

Service Date: February 28, 2018

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

IN THE MATTER OF NorthWestern Energy’s) REGULATORY DIVISION
Application for Approval to Change and)
Establish Natural Gas Delivery Service and) DOCKET NO. D2016.9.68
Production Rates) ORDER NO. 7522h

FINAL ORDER

FOR NORTHWESTERN ENERGY:

Al Brogan and Ann Hill, 208 N. Montana, Suite 205, Helena, MT 59601

FOR THE INTERVENORS:

Montana Consumer Counsel
Robert Nelson and Jason Brown, 111 North Last Chance Gulch, Helena, MT 59620

Large Customer Group
Thorvald Nelson and Nikolas Stoffel, 6380 South Fiddlers Green Circle, Suite 500,
Greenwood Village, CO 80111

Human Resource Council, District XI and Natural Resources Defense Council
Charles E. Magraw, 201 8th Ave., Helena, MT 59601

BEFORE:

Brad Johnson, Chairman
Travis Kavulla, Vice Chairman
Roger Koopman, Commissioner
Bob Lake, Commissioner
Tony O’Donnell, Commissioner

COMMISSION STAFF:

Will Rosquist, Administrator, Regulatory Division
Justin Kraske, Administrator, Legal Division
Neil Templeton, Rate Analyst
Jennifer Hill-Hart, Staff Attorney

PROCEDURAL HISTORY

1. On May 31, 2017, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) filed with the Montana Public Service Commission (“Commission” or “PSC”) its Application for Phase Two—Allocated Cost of Service and Rate Design—and Direct Testimony of Joe Schwartzenberger and Paul M. Normand in Docket D2016.9.68. In its Application, NorthWestern requested that the Commission approve the Natural Gas Supply Rate Design proposals presented with its filing, and that the Commission approve its revision to its Natural Gas Tariff, Rule 6—Line Extensions. Appl. at 4. After deliberations involving meetings with a stakeholder group, “NorthWestern ultimately determined that it would not make a proposal for a natural gas decoupling mechanism at this time.” Appl. Cover Ltr. 2 (May 31, 2017).

2. The Commission issued a *Notice of Application and Intervention Deadline* and Initial Procedural Schedule on June 27, 2017, and set an intervention deadline of July 11, 2017. On July 14, 2017, the Commission granted intervention to the Human Resource Council, District XI, and the Natural Resources Defense Council (collectively “HRC”); the Montana Large Customer Group (“LCG”); the Montana Consumer Counsel (“MCC”); and Energy West Montana and the Cut Bank Gas Company (collectively “EWM”). On July 27, 2017, the Commission issued *Procedural Order No. 7522f*, which established deadlines for prefiled testimony and discovery, and set hearing dates for December 4–5, 2017.

3. On August 15, 2017, the Commission issued *Final Order No. 7522g*, resolving the Phase One revenue requirement portion of the docket with the exception of two issues: 1) the decoupling of the recovery of production asset revenues, which was later noticed as an additional issue in Phase Two; and 2) NorthWestern’s proposed and uncontested tariff changes, which were later approved by the Commission. *See* Order 7522g ¶ 45 (Aug. 15, 2017); Not. of Comm’n Action (Sept. 8, 2017). Order 7522g approved 2017 production revenues of \$22,772,140 and delivery service revenues of \$117,410,831, for total authorized revenues of \$140,182,971, and authorized stepped down production revenues for years 2018 through 2027. *Id.* ¶¶ 45, 48.

4. Intervenors prefiled direct testimony: Mr. George Donkin prefiled testimony on behalf of MCC; Mr. Michael Gorman prefiled testimony on behalf of LCG; and Dr. Thomas Power prefiled testimony on behalf of HRC. Test. George Donkin (Sept. 14, 2017); Test. Michael Gorman (Sept. 14, 2017); Test. Thomas Power 3 (Sept. 13, 2017).

5. On September 20, 2017, the Commission issued a *Notice of Additional Issue* (“NAI”) which requested the parties to address the merits of annual stair-stepped true-ups of production assets revenue. Not. of Add’l Issue (Sept. 20, 2017). The NAI stated that the issue may be addressed in rebuttal testimony, in discovery, and at hearing. Parties were offered an opportunity to request additional process if necessary to sufficiently address the issue. *Id.* ¶ 4.

6. On October 20, 2017 NorthWestern filed rebuttal testimony from Mr. Jason McClafferty and Messrs. Schwartzenger and Normand. Rebut. Test. Jason McClafferty (Oct. 20, 2017); Rebut. Test. Joe Schwartzenger (Oct. 20, 2017); Rebut. Test. Paul Normand (Oct. 20, 2017).

7. On November 22, 2017, NorthWestern filed its 2017 Natural Gas Production Assets Compliance Filing for Commission approval. This compliance filing reflects the 5.95% stepdown of the Total Production Assets Revenue Requirement from 2017 to 2018 approved by the Commission in Phase I of this docket. *See* Order 7522g ¶ 4.

8. The parties and the Commission engaged in discovery throughout the course of the proceeding. On November 27, 2017, all parties filed a *Joint Motion* for approval of an allocated cost of service and rate design stipulation and settlement agreement (“Stipulation”).

9. The Commission held a public hearing on this matter in Helena on December 4 and 5, 2017.

10. On February 20, 2018, the Commission held a regularly scheduled work session to discuss and act on NorthWestern’s Application and the Stipulation between the parties.

FINDINGS OF FACT

11. The MCC, LCG, HRC, EWM, and NorthWestern acknowledged that the Stipulation is in the public interest, and that it resolved and was a reasonable settlement of all contested issues in Phase Two of this docket, including the allocation of NorthWestern’s ordered revenue requirements among the customer classes and the method used to design rates for natural gas production and delivery services. Stip. ¶¶ 12, 14, 16–17. The agreement stipulates to Cost Allocation, Class Revenue Moderation, and Rate Design, including:

- a. Delivery service cost allocations and rates for all customer classes;
- b. A residential monthly service charge of \$6.50 per month;
- c. Maximum interruptible rates based on 100% load factor of firm commodity rates;

- d. Line extension allowances as described in Schwartzenger's direct testimony;
- e. A universal supply rate of \$0.119229/therm, adjusted for annual stepdowns;
- f. That production revenues will not be adjusted to annual revenue requirements;
- g. That embedded rather than marginal cost models are preferred in this docket; and
- h. That the embedded cost models used in this docket are acceptable for future use.

Id. ¶ 12. The parties agreed that, upon completion of contested case proceedings, the Commission should issue a final order approving, adopting and implementing the terms of the Stipulation and Settlement Agreement. *Id.* ¶ 13. Table 1 below shows the cost allocations of the Parties before and after stipulation.

Table 1

Cost of Delivery Service Allocation Proposals				
Customer Classes	NWE ¹	MCC ²	LCG ³	Stipulation
Residential	\$ 62,468,958	\$ 61,983,821	\$ 63,031,600	\$ 62,288,410
General Service	32,566,235	32,374,590	31,817,779	32,533,679
Firm Utility Service	342,778	335,873	334,059	337,523
Firm DBU Transportation	2,541,510	2,918,048	2,541,290	2,553,158
Interruptible DBU Transportation	36,298	67,680	35,434	36,515
Firm TBU Transportation	13,341,564	13,396,292	13,512,868	13,500,341
Interruptible TBU Transportation	2,505,362	2,686,584	2,524,449	2,535,158
Storage	3,593,779	3,621,818	3,631,241	3,626,032
Total	\$ 117,396,484	\$ 117,384,706	\$ 117,428,720	\$ 117,410,816
1: Source - NorthWestern Rebuttal Test. Exhibit__(JS-4) p. 1 of 2 2: Source - MCC Response Test. Exhibit__(GLD-2) 3: Source - LCG Response Test. p. 17, Table 3				

12. Additionally, the Commission provides direction on Potential Annual True-Up of Production Assets' Revenue Requirement. *Infra* ¶¶ 28–37.

I. Allocated Cost of Service

13. Schwartzenger introduced NorthWestern's Embedded Cost of Service study ("ECOS"), revenue moderation, and rate design proposals, and also presented evidence on billing impacts and proposed updates to NorthWestern's line extension policy. Test. Schwartzenger 5–23. In his rebuttal testimony, Schwartzenger addressed the direct

testimonies of Messrs. Donkin, Normand, and Power, and presented exhibits showing proposed cost allocations and rate schedules that comply with Order 7522g. Rebut. Test. Schwartzberger 2–21.

14. NorthWestern conducted an ECOS relying on the 2015 test year, for purposes of determining revenue requirement responsibility and the costs of various components of service NorthWestern provides at equalized rate of return. Test. Schwartzberger at 8; Test. Normand at 2–20. The ECOS covered transmission, distribution, storage, and production service. Test. Normand at 1. NorthWestern’s rate designs were based on Normand’s ECOS results and NorthWestern’s revenue moderation. Test. Schwartzberger at 15.

15. NorthWestern conducted a Marginal Cost of Service Study (“MCOS”) for NorthWestern’s natural gas supply (production). Test. Normand at 1, 21–25; Test. Schwartzberger at 13–14.

16. Schwartzberger testified that the ECOS allocates NorthWestern’s requested Phase I rebuttal testimony revenue requirement among customer classes. In data response (DR) PSC-189, NorthWestern updated its Phase II testimony exhibits, and Statements L & M, to reflect the revenue requirement approved by the Commission in Phase I’s Final Order 7522g. DR PSC-189 (Aug. 28, 2017).

17. The parties agreed that the ECOS rather than the MCOS should be used for natural gas production and delivery services, and that the embedded cost models filed by NorthWestern and used by the parties in this docket are acceptable for future use. Stip. ¶ 12.

18. The Commission finds that the stipulated customer class cost allocations and rates are just and reasonable. The Commission also finds that the embedded cost models filed by NorthWestern in this docket are acceptable for use in the utility’s next application for approval to change and establish natural gas delivery service and production rates.

II. Rate Design

A. Stipulated Residential Class Monthly Service Charge

19. In December 2016, the monthly residential service charge was \$7.35, but in January 2017 the Commission ordered NorthWestern to combine the property tax portion of the charge with the property tax portions of the delivery rates into a single volumetric property tax rate. Order 7501, Docket D2016.1.9, ¶¶ 15–16 (July 19, 2016). This change caused the monthly service charge to decrease to \$5.80 in January 2017. Test. Joe Schwartzberger 17 (May 31,

2017). NorthWestern reduced this charge to its current level of \$5.65 in September 2017 in compliance with Order 7522g. *See* Natural Gas Delivery Service and Production Compliance Filing Reflecting Final Rates (Aug. 18, 2017).

20. In prefiled testimony, NorthWestern's Schwartzenberger proposed a residential service charge increase of \$2.30, or 40% from \$5.80 to \$8.10 per month. Rebut. Test. Schwartzenberger at 11. Mr. Donkin proposed that the service charge be kept at its current level of \$5.65 per month. Test. Donkin at 39. Dr. Power recommended that the residential fixed monthly charge be based on the incremental costs avoided when a customer terminates natural gas service or incurred when a customer seeks natural gas service. Test. Power at 3.

21. The residential monthly service charge stipulated in the multi-party settlement agreement of November 2017 is \$6.50. Stip. ¶ 12.

22. The Commission finds the stipulated rate design is just, reasonable, and consistent with past Commission practice. *Id.*

B. Stipulated Main Line Extension Allowance

23. The Stipulation specifies that the methodology described in the prefiled direct testimony of Mr. Schwartzenberger will be used to compute free main line extension allowances for residential and general service customers. *Id.*; *see* Direct Test. Schwartzenberger, Ex._(JS-3) (May 31, 2017) (for the calculations underlying this method).

24. The residential line allowance is equal to three years of transmission, distribution, and storage ("TD&S") revenues using the average annual volume of a residential customer.

25. The general service main line allowance is simply the product of the TD&S rate and the estimated annual usage of the customer. The stipulated general service TD&S rate is \$0.385/therm. If the estimated annual usage of a general service customer were 10,000 therms, the available free main line extension allowance would equal \$3,850 (10,000 therms x \$0.385/therm). Direct Test. Schwartzenberger, Ex. JS-3. (May 31, 2017).

26. Under current and proposed rule, the expected TD&S revenues from the new customer extending the line are used to provide an allowance to offset the cost of extension. Residential customers are allowed free extension based on three years of expected TD&S revenues. *Id.* At hearing, Mr. Schwartzenberger stated that he thought the "three years" referred to the expected time lag between rate cases. Hr'g Tr. 46:21–15 (Dec. 4, 2017). He agreed that this methodology creates a result where general service customers receive on average, only one-

third of the rate base line extension allowance than that an average residential customer would receive. *Id.* 47:8–23.

27. Although the disparity in allowance calculations for residential and general service customers is worthy of consideration, the Commission finds the record does not permit full review of the issue in this proceeding. The Commission requires the utility to support its reasoning in greater depth within its next natural gas or electric rate case.

C. Annual True-Up of Production Asset Revenues

28. In its final order on Phase I of this proceeding, the Commission concluded that the gas production assets “are designed to be a hedge on the utility’s purchase of gas from the market.” Order 7522g ¶ 56. (Aug. 15, 2017). Since the market price of gas is in part determined by demand for the commodity, and this demand in turn is in part driven by the weather, the Commission reasoned it was “counterintuitive” to tie the assets’ cost recovery to the very thing that a hedge is designed to mitigate against: weather-related demand. *Id.* Indeed, to the degree that hedges have been used for the gas utility in the past, the annual revenue requirement of such transactions is subject to a true-up of their actual, prudently-incurred cost through the gas tracker. Accordingly, the Commission “direct[ed] the parties to consider in Phase II of the proceeding whether the production assets revenue should be trued up to the stair-stepped revenue requirement annually.” *Id.* The Commission, redundantly, characterized the matter as an additional issue through a separate notice issued in this phase of the proceeding. Not. of Add’l Issue (Sept. 20, 2017).

29. As a threshold matter, the Commission considers whether this issue has previously been resolved by Order 7522g, and whether it is appropriate to consider this issue in this order. The entirety of NorthWestern’s prefiled testimony on this issue in this phase is dedicated to the proposition that the Stipulation approved with modifications by the Commission in Phase I did not require this treatment, and that therefore the matter is settled. Rebut. Test. Schwartzenberger at 21–22. Likewise, in briefing, NorthWestern argues that in Order 7522g, “the Commission issued its decision on the ratemaking treatment of the production assets revenue. In a contradiction to that decision, the Commission in the same order, sua sponte, raised the notion that it would reconsider this ratemaking decision in Phase [II] of the docket.” NorthWestern Initial Post-Hr’g Br. 5 (Jan. 1, 2018). The MCC, meanwhile, suggests that

considering this issue “may well have upset the compromises reached in Phase I.” MCC’s Post-Hr’g Br. 2 (Jan. 19, 2018).

30. The Commission rejects NorthWestern’s and MCC’s assertions that this issue is improperly considered in this phase for two reasons. First, the Commission considers these arguments as collateral attacks on Final Order 7522g. There, the Commission clearly announced it would consider this issue, notwithstanding the approval of the Stipulation. If parties disagreed with this approach, the appropriate time to resolve this concern was in a motion for reconsideration of that order, which no party filed. Second, to the degree that NorthWestern argues that the Commission is improperly re-litigating the ratemaking of the production assets, the Commission disagrees. The appropriate place to consider rate design associated with the question of whether the collection of a revenue requirement should be decoupled from sales volumes is here, in Phase II, as the Commission made clear at the outset of this proceeding. Not of Comm’n Action 2 (Sept. 23, 2016) (“2016 NCA”). NorthWestern’s own policy witness concedes that, in bifurcated rate cases, it is this phase of the proceeding where such a question should be answered. Hr’g Tr. 57:7-16. The Commission accordingly finds it appropriate to address this issue in this phase of the rate case.

31. Having decided, then, that this order is the appropriate forum to address this issue, the Commission turns to the merits. The adjustment the Commission proposes is decoupling of the gas production assets, which the Commission has elsewhere described:

Decoupling uses a surcharge or rebate to true up or ‘make up the difference’ between the amount of revenue allowed in a rate case and the amount actually recovered. This allows the utility to recover the Commission-approved cost of providing service, regardless of whether its actual expenses and sales volumes are higher or lower than the test period.

Order 7375a, Docket D2014.6.53, ¶ 45 (Oct. 15, 2015).

32. Neither NorthWestern nor any other party prefiled testimony on the merits of a true-up to the production assets’ revenue requirement. The Commission is especially disappointed that NorthWestern did not do so, either with respect to the production assets or as a broader recommendation encompassing the gas utility. While NorthWestern has advocated for decoupling in the past, it has missed every opportunity in recent years to file a proposal. *Id.* ¶ 46 (“The Commission does not reject or endorse decoupling . . . because despite multiple opportunities to do so, NorthWestern did not propose decoupling.”) NorthWestern misses this

latest opportunity in the wake of the Commission specifically acknowledging decoupling as a policy that might be discussed in this phase of the proceeding, a decision which gave NorthWestern many additional months beyond its initial filing to formulate a proposal. Not. of Comm'n Action at 2 (Sept. 23, 2016). The Commission expects that if NorthWestern has interest in decoupling it should proactively propose a version of the policy.

33. Although he did not pre-file testimony addressing the merits of applying decoupling to the gas production assets, Mr. Schwartzberger was nevertheless asked about it at the hearing. He again repeated that he felt bound by the Stipulation, which he regarded as dispositive of the issue. Hr'g Tr. 56:1–5. The Commission, as noted above, disagrees, which is why it was ordered to become part of this phase of the proceeding. Mr. Schwartzberger was also asked a series of questions about whether the production assets' rate design was logically consistent with the assets' underlying purpose:

Q: I guess to me, Mr. Schwartzberger, it just seems awkward that we have facilities that regardless of whether it's cold or temperate are going to be pumping out the same amount of natural gas, right?

A: Right.

Q: And their largely fixed costs are being recovered volumetrically [on] a per dekatherm basis, right?

A: Yes.

Q: And so paradoxically, NorthWestern, despite producing the same amount of gas in cold weather or temperate weather from those assets, is being compensated more or less for them merely on the basis of customer demand, which does not affect the production of those assets, right?

A: Yes.

Hr'g Tr. 56:10–57:1.

34. In Order 7522g, the Commission tentatively characterized these assets as a “fixed-cost hedge.” Order 7522g ¶ 56. Mr. Schwartzberger's testimony at the hearing supports that the underlying function of the assets is as such. Nothing in the record suggests they were intended to function otherwise. Indeed, NorthWestern's argument in briefing that they serve to “dampen volatility in customer rates” is descriptive, and not rebutting, of their intended performance as hedging part of a portfolio otherwise weighted heavily to a current market index. NorthWestern Initial Post-Hr'g Br. at 5. Yet, without a rate design that trues-up the revenue collected to the production assets' annual revenue requirement, they will fall short of fully

functioning as a “fixed-cost hedge” when unusually cold or warm years cause its cost to end-use consumers to rise or shrink regardless of the volumes the assets produce.

35. On redirect, NorthWestern asked Mr. Schwartzberger if, given some years that are warmer and some years that are colder, the unmodified rate design would likely nonetheless average out over the course of time. Mr. Schwartzberger agreed saying, “[i]t should receive something reasonably close to” the revenue requirement model. Hr’g. Tr. 62:21–63:16. However, as the Commission has expressed in its previous orders on the gas production assets, the earlier years of the gas production assets’ remaining useful lives have front-loaded revenue requirements, and thus higher rates, than the outer years. Order 7282d Consolidated Dockets D2013.5.34 & D2014.5.47, ¶¶ 24–25, 32 (Oct. 5, 2015). The premise of the ratemaking the Commission ordered in Phase I was for the sake of an annual stair-step of that revenue requirement, because the periodization between rate cases was understood to be too long a time to forego a change reflective of the assets’ depletion. Order 7522g ¶¶ 42-45 (Aug. 15, 2017). Therefore, while it may be true that typical utility assets’ fixed costs are fairly recovered, on average, through volumetric rates charged over many years, the Commission has already found that assumption is flawed with respect to these assets.

36. Like Mr. Schwartzberger, the MCC’s witness Mr. Donkin did not file testimony on the merits of this issue. Asked at the hearing a series of questions from his counsel, he stated that most businesses are generally not insulated from the risk of weather, and that decoupling could reduce the incentive of the utility to control costs. Hr’g. Tr. 151:10–20. The Commission fails to understand how the latter could be true. Decoupling has no direct impact on costs. It is a form of revenue regulation that holds a utility’s revenue constant to an approved revenue requirement. Indeed, a utility that succeeds in better controlling its costs will receive a more obvious reward under a decoupling regime than a utility which reduces its costs, but which may also be rewarded, or penalized, through the more random, less decisive attribute of throughput on its system. Likewise, the Commission is confused by the suggestion that most businesses cannot insulate themselves from weather risk. That is, as described above, one of the very specific functions the gas production assets serve: a hedge on weather-related volatility. The MCC’s testimony on this point is in fact testimony in favor of decoupling the gas production assets, because the assets’ rate design would be tied to their underlying purpose in abating risk.

37. In short, when the findings the Commission has already made in related dockets are taken together with the record evidence, as properly understood, in this proceeding, the evidentiary record appears to support a decoupling of the gas production assets' revenue requirement from sales volumes. Nonetheless, the Commission declines at this time to order this treatment. While requiring decoupling is conceptually justifiable, the mechanics of a decoupling tariff have not been properly vetted in the context of this docket. Among those details are the question of rate caps associated with the decoupling true-up and whether surcharges and rebates should be treated identically, which are two issues identified in the brief of HRC District XI and NRDC. HRC Post-Hr'g Br. 6 (Jan. 19, 2018). Additionally, as the Commission has previously required, any decoupling proposal should answer the following questions:

- Should decoupling be applied to particular types of assets, for example generation and production but not transmission and distribution?
- Should decoupling be “full” or “partial” decoupling?
- Should decoupling be “revenue per customer” decoupling or simply true up the approved revenue requirement?
- Should decoupling include an adjustment factor to the target revenue requirement (such as inflation less productivity)?
- Should decoupling include a requirement to file periodic general rate cases?

Order 7375a ¶ 46. While the record in this proceeding is sufficient to venture an answer to, or render redundant certain questions, these questions and those raised by HRC cannot receive a sufficient airing here. Without their resolution, the Commission finds it premature to conclusively order decoupling for these assets, or any others.

CONCLUSIONS OF LAW

38. All findings of fact that are properly conclusions of law are incorporated herein and adopted as such.

39. The Commission is responsible for the supervision, regulation, and control of public utilities pursuant to the provision of Mont. Code Ann. § 69-3-102 (2017). NorthWestern is a public utility subject to the Commission's jurisdiction. *Id.* § 69-3-101.

40. The Commission is “invested with full power of supervision, regulation, and control” of public utilities. *Id.* § 69-3-102.

41. The Commission may “do all things necessary and convenient” in the exercise of its powers. *Id.* § 69-3-103(1). The Commission may “regulate the mode and manner of all investigations and hearings of public utilities” before it. *Id.* § 69-3-103(2)(c).

42. As a public utility, NorthWestern is required to furnish reasonably adequate service at just and reasonable rates. *Id.* § 69-3-201 (“every unjust and unreasonable charge is prohibited and declared unlawful”).

43. Every public utility must file schedules with the Commission showing “all rates, tolls, and charges which it has established and which are in force at the time for any service performed by it within the state or for any service in connection therewith” *Id.* § 69-3-301(1).

44. Other than rate schedules that adjust certain state and local taxes and fees, a public utility may not change any rate schedule except as approved by the Commission or upon the passage of nine months. *Id.* § 69-3-302.

45. “The commission may, in its discretion, investigate and ascertain the value of the property of each public utility actually used and useful for the convenience of the public.” *Id.* § 69-3-109.

46. Before the Commission approves a rate increase, “or before any change may become effective due to the passage of nine months,” the Commission must provide notice of the proposed change and announce a hearing on the matter. *Id.* § 69-3-303(1).

47. Parties before the Commission may agree upon the facts or any portion thereof, “which stipulation shall be binding upon the parties thereto and may be regarded and used by the Commission as evidence at the hearing.” Although it is desirable that the facts be agreed upon, the Commission may require proof by evidence of the facts stipulated to, notwithstanding the parties’ stipulation. Mont. Admin. R. 38.2.4203.

48. The Commission authorized NorthWestern to use its ECOS model for Delivery Services in its next cost of service case. Order 7249e, Docket D2012.94, ¶ 61 (May 7, 2013).

49. NorthWestern filed an MCOS study for its natural gas production assets in compliance with Mont. Admin. R. 38.5.176; *supra* ¶ 15.

50. Rate design proposals must include testimony that describes the development and results, and provide supporting workpapers for each customer class rate design. Mont. Admin. R. 38.5.177. The testimony must also explain the purpose of the filing with the overall goals and objectives of the rate design proposals. *Id.* NorthWestern has met the requirements of this rule in this docket.

ORDER

IT IS HEREBY ORDERED THAT:

51. The Stipulation between NorthWestern, MCC, LCG, and HRC is APPROVED.

DONE AND DATED this 19th day of February, 2018, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION



BRAD JOHNSON, Chairman



TRAVIS KAVULLA, Vice Chairman



ROGER KOOPMAN, Commissioner



BOB LAKE, Commissioner

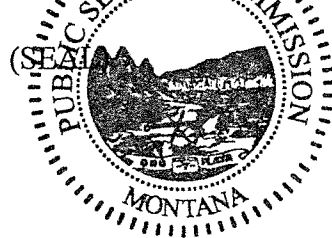


TONY O'DONNELL, Commissioner

ATTEST:



Rhonda J. Simmons
Commission Secretary



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Final Order issued on February 28, 2018 in Docket D2016.9.68 was served upon the following, by mailing a true and correct copy, via first class mail, on the 28th day of February, 2018, addressed as follows:

Robert Nelson
Montana Consumer Counsel
111 N. Last Chance Gulch, Ste. 1B
P.O. Box 201703
Helena, MT 59620-1703

Thorvald Nelson Nikolas Stoffel
Holland & Hart LLP
6380 S. Fiddlers Green Circle
Suite 500
Greenwood Village, CO 80111

Al Brogan
Ann Hill
NorthWestern Energy
208 N. Montana, Suite 205
Helena, MT 59601

Charles E. Magraw
501 8th Ave.
Helena, MT 59601

_____/s/Sydney Kessel_____
Sydney Kessel, Administrative Assistant

Email addresses

Montana Consumer Counsel

robnelson@mt.gov;
ssnow@mt.gov;
pschulz@mt.gov;
aclark154@yahoo.com;
john@jwwa.com;
motu100@aol.com;

Human Resource Council

c.magraw@bresnan.net;

Energy West Montana, Inc.

Cut Bank Gas Company
kdegenstein@egas.net;
jhenthorne@egas.net;

NorthWestern Energy

ann.hill@northwestern.com;
al.brogan@northwestern.com;
joe.schwartzberger@northwestern.com;
connie.moran@northwestern.com;

Large Customer Group

Energy West Montana, Inc.
Cut Bank Gas Company
tnelson@hollandhart.com;
nsstoffel@hollandhart.com;
aclee@hollandhart.com;
kmtrease@hollandhart.com;

pbourdon@shelterharbor.net;

pflynn@bamfunds.com;
japgar@bamfunds.com;