRACKER**
7 **MECHANISMS SIMILAR TO NWE’S?**

8 A. Yes.

9 **Q. WHY IS THAT?**

10 A. Automatic rate adjustments between general rate cases typically apply to
11 cost categories that are significant in size, in relation to a gas utility’s total
12 cost of service, and also are deemed to be largely beyond the control of gas
13 utility management. It is widely believed by gas utility rate analysts and gas
14 utility regulators that these two conditions apply to the purchased gas cost
15 component of a gas utility’s total cost of service. Gas supply costs are also
16 volatile. Thus, without gas tracker treatment of purchased gas costs, gas
17 utilities would seek frequent general rate cases simply to reflect frequent
18 significant changes in the largest single component of their total cost of

1 service. For these reasons most gas utilities now have some form of rate
2 adjustment mechanism to provide for rate changes between general rate
3 cases in response to changes in their purchased gas costs.

4 **Q. CAN INDIVIDUAL NON-GAS COMPONENTS OF A GAS**
5 **UTILITY'S TOTAL COST OF SERVICE ALSO BE TRACKED FOR**
6 **COST RECOVERY BETWEEN GENERAL RATE CASES?**

7 A. Yes, but that is less common than the recovery of purchased gas costs
8 through tracker mechanisms.

9 **Q. ARE THERE POTENTIAL PROBLEMS ASSOCIATED WITH**
10 **TRACKER RECOVERY OF INDIVIDUAL NON-GAS**
11 **COMPONENTS OF A GAS UTILITY'S TOTAL COST OF**
12 **SERVICE THROUGH CHANGES IN ITS REVENUES AND RATES**
13 **BETWEEN GENERAL RATE CASES?**

14 A. Yes. Critics of frequent and relatively automatic rate adjustments between
15 general rate cases for changes in non-gas costs often point out the
16 following:

17 1. They are single-issue ratemaking devices that can produce
18 periodic rate increases without taking into account other

1 factors that would support no rate change, or even a rate
2 reduction. With respect to this case, while it may be so that
3 the Company's USB programs result in some level of
4 reduction in gas sales and revenues, growth in the number of
5 customers served continues to take place on the system, and
6 customer growth and increased gas sales revenues from such
7 growth also will be experienced between rate cases. With gas
8 tracker recovery of lost revenues due to USB, NWE collects
9 increased revenues, and at the same time it also collects
10 increased revenues resulting from growth in the number of
11 customers served.

12 2. Automatic rate adjustments between general rate cases can
13 reduce business risk, relative to the business risk that may
14 have been used by a Commission in arriving at the cost of
15 capital associated with the regulated utility's investments in
16 gas utility operations. If that is so, non-gas cost tracker
17 recovery may produce an actual rate of return that exceeds the
18 gas utility's cost of capital.

1 3. Automatic tracker rate adjustments may reduce management
2 incentives to control costs.

3 **Q. PLEASE DESCRIBE THE LEVELS OF OUT-OF-POCKET**
4 **EXPENSES NWE HAS INCURRED IN RECENT YEARS UNDER**
5 **ITS NATURAL GAS USB PROGRAMS.**

6 A. NWE's out-of-pocket USB expenses for program periods 2006-07 through
7 2012-13 have been provided in response to Data Request MCC-014. I used
8 that information to produce Exhibit No.__(GLD-1). As is shown there,
9 NWE's annual out-of-pocket USB expenses from program periods 2006-07
10 through 2012-13, ranged between a low of \$832,006 in program period
11 2006-07, and a high of \$2,323,629 in program period 2010-11; total USB
12 expenses under the two programs during the entire 7-year period were
13 \$11,341,305.

14 **Q. WHAT IS SHOWN IN COLUMN (5) OF EXHIBIT__(GLD-1)?**

15 A. Column (5) of Exhibit No.__(GLD-1) shows that NWE's USB expenses
16 per Dkt saved increased significantly in recent years, from \$19.63 per Dkt
17 in program period 2006-07, to \$34.02 per Dkt in program period 2011-12,
18 and to \$60.34 per Dkt in program period 2012-13.

1 **Q. WHAT ARE THE ESTIMATED VALUES OF THE GAS COST**
2 **SAVINGS THAT WERE PRODUCED BY NWE'S USB PROGRAMS**
3 **FROM 2006-07 THROUGH 2012-13?**

4 A. NWE's estimates of the values of gas cost savings that were produced by
5 its out-of-pocket USB expenses from 2006-07 through 2012-13 are
6 presented in my Exhibit No.__(GLD-2); they amount to \$8,072,461.

7 **Q. HOW DOES THAT FIGURE COMPARE WITH NWE'S OUT-OF-**
8 **POCKET USB EXPENSES DURING THAT SAME PERIOD OF**
9 **TIME?**

10 A. Exhibit__(GLD-2) shows that the estimated values of the gas cost savings
11 that were produced by NWE's out-of-pocket USB expenses were
12 \$3,268,844 less than expenses from 2006-07 through 2012-13.

1 **Q. NWE'S ESTIMATED USB QUANTITY SAVINGS IN PROGRAM**
2 **PERIOD 2012-13 WERE 28,048 DKT. WILL THAT SAME LEVEL**
3 **OF ANNUAL DKT SAVINGS CONTINUE TO BE REALIZED IN**
4 **SUBSEQUENT YEARS?**

5 A. Probably; certainly until the equipment that was installed to produce the
6 Dkt quantity savings becomes less efficient and/or the equipment wears
7 out.

8 **Q. HAVE YOU PREPARED AN ESTIMATE OF THE VALUE OF**
9 **FUTURE GAS COST SAVINGS THAT WILL BE PRODUCED BY**
10 **NWE'S ESTIMATED USB QUANTITY SAVINGS FROM**
11 **PROGRAM PERIOD 2012-13 USB ACTIVITIES?**

12 A. Yes. My Exhibit___(GLD-3) presents an estimate of the net present value
13 (NPV) of future gas cost savings that will result from NWE's 2012-13
14 program period out-of-pocket USB expenses.

15 **Q. PLEASE DESCRIBE THE CALCULATIONS THAT ARE SHOWN**
16 **IN EXHIBIT NO.__(GLD-3).**

17 A. The calculations shown in Exhibit___(GLD-3) are based on the following:

1 1. I used alternative discount rates of 7.48% (based on the
2 interest rate used by NWE in calculating its deferred account
3 costs), and 10.51% (based on the interest rate used by NWE
4 in calculating its working gas storage costs) in performing the
5 NPV calculations shown there. See Mr. Smith’s Exhibit JMS-
6 2S, Workpapers, page 3.

7 2. I started with NWE’s estimated 2013-14 gas cost price of
8 \$3.550 per Dkt, which I then escalated at a constant annual
9 rate of 4.0% per year thereafter.

10 3. I used a constant annual savings of 28,048 Dkt for 20 years,
11 based on the Company’s response to Data Request No. PSC-
12 003 a., which states “DSM measures are assumed to persist in
13 producing natural gas savings for an average of 20 years.”

14 **Q. WHAT ARE THE ESTIMATED NPVs OF THE FUTURE GAS**
15 **COST SAVINGS THAT MAY RESULT FROM NWE’S 2012-13**
16 **OUT-OF-POCKET USB EXPENSES?**

17 A. The calculations shown in Exhibit No.____(GLD-3) show the following:

1 1. Using a discount rate of 7.48%, the estimated NPV of future
2 gas cost savings due to NWE's 2012-13 out-of-pocket USB
3 expenses is \$1,379,845.

4 2. Using a discount rate of 10.51%, the estimated NPV of future
5 gas cost savings due to NWE's 2012-13 out-of-pocket USB
6 expenses is \$1,075,365.

7 **Q. WHICH OF THE TWO INTEREST RATES USED IN THE**
8 **CALCULATIONS PRESENTED IN EXHIBIT NO.__(GLD-3) IS A**
9 **BETTER PROXY FOR THE INTEREST RATES THAT ARE PAID**
10 **BY RATEPAYERS TO FINANCE THEIR CONSUMPTION**
11 **EXPENDITURES.**

12 A. An interest rate of 7.48% is probably closer to the interest rate many
13 ratepayers pay on car loans. An interest rate of 10.51% is probably closer to
14 the interest rate many ratepayers pay on their outstanding credit card
15 balances. In my judgment it is reasonable to consider either one in
16 estimating the NPV of future gas cost savings resulting from NWE's USB-
17 related activities.

1 **Q. HOW DO THE ESTIMATED NPVs OF FUTURE GAS COST**
2 **SAVINGS RESULTING FROM NWE'S 2012-13 OUT-OF-POCKET**
3 **USB EXPENSES COMPARE WITH THE EXPENSES NWE**
4 **INCURRED TO PRODUCE THOSE GAS COST SAVINGS?**

5 A. As shown in Exhibit No.__(GLD-1), NWE's 2012-13 program period out-
6 of-pocket USB expenses were \$1,692,380. That amount is significantly
7 greater than the estimated NPVs of \$1,379,845 (at a discount rate of
8 7.48%), or \$1,075,365 (at a discount rate of 10.51%), that are presented in
9 Exhibit No.__(GLD-3).

10 **Q. UNDER THE CURRENT PRACTICE WOULD RATEPAYERS PAY**
11 **AN ADDITIONAL AMOUNT ABOVE THE \$1,692,380 YOU JUST**
12 **REFERRED TO AS A RESULT OF THE COMPANY'S 2012-13**
13 **OUT-OF-POCKET USB EXPENSES?**

14 A. Yes. Under the current practice ratepayers also would pay increased gas
15 tracker rates to compensate NWE for its estimated lost revenues relating to
16 2012-13 USB activities.

1 **Q. HOW MUCH IS THAT?**

2 A. NWE's response to Data Request No. MCC-016 shows that the Company's
3 total USB and DSM lost revenues due to the 2012-13 program period are
4 \$602,210. Using the ratio of USB Dkt savings (28,048 Dkt) to total USB
5 plus DSM savings (101,568 Dkt) – 27.6% - I estimate that NWE's
6 ratepayers would incur an additional cost of \$166,300 due to 2012-13 USB
7 activities, if cost recovery for lost USB revenues is allowed in this case.

8 **Q. TAKING THAT ADDITIONAL COST INTO ACCOUNT, WHAT**
9 **THEN IS THE TOTAL USB-RELATED COSTS RATEPAYERS**
10 **INCUR UNDER CURRENT REGULATORY TREATMENT FOR**
11 **NWE'S 2012-13 USB ACTIVITIES?**

12 A. I estimate that the total costs ratepayers would incur under the current
13 regulatory treatment for NWE's 2012-13 USB activities is \$1,858,680; an
14 amount that is far greater than the estimated NPV of future gas cost savings
15 that may result from those same activities.

1 **Q. DOES NWE RECOVER ITS OUT-OF-POCKET USB EXPENSES IN**
2 **ITS GAS TRACKER RATES?**

3 A. No. As provided in the Commission's December 17, 2008, Order No.
4 6679e, NWE recovers its out-of-pocket USB expenses through a separate
5 USB tracker mechanism.

6 **Q. DO YOU HAVE A RECOMMENDATION REGARDING**
7 **RATEMAKING TREATMENT OF THE ESTIMATED LOST**
8 **REVENUES THAT NWE MAY HAVE INCURRED DUE TO ITS**
9 **2012-13 PROGRAM PERIOD OUT-OF-POCKET USB EXPENSES?**

10 A. Yes. I do not favor single issue rate treatment for estimated lost revenues
11 relating to USB activities. Moreover, the significant increases that are
12 reflected in NWE's USB-related expenses per Dkt saved that have taken
13 place in recent years suggest that ratepayers are no longer realizing positive
14 NPV benefits from the Company's USB activities. This may be because
15 truly cost effective USB activities are much more difficult to obtain now
16 than was the case in the past, and/or NWE does not have a sufficient
17 incentive to administer its USB activities on a cost-effective basis, given
18 tracker recovery of USB expenses and estimated USB-related lost revenues.
19 I therefore recommend that the Commission deny NWE's request for gas

1 tracker recovery of USB-related lost revenues, for both the 2012-13
2 program period and for future program periods.

3 **Q. PLEASE ASSUME THAT THE COMMISSION CHOOSES NOT TO**
4 **ALLOW TRACKER RECOVERY OF LOST REVENUES**
5 **RESULTING FROM USB ENERGY EFFICIENCY PROGRAMS.**
6 **WOULD THAT CREATE A DISINCENTIVE FOR NWE TO**
7 **PERFORM AND/OR PARTICIPATE IN COST-EFFECTIVE**
8 **ENERGY EFFICIENCY ACTIVITIES IN THE FUTURE?**

9 A. NWE's out-of-pocket USB energy efficiency programs stem from a
10 legislative mandate. It is my understanding that some level of USB energy
11 efficiency producing program activity is therefore required by law.
12 Accordingly, NWE is not in a position to avoid promoting cost-effective
13 USB energy efficiency programs, with or without gas tracker recovery of
14 lost revenues that result from such programs.

15 **Q. DOES THIS COMPLETE YOUR PRE-FILED DIRECT**
16 **TESTIMONY IN THIS CASE?**

17 A. Yes, it does.

Attachment A

D2013.5.34

NorthWestern Energy

Pre-Filed Direct Testimony of

George Donkin

on behalf of the Montana Consumer Counsel

ATTACHMENT A

PRIOR EXPERT TESTIMONY
OF GEORGE L. DONKIN

Item	Jurisdiction	Lead Case/ Docket No.	Case Title	Issue Codes*/
*/ See description of Issue Codes at page 14.				
1.	Federal Court (New York)	CV75C208	Counties of Suffolk, et al. v. Department of Interior	j, k
2.	Federal Court (District of Columbia)	CV79-1633	Energy Action, et al. v. Cecil D. Andrews, et al.	i, j
3.	Federal Court (New Mexico)	MDL403	In Re New Mexico Natural Gas Antitrust Litigation	g, h, i
4.	Federal Court (Colorado)	MDL403	In Re New Mexico Natural Gas Antitrust Litigation	g, h, i
5.	Federal Court (New Mexico)	CV81-036	City of Farmington v. Amoco Gas Company	b, h
6.	Federal Court (Pennsylvania)	CV85-1514	Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Commission	e, h
7.	Federal Court (New Mexico)	CV85-2550	Sheilah Brewer, et al. v. Consolidated Oil & Gas, Inc.	g, h, i
8.	Federal Court (W. Texas)	MO-87-CA-312	JJ-CC, Limited, et al. v. Transwestern Pipeline Company	b, h
9.	Federal Court (W. Texas)	MO-87-CA-313	Doyle Hartman v. Burlington Northern, Inc., et al.	a, f, h, i, p

10.	Federal Court (N. Texas)	CA-87-0219-D	Southern Union Exploration Co. v. Public Service Co. of New Mexico	g, h, i
11.	Federal Court (New Mexico)	CIV-88-0519-5C	Public Service Co. of New Mexico, et al., v. Meridian Oil Company	g, h, i
12.	Federal Court (New Mexico)	CIV89-02115C	Sunterra Gas Gathering Co. v. El Paso Natural Gas Co.	a, f, h
13.	Federal Court (Kansas)	85-2349	In Re Wyoming Tight Sands Antitrust Cases	a, f, g, h, i
14.	Federal Court (Ohio)	C2-85-1209	Enterprise Energy Corp., et al., v. Columbia Gas Trans- mission Corp.	f, h
15.	Federal Court (Texas)	89-0072	New Bremen Corp. v. Columbia Gas Trans- mission Corp.	f, h
16.	Federal Court (Wyoming)	86-0172	Amoco Rocmount Co., et al. v. The Anschutz Corp.	e, g
17.	Federal Court (N. Oklahoma)	92-C-649E	Windward Energy & Marketing Co. v. El Paso Natural Gas Co. et al.	i, j, p
18.	Federal Court (N. Dis. WV)	93-0009-W(S)	Cameron Gas Co., et al., v. Allegheny & Western Resources Corp., et al.	i, j
19.	Federal Court (N. Dis. CA)	C94-0911 VRW	Norcen Energy Resources Ltd., et al. v. Pacific Gas and Electric Co., et al.	c, e, d, p
20.	Federal Court (New Mexico)	95-0012-JC/WWD	Doris Feerer, et al., v. Amoco Prod. Co., et al.	b, e, i, p
21.	Federal Court (Texas)	CA-H97-2126	EPEC Gas Latin America, Inc., et al. v. Intratec S.A. de C.V., et al.	h, i

22.	Federal Court (Colorado)	96-Z-2451	U.S. Government, et al., v. Shell Oil Co., et al.	a, c, h
23.	Federal Court (Nevada)	MDL No. 1566	Learjet Inc. v. Oneok Inc. et al.	e, i, m
24.	Federal Court (New Mexico)	CIV-06-00624 MCA/RLP	Malcolm Smithson, et al. v. Hess Corp	r
25.	Federal Court (Delaware - Ch. 11)	91-803 & 91-804	Columbia Gas System, Inc. and Columbia Gas Transmission Corp.	h, j
26.	Federal Court (Delaware - Ch. 11)	91-803, 91-804, & M-93-276	Columbia Gas System, Inc. and Columbia Gas Transmission Corp.	e, l, j
27.	Federal Court (Delaware - Ch. 11)	91-804	Columbia Gas Transmission Corp.	h, k
28.	Federal Court (PA - Ch. 11)	05-94-01486	Continental Energy Associates Limited Partnership	a, h, j
29.	Federal Court (Maryland)	DKC 08 CU0967	Washington Gas Light Co. v. PG County	a, h
30.	U.S. Tax Court	5295-91	Pacific Enterprises and Subsidiaries v. IRS	a, b, j, q
31.	New Mexico State Court	SF79-1523	Cotton Petroleum Company v. State of New Mexico	a, h
32.	New Mexico State Court	CV90-759-4	Northern Trust Co. v. El Paso Natural Gas Company	b, g
33.	New Mexico State Court	SF94-1982(C)	Bank One, Texas N.A., et al. v. Meridian Oil, Inc., et al.	h, k, j
34.	New Mexico State Court	D-0101-CV-2000	Ray Powell, Commissioner of Public Lands v. Amoco Production Co., et al.	r, p

35.	New Mexico State Court	D-818-CV-2004-00026	J.Casper Heimann et al.,v. Kinder-Morgan Co ² Company, L.P.	r, p
36.	New Mexico State Court	04-24 CV	Jay D. Heimann, et al., v. Oxy USA, Inc.	r, p
37.	New Mexico State Court	D-0101-CV-2004-01459	Patrick H. Lyons, Commissioner of Public Lands v. Oxy USA, Inc	r, p
38.	New Mexico State Court	CV 2004-26	R.G. Heimann, et al., v. Kinder-Morgan	r
39.	New Mexico State Court	05-48 CV	Marguerite Annie Poling et.al. v. OXY USA, Inc.	r
40.	New Mexico State Court	06-28 CV	Malcolm D. Smithson et al. v. Amerada Hess Corporation	r
41.	Montana State Court	CT-1996-1	Williams Companies, Inc. v. State of Montana, Montana Department of Revenue	q
42.	Montana State Court	DV-02-3223	Encana Energy Resources Company v. State of Montana, Department of Revenue	q
43.	Montana State Court	BVD-2004-288	Omimex Canada, Ltd. v. State of Montana, Department of Revenue	q
44.	Montana State Court	BDV-2010-545	Devon Energy Production Company. v. Montana Department of Revenue	q.
45.	Montana State Tax Appeal Board	MT-2011-1	MCR, LLC vs. MT Dept. of Revenue	h,m,u
46.	Texas State Court	B-37,557	James Burr & Ruth Sutton v. Doyle Hartman v. Burlington Northern, Inc.	h, i

47.	Texas State Court	88V-655	Fred K. Fox, et al. v. Mobil Oil Corp. v. Columbia Gas Transmission Corp.	f, h
48.	Texas State Court	93-039414	Pennzoil Gas Marketing Co. v. Enercor, Inc.	j
49.	Probate Court (Texas)	GC-99-01184	Gary Shores, et al. v. Mobil Oil Corp., et al.	a, c, h, p
50.	Arbitration (Dallas)	N/A	Mesa Petroleum Co. v. Kansas Power & Light Co.	b, h
51.	Arbitration (New Orleans)	N/A	Columbia Gas Transmission Corp. v. Adobe Oil & Gas Co., et al.	f, h
52.	Arbitration (Houston)	N/A	Columbia Gas Transmission Corp. v. New Bremen Corp.	f, h
53.	Arbitration (New Orleans)	N/A	Columbia Gas Transmission Corp. v. Cherokee Resources, Inc.	f, h
54.	Arbitration (Santa Fe)	N/A	San Rio Oil & Gas Co. v. El Paso Natural Gas Company	b, h
55.	FPC	CI73-293	Belco Petroleum Corp., et al.	a
56.	FPC	CP74-192	Florida Gas Transmission Corp.	a, f
57.	FPC	RP75-79	Lehigh Portland Cement Co. v. Florida Gas Transmission Corp.	a, l
58.	FPC	RM77-13	Nationwide Rates for New Wellhead Sales of Natural Gas	b, l
59.	FERC	CP78-391	Great Plains Gasification Associates, et al.	a, k

60.	FERC	OR78-1	Trans-Alaska Pipeline System	i, p
61.	FERC	RP74-41	Texas Eastern Transmission Corp.	b, d
62.	FERC	TA81-1-21	Columbia Gas Transmission Corp.	a, f, g
63.	FERC	GP80-11	Columbia Gas Transmission Corp., et al.	b, h
64.	FERC	RP81-109	Texas Eastern Transmission Corp.	b, d, p
65.	FERC	RP81-83	Columbia Gas Transmission Corp.	b, d, p
66.	FERC	RP81-105	Panhandle Eastern Pipe Line Co.	e, i
67.	FERC	RP81-130	Transwestern Pipeline Co.	d, e, i, p
68.	FERC	RP82-57	United Gas Pipe Line Co.	b, c, d, p
69.	FERC	RP82-80	Michigan-Wisconsin Pipeline Co.	b, c, d, p
70.	FERC	CP65-393	Florida Gas Transmission Corp.	l
71.	FERC	RP83-114	Pacific Gas Transmission Corp., et al.	d, e, i, p
72.	FERC	RP83-93	Trunkline Gas Company	f, g
73.	FERC	TA82-1-21	Columbia Gas Transmission Corp.	a, f, g
74.	FERC	RP85-122	Colorado Interstate Gas Co.	b, c, f
75.	FERC	TA85-1-16	National Fuel Gas Supply Corporation	f, g
76.	FERC	RP81-85	Trunkline LNG Co., et al.	a, f, g

77.	FERC	RP85-203	Panhandle Eastern Pipe Line Company	a, f, g
78.	FERC	RM86-3	Ceiling Prices-Old Gas Pricing Structure	b, k
79.	FERC	TA86-1-29	Transcontinental Gas Pipe Line Corporation	e, f, g
80.	FERC	RP87-15	Trunkline Gas Co.	e, f, g
81.	FERC	RP87-103	Panhandle Eastern Pipe Line Company	b, c, e
82.	FERC	CP82-487	Williston Basin Interstate Pipeline Company	g
83.	FERC	RP86-119	Tennessee Gas Pipeline Co.	e, f, g
84.	FERC	RP86-51	Northwest Pipeline Corp.	a, e, f
85.	FERC	RP87-7	Transcontinental Gas Pipeline Corp.	a, f
86.	FERC	TA87-4-49	Williston Basin Interstate Pipeline Company	d, g
87.	FERC	TA87-4-21	Columbia Gas Transmission Corp.	a, f, g
88.	FERC	GP84-56-007	Williams Natural Gas, et al. Company	a, f, g
89.	FERC	RP90-2	Williston Basin Interstate Pipeline Co.	d
90.	FERC	RP90-104	Texas Gas Transmission, et al. Corp.	d, e, p
91.	FERC	RP90-119	Texas Eastern Transmission Corp.	b, d, p
92.	FERC	91-203, et al.	Tennessee Gas Pipeline Company	b, e, p
93.	FERC	RP94-68-000	Mississippi River Transmission Corp.	b, e, p

94.	FERC	RP94-96, et al.	CNG Transmission Corp.	b, d, p
95.	FERC	RP95-112	Tennessee Gas Pipeline Company	b, d, p
96.	FERC	RP95-364-005	Williston Basin Interstate Pipeline Company	n
97.	FERC	RP12-955	Mississippi River Transmission	d,n
98.	Surface Transportation Board	41191	AEP Texas North Co. v. Burlington Northern and Santa Fe Railroad Company	s, t
99.	Surface Transportation Board	42088	Western Fuels Association, Inc., et.al. v. BNSF Railway Company	s, t
100.	Surface Transportation Board	42081	Dyno Nobel, Inc. v. Kaneb Pipe Line Partners, L.P.	s, t
101.	MI PSC	U-5955(I)	Michigan Consolidated Gas Co.	b, c
102.	MI PSC	U-5995(P)	Michigan Consolidated Gas Company	b, c
103.	MI PSC	U-6133	Michigan Consolidated Gas Company	g
104.	MI PSC	U-7298	Michigan Consolidated Gas Company	b, c
105.	MN PSC	GR85-108	Northern States Power Co.	d
106.	OH PUC	79-125	Columbia Gas of Ohio, Inc.	a, l
107.	OH PUC	79-535	East Ohio Gas Co.	b, c, d
108.	OH PUC	80-769	East Ohio Gas Co.	b, c, d
109.	OH PUC	81-1024	Colombia Gas of Ohio, Inc.	d

110.	OH PUC	81-1025	Columbia Gas of Ohio, Inc.	d
111.	OH PUC	84-6	Columbia Gas of Ohio, Inc.	f, g
112.	OH PUC	85-21	Columbia Gas of Ohio, Inc.	f, g
113.	RI PUC	1398	Providence Gas Co.	c, d
114.	PA PUC	R-7909056	National Fuel Gas Distribution Corp.	a, b
115.	PA PUC	R-81160	National Fuel Gas Distribution Corp.	d
116.	PA PUC	R-822133	Equitable Gas Co.	d
117.	PA PUC	R-832469	National Fuel Gas Distribution Corp.	f, g
118.	PA PUC	R-850032	Philadelphia Electric Co.	f, g
119.	PA PUC	R-850041	National Fuel Gas Distribution Corp.	f, g
120.	PA PUC	R-860314	Columbia Gas of Pennsylvania, Inc.	f, g
121.	PA PUC	R-850270	Peoples Natural Gas Co.	b, d
122.	PA PUC	R-860310	Peoples Natural Gas Co.	f, g
123.	PA PUC	R-922324	Pennsylvania Gas & Water Company	b, g, h
124.	PA PUC	R-932676	Pennsylvania Gas & Water Company	a, g
125.	PA PUC	R-942993	Pennsylvania Gas & Water Company	b, e
126.	PA PUC	R-00963612	PG Energy, Inc.	b, d, e
127.	DC PSC	772(PI)	Washington Gas Light Co.	a, b, c
128.	DC PSC	772 (PII)	Washington Gas Light	a, b, c

			Co.	
129.	DC PSC	787	Washington Gas Light Co.	d
130.	DC PSC	F.C. 989	Washington Gas Light Co.	a, d
131.	NV PSC	82-239	Rulemaking on Natural Gas Rate Design	d
132.	NV PSC	93-3003	Southwest Gas Corporation Northern Nevada Division	d, g
133.	NV PSC	93-3004	Southwest Gas Corporation Southern Nevada Division	d, g
134.	OK CC	28331	Public Service Company of Oklahoma	b, c
135.	NM PSC	1982	Public Service Company of New Mexico	f, g
136.	SC PSC	87-530-G	South Carolina Pipeline Corp.	f, g
137.	SC PSC	87-227-G	South Carolina Electric & Gas Company	f, g
138.	SC PSC	87-427-G	Peoples Natural Gas Co.	f, g
139.	TX PUC	5820	Gulf States Utilities Co.	g
140.	TX PUC	16705	Entergy Gulf States, Inc.	f, h, j
141.	WV PSC	87-770-G-C	Cameron Gas Co. v. Hope Gas, Inc.	d, e
142.	WV PSC	05-0304-G-42T	Hope Gas, Inc.	d
143.	WV PSC	04-1595-G-42T	Mountaineer Gas Company	b, d
144.	WV PSC	05-1278-E-PC-PW-42-T	Appalachian Power Co. and Wheeling Power Company	d

145.	WV PSC	08-1281-6-30C	Equitable Gas Company	g, m
146.	WV PSC	11-1103-G-30C	Hope Gas, Inc.	b, g, m, v
147.	MT PSC	90.1.1	Montana Power Co.	a, b, k, o
148.	MT PSC	90.3.20	Great Falls Gas Company	b, d
149.	MT PSC	91.5.18, et al.	Montana-Dakota Utilities Company	b, f, g
150.	MT PSC	91.11.63	Montana-Dakota Utilities Company	b, e
151.	MT PSC	93.4.19, et al.	Montana-Dakota Utilities Company	d, e, h
152.	MT PSC	D95.7.90	Montana-Dakota Utilities Company	b, d, e
153.	MT PSC	D96.2.22	Montana Power Co.	b, d, e, k
154.	MT PSC	D98.3.68	Energy West Montana	d, f, g
155.	MT PSC	D98.9.213	Energy West Montana	f, g
156.	MT PSC	D99.8.176	Montana Power Company	d, e
157.	MT PSC	D96.2.22	Montana Power Co.	o
158.	MT PSC	D99.8.176	Montana Power Co.	d, e
159.	MT PSC	D99.10.243	Energy West Montana	a, f, g
160.	MT PSC	D96.2.22	Montana Power Co.	m, o
161.	MT PSC	D2001.12.156	Montana Power Co.	a, f, g, v
162.	MT PSC	D2002.5.59	Montana Dakota Utilities Company	d, e
163.	MT PSC	D2002.11.140	NorthWestern Energy	a, f, g
164.	MT PSC	D2003.6.75	Energy West Montana	f, g, h
165.	MT PSC	D2004.4.50	Montana Dakota Utilities Company	d, e
166.	MT PSC	D2004.3.46	Energy West Montana	d, e
167.	MT PSC	D2006.5.58	NorthWestern Energy	f, v

168.	MT PSC	D2004.7.120 and D2006.6.80	Energy West Montana	f v
169.	MT PSC	N2005.6.101	NorthWestern Energy	f, v
170.	MT PSC	D2005.5.87	NorthWestern Energy	f, v
171.	MT PSC	D2003.4.49 et al.	Montana-Dakota Utilities Co.	f, v
172.	MT PSC	D2007.5.44	NorthWestern Energy	f, g, v
173.	MT PSC	D2008.3.27	Cut Bank Gas Company	m, o
174.	MT PSC	D2007.7.82	NorthWestern Energy	d, b
175.	MT PSC	N2008.12.138	NorthWestern Energy	a, f, h, v
176.	MT PSC	D2009.9.129	NorthWestern Energy	d, f, h, k, v
177.	MT PSC	D2010.5.55	CenturyLink/Qwest	b, i
178.	MT PSC	D2010.9.90	Energy West Montana	d, m
179.	MT PSC	D2011.5.36	NorthWestern Energy	f, g, v
180.	MT PSC	D2011.6.45	NorthWestern Energy	b, g, v
181.	MT PSC	D2012.3.25	NorthWestern Energy	m, o
182.	MT PSC	D2012.1.3	NorthWestern Energy	b, m
183.	MT PSC	D2012.9.94	NorthWestern Energy	b,d
184.	MT PSC	D2012.9.100	Montana-Dakota Utilities, Co.	b,d
185.	MT PSC	D2012.5. 49	NorthWestern Energy	b,v
186.	AZ CC	U-1551-92-253	Southwest Gas Corporation Central Arizona Division	d, g
187.	CN DPUC	93-02-04	Connecticut Natural Gas Corporation	b, d, e
188.	MDPSC	9180	Washington Gas Light Company	a, h
189.	DOE/ERA	None	In the Matter of No. 2	i

			(Home Heating) Oil	
190.	Congress	None	Senate Subcommittee on Antitrust and Monopoly	a
191.	Congress	None	Senate Joint Subcommittee on Antitrust and Monopoly and Government Operations	a, j
192.	Congress	None	House Committee on Small Business	a, j
193.	Congress	None	House Ad Hoc Committee on Outer Continental Shelf	a, j
194.	Congress	None	House Committee on Interstate and Foreign Commerce	a
195.	Congress	None	House Subcommittee on Mines and Mining	a

N/A = Not Available

<u>Issue Codes</u>	<u>Description</u>
a	Gas Supply
b	Utility Rate Levels
c	Utility Sales/Transportation Volumes
d	Utility Rate Design/Cost of Service
e	Utility Tariff Matters
f	Gas Acquisition Practices
g	Purchased Gas Adjustments
h	Gas Supply Contract Matters
i	Competition/Antitrust
j	Oil/Gas Leasing Policy
k	Gas Production Costs
l	Gas Curtailment
m	Natural Gas Markets
n	Cost of Capital
o	Market Value Analysis
p	Pipeline Rates
q	Property Tax Appraisals
r	Royalty Valuation
s	Rail Transportation Rates
t	Petroleum Product Markets
u	Natural Gas Production Tax
v	Energy Price Risk / Hedging Strategies

Exhibit No. ____ (GLD-1)

D2013.5.34

NorthWestern Energy

Pre-Filed Direct Testimony of

George Donkin

on behalf of the Montana Consumer Counsel

NorthWestern's Annual USB Dkt Savings And USB Gas Tracker Expenses
Program Periods 2006-07 Through 2012-13

	(1)	(2)	(3)	(4)	(5)
Program Period	Annual USB Savings In Dkt	E+Free Weatherization USB Expenses	E+Energy Audit For The Home USB Expenses	Total USB Gas Tracker Expenses	USB Expenses Per Dkt Saved
2006-07	42,393	\$537,934.00	\$294,072.00	\$832,006.00	\$19.63
2007-08	58,482	\$536,570.00	\$370,900.00	\$907,470.00	\$15.52
2008-09	60,904	\$791,407.00	\$440,802.00	\$1,232,209.00	\$20.23
2009-10	70,706	\$981,326.00	\$1,316,075.00	\$2,297,401.00	\$32.49
2010-11	79,371	\$1,425,793.00	\$897,836.00	\$2,323,629.00	\$29.28
2011-12	60,447	\$1,372,865.00	\$683,345.00	\$2,056,210.00	\$34.02
2012-13	28,048	\$737,167.00	\$955,213.00	\$1,692,380.00	\$60.34
Totals	400,351			\$11,341,305.00	\$28.33

Sources: (1) WMT-5, Table 1.
(2) and (3), William Thomas response to Data Request MCC-014.
(4) = (2) + (3)
(5) = (4) divided by (1)

Exhibit No. ____ (GLD-2)

D2013.5.34

NorthWestern Energy

Pre-Filed Direct Testimony of

George Donkin

on behalf of the Montana Consumer Counsel

NorthWestern's Annual Gas Costs Savings And USB Gas Tracker Expenses
Program Periods 2006-07 Through 2012-13

	(1)	(2)	(3)	(4)	(5)	(6)
Program Period	Current Year USB Savings In Dkt	Cumulative USB Savings In Dkt	Gas Cost Savings In \$/Dkt	Estimated Total Gas Cost Savings	Total USB Expenses	Net Annual Cost Of USB Program
2006-07	42,393	42,393	\$6.33	\$268,178.12	\$832,006.00	(\$563,828)
2007-08	58,482	100,875	\$7.32	\$738,001.50	\$907,470.00	(\$169,469)
2008-09	60,904	161,779	\$7.09	\$1,147,498.45	\$1,232,209.00	(\$84,711)
2009-10	70,706	232,485	\$5.03	\$1,170,329.49	\$2,297,401.00	(\$1,127,072)
2010-11	79,371	311,856	\$5.06	\$1,577,679.50	\$2,323,629.00	(\$745,949)
2011-12	60,447	372,303	\$4.53	\$1,684,671.08	\$2,056,210.00	(\$371,539)
2012-13	28,048	400,351	\$3.71	\$1,486,102.91	\$1,692,380.00	(\$206,277)
Totals	400,351			\$8,072,461.05	\$11,341,305.00	(\$3,268,844)

Sources:

- (1) WMT-5, Table 1.
- (2) = cumulative sum of Dkt savings in (1).
- (3) William Thomas response to Data Request MCC-018.
- (4) = (2) times (3).
- (5) Exhibit ____ (GLD-1)
- (6) = (4) minus (5).

Exhibit No. ____ (GLD-3)

D2013.5.34

NorthWestern Energy

Pre-Filed Direct Testimony of

George Donkin

on behalf of the Montana Consumer Counsel

**Estimated Net Present Value Of NWE's Future Gas Costs Savings Resulting From
 Future Annual Dkt Savings Produced By 2012-13 Program Period USB Expenses
 Based On Alternative Discount Rates Of 7.48% And 10.51%**

Program Period	Annual Savings In Dkt	Estimated Gas Cost Savings In \$/Dkt	Estimated Annual Gas Cost Savings
2013-14	28,048	\$3.550	\$99,570
2014-15	28,048	\$3.692	\$103,553
2015-16	28,048	\$3.840	\$107,695
2016-17	28,048	\$3.993	\$112,003
2017-18	28,048	\$4.153	\$116,483
2018-19	28,048	\$4.319	\$121,143
2019-20	28,048	\$4.492	\$125,988
2020-21	28,048	\$4.672	\$131,028
2021-22	28,048	\$4.858	\$136,269
2022-23	28,048	\$5.053	\$141,720
2023-24	28,048	\$5.255	\$147,389
2024-25	28,048	\$5.465	\$153,284
2025-26	28,048	\$5.684	\$159,415
2026-27	28,048	\$5.911	\$165,792
2027-28	28,048	\$6.147	\$172,424
2028-29	28,048	\$6.393	\$179,321
2029-30	28,048	\$6.649	\$186,493
2030-31	28,048	\$6.915	\$193,953
2031-32	28,048	\$7.192	\$201,711
2032-33	28,048	\$7.479	\$209,780
Net Present Value Of Future USB Gas Cost Savings at 7.48% Discount Rate			\$1,379,845
Net Present Value Of Future USB Gas Cost Savings at 10.51% Discount Rate			\$1,075,365

Workpaper
Containing Data Used To Prepare
Exhibit Nos. GLD-1, GLD-2 And GLD-3

D2013.5.34

NorthWestern Energy

Pre-Filed Direct Testimony of

George Donkin

on behalf of the Montana Consumer Counsel

Workpaper Containing Data Used To Prepare Exhibit Nos. GLD-1, GLD-2 And GLD-3

Program Period	USB Expenses	Estimated USB Lost Revenues	Annual USB			Cumulative USB DKT Savings	Gas Cost Savings In \$/Dkt	Total USB & DSM Lost Revenues	Total Annual DSM & USB Dkt Savings	DSM % Of	USB % Of
			Gas Cost Savings	Annual DSM DKT Savings	Annual USB DKT Savings					Total Annual DSM & USB Dkt Savings	Total Annual DSM & USB Dkt Savings
2006-07	\$ 832,006	\$ 177,700	\$ 268,178	70,058	42,393	42,393	\$ 6.326	\$ 471,363	112,451	62.3%	37.7%
2007-08	\$ 907,470	\$ 282,891	\$ 738,002	74,198	58,482	100,875	\$ 7.316	\$ 641,803	132,680	55.9%	44.1%
2008-09	\$ 1,232,209	\$ 182,380	\$ 1,147,498	76,102	60,904	161,779	\$ 7.093	\$ 410,272	137,006	55.5%	44.5%
2009-10	\$ 2,297,401	\$ 314,101	\$ 1,170,329	107,491	70,706	232,485	\$ 5.034	\$ 791,614	178,197	60.3%	39.7%
2010-11	\$ 2,323,629	\$ 165,454	\$ 1,577,680	186,310	79,371	311,856	\$ 5.059	\$ 553,828	265,681	70.1%	29.9%
2011-12	\$ 2,056,210	\$ 352,689	\$ 1,684,671	100,695	60,447	372,303	\$ 4.525	\$ 940,212	161,142	62.5%	37.5%
2012-13	\$ 1,692,380	\$ 166,300	\$ 1,486,103	73,520	28,048	400,351	\$ 3.712	\$ 602,210	101,568	72.4%	27.6%
Totals	\$ 11,341,305		\$ 8,072,461	688,374							