

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

IN THE MATTER OF NORTHWESTERN) REGULATORY DIVISION
ENERGY, Annual Application for Approval of)
Unreflected Gas Cost Account Balance, Projected) DOCKET NO. D2013.5.34
Gas Cost and Gas Transportation Adjustment) ORDER NO. 7282

INTERIM ORDER

FINDINGS OF FACT

1. On May 31, 2013, NorthWestern Energy (NWE) filed an application before the Montana Public Service Commission (PSC) for approval of a natural gas rate change that: a) reflects rate treatment for the balance in Unreflected Gas Cost for the 12-month period ending June 30, 2013; b) reflects rate treatment for amortization of the Gas Transportation Adjustment Clause (GTAC) balance as of April 30, 2013; c) extinguishes the unit amortizations in the current rate schedules, approved in Order No. 7218b in Docket D2012.5.48; and d) reflects the projected load, supply and related natural gas costs for the 12-month tracker period from July 1, 2013, through June 30, 2014.

2. NWE also requests approval to continue to collect the cost of its interest in Bear Paw natural gas field (Bear Paw) on an interim basis in this Docket until such time that a revenue requirement filing is processed by the Commission.

3. NWE proposes to keep the Battle Creek recoupment rate in effect until September 2013. The estimated under-collected balance as of June 30, 2013, is \$57,000. NWE expects that an additional three months of collection will extinguish the balance.

4. NWE requests an interim change in rates effective July 1, 2013, pending a final decision on this application.

5. Except for the production from its interests in Battle Creek and Bear Paw, NWE purchases wholesale natural gas from producers and passes the cost directly to consumers without mark-up. NWE annually estimates how much it will cost to purchase natural gas for the upcoming annual tracker period, and this estimate is updated each month within the tracking

period. At the same time, this difference between revenue resulting from the estimated natural gas cost and the actual gas cost for the prior tracker period is calculated.

6. NWE projects the natural gas price for the 12-month period starting July 1, 2013, to be \$0.425044 per therm as compared with the 12-month period starting July 1, 2012, of \$0.385314 per therm, an increase of \$0.039730 per therm.

7. NWE requests approval to extinguish the current Unreflected Gas Cost Account (UGCA) balance amortization approved in Order No. 7218b in Docket D2012.5.48, and to reflect the UGCA balance of \$166,784 for the 12-month period ending June 30, 2013. NWE requests that the remaining UGCA balance of \$160,615 approved in Order No. 7218b be included in the Unreflected Gas Cost balance. The estimated Total UGCA balance at the end of June 2012 is an under-collection of \$327,399. NWE proposes to set the rate at zero until actuals are recorded for the months of May and June. At that time, NWE will review the account balance again and determine if the final amount merits filing a rate adjustment proposal. That rate adjustment, if necessary, will be implemented in either the August or September 2013 monthly tracking.

8. NWE requests approval to extinguish the current GTAC balance amortization approved in Order 7218b, and to reflect the GTAC balance as of April 30, 2013, in natural gas supply rates. The proposed GTAC balance for this filing is an over-collection of \$(684,472), which is the sum of the GTAC booked balance for the period ending April 30, 2013, of \$(662,563) and the current balance of the amortization approved in Order 7218b of \$(21,909). The balance will be refunded in rates over the 12-month period ending June 30, 2014.

9. NWE requests, in accordance with Order No. 5667a, Finding of Fact No. 3, approval to continue to reflect accounting treatment through the GTAC mechanism, for certain expansions that generate Interruptible Transportation revenues or Interruptible and Firm Transportation revenues. NWE states that the rationale for this treatment remains viable.

10. The PSC finds NWE's proposed rates and charges to be just and reasonable for interim purposes. In addition, the PSC will allow NWE to continue to reflect the costs of NWE's interest in Bear Paw on an interim basis as a part of future tracker filings until such time that a Bear Paw revenue requirement filing is processed before the Commission.

11. The PSC accepts the proposal to keep the Battle Creek recoupment rate in effect until September 2013.

CONCLUSIONS OF LAW

12. NWE provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of §69-3-101, MCA.

13. The PSC properly exercises jurisdiction over NWE’s rates and operations pursuant to Title 69, Chapter 3, MCA.

14. The PSC, at its discretion, within the scope of §69-3-305, MCA, can make temporary approvals of requests pending a hearing or final decision on the matter.

15. The rate levels and spread approved in this Interim Order are a reasonable means of providing interim relief to NWE. The rebate provisions of §69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

ORDER

16. NWE shall adhere to and abide by all provisions in this Interim Order. All rate schedules shall comply with all determinations set forth in the Findings of Fact section of this Interim Order.

17. NWE shall file within 30 days of this order, tariffs in compliance with this Interim Order.

18. Nothing in this Interim Order precludes the PSC from adopting in a subsequent Interim Order or Final Order a revenue requirement, or any other item approved in this Interim Order, different from that contained in this Interim Order.

19. Within 60 days of the service date of the final order in D2012.5.49, NorthWestern shall adjust rates in the current monthly gas tracker to incorporate any findings related to revenues authorized in this Interim Order.

20. Any interest associated with a refund that might result from a final revenue determination granted in this Interim Order will be computed at NWE’s last approved return on equity.

21. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in this Interim Order.

22. This Interim Order does not address and takes no position on the prudence of NWE’s acquisition of the majority working interest in the Bear Paw production fields.

23. This Interim Order is effective for all services rendered on and after July 1, 2013.

DONE AND DATED this 18th day of June 2013 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

W. A. GALLAGHER, Chairman

BOB LAKE, Vice Chairman

KIRK BUSHMAN, Commissioner

TRAVIS KAVULLA, Commissioner

ROGER KOOPMAN, Commissioner

ATTEST:

Aleisha Solem
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision.
A motion to reconsider must be filed within ten (10) days. Admin R. Mont.
38.2.4806.