



March 29, 2024

Mr. Will Rosquist
Chief Regulator
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

**RE: Docket No. 2024.01.003
Natural Gas Universal System Benefits Charge Rate Adjustment**

NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) submits its Application for Interim and Final Approval of the 2024 Natural Gas Universal System Benefits (“USB”) Charge Rate Adjustment and Natural Gas Share of Wallet calculation to the Montana Public Service Commission (“Commission”). NorthWestern requests approval to adjust rates for service on and after May 1, 2024, on an interim basis and, after Commission consideration, approval to adjust rates permanently.

This filing includes the Application and the following exhibits:

- **Exhibit A** – Presents a Fact Sheet discussing the Natural Gas USB activities and expenditures for calendar year 2023, the forecasted 2024 Natural Gas USB budget, and the derivation of the proposed 2024 Natural Gas USB charge (“USBC”) rates by class including the workpapers supporting the filing (Appendices A, B, and C).
- **Exhibit B** – Presents NorthWestern’s Natural Gas Share of Wallet calculation.
- **Exhibit C** – Presents a redlined version of Tariff Sheet No. 40.1 to establish USBC rates for the respective customer rate classes to be effective on May 1, 2024.
- **Exhibit D** – Presents a clean version of Tariff Sheet No. 40.1.

The USBC rates proposed in this filing result in a decrease by customer class as shown in the following table:

<u>Rate Classes</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Residential	\$ 0.0069788	\$ 0.0027303	(\$ 0.0042485)
General Service	\$ 0.0069788	\$ 0.0027303	(\$ 0.0042485)
Tier 1	\$ 0.0036274	\$ 0.0014191	(\$ 0.0022083)
Tier 2	\$ 0.0069788	\$ 0.0027303	(\$ 0.0042485)



The decrease for a typical residential customer using 100 therms of natural gas per month is \$0.43 per month or \$5.16 per year on their total bill. The actual change will depend on each customer's type and usage.

This filing will also be provided to the Montana Consumer Counsel.

NorthWestern's employee responsible for answering questions concerning this rate change request or for inquiries to the appropriate members of the Utility Staff is:

Ms. Glenda Gibson
Regulatory Affairs Department
NorthWestern Energy
11 E. Park
Butte, MT 59701
(406) 497-2609
glenda.gibson@northwestern.com

NorthWestern's attorney in this matter is:

Mr. Mitchell WerBell
NorthWestern Energy
208 N. Montana Avenue, Suite 200
Helena, MT 59601
(406) 830-4534
mitchell.werbell@northwestern.com

Along with Glenda Gibson and Mitchell WerBell, please add Connie Moran and Tracy Killoy to the official service list in this docket to receive copies of all documents. NorthWestern also requests that all electronic correspondence related to this filing be sent to connie.moran@northwestern.com and tracy.killoy@northwestern.com.

If there are any questions, I can be reached at (406) 497-2609.

Sincerely,

Glenda Gibson

Glenda Gibson
Manager, Regulatory Compliance

Enclosures
cc: Montana Consumer Counsel

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Counsel for NorthWestern Corporation

**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 Interim and Final Approval of)
2024 Natural Gas Universal System Benefits) DOCKET NO. 2024.01.003
Charge Rate Adjustment)

**APPLICATION FOR INTERIM AND FINAL APPROVAL OF 2024
NATURAL GAS UNIVERSAL SYSTEM BENEFITS CHARGE RATE
ADJUSTMENT**

NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) respectfully submits this *Application for Interim and Final Approval of 2024 Natural Gas Universal System Benefits Charge Rate Adjustment* (“Application”) to the Montana Public Service Commission (“Commission”). In support of the Application, NorthWestern states as follows:

1. NorthWestern is a Delaware corporation that conducts business in Montana as a public utility.
2. NorthWestern’s full name and address are:

NorthWestern Corporation d/b/a NorthWestern Energy
11 East Park Street
Butte, Montana 59701

3. NorthWestern provides natural gas services to its customers.

4. As a natural gas utility, NorthWestern implements a Universal System Benefits (“USB”) program for cost-effective local energy conservation, low-income weatherization, and low-income energy bill assistance.

5. NorthWestern funds the USB program through a USB charge (“USBC”), which is imposed on its customers through a non-bypassable rate.

6. NorthWestern’s USBC must generate an annual amount of not less than 1.12% of its annual revenues derived from natural gas services to its customers. *See* Mont. Code Ann. § 69-3-1408, Admin. R. Mont. (“ARM”) 38.5.7020.

7. Of that minimum percent, at least 0.42% must be applied to low-income weatherization and bill assistance. *See id.*; ARM 38.5.7020(2).

8. NorthWestern’s USBC must also provide sufficient funds to satisfy funding levels for certain programs within the USB program as set by the Commission. *See* Order No. 6679e, Consolidated Dkt. Nos. D2004.7.99, D2004.12.192, D2005.6.106, at 35 (Dec. 17, 2008).

9. NorthWestern’s USBC changes annually because: (1) annual revenues from the USBC vary based on annual loads; and (2) the USB program expenses for the low income discount change annually based on enrollment numbers and the three main factors that impact the low income discount –

natural gas rates, weather (which drives load), and customer participation.

10. NorthWestern tracks the annual revenues from the USBC and the expenses of the USB program and annually files an application for interim and final approval of an adjustment to the USBC to true-up any under- or over-collection from the previous years and provide sufficient funding for the current year's USB program.

11. In 2023, NorthWestern's annual revenue derived from its natural gas customers was roughly \$248,630,279.¹

12. In the 2023 tracker year, NorthWestern's USBC generated \$3,178,679. The 2023 collections, combined with prior years' over-collections of \$1,262,799, provided total USBC funds available of \$4,441,478. USB program expenses amounted to \$2,218,338 resulting in an over-collection of \$2,223,140. See App'x A of Exhibit A, the 2024 Natural Gas USBC Annual Rate Adjustment Fact Sheet.

13. Due to the amortization of the USBC over-collection from the 2022 tracker year, NorthWestern still had a leftover over-collection in the amount of \$404,614. See *id.*, App'x C.

14. NorthWestern's USB program 2024 Budget is \$3,660,400 of which \$2,646,400 reflects funds for low income weatherization and low income energy bill assistance programs. See *id.*, App'x B.

15. Reducing the 2024 Budget by the 2023 over-collection of \$2,223,140

¹ This figure is subject to adjustment based on final internal auditing.

and the remaining 2022 over-collection of \$404,614 results in a 2024 USBC revenue target of \$1,032,646. *See id.*, App'x C.

16. Allocating the 2024 USBC revenue target by class results in the following rates per therm: (1) Residential - \$0.0027303; (2) General Service - \$0.0027303; (3) Tier 1 - \$0.0014191; and (4) Tier 2 - \$0.0027303. *See id.*

17. Comparing the adjusted USBC rates to the current USBC rates results in a 60.88% decrease in USBC rates and a decrease in the total average monthly residential bill of 0.53% or \$0.43 per month. *See id.*

2024 NATURAL GAS USBC RATE ADJUSTMENT

18. NorthWestern restates paragraphs 1-17 as if fully set forth herein.

19. Montana law allows annual adjustments to the USBC through a tracking procedure. Mont. Code Ann. § 69-3-1408.

20. NorthWestern's adjusted 2024 USBC will satisfy the minimum funding level for the USB program of 1.12% of its annual revenues derived from natural gas customers, the 0.42% threshold within that amount for low-income weatherization and low-income energy bill assistance, and the Commission's prescribed funding levels. *See id.*; ARM 38.5.7020; Order No. 6679e.

21. NorthWestern will fund its 2024 USB program with funds generated by the adjusted USBC rates and will track any over- or under-collection in its next annual USB program filing.

22. To accommodate the adjusted USBC rates, NorthWestern's USBC tariff must be revised. Redlined and clean versions of Sheet 40.1 of Schedule No.

USBC-1 reflecting the new rates are attached. See Exhibits C and D attached hereto.

WHEREFORE, NorthWestern respectfully requests that the Commission:

1. Approve NorthWestern's proposed adjustments to its USB program funding level and its USBC rates; and
2. Grant interim and final approval of the proposed USBC rates to be effective for natural gas service on and after May 1, 2024.

RESPECTFULLY SUBMITTED this 29th day of March, 2024.

By: NORTHWESTERN CORPORATION
d/b/a NORTHWESTERN ENERGY

/s/ Mitchell WerBell
MITCHELL L. WERBELL V
*Counsel for NorthWestern
Corporation*

CERTIFICATE OF SERVICE

I hereby certify that NorthWestern Corporation d/b/a NorthWestern Energy's Natural Gas Universal System Benefits Charge Rate Adjustment Report in Docket No. 2024.01.003 has been e-filed with the Montana Public Service Commission and emailed to the email list below. Exhibits and appendices have been uploaded in a .zip folder and emailed to the email list.

Date: March 29, 2024

/s/ Tracy Lowney Killoy
Tracy Lowney Killoy
Administrative Assistant

Email List:

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