Service Date: October 24, 1995

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

* * * * *

IN THE MATTER OF the Application of Montana Power Company to Revise the Electric Line Extension Policy.	)))	UTILITY DIVISION DOCKET NO. D95.10.150 ORDER NO. 5872

PROCEDURAL ORDER

Introduction

On October 10, 1995 Montana Power Company (MPC) applied to the Montana Public Service Commission (Commission) for approval of a revised line extension policy and corresponding tariffs and service rules. The Commission has delegated to Commission staff the duty to set procedural schedules and issue procedural orders with the full force and effect of any Commission order.

Staff issues the following procedural order in the matter of MPC's proposed line extension policy. The dates set forth may be rescheduled only by staff action upon conference with the parties. This order is effective immediately.

Schedule

1. All dates listed in the following schedule are **receipt dates** (filing and service) unless otherwise specified. Dates preceding the service date are for reference purposes only.

(a) October 10, 1995: Application received by Commission.

(b) October 24, 1995: Notice of Proposed Line Extension Policy and Intervention Deadline and Procedural Order issued by Commission.

(c) November 9, 1995: Final day for intervention as a matter of right.

(d) November 30, 1995: Final day for written discovery (includes data requests) from intervenors to MPC on application and prefiled testimony.

(e) December 15, 1995: Final day for MPC to respond to intervenor discovery.

(f) January 8, 1996: Final day for testimony from intervenors.

(g) January 18, 1996: Final day for written discovery from MPC to intervenors; final day for intervenor discovery to parties other than MPC.

(h) January 29, 1996: Final day for intervenors to respond to written discovery from MPC and other intervenors.

(i) February 8, 1996: Final day for rebuttal testimony from MPC and cross-rebuttal from intervenors to testimony filed pursuant to 2(f).

(j) February 12, 1996: Final day for prehearing memoranda. Staff shall file a limited memorandum pursuant to ¶ 21.

(k) February 15, 1996: Tentative hearing date.

PROCEDURE

General

2. Since this filing is not a general rate increase application, the Commission is not under the time constraints of Title 69, Chapter 3, MCA. MPC requested Commission action on its proposed line extension policy by January 1, 1996 to accommodate the 1996 construction season. The Commission attempts to expedite the request in this schedule. However, with the late filing the Commission cannot guarantee MPC's requested target date. This procedural schedule assumes that full discovery and a hearing may be necessary. Parties may request alternative procedures and/or submit stipulations any time after MPC has responded to discovery in ¶ (1)(e). This application may be merged into MPC's cost of service filing.

Service and Filing

3. Copies of all pleadings, motions, discovery requests, discovery responses, prefiled testimony, and briefs shall be filed with the Commission and served on all parties (MPC and all intervenors). Parties shall file with the Commission an original and ten copies of motions, testimony, briefs and documents directed to the Commission. Service upon the parties shall be upon each party's attorney of record, if applicable, and such other individuals as may be reasonably designated by the attorney of record.

4. The Commission recommends the following guidelines where data processing and computer equipment are available:

(1) Data may be provided on 3 ½ " IBM/PC Compatible computer diskettes;

(2) Spreadsheets may be provided in Lotus 1-2-3 Version 3.1 DOS compatible format;

(3) Text may be provided in Work Perfect Version 5.1, 6.0 or 6.1 compatible format.

5. Testimony exhibits and data requests/responses should be provided both electronically and in hard copy. Briefs, motions and any correspondence normally provided to the Service List should be made available electronically on request. In general, all parties to this proceeding should attempt to provide rate filing material in electronic form to the extent it is practical and not cost-prohibitive.

Intervention

6. Parties seeking to intervene must file a Petition to Intervene with the Commission. The Commission deems intervention granted as a matter of right upon a timely filing pursuant to ¶ 1(c), subject to a later ruling on standing. In a request for late intervention, the petitioner must (a) identify the general

position that the intervenor will take if the intervention is granted; (b) demonstrate a legal interest directly affected by this Docket; (c) demonstrate that the intervention, if granted, will not delay or prejudice the proceeding in this Docket; and (d) show good cause why the request for intervention was not timely filed. Late intervention will be effective only upon action of the Commission.

Discovery

7. The term "discovery" includes all forms of discovery authorized by the Montana Rules of Civil Procedure, as well as data requests. The Commission urges all parties to conduct discovery primarily through the use of data requests.

8. The Commission directs all parties to prepare data requests according to the following guidelines:

(a) All data requests must include at the beginning of each request a description of five words or less explaining the subject of the data request. Other identifying information, such as the witness to whom the request is submitted, exhibit number and page number may be included in addition to, but not in lieu of, the subject of the request. Each party should attempt to keep descriptions consistent from one request to another.

(b) Multi-part requests may be used, each part denoted by a lower case letter (a, b, c, d, and e). Requests must be limited to five parts (a-e), without any sub-parts. If additional parts are necessary, additional requests must be made. A single part request should be denoted by the request number only. Examples of acceptable data requests follow:

PSC-500 RE: Return on Equity
Witness - Doe, Page JQD-4, Lines 13-15.

Please provide an analysis of hypothetical debt/equity structure.

PSC-501 RE: Return on Equity
Witness - Doe, Page JQD-14, Lines 11-14.

a. What is the cost of equity and how is it derived?

b. What portion of the equity capital is transferred, or imputed, to debt for ratemaking purposes?

9. The party receiving the written discovery or data requests has five days from receipt to file objections to the request(s). Notice of the objection shall be served upon the Commission and on all parties. The Commission may dispose of objections by prompt ruling or may schedule argument. Failure to timely object will be deemed acceptance of the request. Parties are encouraged to try to resolve concerns about requests before filing objections.

10. Any requesting party dissatisfied with the response to any written discovery or data request and desiring Commission action to compel must serve its written objection(s) and relief requested

simultaneously upon the Commission and parties within five days after receipt of such response. The Commission may dispose of such objection(s) by prompt ruling or may schedule argument. The Commission will act either to sustain or overrule the objection(s), and if sustaining, set a deadline for a satisfactory response.

11. Submission of written discovery after the deadline established will be allowed by leave of the Commission only. The Commission will not grant requests without a showing of good cause as to why the request was not submitted within the time period allowed. Unless excused by the Commission, failure by a party to answer data requests or other discovery from any party may result in Commission action: (a) refusing to allow the failing party to support or oppose related claims; (b) prohibiting introduction of related matters in evidence; (c) striking pleadings, testimony, or parts thereof; (d) staying further proceedings until the request is satisfied; or (e) dismissing all or part of the case, defense, or proceeding.

Testimony and Evidence

12. At hearing, the Commission will adopt into the record all prefiled direct, answer, and rebuttal testimony upon motion of the proponent, without the witness reading the testimony into the record. The testimony will be an exhibit and not otherwise entered into the transcript. All proposed exhibits and prefiled written testimony shall be marked for the purposes of identification prior to the start of the hearing. Parties shall arrange in advance with the court reporter for the preferred manner of identifying exhibits.

13. When cross-examination is based on a document not previously filed with the Commission, copies of the document must be made available to the Commissioners, parties, and staff, unless good cause is shown why copies are not available. Parties introducing data requests or other discovery must have copies of each request and response available at the hearing for the court reporter, each Commissioner, the Commission staff and all parties. This last requirement may be waived if the documents to be introduced are bulky, or for other good cause, upon making previous arrangements with the Commission and all parties.

14. Parties may be permitted to present live rebuttal testimony only if it is in direct response to an issue raised for the first time in cross-examination or in the testimony of a public witness. Such testimony will be allowed only by leave of the Commission or presiding officer.

15. The Commission may allow citizens and citizen groups to make statements without submitting prepared written testimony. In addition, if they have prepared written testimony they may read it or have it adopted directly into the record.

16. The Montana Rules of Evidence in effect at the time of the hearing in this Docket will govern at the hearing.

17. Any party to this proceeding responding to written discovery from any other party or the Commission shall have each person authoring any response(s) present and available as a witness at the

hearing to introduce the response(s) and be available for cross-examination. Parties may waive objection(s) to introduction absent the author and the right to cross-examine. Upon Commission approval of parties' agreement to waiver, the person responding to data requests need not be present to testify and the responses may be introduced into the record. Written discovery (not including transcripts of depositions on oral examination) and data responses will be introduced at hearing only pursuant to applicable rules of evidence and through an appropriate witness subject to cross-examination, or by waiver of Parties and upon stipulation approved by the Commission.

Prehearing Motions and Conferences

18. Motions by any party, including motions to strike prefiled testimony and motions concerning any procedural matter connected with this Docket, shall be raised at the earliest possible time. Prehearing motions shall be submitted on briefs unless otherwise requested by a party and approved by the Commission. Upon a grant of oral argument, the requesting party shall notice it for hearing before the Commission.

19. The Commission staff may set a final Prehearing Conference to discuss settlement of any issues in the proceeding; simplification of issues; possibility of obtaining admissions of fact and documents; distribution and marking of written testimony and exhibits prior to the hearing; and other procedural matters as may aid in the disposition of the proceeding.

20. Nothing in this order shall be construed as limiting the legally established right of the Commission or its staff to inspect the books and accounts of MPC at any time.

Prehearing Memorandum

21. Each party shall submit a prehearing memorandum. The memorandum shall contain a list of all issues uncontested and contested; witnesses to testify; and exhibits and discovery for introduction at hearing. Any special needs to accommodate witness sequence or scheduling should be identified in the prehearing memorandum. Commission staff shall file a limited prehearing memorandum identifying data or discovery responses to be introduced into the record and the witnesses necessary to sponsor the responses, or alternatively, to testify.

Done and Dated this 24th day of October, 1995 by delegation to Commission staff as the Order of the Montana Public Service Commission.

BY THE MONTANA PUBLIC SERVICE COMMISSION

NANCY MCCAFFREE, Chair
DAVE FISHER, Vice Chair
BOB ANDERSON, Commissioner
DANNY OBERG, Commissioner
BOB ROWE, Commissioner

Thomas J. Schneider, Vice-Chairman

Assumed Commissionership January 6, 2003.

Current term ends January 1, 2007.

Thomas J. Schneider, a petroleum engineer, served as a publicly elected member of the Montana Public Service Commission for eight years 1977-84. In 1983, Mr. Schneider was elected Chairman of the Montana Public Service Commission. As a Commissioner, Mr. Schneider appeared or testified on a least one occasion before various U.S. House and Senate subcommittees; Montana State Legislative committees; the Federal Energy Regulatory Commission; the Canadian National Energy Board; the Northwest Power Planning Council; and the Bonneville Power Administration. In 1980, Schneider served as President of the (14 state) Western Conference of Public Service Commissioners (WCPSC) and as a member of the Executive Committee of the WCPSC for five years. Mr. Schneider served on NARUC's Ad Hoc Committee on the National Energy Act and Communications Committee and on the board of directors of the National Regulatory Research Institute (NRRI) at Ohio State University.

Mr. Schneider established a national utility regulatory consulting practice in 1985. The consulting practice focuses on rate and public policy matters in electricity, natural gas and telecommunications, anti-trust, deregulation, competition, low income and environmental issues. Mr. Schneider testified as an expert witness before: a U.S. District Court in Pennsylvania; a Montana District Court; and the respective state utility regulatory commissions in Utah, Washington, Minnesota, Illinois, Arizona, Idaho, Missouri, Texas and Montana.

Mr. Schneider has been involved in major electricity and natural gas rate and related policy issues in Montana and region:

- Represented NPRC on MPC's Conservation and Least Cost Planning Advisory Committee and on DEQ's Collaborative on the Major Facility Siting Act;
- Provided research, technical analysis and policy support for the Governor's Low Income Energy Advisory Council;
- Presented expert testimony on low income/LIEAP issues before PSC for many years. Successfully advocated 15% LIEAP discounts & supported weatherization / conservation programs for low-income families by electric and gas utilities (MPC, MDU and GF Gas);
- Represented the Montana League of Cities and Towns and the Montana School Boards Association in "aggregating" and negotiating electricity supply contracts and savings for 29 municipal governments and 60 school districts totaling 475 loads or facilities plus unmetered lighting--the largest "aggregation" programs since "electric restructuring and retail choice" commenced in Montana (7/98);
- Led the cities of Helena and Missoula in establishing municipal utilities and obtaining electricity supplier licenses from PSC;
- Renegotiated the electric hydro-generation contract with MPC and helped establish a retail sales operation for the Town of Philipsburg;
- Evaluated multiple proposals, presented pros & cons and successfully negotiated a joint venture project on behalf of Granite County to re-establish