

Montana Consumer Counsel

11/14/19 STATUS OF CASES

NWE – [2019.09.058](#) - Annual Power Costs and Credits Adjustment Mechanism Filing, filed 9/3/19. This is the first annual power cost true-up pursuant to the recently approved revised tracker mechanism. It covers power costs and credits and demand side management supply costs for the period 7/19-6/20. Requests recovery of \$22,718,059, including \$7,389,585 unrecovered QF costs, for typical bill increase of 3.41%.

- Notice of Application and Intervention Deadline issued 10/21/19.
- MCC Petition to Intervene filed 11/8/19.

NWE – [2019.02.008](#) (D2019.2.8) - Petition of Grizzly Wind, LLC to Set Terms and Conditions for Qualifying Facility, filed 2/4/19. Grizzly Wind (Grizzly) is a proposed 80 MW wind facility in Stillwater County, owned by Building Energy Development US, LLC and developed by Optimum Renewables, LLC. Grizzly provided NWE an executed Power Purchase Agreement to sell its output at \$24.79/MWh, subject to requested “upward adjustments.”

- Notice of Petition and Opportunity to Intervene issued 2/6/19.
- MCC Petition to Intervene filed 2/20/19.
- Procedural Order No. 7660 issued 2/28/19.
- [MCC Testimony of Jaime Stamatson](#) filed 4/11/19: summarizes the avoided cost calculations and concludes the May 2018 calculations relied upon by Grizzly are too stale; agrees with method used to calculate avoided capacity costs; supports continuing to allow QF retention of renewable energy credits (RECs) to account for environmental benefits; supports 15 year contract length; NWE should be required to identify ancillary service costs based on current costs.
- NWE corrected intervenor testimony filed 6/6/19, proposing avoided energy costs of \$17.40/MWh in the hourly model and \$23.21/MWh in the monthly model.
- Grizzly Wind Rebuttal testimony filed 5/23/19, revising requested avoided cost payments to \$51.42/MWh around-the-clock.
- Hearing held 6/11-13/19.
- Notice of Commission Action issued 7/8/19, consolidating with D2019.2.9 (Black Bear) and recaptioning D2019.2.9.
- Final Order No. 7661c issued 8/12/19: agrees that hourly modeling is preferable, but finds it insufficiently supported in the record; finds insufficient evidence to support a declining heat rate; finds insufficient evidence to support NWE’s 30-day averaging of market forecasts; Commission finds merit in condition 3 valuation, but declines to adopt due to lack of evidence associated with hourly data; rejects CO2 adjustment, leaving RECs with Grizzly; due to data concerns, commission relies on earlier 5/30/18 NWE avoided cost calculation, adopting base avoided cost

of \$24.38 around-the-clock; finds avoided capacity costs calculated 5/18 to be reasonable; determines NWE's 4/18 variable energy resources study to be best source for ancillary service regulation up requirement calculation; approves fixed 5% capacity factor; NWE's proposed interconnection upgrade costs lack sufficient support; adopts 15 year contract term.

- Grizzly Wind and Black Bear Wind Motion for Reconsideration filed 8/22/19, arguing that 2018 deductions should be applied to the May 2018 avoided cost calculation, or avoided cost should be updated to 2019.

- Order on Reconsideration, No. 7661d, issued 9/23/19: finds that calculations of avoided energy, capacity and ancillary costs do not have to be contemporaneous; increases capacity value to \$2.57/MWh due to greater support in record.

NWE – [2019.09.067](#) – Petition of CED Pondera Wind, LLC, to Set Terms and Conditions, filed 9/16/19. Pondera is a proposed 20 MW wind Qualifying Facility project in Teton County petitioning the Commission to set terms and conditions for a power purchase agreement with NWE. Pondera seeks 25 year contract for payment of \$46.68/MWh Around the Clock for energy and \$3.40/MWh for capacity in all hours, and entitlement to carbon adder of \$6.27/MWh.

- Notice of Petition and Opportunity to Intervene issued 9/24/19.

- MCC Petition to Intervene filed 10/8/19.

- Procedural Order No. 7699 issued 10/11/19. Hearing set 1/22/20.

- NWE Motion for Reconsideration of Procedural Order filed 10/21/19.

- Revised Procedural Order No. 7699a issued 10/23/19.

NWE – [2019.09.066](#) – Petition of CED Teton County Wind, LLC, to Set Terms and Conditions, filed 9/16/19. Teton is a proposed 19.2 MW wind Qualifying Facility project in Teton County petitioning the Commission to set terms and conditions. Teton seeks 25 year contract for payment of \$46.65/MWh Around the Clock for energy and \$2.55/MWh for capacity in all hours and entitlement to carbon adder of \$6.27/MWh.

- Notice of Petition and Opportunity to Intervene issued 9/24/19.

- MCC Petition to Intervene filed 10/8/19.

- Procedural Order No. 7698 issued 10/11/19. Hearing set 2/3/20.

- NWE Motion for Reconsideration of Procedural Order filed 10/21/19.

- Revised Procedural Order No. 7698a issued 10/23/19.

- Notice of Commission Action issued 10/25/19, consolidating with Docket 2019.09.067.

NWE – [2019.10.076](#) – Petition of CED Wheatland County Wind, LLC, to Set Terms and Conditions, filed 10/4/19. Wheatland is a proposed 75 MW wind Qualifying Facility project in Wheatland County petitioning the Commission to set terms and conditions. Wheatland seeks 25 year contract for payment of \$43.23/MWh Around the Clock for energy and \$2.22/MWh for capacity in all hours and entitlement to carbon adder of \$6.27/MWh beginning 1/1/28.

- Notice of Petition and Opportunity to Intervene issued 10/10/19.

- MCC Petition to Intervene filed 10/24/19.

- Procedural Order No. 7702 issued 10/31/19. Hearing set 2/10/20.

NWE – [2019.11.0__](#) – Petition of Apex Solar LLC and Apex Solar II LLC, to Set Terms and Conditions, filed 11/8/19. Apex Solar and Apex Solar II are two 80 MW solar Qualifying Facility projects in Beaverhead County petitioning the Commission to set terms and conditions.

The projects assert Legally Enforceable Obligations as of 7/12/19, entitlement to 25 year contracts and \$3/MWh carbon adder. Apex I seeks avoided cost of \$41.07/MWh Around the Clock, while Apex II claims \$39.31/MWh. Projects state that they are willing to accept an earlier avoided cost calculation provided by NWE and based on 15 year levelization of \$35.65 and \$34.12 ATC for I and II, respectively. Projects request an “appropriate” avoided capacity cost payment to be estimated in future submissions.

NWE – [2019.06.034](#) – Petition of Caithness Beaver Creek, LLC, to Set Terms and Conditions for Qualifying Facility, filed 6/12/19. Pursuant to MCA, 69-3-603 Caithness has filed this new application to determine terms and conditions for two separate 60MW QF wind projects with 20 MW battery storage: Beaver Creek Wind II and III, located in Sweetgrass and Stillwater Counties. Petition asserts that Caithness is entitled to a 25-year contract at \$58.18/MWh in heavy load hours and \$38.46/MWh in light load hours for energy, and levelized capacity prices of \$152.07/kWh/year. Proposed total around the clock avoided cost is \$49.10/MWh. Caithness claims an LEO as of 5/2/19.

- Notice of Petition and Opportunity to Intervene issued 6/18/19.
- MCC Petition to Intervene filed 7/1/19.
- MCC Testimony of Jaime Stamatson filed 8/21/19: noted concerns with use of Typical Meteorological Year data to model avoided cost of energy and that the model results were double recent determinations of avoided energy cost; observes that the avoided cost of capacity value used is dated and that there is a wide discrepancy in capacity contribution estimates; supports measure and pay approach for avoided cost of capacity; urges carbon cost estimates not be added but project owners retain the Renewable Energy Credit values; states 25 year contracts are risky for ratepayers and provides examples of 15 year term agreements.
- Hearing held 10/21-24.

NWE – [2019.09.059](#) - QF-1 Tariff Update, filed 10/4/19. This is NWE’s application for periodic updates to the QF-1 default tariff that applies to qualifying facilities 3 MW or less. The tariffs provide two options: Option 1 provides fixed rates for agreements up to 15 years separately calculated for solar, wind and hydro; option 2 provides a Mid-C market based rate for terms up to 15 years. Proposed option 1 rates range from \$.00725/kWh for off-peak wind to \$.05355/kWh for on-peak hydro. NWE proposes to calculate avoided cost using hourly PowerSimm modeling for energy and an AERO turbine for capacity.

- Notice of Application and Intervention Deadline issued 11/8/19.

NWE – [2019.08.052](#) – 2019 Electricity Supply Resource Procurement Plan, filed 8/20/19.

- Notice of Electricity Supply Procurement Plan, Opportunity to Comment, and Public Meetings issued 10/25/19. Written comments due 11/20/19, public meetings at 1:30 and 5:00 p.m., 12/9/19.

NWE – [2018.07.046](#) – Annual Gas Cost Tracker, filed 6/3/19. This is an annual proceeding to true up gas commodity costs, reflecting a deferred gas cost balance for the year ending June 30, 2019, and projected costs for year ending 6/30/20. Deferred balance reflects a net over collection of \$57,430. The filing also requests recovery of Gas Transportation Adjustment Clause of \$680,057. Gas cost decrease from \$2.36 to \$2.34. Res. Rate from \$6.32 to \$6.30.

- Notice of Application and Intervention Deadline issued 6/14/19.

- Interim Order No. 7679 issued 6/28/19, approving requested rates on interim basis.
- MCC Petition to Intervene filed 7/12/19.
- Procedural Order No. 7678a issued 8/1/19.
- NWE Supplemental Testimony filed 9/12. Responding to MCC data requests NWE discovered an error that had resulted in a net \$657,379 over-collection. Revised rates result in .89% typical bill decrease. Proposed rate adjusted to \$6.26.
- Interim Order No. 7678b issued 10/25/19, approving requested rates on interim basis.

NWE – [2018.07.046](#) – October gas tracker, filed 9/16/19. Gas increase from \$2.25 to \$2.28. Res. Rate from \$6.19 to \$6.23.

NWE – [2018.07.046](#) – November gas tracker, filed 10/15/19. Gas decrease from \$2.28 to \$2.19. Res. Rate from \$6.23 to \$6.14.

HPC – [2019.07.042](#) – Farmstead Customer Rate Adjustment, filed 7/31/19. This is the annual rate adjustment filing of the Havre Pipeline Company for its farmstead customers served under easement provisions. HPC proposes a 6.8% decrease from \$.9256/Mcf to \$.8628/Mcf.

- Notice of Application and Intervention Deadline issued 9/25/19.
- MCC Petition to Intervene filed 10/16/19.
- Procedural Order No. 7703 issued 11/5/19.

MDU – [2019.11.086](#) – Application for Deferred Accounting Treatment, filed 11/1/19. MDU requests deferred accounting treatment of costs related to retirement of Lewis & Clark 1, Heskett 1, and Heskett 2 coal-fired power plants in March 2021 and 2022. MDU has concluded these units are not economically viable in the MISO market, and estimates total deferred costs of approximately \$16 million which it proposes to amortize over 15 years.

MDU – [2019.06.036](#) - October Electric Cost Tracker – Rate 58. Filed 9/18/19. Decrease of .011¢/kwh secondary – total fuel and purchased power in tariff is \$0.02531/kwh.

MDU – [2019.06.036](#) - November Electric Cost Tracker – Rate 58. Filed 10/16/19. Increase of .031¢/kwh secondary – total fuel and purchased power in tariff is \$0.02562/kwh.

MDU – [2019.09.064](#) - Annual Gas Cost Tracker, filed 9/6/19. In this annual filing MDU requests a true-up of gas costs for the year ended September 2019. Net effect is \$.016/dk increase for Residential class.

- Notice of Application and Intervention Deadline issued 9/23/19.
- Interim Order No. 7694 issued 9/26/19, approving requested rates on interim basis.
- MCC Petition to Intervene filed 10/10/19.

MDU – [2019.04.020](#) - Annual Conservation Program Tracker, filed 3/29. MDU seeks approval to continue a conservation tracker surcharge of \$.014/dkt to recover \$140,342 for the year ending April 30. 2019.

- Notice of Application and Intervention Deadline issued 4/10/19.
- MCC Petition to Intervene filed 5/2/19.
- Procedural Order No. 7667 issued 5/24/19.

- Interim Order No. 7667a issued 10/30/19, approving application on interim basis.

WBI Energy Transmission – FERC Docket No. RP19-165-000 – Gas Transmission Rate Increase, filed 10/31/18. WBI provides the bulk of gas transmission services to MDU and costs are passed on through MDU trackers. WBI is requesting a \$34 million increase for a total revenue requirement of \$129 million. WBI requests an authorized Return on Equity of 14.5% and overall Rate of Return of 10.9% based on an equity ratio of 64%. The filing proposes a rate discount mechanism that would hold the company harmless for revenue impacts, and a Straight Fixed-Variable method to allocate costs and design rates. WBI further requests a Capital, Environmental and Safety Cost Recovery Mechanism (CESCRM) rate surcharge and tracker.

- MCC Motion to Intervene and Protest filed 11/14/18.

- Commission Order Accepting and Suspending Tariffs and Establishing Hearing Procedures issued 11/30/18.

- Order Scheduling Prehearing Conference issued 12/6/18.

- Prehearing Conference held 12/13/18.

- Order Establishing Procedural Schedule issued 12/14/18.

- WBI Motion filed 5/28/19 for expeditious approval to place interim settlement rates into effect pending filing and approval of settlement agreement. Requests effective date of 5/1/19, replacing Motion (Interim) rates. FT-1 rate (Firm Transportation) would be reduced from \$11.41/Dk to \$9.84/Dk (14%).

- Order of Chief Judge granting Motion for interim implementation of settlement rates issued 5/30/19.

- Settlement filed 6/28/19: Approximately \$16 million increase; WBI will not file a new Section 4 rate case for a period of 2 years; WBI will file for new rates no later than 8/1/24 and will not seek a modernization tracker prior to then; specifies depreciation rates and excess accumulated deferred income taxes of \$33,164,281.

- Administrative Law Judge Certification of Settlement issued 8/15/19.

- FERC Order Approving Settlement, 168 FERC ¶ 61,219, issued 9/30/19.

EWM – [2019.08.047](#) - Petition for Accounting Order, filed 8/7/19. EWM requests an accounting order authorizing deferral of 2019 property tax expenses due to changes in DOR's taxing methodology. EWM was informed 1/19 that it would be centrally assessed, increasing tax expense by \$571,178 over 2018 expense of \$960,013, due to centrally assessed property tax rates.

- Notice of Petition and Intervention Deadline issued 8/23/19.

- MCC Petition to Intervene filed 9/6/19.

- Procedural Order No. 7696 issued 10/9/19.

EWM – [2018.04.023](#) – October gas tracker filed 9/23/19. Res. rate decrease to \$4.17/Mcf.

EWM – [2018.04.023](#) – November gas tracker filed 10/24/19. Res. rate increase to \$4.34/Mcf.

Cut Bank Gas – [2019.03.018](#) – Annual Gas Cost and USB True-Ups, filed 3/29/19. Cut Bank Gas seeks approval of a \$.07977/Mcf credit to return a \$16,327 gas cost over-collection, and a \$.04162/Mcf surcharge to recover an \$8,266 under-collection of USB costs.

- Notice of Application and Intervention Deadline issued 4/11/19.

- MCC Petition to Intervene filed 5/2/19.
- Procedural Order No. 7669 issued 5/29/19.
- Interim Order No. 7669a issued 9/17/19, approving requested rates on interim basis.

Cut Bank Gas – [2019.08.048](#) - Petition for Accounting Order, filed 8/7/19. CBG requests an accounting order authorizing deferral of 2019 property tax expenses due to changes in DOR’s taxing methodology. CBG was informed 1/19 that it would be centrally assessed, increasing tax expense by \$41,983 over 2018 expense of \$22,890, due to centrally assessed property tax rates.

- Notice of Petition and Intervention Deadline issued 8/29/19.
- MCC Petition to Intervene filed 9/20/19.
- Notice of Commission Action issued 10/1/19, consolidating with EWM Docket No. 2019.08.047

Williams Water Works – [2019.03.013](#) – Application for Purchase and Sale, filed 2/6/19.

- Williams requests authorization to sell its water system in the Kalispell area to AP Williams, LLC.
- Notice of Application and Intervention Deadline issued 4/11/19.
- Notice Consolidating with [2019.03.014](#), Application to Continue Standard Rates, issued 4/11/19.
- MCC Petition to Intervene filed 5/28/19.
- Procedural Order No. 7676 issued 6/26/19.
- MCC Request for Additional Process filed 8/16/19.
- Notice of Staff Action amending procedural Schedule issued 8/21/19.
- MCC Testimony of Paul Schulz filed 10/17/19: sale of a utility should not justify extension of standard rates which are considered interim for the purpose of collecting information; analyzed revenue requirement based on operating ratio methodology due to lack of rate base; calculates \$28.96/mo. flat rates for residential users and \$24.17/mo. for commercial users, and volumetric rates of \$1.36/thousand gallons for volumetric rates.

HLH, LLC – [2018.09.063](#) - Application to Increase Water Rates, filed 9/28/18. HLH requests a \$156,952 (32%) increase for water service in its Big Sky service area.

- Notice of Application and Intervention Deadline issued 10/2/18.
- MCC Petition to Intervene filed 10/18/18.
- Procedural Order No. 7642 issued 11/2/18. Hearing set 6/5/19.
- HLH/MCC Stipulation filed 1/23/19, agreeing to revenue requirement increase of \$140,157 based on 9.5% equity return.
- Firelight Meadows Condominium Owner’s Association Motion for Late Intervention granted 2/20/19.
- Procedural Order No. 7642a issued 3/1/19.
- Notice of Additional Issues served 4/16/19: Affiliated interest transactions, Debt financing agreements, and Capital structure support.
- Hearing held 6/5/19.
- HLH/MCC/FLM Stipulation filed 6/20/19, agreeing to revenue requirement increase of \$120,157.
- Proposed Order No. 7642b issued 7/16/19, approving 6/20/19 Stipulation.
- Final Order No. 7642b issued 9/24/19, approving Stipulation.

North Star Development – [2010.06.060](#) – Application for Water and Sewer Rate Increase, filed 1/23/19. This application results from the Commission’s notification that North Star must file for replacement of its standard rates previously approved. North Star requests an \$8600 (3.6%) increase, raising monthly water and sewer rates to \$41.00 and \$30.55, respectively.

- Notice of Application and Intervention Deadline issued 1/30/19.
- MCC Petition to Intervene filed 2/20/19.
- North Star amended application filed 3/25/19 based on an engineering report requesting, monthly water and sewer rates of \$124.02 and \$76.89 respectively.
- Notice of Commission Action issued 4/24/19, finding North Star’s Application fails to satisfy minimum filing requirements because it does not report cost of net utility plant in service; allows 30 days to refile and suggests considering operating ratio method.
- Notice of Staff Action issued 5/17/19 extending refile deadline to 6/22/19.
- North Star Supplementation of Application filed 6/21/19. North Star seeks to amend its annual reports for 2014-2017, and revises its rate increase request to \$1,732,369, increasing flat rates for water from \$40/mo. to \$297.70/mo., and sewer rates from \$30.00/mo. to \$189.76/ mo.
- Notice of Application and Intervention Deadline issued 7/24/19.
- Procedural Order No. 7105d issued 8/21/19. Hearing set 1/29/20.
- MCC testimony of Paul Schulz filed 11/13/19: Recommends total revenue requirement of \$231,873 with combined monthly water/wastewater rates of \$49.72 (\$28.41 water and \$21.31 sewer) and continuation of \$2/1000 gallon volumetric charge over 10,000 gallons per month; removes \$12,500 management fee no longer paid; caps rate case expense at \$30,000 initial estimate and amortizes over 5 years; explains that irrigation usage is not unregulated; normalizes ancillary revenues; discusses history of North Star’s reported rate base, explains why engineering estimate of rate base value is inappropriate, supports utility plant value of \$1,211,762 reported in 2017, reduced for depreciation and used and useful disallowance; reduces rate base by \$123,678 to reflect non-use of land; removes unamortized regulatory expense from rate base; explains why income tax expense is not allowable for passthrough entities and why grossing up the allowed ROE to reflect taxes is similarly incorrect; recommends 9.8% ROE with a capital structure of 98.29% debt and current debt cost of 5.99%.

CenturyLink – 2019.10.0__ - Petition to Amend ARM 38.5.3302 and 3371(7), filed 10/23/19. Qwest and CenturyTel, dba CenturyLink, filed a rulemaking petition seeking to amend the definition of Force Majeure events that excuse service quality compliance and to modify service quality requirements so that 1) the 6 per 100 line monthly trouble report limit be applied statewide rather than per exchange, and 2) the 24 hour limit for clearing 90% of trouble reports be modified by a factor of the carrier’s largest year-end line count divided by most current year-end line count.

Citizens Telecommunications Co. – [2019.06.039](#) – Joint Application to Transfer Control of Citizens from Frontier Communications Corp. to Northwest Fiber, LLC, filed 6/28/19.

- Northwest Fiber (NF) and Frontier Communications request that the PSC decline to assert jurisdiction over the transfer of Citizens Telecommunications Company to Northwest Fiber, or find that the transfer is consistent with the public interest. NF asserts it has developed a plan to improve the network serving Montana, Idaho, Washington and Oregon, and that it will preserve and enhance traditional voice services. NF is owned by NWF Holdco, which in turn will be

owned by investment funds WaveDivision Capital VII, LLC, and funds affiliated with Searchlight Capital Partners, L.P. Citizens serves 4,700 access lines in Montana.

- Notice of Application and Intervention Deadline issued 7/30/19.
- MCC Petition to Intervene filed 8/19/19.
- Procedural Order No. 7690 issued 8/30/19. Hearing set 12/11/19.
- MCC testimony of Dr. Robert Loube filed 10/10/19: recommends imposing conditions to ensure 1) no harm to consumers, and 2) network upgrades to match the FCC's broadband benchmark. Recommended conditions include: 1) not tying purchase of voice grade service to purchase of internet access service, 2) complying with PSC service quality standards, 3) committing to \$10 bill credit to all customers in months where service quality requirements not met, 4) providing service quality reports, 5) committing to annual meetings in Libby and Troy to discuss service quality, 6) providing operational support system (OSS) at least as functional as current system to satisfaction of third party reviewer, 7) meeting Frontier's Connect America obligation to ensure at least 2,303 locations in designated census blocks have 10 Mbps downstream and 1 Mbps upstream service (10/1), 8) upgrading core network links within 5 years to 1 Gigabit speed, 9) upgrading distribution network so that at least 90% of locations in service territory have minimum speeds of 25/3 Mbps over 10 year period, 10) reporting on annual milestones and providing \$10 monthly bill credit when milestones not met.

PSC – [2019.09.065](#) – Investigation into Implementing SB 244, issued 9/13/19.

- Notice of Roundtable and Request for Comments issued 9/13/19. PSC requested comments related to implementation of SB 244 requirement that cost tracking adjustments provide identical treatment of utilities.
- Notice of Roundtable cancellation issued 10/29/19.