



February 23, 2015

Ms. Kate Whitney  
Administrator  
Montana Public Service Commission  
1701 Prospect Ave.  
P. O. Box 202601  
Helena MT 59620-2601

RE: Docket Nos. D2013.5.34/D2014.5.47 – Natural Gas Tracker  
PSC Set 4 (040-043)

Dear Ms. Whitney:

Enclosed for filing are NorthWestern Energy's responses to PSC Set 4 Data Requests in Docket Nos. D2013.5.34/D2014.5.47 Natural Gas Tracker.

These data responses will be hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel this date. They will also be mailed to the service list in this docket, e-filed on the PSC website, and emailed to counsel of record.

If you have any questions, please call Joe Schwartzenberger at (406) 497-3362.

Sincerely,

Connie Moran  
Administrative Assistant  
Regulatory Affairs

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of NorthWestern responses to PSC Set 4 Data Requests (040-043) in Docket Nos. D2013.5.34/D2014.5.47 will be hand delivered to the Montana Public Service Commission and Montana Consumer Counsel this date. They will be 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 as follows:

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Montana Consumer Counsel  
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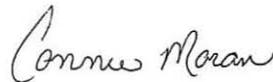
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DATED this 23<sup>rd</sup> day of February 2015.

  
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**NorthWestern Energy**  
**Docket D2013.5.34/D2014.5.47**  
**Natural Gas Tracker**

**Public Service Commission (PSC)**  
**Set 4 (040-043)**

Data Requests received February 6, 2015

PSC-040      Regarding: Battle Creek Total Owned Production and Costs  
Witness: Pat DiFronzo, parts a & b / John Smith, part c

- a.      Please estimate total cost of service from NorthWestern owned Battle Creek production in 2012-13 and 2013-14. Please provide electronic worksheets to support your estimates.
- b.      Please estimate the total cost per dekatherm to NorthWestern customers of Battle Creek production in 2012-13 and 2013-14, including costs recovered or expected to be recovered through fixed and variable rates. Please provide electronic worksheets to support your estimates.
- c.      Please provide royalty production, royalty payments, and production taxes on NorthWestern owned Battle Creek production in 2012-13 and 2013-14.

RESPONSE:

- a.      The Battle Creek fixed revenue requirement rate of \$0.1237/Dkt as shown on Exhibit \_\_ (JMS-2) line 48 was approved in Docket No. D2012.9.94, Final Order No. 7249e. The Battle Creek fixed revenue requirement was based on twelve months ended December 2011, was originally approved in Docket No. D2012.3.25 and adjusted to reflect the 9.80% ROE approved in Final Order No. 7249e. This change was reflected in NorthWestern's June 2013 natural gas monthly tracker filing in Docket No. D2012.7.74 as required by Final Order No. 7249e. See the PSC-040a file on the attached CD for the revenue requirement workpapers that support the updated Battle Creek rate of \$0.1237.
- b.      The estimated total cost for 2012-13 is \$5.42 per dekatherm. The estimated total cost for 2013-14 is \$6.90 per dekatherm. See the PSC-040b file on the attached CD for the supporting calculations.
- c.      In 2012/2013, Battle Creek's royalty production was 486,195 Dkt, the royalty payments were \$212,031, and the production taxes were \$102,346. In 2013/2014, Battle Creek's royalty production was 416,691 Dkt, the royalty payments were \$229,893, and the production taxes were \$117,949.

**NorthWestern Energy**  
**Docket D2013.5.34/D2014.5.47**  
**Natural Gas Tracker**

**Public Service Commission (PSC)**  
**Set 4 (040-043)**

Data Requests received February 6, 2015

PSC-041      Regarding: NFR Total Owned Production and Costs  
                  Witness: Pat DiFronzo, parts a & b / John Smith, part c

- a.      Please estimate total cost of service from NorthWestern owned NFR production in 2012-13 and 2013-14. Please provide electronic worksheets to support the estimates.
- b.      Please estimate the total cost per dekatherm to NorthWestern customers of NFR production in 2012-13 and 2013-14, including costs recovered or expected to be recovered through fixed and variable rates. Please provide electronic worksheets to support your estimates.
- c.      Please provide royalty payments and production taxes on NorthWestern owned NFR production in 2012-13 and 2013-14.

RESPONSE:

- a.      The Bear Paw fixed revenue requirement rate of \$0.1817 as shown on Exhibit \_\_ (JMS-2), line 51 was based on twelve months ended December 2012. The rate is designed to recover the estimated net revenue requirement of NorthWestern's share of Bear Paw. This rate went into effect on an interim basis starting on November 1, 2012 as part of NorthWestern's monthly tracker filing dated October 17, 2012. This "bridge" allows NorthWestern to recover the estimated net revenue requirement until it is trued-up pursuant to a final order in a separate Bear Paw filing. See the PSC-041a file on the CD attached to PSC-040 for the workpapers.
- b.      The estimated total cost for 2012-13 is \$4.51 per dekatherm. The estimated total cost for 2013-14 is \$4.30 per dekatherm. See the PSC-041b file on the CD for the supporting calculations.
- c.      Using NorthWestern's revised "gross" royalty methodology, the 2012/2013 royalty payments were \$269, 908 and the 2012/2013 production taxes were \$161,929. The 2013/2014 royalty payments were \$535,238 and the production taxes were \$218,220.

**NorthWestern Energy**  
**Docket D2013.5.34/D2014.5.47**  
**Natural Gas Tracker**

**Public Service Commission (PSC)**  
**Set 4 (040-043)**

Data Requests received February 6, 2015

PSC-042      Regarding: Devon Total Owned Production and Costs  
                  Witness:    Pat DiFronzo, parts a & b / John Smith, parts c & d

- a.      Please estimate total cost of service from NorthWestern owned Devon production in 2013-14. Please provide electronic worksheets to support your estimates.
- b.      Please estimate the total cost per dekatherm to NorthWestern customers of Devon 2013-14 production, including costs recovered or expected to be recovered through fixed and variable rates. Please provide electronic worksheets to support the estimate.
- c.      Please provide royalty payments and production taxes on NorthWestern owned Devon production in 2013-14.
- d.      With exception of a significant drop in February 2014, total owned 2013-14 Devon production in the revised analysis appears more consistent than total owned Devon production in the original analysis. Please explain.

RESPONSE:

- a.      The Devon fixed revenue requirement rate of \$0.9308 as shown on Exhibit \_\_ (JMS-2), line 54 was based on twelve months ended December 2012. The rate is designed to recover the estimated net revenue requirement of NorthWestern's share of Devon. This rate went into effect on an interim basis starting on December 1, 2013 as part of NorthWestern's monthly tracker filing dated November 17, 2013. This "bridge" allows NorthWestern to recover the estimated net revenue requirement until it is trued-up pursuant to a final order in a separate Devon filing. See the PSC-042a file on the CD attached to PSC-040 for the workpapers.
- b.      The estimated total cost for 2013-2014 is \$4.79 per dekatherm. See the PSC-042b file on the CD for the supporting calculations.
- c.      Using NorthWestern's revised "gross" royalty methodology, the 2013/2014 royalty payments were \$2,078,564 and the 2013/2014 production taxes were \$839,559.

**NorthWestern Energy**  
**Docket D2013.5.34/D2014.5.47**  
**Natural Gas Tracker**

**Public Service Commission (PSC)**  
**Set 4 (040-043)**

**Data Requests received February 6, 2015**

PSC-042 cont'd

- d. The revised analysis correctly uses the “NorthWestern Equity and Royalty First” allocation method. This allocation allowed NorthWestern access to more of the Devon owned production.

**NorthWestern Energy**  
**Docket D2013.5.34/D2014.5.47**  
**Natural Gas Tracker**

**Public Service Commission (PSC)**  
**Set 4 (040-043)**

Data Requests received February 6, 2015

PSC-043      Regarding: Accounting Adjustments  
                  Witness: Smith

- a.      Please describe the \$754,519 NFR third party adjustment found on page 6 of 8, Exhibit\_(JMS-2 Sup).
- b.      Please describe the \$935,091 prior year adjustment described in your prefiled direct testimony at JMS-7:5-8.
- c.      Please derive or otherwise explain the May and June values of \$59,839 compared with the August-April values of \$(26,823) found at Exhibit\_(JMS-1)-2:15.

RESPONSE:

- a.      NorthWestern recorded \$754,519 of third party purchases in error. The error was corrected in NorthWestern's revised tracker analysis in the Supplemental filing.
- b.      Originally the DSM Lost Revenue amount for the July 2012 to June 2013 tracker period was estimated to be \$1,536,013. This is the amount that NorthWestern booked to the deferred account through June 2013. On pages 6 and 7 of the Prefiled Supplemental Testimony of William Thomas in Docket No. D2013.5.34, Mr. Thomas stated that DSM Lost Revenues for the 2012-2013 tracker period should be adjusted to \$600,922. A correction was made in July 2013 for the difference of \$935,091.
- c.      On page 22 in the Thomas Direct Testimony, and on page 3 of the Thomas Supplemental Testimony in Docket No. D2013.5.34, forecast DSM Lost Revenues for the 2013-2014 tracker period were shown as \$321,872. In Docket No. D2014.5.47 the actual DSM Lost Revenue amount for the same tracker period was shown as \$148,552 on Exhibit\_\_(WMT-3) page 1, line 20, Column B accompanying the Thomas Direct Testimony. The months of July-April were based on the original estimate of \$321,872 and then the amounts for May and June 2014 reflected the reduction of DSM Lost Revenues to \$148,552. The months of July-April amounted to \$(268,230)  $(\$26,823) \times 10$  months) and then for May and June the reduction of the DSM Lost Revenues by \$119,678  $(\$59,839 \times 2$  months) equals \$148,552 for the 2013-2014 tracker period.