



2024 Annual Report

Public Service Commission



Table of *Contents*

4-5	President Statement
6	History of the PSC
6	Mission Statement
6	PSC Overview
7	Commission District Map
8	Commissioners
9	Management Team
10-11	Budget Report
12	Strategic Planning
13-14	Legal Division
15	Centralized Services
16-19	Regulatory Division
20	How The PSC Sets Rates
21	Gas and Electric Rate Summary
22-23	Regulatory Compliance
24	Pipeline Safety
25	Railroad Safety
26-29	FY2024 Performance Metrics
30	Communications and Outreach
31	Looking Ahead to 2025

President Statement

As President of the Montana Public Service Commission (“PSC”), I am pleased to present, along with my colleagues, Vice President Jennifer Fielder, Commissioner Randy Pinocci, Commissioner Tony O’Donnell and Commissioner Annie Bukacek, the agency’s 2024 Annual Report. The Report sets forth the many significant accomplishments of the PSC over the past year, as well as details the performance metrics of the agency as a whole.

In 2024, the PSC, one of the smallest state government agencies both in terms of employees (33) and budget (roughly \$5.1 million), continued to make a disproportionate, positive impact on the lives of Montana citizens relative to agency size. By every measure, the PSC improved not only its own internal operations, but also, in keeping with the agency’s mission, expanded its capacity and capability to ensure that regulated utilities operating within Montana do so in a safe, affordable, and reliable manner.

As the agency designated by the Montana Legislature to fairly regulate some of Montana’s largest and most specialized areas of commerce – energy, railroads, pipelines, waste hauling, and some telecommunications and water utilities – our strategic plan calls for increasing outreach efforts to both the public and regulated entities. To this end, and in keeping with the agency’s shared vision, in this past year, the PSC met its commitment to bring greater accountability and transparency to the agency’s decision-making processes by encouraging more public participation and by holding more public information sessions.

What is more, in a day and age where some government agencies regularly go beyond the authority granted to them by law, the PSC has properly confined its regulatory efforts to those areas of regulation and oversight expressly granted to it by the Montana Legislature or by federal law. Nowhere can this be seen more clearly than in the rulemaking efforts of the agency related to regulating climate change and the PSC’s strong opposition to the Federal Energy Regulatory Commission’s (“FERC”) still ongoing overreach effort (FERC order 1920) to improperly transfer transmission decision-making authority away from the individual states, including Montana, and to house such authority at the federal level without express congressional approval or authority.



Over the last 12 months, the Commission has also met its strategic goal of giving a greater voice for Montanans in regional and national energy planning efforts. This greater opportunity to voice interests and concerns is needed to ensure that Montana’s utility customers are not financially harmed by decisions that are coming from and directed by entities located outside of Montana’s borders.

President Statement, continued...

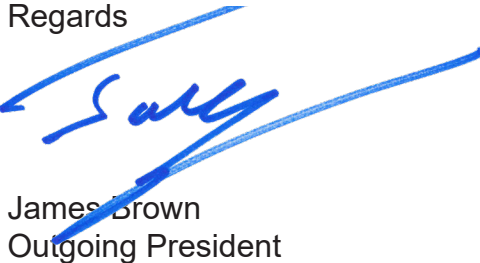
The hard work and efforts of the PSC team are also reflected in the adoption, after three years of thoughtful consideration and collaboration, by the Commission of new internal policies and procedures to guide management of the agency for the foreseeable future. But, even with the significant changes in strategy adopted by the Commission over the last four years and lessons learned over the past year, the Commissioners and staff remain laser focused on our “North Star” – which is the commitment to properly balance the interests of regulated businesses and the customers they serve.

To this end, the information contained within the PSC’s 2024 Annual Report lays out the agency’s activities for each of its three divisions – centralized services, regulatory affairs and legal affairs. When the 2024 report is read in conjunction with the PSC’s strategic plan for the 2021-2024 time period, the public will better understand how the five commissioners, working in conjunction with the very capable agency staff, have met our collective goal to make the agency a model of good governance.

As represented to the reader in prior annual reports, this report is not intended to be a complete review and summation of the PSC’s work over the past year. Rather, the report is intended to be an informative and insightful guide to agency performance, objectives and operations. We trust you will find the report useful when viewed through the proper lens.

In sum, as I conclude my four-year term on the Montana PSC, I am pleased to write that as the year 2024 comes to a close, the agency is in a better place than it was when I took office in January of 2021. To this end, I come off the Commission with a conviction within my heart that I have met my own personal goal as an elected official of effecting positive change for the Treasure State. And for this, I have to recognize the work, the efforts, and the positive collaborations of my Commission colleagues and agency staff, both past and present.

Regards



James Brown
Outgoing President

Disclaimer: This statement is written as a communication from PSC President James Brown. The statement does not necessarily reflect the views of the four other commissioners. However, I am certain I can speak on behalf of my colleagues to express the highest admiration and commendation to the capable and professional PSC staff that collected and provided the empirical information and research set forth in the Annual Report. To them, I say “thank you.”

History of the PSC

Regulation of public utilities in Montana has evolved from the 3-member Board of Railroad Commissioners created by the Legislature in 1907 to the present 5-member Public Service Commission. In the past, 3 commissioners were elected statewide to 6-year staggered terms, but in 1974 the Legislature expanded the commission to 5 members who are elected from regional districts to 4-year staggered terms. The commissioners elect a president and vice-president from among themselves every other year.

Mission Statement

It is the mission of the PSC to fairly balance the interests of regulated companies and the public they serve. It is the mission of the staff of the Department of Public Service Regulation to provide competent, professional support to the PSC in this endeavor.

PSC Overview

One of the smallest agencies in Montana state government, the PSC strives to ensure that ratepayers have continued access to utility services that are affordable, reliable, and sustainable for the long-term. In pursuit of this goal, the PSC regulates the rates and service quality for investor owned electric, natural gas, water, wastewater, and legacy telecommunication companies. Though they differ in form and function, companies in these industries all have one thing in common: they are monopolies with captive customers. It is the PSC's job to balance the interests of ratepayers who are concerned about utility rate increases with the need to maintain a financially sound utility that is capable of providing reliable service.

The PSC plays a vital role in protecting public safety by inspecting railroads and ensuring the integrity of intra-state natural gas pipelines.

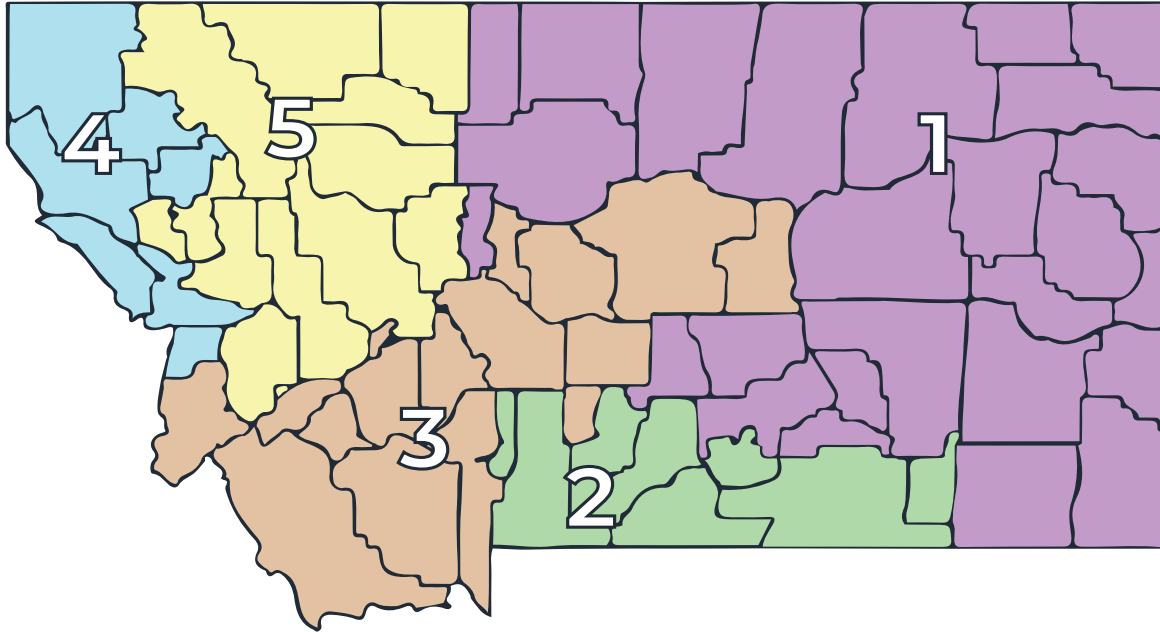
The PSC also provides limited oversight of motor carriers, including garbage haulers. Although the PSC is not authorized to regulate garbage rates or service quality, it does regulate the entry into and exit from the marketplace and works to resolve customers' assistance requests.



Commission District Map

Montana is divided into five Commissioner districts. The boundaries of each district are determined by house districts.

In an effort to allow citizens of Montana to easily identify their commissioner, the staff at the PSC has created an interactive feature on the PSC website that will identify PSC districts by city, town, and address. The new districts are generally depicted as follows:



Commission District #1 is comprised of the following House Districts: 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 43, 44, 45. This district encompasses part of Great Falls and part of Billings, running east across the highline and south along the North and South Dakota borders.

Commission District #2 is comprised of the following House Districts: 39, 40, 41, 42, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 61, 62. This district encompasses the majority of Billings and the eastern portion of Bozeman, running from Bighorn County along the Wyoming border to Gallatin County.

Commission District #3 is comprised of the following House Districts: 37, 60, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 77, 78, 79, 85, 86. This district encompasses all of Butte as well as the western portion of Bozeman and Helena, running from Ravalli County through to Petroleum County.

Commission District #4 is comprised of the following House Districts: 1, 2, 6, 8, 9, 10, 12, 13, 14, 87, 88, 89, 90, 93, 94, 95, 96, 97, 98, 100. This district encompasses the majority of Missoula, as well as portions of Kalispell, running from Lincoln County to the northern half of Ravalli County and along the Idaho border.

Commission District #5 is comprised of the following House Districts: 3, 4, 5, 7, 11, 15, 16, 17, 18, 24, 25, 76, 80, 81, 82, 83, 84, 91, 92, 99. This district encompasses the majority of Kalispell, as well as parts of Great Falls and Missoula. This district runs from Glacier and Toole Counties south to Powell and Lewis and Clark Counties.

Commissioners



Randy Pinocci, Commissioner District 1

Randy Pinocci was elected to serve on the PSC in November 2018. District 1 has changed twice since he was elected, and it currently has the most square miles of any PSC district. While serving as a commissioner, Randy is committed to a market-based approach to safe, reliable, and affordable utility infrastructure.



Tony O'Donnell, Commissioner District 2

Tony O'Donnell was elected to District 2 of the PSC in November 2016. His district encompasses the south-central portion of Montana. As a strong supporter of Economic Freedom, Tony is keenly interested in how regulators can apply Free Market principles to the mutual benefit of ratepayers, as well as regulated utilities.



President James Brown, District 3

James Brown was elected to the PSC in November 2020. He was elected Commission President shortly after being sworn into office.

James states that it has been both an honor and a privilege to have represented the people of the State of Montana for the last four years as the Commissioner from District 3. Jim stated that, as he finishes his time in office, he has satisfied the pledge he made to work diligently on behalf of Montana's hard-working families and to implement the changes needed to restore the reputation of the agency.



Vice President Jennifer Fielder, District 4

After serving Northwest Montana as a State Senator from 2013 - 2020, Jennifer was elected to serve a broader expanse of western Montana in 2021 as the Public Service Commissioner representing District 4.

In addition to eight years of vital legislative experience, Jennifer brings to the PSC more than two decades of planning, design, and project management experience, which included railways, pipelines, transmission corridors, public works, and Federal Energy Regulatory Commission project relicensing. She began her career as an engineering intern at a public utility which owned and operated four major hydroelectric projects.



Commissioner Annie Bukacek, District 5

Dr. Annie Bukacek was elected to the Public Service Commission November 8, 2022. Having been a leader in grassroots advocacy for Montanans for over a decade, her passion for advocacy has now shifted focus to protecting availability and access to reliable and affordable power, water, and other utilities. She is determined to face the facts squarely, as real solutions can only arise from honest evaluation of the problems.

Incoming Commissioner Brad Molnar of Laurel was elected as Commissioner of District 2 in November 2024 and will begin his term in January 2025.



Incoming Commissioner Jeff Welborn of Dillon was elected as Commissioner of District 3 in November 2024 and will begin his term in January 2025.



Management Team



Executive Director

MANAGES:

- Agency Coordinating Team (ACT)
- Centralized Services Division
- External Affairs
- Implementation of Adopted Strategic Plan & Policies
- Budget Planning
- Audit Compliance



External Affairs Coordinator

COORDINATES:

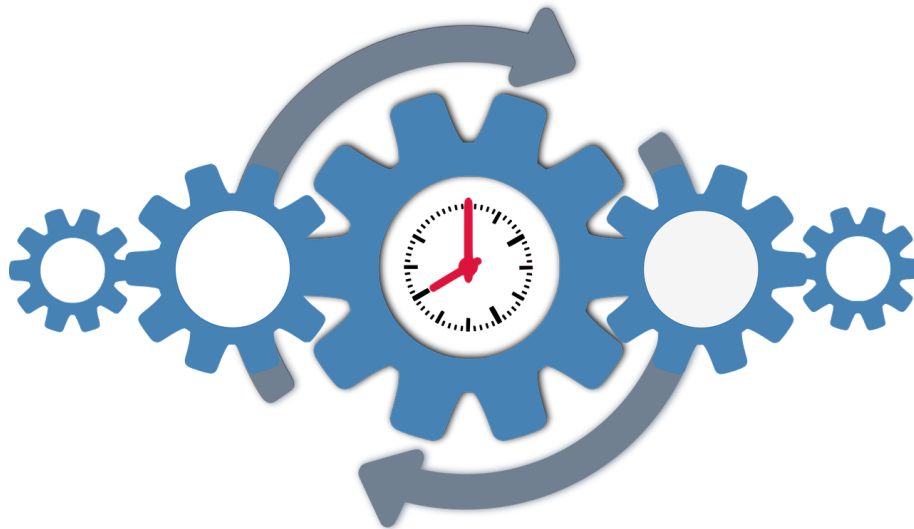
- Public Policy Analysis & Engagement
- Public Involvement
- Legislative Affairs
- External Communications
- Escalated Consumer Relations



Chief Regulator

MANAGES:

- Regulatory Division
- Utility Analysis
- Railway Safety
- Pipeline Safety
- Licenses & Permits
- Regulatory Compliance
- Consumer Assistance



Business Manager

MANAGES:

- Human Resources
- Day-to-day Fiscal Activity
- Payroll & Procurement
- Facilities & Furnishings
- ADA Coordinator
- Agency Finance, Budgeting, & Accounting
- Agency Procurement Officer (APO)/Contract Management
- Safety Team Coordinator



Commission Secretary

MANAGES:

- Executive Support
- Reception
- Information Technology
- Office Equipment
- Records Retention
- Inventory



Chief Legal Counsel

MANAGES:

- Legal Division
- Litigation Strategy
- Rulemaking
- Investigations

ACTS AS:

- General Counsel

Budget Report

The PSC strives to budget responsibly while ensuring the needs of ratepayers and customers can be met. In order to meet statutory requirements, as well as agency goals and objectives for the 2025 biennium, during the 2023 legislative session we requested and received additional budget appropriations for the equivalent of two full time employees, software license fees, computer replacements, retirement payouts, and funding for the agency's case management software, REDDI.

Upcoming budget requests for the 2025 legislative session include 2.5 FTE and appropriation of \$200,000 for integrated resource plan contracted services.

REDDI

The PSC REDDI software modernization ensures the unique business needs of the PSC are met. REDDI is a highly configurable software system for case management, data management, customer relations, and safety inspections. The system provides full functionality for legal, regulatory, and consumer relations dockets, plus railroad and pipeline inspections, an online public portal, and outlook calendaring and email integration, including data and case management.

Except for updates and minor system fixes, REDDI was essentially completed in FY 2024. The agency received HB 10 (2023) budget authority of up to \$1.496 million over the biennium. HB 10 (2023) provides funding for long-term information technology projects.

Annual REDDI Fees

REDDI has an annual license fee of \$144,676 in FY 2025. The cost of the license fee is adjusted each year based on the change to the Consumer Price Index. Agency computers are replaced using Department of Administration's 5-year guidelines.

REDDI software license fee appropriation:
\$308,000 for the biennium.

Computer Replacements

Computer replacement appropriation:
\$9,600 in FY 2025.

Retirement Payouts

The PSC estimated retirement payouts of leave balances of \$80,225 during the biennium and requested and received restricted authority for the potential payouts.



Budget Report, continued...

Fiscal Year 2024 Budget and Expenditures (July 1, 2023 - June 30, 2024)

State Special Revenue Fund HB 2

	Budget	Expenditures	Balance Remaining
Personal Services	3,966,998	3,755,678	211,320
Operating Costs	1,001,426	540,293	461,133
Rent/Debt Service	299,184	280,479	18,705
Total	5,267,608	4,576,450	691,158

REDDI IT Project HB 10

	Budget	Expenditures	Balance Remaining
Operating Costs	1,496,436	1,236,042	260,394

Pipeline Safety Federal Fund HB 2

	Budget	Expenditures	Balance Remaining
Personal Services	190,000	130,222	59,778
Operating Costs	78,568	10,630	67,938
Rent/Debt Service	5,192	4,936	256
Total	273,760	145,788	127,972

Strategic Planning

On August 30, 2022, the PSC adopted a Strategic Plan, spanning the period of 2021 to 2024. This plan incorporates 18 months of effort with invaluable input from commissioners, staff, legislators, the legislative auditor, and a management consulting firm. The plan is intended to set all aspects of the agency on a path to excellence. The Core Requirements of the plan are below, and the full plan can be found on the PSC's website at psc.mt.gov. Of the goals identified in the Strategic Plan, some have been fully implemented and some are a work in progress.

Core Requirements

Duty: It is the duty of the PSC to supervise and regulate the operations of public utilities, common carriers, railroads, and other regulated industries listed in Title 69 (MCA). Such regulation and supervision is limited by and shall be in conformance with Title 69. It is the duty of the staff of the Department of Public Service Regulation to provide competent, professional support to the PSC in this endeavor.

Mission: It is the mission of the PSC to fairly balance the interests of regulated companies and the public they serve. It is the mission of the staff of the Department of Public Service Regulation to provide competent, professional support to the PSC in this endeavor.

Vision: It is the vision of the PSC to lead by example in establishing the Department of Public Service Regulation as: A model of good governance, a great place to work, and the state's most credible source of information and guidance regarding the industries we regulate.

Goals:

Improve Organizational Structure --- Define leadership roles & responsibilities, establish chain of command, revise organizational rule, and establish leadership training and standards

Improve Centralized Services Fiscal Performance --- Increase competency, focus, and performance of fiscal staff, fully cover audit compliance responsibilities, reassign non-fiscal duties to non-fiscal staff, tighten policies and procedures, and enhance inventory system

Improve Internal Policies and Controls --- Revise internal operations and policy manual (blue book), perform annual risk assessment, create updated records management standards, and conduct cost/revenue analysis

Increase Regulatory Effectiveness --- Modernize electronic docket management system, increase staffing proficiencies, maintain sufficient staffing levels, ensure fully informed PSC actions, issue and defend sound PSC orders, and rebuild and enhance the railway safety program

Provide Beneficial Public Policy Solutions --- Proactively engage in public policy and rulemaking, ensure resource adequacy, participate in regional planning, build strong relations with Legislative and Executive branches, and provide meaningful public information and opportunities for public comment

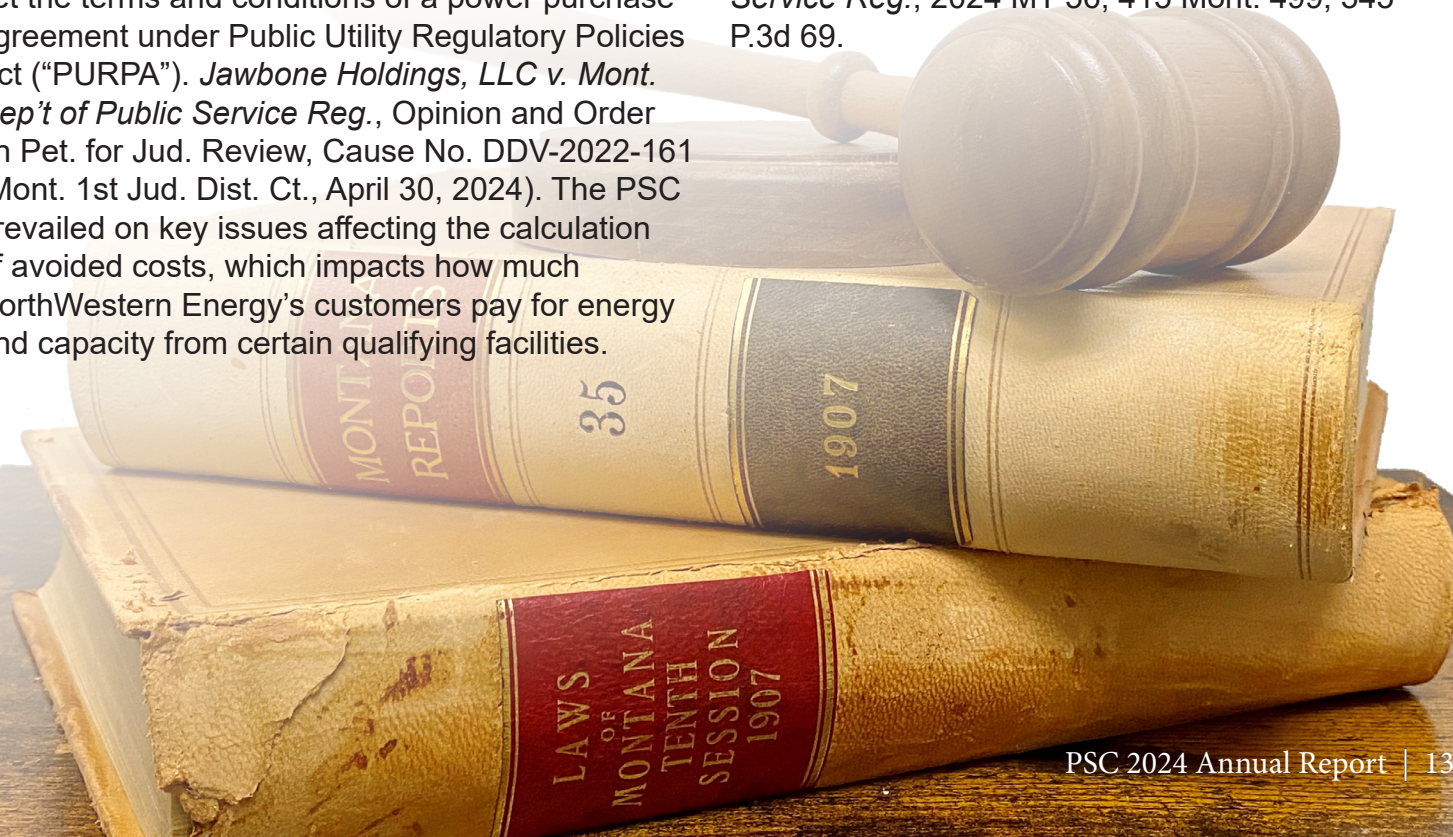
Legal Division

The Legal Division facilitates the Commission's legal and quasi-judicial proceedings and provides legal counsel to the Commission, and divisions, in matters requiring legal representation, interpretation, or opinion. Its activities include managing dockets before the Commission and related document intake and distribution; drafting Commission notices, orders, and decisions; drafting, revising, and managing administrative rules; conducting legal research; and acting as hearing officers for the agency.

Litigation

The Commission continued to have positive results in litigation in 2024. Orders and opinions issued in 2024 included:

1. A District Court Order affirming the Commission's interpretation of Montana Administrative Procedures Act ("MAPA") and applying it to a high-profile petition for rulemaking on environmental impacts from greenhouse gas emissions. *Families for a Livable Climate v. Mont. Dep't of Public Service Reg.*, Order Granting Mot. to Dismiss, Cause No. DV-24-525 (Mont. 8th Jud. Dist. Ct., Sept. 11, 2024). The Commission prevailed on a core dispute over the interpretation of MAPA, ensuring that it can use informal processes to gather broad public input on petitions for rulemaking.
2. A District Court Order affirming the Commission's decision on the majority of the issues disputed in a qualifying facility's petition to set the terms and conditions of a power purchase agreement under Public Utility Regulatory Policies Act ("PURPA"). *Jawbone Holdings, LLC v. Mont. Dep't of Public Service Reg.*, Opinion and Order on Pet. for Jud. Review, Cause No. DDV-2022-161 (Mont. 1st Jud. Dist. Ct., April 30, 2024). The PSC prevailed on key issues affecting the calculation of avoided costs, which impacts how much NorthWestern Energy's customers pay for energy and capacity from certain qualifying facilities.
3. A District Court Order affirming the constitutionality of the statutes regulating Class D Motor Carriers. *Noland v. State*, Order re: Cross Motions for Summary Judgment, Cause No. DV-22-1308(A) (Feb. 8, 2024). The decision allows the Commission to continue regulating entry into the garbage hauling industry as provided by statute.
4. A Supreme Court Opinion that reversed the Commission's decision to grant a waiver of NorthWestern Energy's obligation to purchase energy from community renewable energy projects, but also vacated a District Court's assessment of administrative penalties and affirmed the Commission's authority to assess administrative penalties in the first instance. *Mont. Environmental Info. Ctr. v. Mont. Dep't of Public Service Reg.*, 2024 MT 56, 415 Mont. 499, 545 P.3d 69.



Legal Division, continued...

Hearings

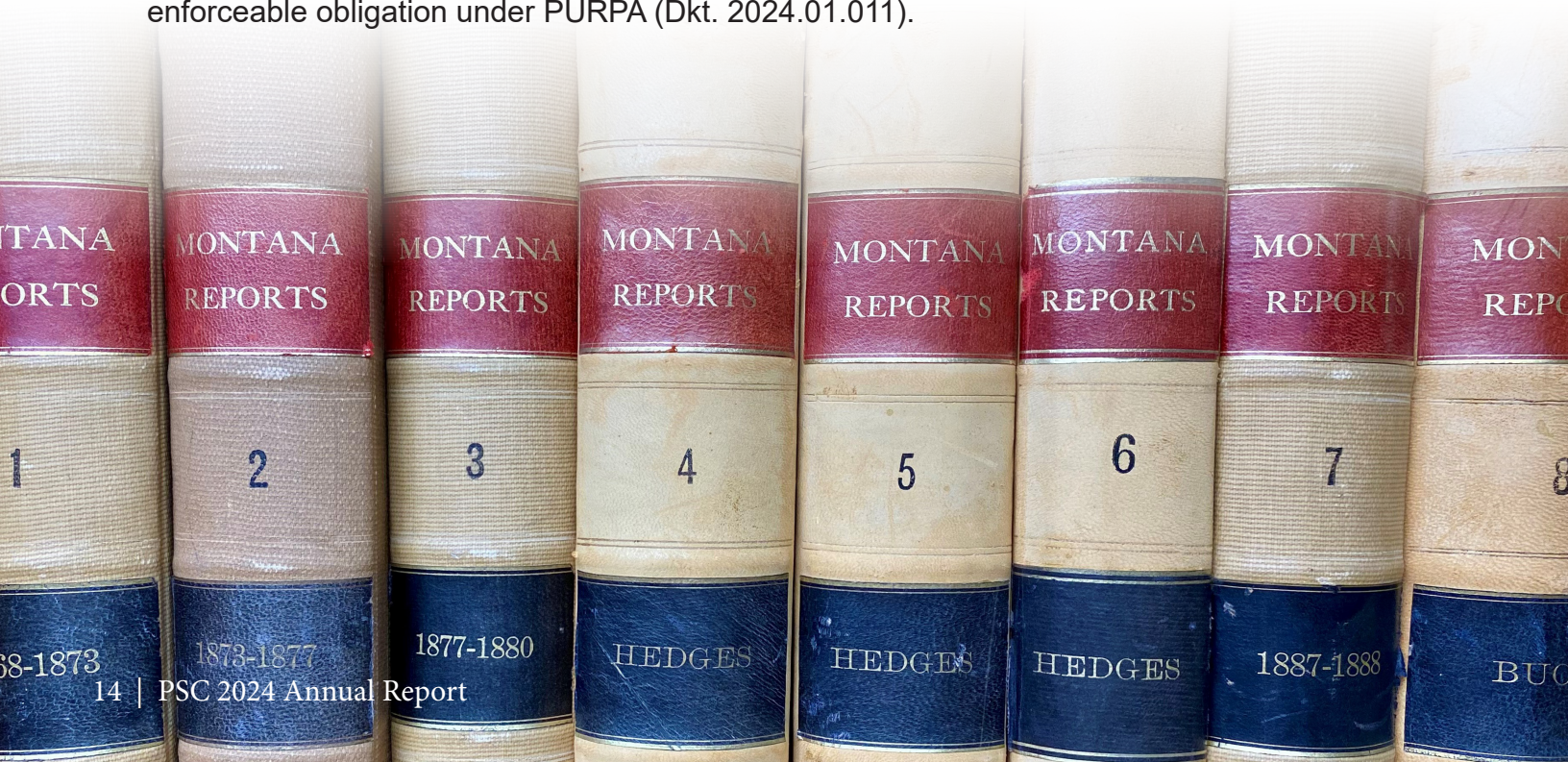
With support from its legal and regulatory staff, the PSC held several contested case hearings and listening sessions in 2024, including:

1. A three-day evidentiary hearing on MT Roll Offs, LLC's Application for a Class D Certificate of Public Convenience and Necessity (Dkt. 2023.07.064).
2. A three-day evidentiary hearing on Southeast Garbage, LLC's Application for a Class D Certificate of Public Convenience and Necessity (Dkt. 2024.02.027).
3. A two-day evidentiary hearing on NorthWestern Energy's Application to Update its QF-1 Tariff Rates and Terms (Dkt. 2023.08.076).
4. A one-day evidentiary hearing on Yellowstone Energy Limited Partnership's Petition to Set Terms and Conditions for a Qualifying Small Power Production Facility (Dkt. 2024.04.047).
5. A one-day evidentiary hearing on NorthWestern Energy's Annual Natural Gas Tracker Application for Interim and Final Rate Adjustments (Dkt. 2022.07.077).

Rulemaking

In 2024, the PSC amended only one rule, which eliminated the notarization requirement for motor carrier applications, making it easier for would-be carriers to apply for authority (MAR Notice No. 38-3-263). The Commission began informal rulemaking proceedings on two complex, and hotly contested rulemaking petitions, including:

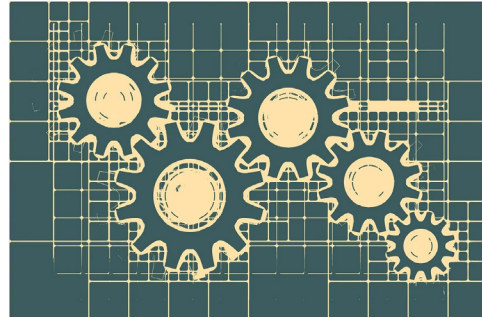
1. A petition from a coalition of environmental advocates asking the Commission to adopt a new rule governing the consideration of climate impacts in its decision-making process (Dkt. 2024.03.028).
2. A petition from NorthWestern Energy seeking to modify the standard for creating a legally enforceable obligation under PURPA (Dkt. 2024.01.011).



Centralized Services

The Centralized Services Division (“CSD”) provides operational guidance and mission-critical support for the entire agency. CSD employees administer:

- Agency Accounting, Budgeting, and Payroll
- Human Resources
- Contract Management and Procurement
- Information Technology
- Executive and Agency Support
- Facilities and Inventory
- Records Retention



Highlights

- ☞ Remained fiscally responsible and complied with state and federal financial accounting requirements, budget, procurement, contracts, and travel policies.
- ☞ Information Technology (“IT”) staff member earned the Certified Pega Senior System Architect certification.
- ☞ IT staff worked with developers to upgrade the REDDI application and learned new configurations of the system.
- ☞ Finalized and published the Internal Policy Manual along with updating strategic plan initiatives.
- ☞ Upgraded camera equipment to better facilitate business meetings that were live streamed for the public.
- ☞ Planned and managed training for all staff including IT and REDDI trainings.
- ☞ Received acknowledgement for providing exceptional service by the commissioners and received the Team Governor’s Award for 2024.
- ☞ Recognized staff members for reaching dedicated years of service with the Public Service Commission.
- ☞ Increased retention of staff and employee job satisfaction.
- ☞ Passed the Department of Administration’s 2024 Classification Audit with zero errors.
- ☞ Maintained the PSC’s website and managed a new and complex system security.
- ☞ Provided technical support and resolved over 500 actionable support tickets.
- ☞ Compiled and timely distributed materials for all meetings.
- ☞ Completed agency IT equipment and furnishings inventory.
- ☞ Facilitated more than 40 meetings that were live streamed for the public.
- ☞ Maintained accurate accounting reporting and had no state or federal policy violations.

Regulatory Division

The Regulatory Division conducts financial, economic, and technical analyses of the operations of regulated public utilities and common carriers; administers tariffs; performs railroad and pipeline safety inspections; monitors compliance; manages enforcement; assists consumers of regulated services; drafts and implements commission rules, orders, and other directives; administers applications for operating authority; participates in regional market and transmission forums; assists with developing and modifying regulations and policies; and advises the commission regarding all of these matters.

The Regulatory Division is comprised of four programs/teams:

1. **Economic and Financial/Accounting Analysts** – (9 FTE) Economic Analysts assist in interpretation and application of public policy, analyze utility costs of service and long-range planning, and develop rate design recommendations.

Financial/Accounting Analysts analyze operating costs, revenue requirements, and performance of regulated entities.

2. **Pipeline Inspectors** – (3 FTE) This unit performs safety inspections on intrastate natural gas lines and storage facilities.
3. **Railroad Inspectors** – (2 FTE) These specialists perform safety inspections on locomotives, freight cars, and railway fencing.
4. **Regulatory Compliance Specialists** – (4.5 FTE) This group provides consumer assistance and public outreach functions, and administers applications from regulated motor carriers, telecommunications carriers and water and sewer companies.



Regulatory Division, continued...

CenturyLink

In 2024, the PSC continued its investigation in Docket 2021.12.136 into the quality of service provided by CenturyLink to customers in rural parts of its service area. In May, the PSC authorized the appointment of PSC staff to engage in negotiations with CenturyLink and the Montana Consumer Counsel. A proposed settlement was presented to the PSC in November. The PSC requested input from CenturyLink customers and the public regarding the reasonableness of the settlement. On December 10, 2024, the Commission approved the settlement, under which CenturyLink agreed to offer customers receiving service from certain antiquated telecommunications facilities \$3000 towards the cost of switching to an alternative communications provider. The settlement also requires CenturyLink to meet specified service quality and outage restoration requirements.

ETC Status

In 2024, the PSC granted Eligible Telecommunications Carrier (“ETC”) status to 10 qualified carriers. That status afforded those carriers access to Federal Universal Service Funds (“USF”) to enhance and improve services in Montana. In 2024, Montana ETCs will receive estimated USF payments of more than \$176 million.

Energy Resource Planning and Acquisition

The PSC also continued its participation in the Special Select Committee on Energy Resource Planning and Acquisition established by the 68th Montana Legislature (2023) through the membership of PSC President James Brown. In May, the Committee forwarded a recommendation for changes to Montana statutes

governing electric utility integrated resource planning to the Energy and Telecommunications Interim Committee (“ETIC”). Among other things, the changes include requirements for an independent evaluator for competitive solicitations used to procure new electric generating resources and a 120-day deadline for the PSC to evaluate a utility’s filed integrated resource plan. The ETIC adopted a bill draft for the upcoming 69th Legislature based on the Select Committee’s recommendation.

NorthWestern Energy

In January 2024, the PSC completed its work on a combined electric and natural gas rate case filed by NorthWestern Energy (“NWE”) in 2022, in Docket 2022.07.078. The PSC issued its Final Order 7860y in October 2023 and subsequently received three motions for reconsideration in November 2023. The PSC issued its Order on Reconsideration 7860z on January 24, 2024, granting in part and denying in part the motions for reconsideration.

The PSC upheld its approval of a settlement agreement reached by a subset of parties in the case. The PSC also required NWE to file bill affordability calculations annually and engage stakeholders on low-income concerns, alternative ratemaking methodologies, and demand side management.



Photo credit Jackie Crepeau

Regulatory Division, continued...

MEIC Rule Making

In March 2024, in Docket 2024.03.028, the Montana Environmental Information Center (“MEIC”) filed a petition for rulemaking requesting the PSC to adopt rules requiring consideration of the impacts of its decisions on the environment and human health, including climate change. The PSC initiated an informal rulemaking process and held a public hearing in April. The PSC extended the public comment deadline to July and invited MEIC and the public to respond to a number of questions the PSC identified regarding the petition. MEIC submitted responses to the questions in November. The PSC continues to analyze the proposed rule, public comments, and MEIC’s responses to the questions.

Energy West Montana and Cut Bank Gas Company Acquisition

In August 2024, NWE, Energy West Montana (“EMW”), and Cut Bank Gas Company (“CBGC”) jointly filed an application in Docket 2024.08.088 requesting the PSC to approve NWE’s acquisition of certain assets and liabilities of EWM and CBGC. If approved, EWM and CBGC would no longer operate as public utilities in Montana after the transaction closes and NWE would become the gas distribution services provider for EWM and CBGC’s customers. The PSC anticipates holding a public hearing on this matter in February 2025.

NorthWestern Energy

In April 2024, the PSC finalized its review of NWE’s 2023 Electric Integrated Resource Plan in Docket 2022.11.102. The PSC contracted with a consultant, Mitsubishi Electric Power Products, Inc. (“MEPPI”), to evaluate the capacity expansion model used by

NWE to identify the best types of resources to acquire, and when to acquire them, to maintain reliable service at the lowest possible cost. The PSC received over 450 public comments on the 2023 Plan. MEPPI concluded that NWE’s model, PowerSIMM, is an adequate tool for developing resource plans, but identified several ways in which NWE’s use of the model could be improved. The PSC’s evaluation determined that the 2023 Plan provides useful information and insights into the efficiencies of regional coordination. The PSC also identified several concerns with how NWE uses PowerSIMM, engages with stakeholders, and documents its decision-making processes.



**Hearings and
Listening Sessions
Held**

11

**Dockets
Initiated**

119

Regulatory Division, continued...

NorthWestern Energy

In May 2024, NWE filed a combined electric and gas rate case in Docket 2024.05.053 requesting an annual revenue increase of \$156M for electric, \$28M for gas, and \$119M for electric Power Costs and Credits Adjustment Mechanism base revenue. NWE supplemented its application twice after the PSC determined the initial filing did not meet minimum filing requirements. The PSC ultimately deemed the application adequate in September. If approved, NWE estimates its proposed rates would increase the average electric residential customer's monthly bill by \$9 and the average natural gas residential customer's monthly bill by \$8. The PSC anticipates holding a public hearing in April 2025.

PURPA

The federal Public Utility Regulatory Policies Act ("PURPA") requires electric utilities to buy power from qualifying facilities ("QFs"), often renewable generators. The PSC sets the price when the QF and utility can't agree. The price must reflect the utility's cost of alternative energy, called "avoided cost." In 2024, the PSC processed several PURPA dockets, including: 2024.07.071

a request by NWE to use an alternative method to demonstrate avoided costs under Federal Energy Regulatory Commission regulations, 2022.07.073 setting rates for Colstrip Energy Limited Partnership, a waste coal facility (settled), and 2024.04.047 setting rates for Yellowstone Electric Limited Partnership, a petroleum coke facility. In February, NWE filed a petition for rulemaking asking the Commission to address how an existing QF creates a legally enforceable obligation under PURPA in Docket 2024.01.011. The Commission held a hearing in September and will finalize the rulemaking in January 2025. In March, the PSC approved uncontested updates to MDU's standard rates for small QFs in Docket 2023.10.090. In October the Commission held a hearing on NWE's application to update its standard rates for small QFs in Docket 2023.08.076. The Commission will rule on this case in 2025.

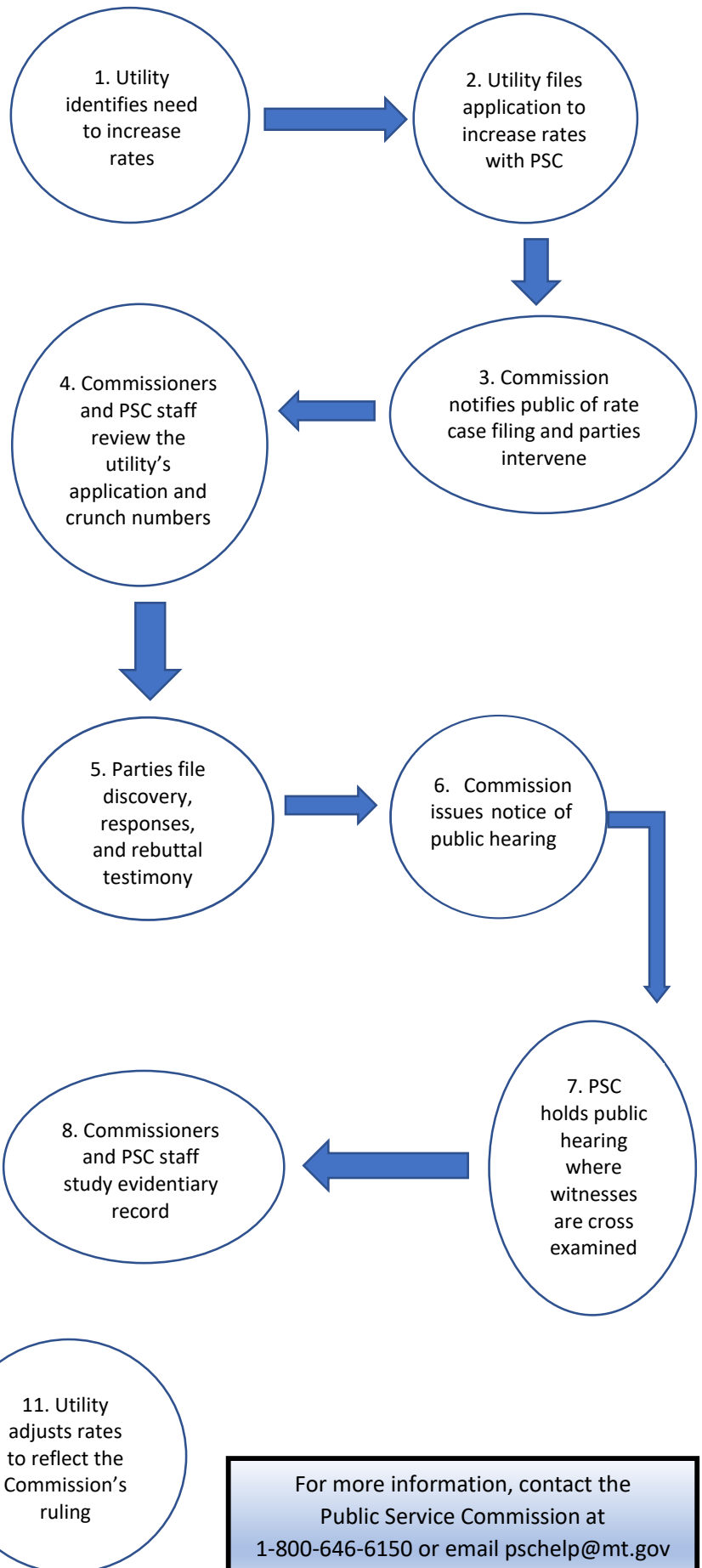


Photo Credit Amanda Webster

How The PSC Sets Rates

How the Montana Public Service Commission sets rates for the state's regulated utilities:

- A *typical rate case* filed with the Commission is processed within nine months of the utility's application.
- Intervenors are given multiple opportunities to file discovery, responses, and rebuttal testimony.
- The public has an opportunity to weigh in before the Commission.
- Witnesses are cross examined during a public hearing before the Commission and parties file post-hearing briefs and responses.
- After the hearing, Commissioners and PSC staff study the evidentiary record, staff makes a recommendation, and the Commissioners deliberate during a public work session.
- Finally, the Commission issues its final order, and the utility adjusts its rates accordingly.



For more information, contact the
Public Service Commission at
1-800-646-6150 or email pschelp@mt.gov

Gas and Electric Rate Summary

2024 Residential Rate Summary (as of the 1st day of each month)

	NWE Gas (therm)	MDU Gas (dkt)	EWM Gas (ccf)	NWE Electric (kwh)	MDU Electric (kwh)
January					
Total Rate	\$.7140319	\$5.9155	\$.52059	\$.134609	\$.117856
Supply Rate	\$.2977251	\$4.489	\$.24905	\$.078445	\$.04365
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
February					
Total Rate	\$.7299919	\$5.5735	\$.50668	\$.134609	\$.117856
Supply Rate	\$.3136851	\$4.147	\$.25872	\$.078445	\$.04365
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
March					
Total Rate	\$.7403919	\$5.2905	\$.4933	\$.134609	\$.126006
Supply Rate	\$.3240851	\$3.864	\$.23483	\$.078445	\$.0518
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
April					
Total Rate	\$.7157919	\$5.2905	\$.44093	\$.143575	\$.113626
Supply Rate	\$.2994851	\$3.864	\$.1816	\$.087411	\$.03942
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
May					
Total Rate	\$.6876634	\$4.8355	\$.41265	\$.143575	\$.108526
Supply Rate	\$.2756051	\$3.409	\$.15376	\$.087411	\$.03432
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
June					
Total Rate	\$.6093834	\$4.8355	\$.39981	\$.143575	\$.124076
Supply Rate	\$.1973251	\$3.409	\$.14083	\$.087411	\$.0299
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
July					
Total Rate	\$.6982693	\$5.1475	\$.36407	\$.141157	\$.119916
Supply Rate	\$.2857251	\$3.721	\$.10502	\$.084929	\$.02574
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
August					
Total Rate	\$.6633593	\$5.1475	\$.3629	\$.141157	\$.114526
Supply Rate	\$.2508151	\$3.721	\$.10528	\$.084929	\$.02035
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
September					
Total Rate	\$.6606293	\$4.8915	\$.3745	\$.141157	\$.117156
Supply Rate	\$.2480851	\$3.465	\$.11681	\$.084929	\$.02298
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
October					
Total Rate	\$.6562473	\$5.0925	\$.41954	\$.132918	\$.097276
Supply Rate	\$.2437031	\$3.666	\$.12902	\$.076677	\$.02307
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
November					
Total Rate	\$.6576193	\$ 5.0925	\$.47961	\$.132918	\$.096406
Supply Rate	\$.2450751	\$3.666	\$.18756	\$.076677	\$.0222
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day
December					
Total Rate	\$.7047409	\$5.6055	\$.47156	\$.121934	\$.100476
Supply Rate	\$.2228539	\$4.179	\$.17967	\$.065693	\$.02627
Service Chg	\$6.50/month	\$.30/day	\$6.73/month	\$4.20/month	\$.19/day

Regulatory Compliance

The Regulatory Compliance Unit is a quasi-freestanding work unit within the Regulatory Division. The members of this team have a broad range of responsibilities, including:

- Responds to consumers and negotiates disputes between regulated companies and their customers;
- Facilitates public comment and access to Commission proceedings;
- Researches, interprets, and audits utility compliance with state laws, administrative rules, utility tariffs, and commission and utility policies;
- Assesses and prepares reports of consumer assistance requests, including findings and resolution;
- Recommends corrective actions for violations of laws, rules, tariffs, or policies;
- Processes registrations and insurance compliance documents;
- Coordinates with staff on dockets and evaluates testimony or comments from parties;
- Examines and evaluates applications by motor carriers for operating authority;
- Examines and evaluates rate applications from water and sewer utilities for conformance with industry specific ratemaking regulations;
- Examines, evaluates, and makes recommendations regarding applications from telecommunications providers;
- Monitors and evaluates the use of numbering resources by telecommunications carriers;
- Coordinates with staff on dockets and evaluates testimony or comments from parties;
- Assists with development and dissemination of consumer information, public relations, meeting notices, press releases, education materials, and other approved materials through social media, and website, and other approved media; and
- Cross-trains with and provides backup coverage for receptionist, document processing, commission meetings, and other support as needed.

4.5 FTE

Staffing

2,677

Requests for Assistance

1,386

Public Comments

6 +/- per week

Social Media Posts

28

New Telecommunications Registrations

Regulatory Compliance, continued...



The Regulatory Compliance team fields hundreds of calls a month. Callers bring up a wide variety of topics. Below is just a sampling of questions that come up during these calls. To learn answers to these questions and more, visit our website at psc.mt.gov or call our team at (800) 646-6150.



I have a satellite company for my TV service, and they don't offer local channels anymore. How can they get away with taking those channels from us?

What are all these charges on my phone bill?

Why do I have to pay the power company for supply AND distribution? Isn't that double-charging?

My HOA wants to raise my water rates. Can you stop them from doing this?

My line extension request from the gas company includes a Contribution in Aid of Construction charge. What is that?

The utility company wants me to pay a deposit to get new service. What are my options?

My phone company is now charging me to get a paper bill. Why are you allowing that?

I am on oxygen and can't have my power shut off. If I get behind on my bill can the power company shut me off?

What can I do to save money on my phone or power bills?

Do I really have to pay the utility to test my meter?

All I see when I look out my window is a huge cell tower. Who do I talk to about getting them to move it?

Why do I have to pay the utility company's property taxes?

My internet provider won't work with me to get better speeds. Can you help?

Why doesn't the PSC regulate cooperative and municipal utilities?

My Caller ID displays a local phone number, but I know the person calling me is from out of this country. How can they do this?

Can my power company really shut off my service in the winter?

I don't understand how net metering works. Can you explain it?

I'm switching to a new phone company and wonder if I will be allowed to keep the phone number I've had for 30 years.

My propane company won't deliver to my home unless I agree to a full fill. Please help me!

I want to get my electric service from a different company, but my company says I can't because of something called the "Territorial Integrity Act." Is that true?

Why do I now have to dial 406 every time I make a phone call?

Does the PSC get involved in landlord-tenant problems?

Do you regulate cable TV?

Pipeline Safety

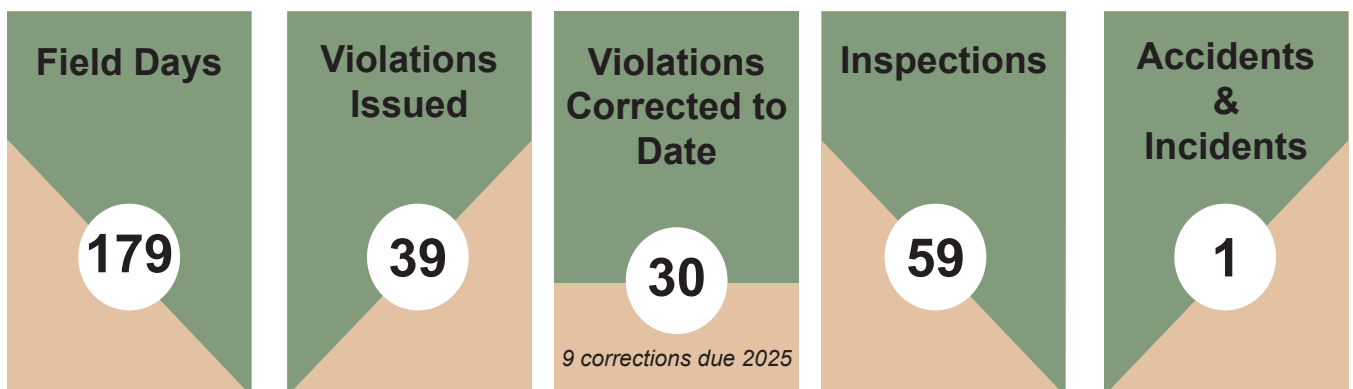
Another unit within the Regulatory Division, the Pipeline Safety program ensures the safe construction, operation, and maintenance of intrastate gas pipelines in Montana. This is accomplished through inspection, enforcement, education, and accident investigation. The primary responsibility of the program is protecting the public from the potential dangers of transporting gas by pipeline. Facilities inspected include gas transmission pipelines that move gas cross-country to our cities and towns, gas distribution mains under our streets, natural gas storage facilities, and service lines that deliver gas to businesses and homes. In addition, the “pipeline network” comprises above ground facilities including compressor stations, pressure regulating stations, and control rooms where utilities remotely monitor and operate their systems.



Safety inspections are conducted in the field when pipeline operators are constructing and repairing pipelines and in the file rooms and offices of pipeline operators. Every operations and maintenance task a utility employee performs on the pipeline system has a corresponding written procedure and a record that documents the task. These procedures and records are routinely reviewed by PSC inspectors to ensure compliance with the regulations.

The Pipeline Safety Program maintains a database that tracks days and inspections. In addition, as part of the certification process with the US Department of Transportation and the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), the PSC’s program is evaluated annually by PHMSA using certain metrics and performance measures to ensure the program is meeting its requirements and goals. This evaluation includes in-office evaluations of goals, objectives, compliance and training. It also includes a field portion to observe PSC engineers conducting proper field inspections.

The PSC participates in the Federal Pipeline Safety Program, with three inspectors responsible for enforcing federal and state pipeline safety regulations. The PSC achieved perfect scores in audits by the federal PHMSA for pipeline and storage program requirements.



Railroad Safety

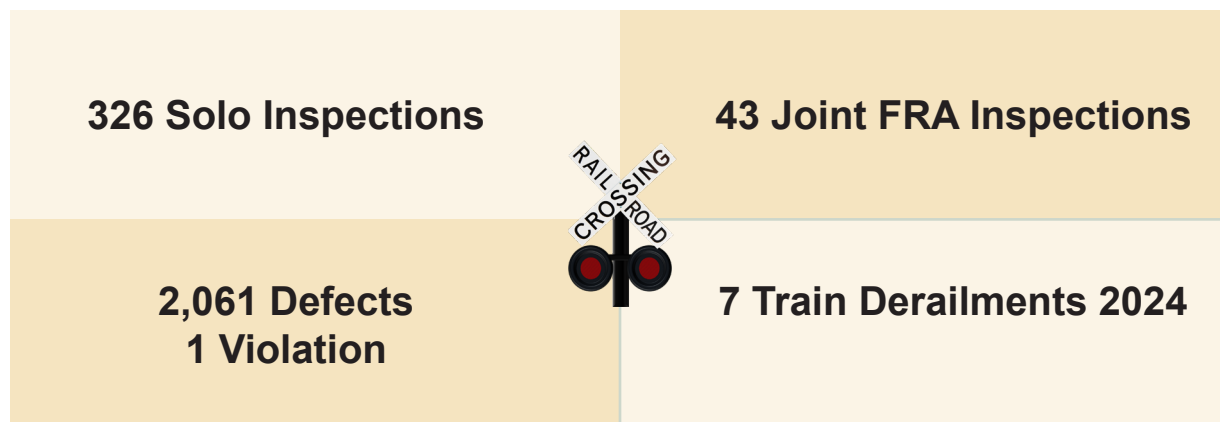
The Regulatory Division's Railroad Safety Program works under an agreement with the Federal Railroad Administration to ensure railroad operations in Montana are conducted safely. The Program's primary objective is the protection of the public from hazards related to railroad operations, including the impacts to people, property, and the environment from derailments and other accidents. The PSC's certified inspectors enforce safety regulations on all types of locomotives and freight cars. The Program regulates compliance through rigorous equipment inspections, investigation, and accident analysis. The Program conducts regular inspections of railroad companies' rolling stock and service and maintenance logs. Inspections are conducted on railroad company property, including repair facilities, yards, and sidings, and in accordance with state and federal safety regulations codified in Title 49 in the Code of Federal Regulations ("CFR") and Title 69 of the Montana Code Annotated.

PSC inspectors complete mandatory annual training to maintain certification, which includes instruction on emerging industry technologies such as electronic braking systems. The PSC's certified Motive Power & Equipment inspectors are proficient in enforcing regulatory requirements regarding crashworthiness, pneumatic braking systems, fire safety, glazing, draft systems, and wheel metallurgy. In addition, inspectors perform inspections to facilitate the safe movement of damaged or otherwise noncompliant equipment.



The Program develops annual data-driven inspection plans designed to address assessed risk exposure based on analysis of historical derailment and accident data. However, the Program also adjusts inspection efforts in response to real-time surveillance of relevant railroad company performance measures. PSC inspectors prioritize enforcement of regulations directly related to factors that contribute to derailments such as wheels, draft gears, and power brake equipment. The Program is evaluated

annually by a Federal Railroad Administration Specialist ("FRA") regarding inspection days, defect documentation, and inspection report errors.



FY2024 Performance Metrics/Outcomes and Outputs

In 2023, the PSC published our Annual Performance Plan, setting out measurable performance metrics, along with preferred outcomes and outputs with respect to each initiative. The PSC finalized its Annual Performance Report in November 2024. We are happy to present the outcomes and outputs with respect to the performance measures identified in the 2023 Annual Performance Plan.

Regulatory and Legal Division

Because the Regulatory and Legal Division work in tandem to process applications from regulated companies, the outcomes and outputs for these two divisions are combined.

▶	Total orders issued:	92
	Default orders	22
	Interim orders	7
	Final orders:	18
	Reconsiderations	2
	Order to show cause	1
	Procedural orders	42
▶	Notices of Commission Action:	23
▶	Dockets Initiated:	115
▶	Staff analysis memoranda issued:	39
▶	Staff prehearing fact sheets issued:	3
▶	Listening Sessions:	6
▶	Rulemaking Hearings:	1
▶	Public Hearings:	4
▶	New Petitions for Judicial Review:	0
▶	District Court Arguments:	2
▶	Public Records Requests:	7

In its 2023 Annual Performance Plan, the Commission identified average times to process various procedural steps in contested cases as one method of tracking performance. That data is reported in the table below for all dockets opened between July 1, 2023, and June 30, 2024.

Number of Days . . .	Average (All Dockets)	Std. Dev.
From Filing to Initial Notice	26	25.32
From Initial Notice to Procedural Order	46	23.04
From Filing to Conclusion of Process	86	80.04
From Conclusion of Process to Disposition	40	34.63
From Filing to Disposition	122	84.92

FY2024 Performance Metrics, continued...

For purposes of this analysis:

- » The filing date is the day the docket was first opened, even if the docket was opened with an incomplete filing. After the filing date, Commission staff must review the filing to determine whether it is complete and in compliance with relevant Commission rules.
- » The initial notice date is the day the Commission provided public notice of the filing. Depending on the nature of the filing, the Commission will provide notice on its weekly agenda, in a document entered into REDDI, and/or in a legal notice published in a newspaper of general circulation in the area affected by the filing. The initial notice may set a deadline for comments and/or intervention.
- » The procedural order date is the day the Commission staff published an order outlining the planned procedure and schedule for the docket. Not all dockets require procedural orders, and not all procedural orders contemplate a full contested case process, including a hearing. Many dockets begin with limited procedural orders that allow for discovery and set deadlines by which parties may request additional process, including hearings. Before issuing procedural orders that schedule hearings, Commission staff typically requests proposed schedules from the parties.
- » The conclusion of process is either the deadline for parties to request additional process, or the deadline for parties to submit final briefs or other materials for the Commission's consideration. After this date, the matter is considered submitted for the Commission's decision. Alternatively, this date may reflect the withdrawal of an application by the original filer, which often ends the docket.
- » The disposition is the date the docket is formally closed. A docket may be closed in a variety of ways, including through the issuance of a final order, an order on reconsideration, or a default order. Default orders are issued when no issues are disputed by the parties. The Commission has delegated authority to its staff to prepare and issue default orders, unless any Commissioner requests that the Commission vote on the matter. Alternatively, some dockets are deemed approved by operation of statute or administrative rule, in which case they are closed automatically.

Timelines and procedures for dockets vary widely based on the needs of the parties and the complexity of the issues involved. For example, dockets with limited procedural orders are generally resolved much faster than dockets with full procedural schedules:

Number of Days . . .	Dockets with Limited Process		Dockets with Full Process	
	Ave.	Std. Dev.	Ave.	Std. Dev.
From Filing to Initial Notice	27	26.7	23	22.4
From Initial Notice to Procedural Order	43	14.1	51	30.0
From Filing to Conclusion of Process	78	71.8	173	86.3
From Conclusion of Process to Disposition	43	33.0	31	29.8
From Filing to Disposition	114	74.3	204	110.1

The nature of the issues and the parties' positions determine whether a docket can be processed with limited procedures. The Commission generally accommodates parties' requests for additional process.

FY2024 Performance Metrics, continued...

Regulatory Compliance / Consumer Services:

- Entered 2,728 new consumer assistance cases into REDDI (The DPSR's document tracking system);
- Processed 1,902 public comments;
- With very limited exceptions, acknowledged all calls, e-mails, and letters within 24 business hours;
- Follow-up on open cases did not occur at least once every 8 business days in all cases due to staff workload. Processes are being put into place to comply with this performance measure in the future;
- The program strives to process public comments within 5 business days. In FY 2024, there was one instance in which the volume of comments submitted overwhelmed staff's ability to process them all in the 5-day period, despite redeployment of staff resources from other workload;
- All new telecommunications registrations were acknowledged within 24-hours and processed within 3 business days; and
- Applications from telecommunications, water/sewer, and motor carriers were all timely processed.

Railroad Safety:

- Conducted 342 inspections (268 inspection days);
- Identified 2,200 Non-compliant Defects;
- Reported 62 Accidents / Incidents, compared to 79 Accidents / Incidents in FY 2023;
- Participated in the Operation Lifesaver program;
- Participated in the State Emergency Response Committee;
- Actively engaged with the National Association of State Rail Safety Managers;
- Actively engaged with federal inspectors and conducted multiple joint inspections and audits;
- Created an annual inspection plan, targeting the highest risk locations based on previous data, and focused oversight and enforcement efforts on those highest risk locations;
- Collaborated monthly with Federal Railroad Administration and Montana Disaster and Emergency Services coordinators to identify safety risks/trends; and
- Participated in Local Emergency Planning Committee meetings.

FY2024 Performance Metrics, continued...

Centralized Services:

- System load times – We do not have system performance data from our previous case management system, EDDI; however, internal and external users have reported greater satisfaction with performance in our new case management system, REDDI;
- All SITSD security audits were passed, with some needed improvements identified. Those improvements are being actively worked on;
- Public participation is increasing on a regular basis – As of 10/11/2024 our REDDI system has 2,991 credentialed public users;
- Members of the public used the REDDI system 48 times to submit requests for assistance (1.76% of the total requests for assistance) and 63 times to submit public comments in dockets (3.31% of total public comments);
- A desk reference guide has been created and is consistently used by staff;
- Workflow processes and checklists are used regularly;
- Bi-weekly staff meetings are held;
- Performance reviews for Fiscal Year 2024 were complete; and
- Facilitated trainings (Know Be 4, EEO, Lunch & Learn).

Pipeline Safety

The Pipeline Safety program does not have a means of measuring performance on a fiscal year basis as it relies on a federal reporting system. For calendar year 2023, this program:

- Achieved a total 179 field inspection days (federal requirement for 2023 was 170);
- Completed a total of 75 inspections;
- Issued 4 violations;
- Enforced the correction of 11 violations;
- Reported no accidents or incidents; and
- Achieved perfect scores in audits by the federal Pipeline and Hazardous Materials Safety Administration for pipeline and storage program requirements.

Communications and Outreach

The PSC published 17 press releases during 2024.

The PSC is active on social media with several posts per week. Follow us on Facebook and X (formerly Twitter) for happenings at the PSC, information related to utilities and regulation, and a fun Fact Friday every week!

The PSC contact information is published on billing statements and other communication sent to consumers by regulated companies. Consumer requests for assistance are fielded and addressed promptly.

The PSC continues to maintain a wide array of public involvement opportunities and notices which are posted weekly on the Commission agenda.

The PSC website has a wealth of information about dockets, compliance materials, consumer tips, outage maps, reports, open positions, agency news releases, and much more.

Fact Friday

The monthly service charge on your power bill covers expenses that are not usage-sensitive, such as bill and payment processing, meter reading, having a customer service center, etc. This charge does not fluctuate based on usage.



psc.mt.gov

Fact Friday

The tallest utility poles in the world are 1,137 feet tall



psc.mt.gov

nextexitlogistics.com

Looking Ahead to 2025

NorthWestern Energy entered into an agreement to acquire Energy West Montana from Hope Utilities (Docket 2024.08.088). A decision in that case is anticipated in 2025.

The PSC will be conducting public hearings on MDU's natural gas rate case application (2024.05.061) and NorthWestern Energy's gas and electric rate case application (2024.05.053) in the spring of 2025 with final commission decisions expected in the fall of 2025.

The PSC is currently reviewing Montana-Dakota Utilities' most recent electric integrated resource plan. The PSC will set a public comment deadline, host public meetings, and issue its own comments on the plan in 2025.

NorthWestern Energy is expected to file its next electric integrated resource plan in late 2025.

At the request of NorthWestern Energy, the PSC initiated a rulemaking proceeding to address how an existing Qualifying Facility ("QF") creates a legally enforceable obligation under the Public Utility Regulatory Policies Act of 1978. A decision in this rulemaking (Docket 2024.01.011) is due in January.

NorthWestern filed an application (Docket 2023.08.076) asking the PSC to update the standard rates paid to certain QFs with nameplate generating capacity of three megawatts or less. A decision in this case is expected in 2025.

Legislation

The PSC is working on five agency bills in advance of the 2025 legislative session. The bills include proposals to:

1. adjust deadlines for class D motor carrier proceedings;
2. revise the Montana Telecommunications Act;
3. increase thresholds for railroad accident reporting;
4. adjust penalties for blocked railroad crossings; and
5. amend telecommunications provider registrations.

The PSC continues to work with legislators on the Energy and Telecommunications Interim Committee's bill to provide additional resources to expand the agency's rail safety program. The expansion of the railway program would satisfy recommendations from the Legislative Audit Division made in 2021.

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