

At the meeting of the Public Service Commission of the State of Montana held at the Commission's Offices in Helena, Montana, on Tuesday, August 14, 2012, the following members were present:

Travis Kavulla, Chairman
Gail Gutsche, Vice Chair, via telephone
Bill Gallagher, Commissioner
Brad Molnar, Commissioner
John Vincent, Commissioner

APPEARANCE

Judy Scheier, Assistant Commission Secretary

(235) In the matter of the approval of Commission Minutes for the week of July 16, 2012.

Commissioner Gallagher moved to APPROVE the Commission Minutes for the week of July 30, 2012. Commissioner Molnar seconded the motion, which passed unanimously.

APPEARANCE

Nickie Eck, Transportation Unit

(236) In the matter of Docket No. TN2548: Montana Tariff Bureau, as agent for Willson LLC dba City Cab, Billings Montana, in an independent action in its Passenger Tariff No. 3, requests that the fuel surcharge, of \$.75 per fare, granted to Willson LLC dba City Cab, Billings, Montana, on April 24, 2012, be continued for the final 90 days allowed under 38.3.3601.

Commissioner Molnar moved to APPROVE the fuel surcharge for a final 90 days. Commissioner Vincent seconded the motion, which passed unanimously.

APPEARANCE

Kate Whitney, Administrator, Regulatory Division

(237) In the matter of out of state staff travel: staff requests approval of the following out of state staff travel requests: (1) Brian DeKiep and Bob Decker, Western Electricity Coordinating Council training on "Power System Dynamics," October 2-5, 2012, in Salt Lake City; and (2) Dave Lofftus, meeting of Joint Resource Planners Forum/Committee on Regional Electric Power Cooperation/State-Provincial Steering Committee, October 3-5, 2012, San Diego, CA.

Commissioner Vincent moved to APPROVE the travel requests. Commissioner Gallagher seconded the motion, which passed unanimously.

APPEARANCE

Brenda Elias, Legal Division
Gary Duncan, Regulatory Division

(238) In the matter of the Commission's discussion of Docket No.N2012.4.36: Project Telephone Company Protective Order for all information requested, with the exception of certain access line information already in the public domain and certain revenue numbers which can be easily calculated from the public information.

Chairman Kavulla moved to APPROVE the protective order for Project Telephone. Commissioner Vincent seconded the motion which passed unanimously.

APPEARANCE

Jason Brown, Legal Division

(239) In the matter of the Commission's discussion of Energy and Telecommunications Interim Committee (ETIC) bill draft to make an expansion of an existing hydroelectric project an eligible renewable resource : to submit comments to ETIC proposing clarification of "the actual amount of increased generation capacity produced by the project as a result of the expansion"

Commissioner Vincent moved to SUBMIT comments to ETIC proposing to apply a ratio, based on the expanded percentage of total capacity, to each hour of output from an expanded hydroelectric project, to re-calculate that ratio if the total capacity changes, and to delete rulemaking authority. Chairman Kavulla seconded the motion.

Motion to Amend: Commissioner Molnar moved to AMEND Commissioner Vincent's Motion to preserve rulemaking authority, but make it permissive rather than mandatory. Commissioner Gutsche seconded the motion. Motion to amend passed unanimously.

The main motion as amended was voted on and passed unanimously.

APPEARANCE

Kate Whitney, Administrator, Regulatory Division
Dennis Lopach, Administrator, Legal Division

(240) In the matter of the Commission's discussion on Docket No. D2008.4.36: NorthWestern Energy/PSC settlement agreement, Order 6906(h)

Chairman Kavulla moved to APPROVE the settlement modifications and issue the Notice of Commission Action. Commissioner Vincent seconded the motion.

Motion to Amend: Commissioner Molnar moved to ESTABLISH a fund based on a \$765,000 penalty placed in a newly created NorthWestern Energy conservation fund to be used for insulation and re-insulation of roofs of persons earning no more than 150% of the established poverty level. Landlords of low-income housing (Section 8) may use this program by contributing 50% of the cost and shall receive 100% of any tax provisions.

The loaned monies from the conservation fund shall be paid back over a 5 year period with a fixed loan rate of 3%. No more than 4% of the fund's balance on January 1 of each year may be

used for management costs. All monies received shall be returned to the conservation fund which shall be designed as a revolving fund to allow the expansion and continuation of the project. The estimated energy savings shall be incorporated into the DSM goals of NorthWestern Energy, but NorthWestern Energy shall not receive a lost revenue recovery mechanism by the PSC, nor shall this be considered USB expenditure. Commissioner Gallagher seconded the motion, which failed 4 to 1. Chairman Kavulla, Commissioner Gallagher, Commissioner Gutsche, and Commissioner Vincent voted no. Commissioner Molnar voted yes.

The main motion was voted on and passed unanimously.

APPEARANCE

Nickie Eck, Transportation Unit
Kate Whitney, Administrator Regulatory Division
Dennis Lopach, Administrator Legal Division

(241) In the matter of the Commission's discussion of Docket No. T-12.14.PCN: R n R Stagelines, Inc., Stevensville, Montana – passenger application – late intervention as a protestant into this docket by Willson LLC dba Big Sky Sedan Services.

Commissioner Vincent moved to ALLOW the intervention of Willson LLC dba Big Sky Sedan Services. Commissioner Molnar seconded the motion, which passed 4 to 1. Commissioner Gallagher voted no.

APPEARANCE

Leroy Beeby and Scott Fabel, Regulatory Division
Justin Kraske, Legal Division

(242) In the matter of the Commission's discussion of Docket No. D2012.3.20: Energy West Incorporated limited waiver of certain ring-fencing requirements.

Chairman Kavulla moved to ISSUE a final order to include the discussed changes and deletions and a summary of the live testimony along with non-substantive edits. Commissioner Gutsche seconded the motion.

Amended Motion: Commissioner Molnar moved to FILE a seasonal tariff for the City of Cascade's swimming pool. The motion died for lack of a second.

The main motion was voted on and passed 4 to 1. Commissioner Molnar dissented.

APPEARANCE

Brian DeKiep and Kim Moran, Regulatory Division

(243) In the matter of the Commission's discussion of Organization of MISO States (OMS) comments to Federal Energy Regulatory Commission (FERC).

Chairman Kavulla moved to have the Montana Public Service Commission JOIN in the comments in these three matters with OMS. Commissioner Vincent seconded the motion, which passed unanimously.

There being no further business to come before the Commission the meeting was adjourned.

TRAVIS KAVULLA, Chairman

GAIL GUTSCHE, Vice Chair

W. A. GALLAGHER, Commissioner

BRAD MOLNAR, Commissioner

JOHN VINCENT, Commissioner

ATTEST:

Judy Scheier
Assistant Commission Secretary

(SEAL)