

## Montana Consumer Counsel

### 12/9/10 STATUS OF CASES

**NWE – D2009.9.129 – Application for Electric and Natural Gas Delivery Rate Increase and ACOS and Rate Design Changes**, filed 10/16/09. Requests \$1,966,400 (2%)(3% to residential class based on cost allocation) gas increase and establishment of inverted block rates.

Residential bill impact of (2.83%) to 12.81%. Request electric increase of \$15,517,645 (7%)(9% to residential class based on cost allocation), residential bill impact of (7.42%) to 14.13%, with increases up to 5.11% for other customers.

- Notice of Application issued 10/29/09.
- MCC Intervened 11/13/09
- NCA issued 11/13 finding application failed to comply with filing requirement rules requiring marginal cost analysis for ACOS.
- NWE Motion for Reconsideration and Motion to Bifurcate filed 11/18/09.
- NCA issued 12/21/09: testimony and data responses in 2007.7.82 are not currently part of record; deficiencies can be remedied by filing supplement by 1/15/10, agreeing Commission has until 2/2/10 to determine completeness, waiving 9 mo. Deadline to 10/11/10, responding to discovery.
- Procedural Order 7046a issued 12/23/09. MCC testimony due 3/26/10. Hearing tentatively set 7/14/10.
- NWE Supplemental testimony filed 1/15/10, containing updated marginal cost information and studies, but continuing proposal to use embedded cost studies for cost allocations.
- Discovery audit held 2/3-5/10.
- NCA suspending schedule issued 4/2/10.
- LCG testimony filed 4/5/10: recommends 10% ROE with 54% debt/46% equity cap structure,
- Notice of Staff Action issued 5/25/10. Intervenor testimony due 6/3/10. Hearing set 9/15/10.
- MCC testimony filed 6/3/10: AL CLARK: \$1,993,430 (.9%) electric decrease. \$3,120,430 (3.6%) gas decrease. JOHN WILSON: 9.5% ROE with 40/60 Capital structure; supports cap structure with both removal of goodwill from financial statements, or adjusting NWE calculation to remove stipulated rate base reduction amounts and negative cash working capital; makes several modifications to NWE's marginal cost study to remove certain non-incremental costs, treat secondary lines as demand and energy costs rather than customer costs, remove labor cost for meter installation that would not be avoided by existing customers, remove certain customer-related expenses that aren't likely to vary, attribute one-half of transmission, substation and primary and secondary distribution costs to energy; These changes reduce marginal residential customer costs to \$3.28, as opposed to NWE's \$20/mo., and suggest that residential and small business revenues should be reduced 11.8% and 16.2%, respectively; does not recommend adjusted study as basis for change due to fundamental flaw in approach to study (fully distributed cost study); makes same basic modifications to embedded cost study – results suggest small decreases for residential and small business; recommends reducing res. Monthly charge to \$3.50, no increase in demand charges, and not approving inverted block rate structure; concludes tail block rate would not match marginal energy prices – incremental energy costs are below base residential rate of about \$.08/kwh; inverted block structure would therefore create unnecessary

discrimination. GEORGE DONKIN: agrees with use of embedded cost study, but NWE allocates too much of fixed cost of delivery service to design day demands and number of customers and not enough to annual throughput, costs of pipelines are incurred to meet both peak day and annual demands, allocates transmission and "distribution other" 50% to demand and 50% to annual quantities, allocates services 50% to demand and 50% to customer costs, calculates residential class return at 9.6% and GS at 14.45% (versus 8.3% overall), recommends increases go to non-Core classes, but that class increases be capped at 10% and Core class rates should receive double the decreases that might be granted to any other classes, recommends rejecting inverted block rate design because NWE's gas costs already greatly exceed marginal gas costs due to hedging costs.

-NRDC testimony filed 6/10: supports NWE use of embedded cost analysis to allocate costs; supports marginal costs to guide rate design; supports public policy objectives to allocate costs and design rates; suggests changes to allocators used to assign revenue requirement, including allocating on basis of energy; supports inclining block rate proposal but proposes reducing size of initial blocks to 200kwh and 4 Dkt (winter) and 2 Dkt (summer); recommends replacing LRAM with decoupling

- Notice of Additional Issues issued 6/23/10: requires additional testimony re: per-unit cost information for efficiency resource programs compared to supply resource acquisitions, and plans for ensuring optimal energy efficiency resource acquisition.

-NWE Motion for Reconsideration of Additional Issue filed 6/28/10. Denied 7/8/10.

-Interim order No. 7046g issued 7/8/10, authorized \$12,395,640 electric increase and \$1,361,517 gas increase on interim basis.

-MCC Reply testimony filed 7/15/10: fixed revenues will weaken productivity incentives; decoupling abandons fundamental matching principle of rate making and focuses on only one factor affecting profitability; normal sales risks that competitive businesses face will be transferred to customers; in determining whether unintended consequences are worth intended consequences, Commission should consider whether problem decoupling is meant to address is worth the cost; LRAM in place and NWE already engaged in extensive DSM efforts.

-MCC/NWE Stipulation filed 9/17/10: Electric rate increase of \$7,660,766 (3.45%), gas decrease of \$988,963 (1%) based on 10.25% ROE (subject to adjustment for decoupling) and 48/52 cap structure and other revenue adjustments.

-MCC/NWE/LCG/HRC stipulation filed 9/20/10: Agrees embedded cost studies should be used for electric and gas T&D delivery services for this docket, and are acceptable for future use; stipulated class revenue requirements of (elec) 3.4% res., -1% GS-1 sec. non-demand, -5% GS-2 Substation, -10% GS-2 Transmission, 0% GS-1 Primary, and 5.6% remainder (gas) 0% change to storage and -1% to all others.

-Hearing held 9/20-24.

-NWE late filed exhibit re: decoupling filed 10/1/10.

**NWE – D2008.8.95 – Application for Approval to Construct and Operate the Mill Creek Generating Station to Supply Regulation Service – filed 8/25/08.** Requests pre-approval of the Mill Creek Generating Station (MCGS) consisting of three 50 MW turbines, for a total rated capacity of 150 MW. Gas fired regulation service projected to run at an average load of 34 MW, 7 MW of which is a minimum running level. Original cost estimate of \$206.1 M (later revised to 201.8). Projected annual rev. reqmt. of \$79.6M, \$54.5 responsibility of retail customers – roughly 4 fold increase in regulation costs.

- Final Order 6943a issued 5/20/09 4-1: PSC must determine if pre-approval is in public interest by weighing costs and benefits; not possible to perform long-term economic analysis against alternatives because no record on market-based contracts, DSM options, wind-ramping controls; regulation service becoming increasingly costly and unavailable; risky to plan on continued availability of market products given pace of wind development; MCC and RNP did not present specific cost and availability information for alternatives such as DSM, wind ramping, dynamic scheduling, etc.; key issue then is only cost of MCGS compared to cost for similar resources; MCGS cost estimates are reasonable, but PSC will subject all actual costs to prudence review; no evidence that March 08 bids would be materially different if obtained more recently; NWE's failure to further consider Montgomery was reasonable; PSC finds it a balanced approach for NWE to continue to evaluate alternatives and optimize operation of MCGS; agrees it is not clear that MCGS will contribute to rate stability due to fuel costs; benefit in cost-based resource; finds that goodwill on balance sheet is not associated with acquisition premiums; 50/50 cap structure is hypothetical and not based on goodwill; PSC not inclined to rely on cap structure that eliminates goodwill because that would result in too much debt leverage; PSC not inclined to adopt cap structure that puts investment grade ratings at risk – important to maintain investment grade ratings; adopts 10.25% ROE and concludes lower than 10% would threaten ratings; adopts proposed carbon offset plan; approves third-party operator for period of less than 3 years; defers decision on cost allocation to retail; NWE must file quarterly reports and continue to pursue market alternatives; PSC estimates \$3-4 monthly increase for typical residential customer

- Application for Approval of Interim Rates filed 10/8/10, updated 10/18/10. Requests 1/1/11 interim approval of \$45,282,419 increase, or typical bill increase of 5.34%. Propose residential commodity rate of \$0.062223/kwh.

- Interim Order No. 6943b issued 11/17/10 (4-1): required reduction in cost of debt component and approved interim increase of \$44,935,134 on 1/1/11. Actual MCGS revenue requirement to be submitted within 90 days of commercial operation.

**NWE – D2010.5.50 – Annual Electric Tracker** for 7/09 – 6/10, and projected period of 2010/11, filed 6/7/10. Projected increase of \$3.49/mo (9.04%) for “typical” residential customer using 750 kwh/mo. Projected total bill impact for typical customer of \$41.64/yr. (4.87%).

- Notice of Application issued 6/11/10.

-Interim Order 7093 issued 6/29/10, approving request on interim basis.

- MCC intervened 7/2/10

-Procedural Order 7093a issued 7/30/10. Hearing set 1/18/11.

-MCC testimony of John Wilson filed 9/16/10: recounts history of supply component cost changes over last four trackers, showing stable overall costs, caused by increasing C4 costs and decreasing market costs; observes that C4 revenue requirement is over-recovered because unit rates for C4 are inappropriately based on 2007 volumes applied to 2008 costs implemented in 2009, and recommends \$1,992,967 reduction to restate; recommends reductions to lost revenue calculations to reflect different unit rates, and to reflect reset at time of interim rates in general rate case.

**NWE – N2010.6.57 – 2009 Electric Default Supply Resource Planning and Procurement Plan**, filed 6/30/10. Submitted biennially pursuant to ARM 38.5.8226. Explains how NWE will provide retail electric supply with 20 year planning horizon and 3 year action plan. Provides loads and resources study as well as DSM assessment and market price projections. Examines

performance of multiple portfolios under several assumed conditions. Portfolio with no new thermal performs best under base case scenario, but poorly in high market case. Natural gas generation adds some cost in base case, but provides risk protection in high case. As PPL purchase phases out, NWE needs to replace base load resource – best accomplished through energy efficiency program, gas fired generation, market purchases and renewable resources. NWE will evaluate ratebasing 200-300 MW of gas generation for post 6/14. Increase annual DSM target from 5 to 6 MWa. NWE also intends to add 50-75 MW of wind while it studies the operational and economic impacts.

-Notice of Filing issued 7/8/10.

-MCC Comments filed 10/1/10: role of plan and continuing NWE responsibility to make decisions; any premium for vertically integrated resources should be rigorously justified; discussion of Wind Integration Working Group (WIWG) and wind integration; encourage energy efficiency and decisions that take those resources into account; request more information on economic dispatch of C4, costs of hedging and incremental costs of wind regulation; requests information about using MCGS as baseload resource while market integration resources are available.

**MSIRG v. MPSC, et al., Cause No. DV-10-828A, 18<sup>th</sup> Jud. Dist.. Complaint and Petition for Judicial Review**, filed 8/9/10. Certificate of Service mailed 8/6/10.

- Claims errors in Order Nos. 6973d and 6973e: decision to base avoided costs on information other than NWE's 2007 Electric Supply Resource Procurement Plan; basing QF-1 rate on selected contracts, including ratebasing C4, rather than incremental generation; 38% capacity factor for wind is not based on RPP; lack of notice and opportunity to respond prior to adopting wind integration charge; 50MW ceiling on NWE's acquisition of wind violates PURPA; failure to adopt provisions of staff memo dealing with NWE's discriminatory and anti competitive conduct.

-PSC Answer and Motion for Change of Venue filed 9/1/10.

-MSIRG Motion for stay filed.

-PSC Answer in opposition filed 9/30/10.

**NWE – D2010.7.77 - Application for Approval of Revised QF-1 Rates**, filed 7/30/10. Rates based on 2009 Procurement Plan. Updates rate options 1 and 3 from Order 6973d. Uses weighted average marginal resource costs from portfolios 21, 24 and 27 which results in total rate of \$72.65/Mwh. Option 3 wind only rate of \$68.42/mwh. Proposes stakeholder process to determine transmission cost policy relative to QFs..

- Notice of Application issued 8/4/10.

- MCC intervened 8/26/10.

-Procedural Order 7108 issued 9/3/10. Hearing set 2/16/11

- MCC Testimony (Dr. John Wilson) filed 11/10/10: electric generation forecasts have come down; 25% increases in light hour option 1(a) and all hour 1(b) and 1(c) rates are not warranted.

-MSIRG Testimony filed 11/10/10: option 3 cost of wind should be \$78.60/Mwh to account for realistic capacity factors; option 3 should be offered to small hydro including \$15/Mwh for wind integration costs that would not be incurred.

**NWE – D2010.6.62- 2010 Annual Avoided Cost Compliance Filing for QFLT-1 Rates**, filed 10/29/10. For June 2010 to June 2011, and supplements for years 2005 – 2010 based on Final

Award in arbitration. Issues include application of Handy-Whitman index inflation rates and incremental cost of capital calculations for escalation provisions.  
- Amended Notice of Application issued 11/18/10.

**NWE – D2010.7.74 – October electric tracker.** Filed 9/15/10. Res. Commodity rate decrease to \$.055363/kwh (3.11%)(9.6M annualized rev. req.)

**NWE – D2010.7.74 – November electric tracker.** Filed 10/15/10. Res. Commodity rate decrease to \$.0543/kwh (1.9%)(6.1M annualized rev. req.)

**NWE – D2010.7.74 – December electric tracker.** Filed 11/15/10. Res. Commodity rate decrease to \$.053924/kwh (0.69%)(2.2M annualized rev. req.)

***Williamson, et al., v. MPSC and NWE, Petition for review of 7084a and 7084d,*** and Complaint for Declaratory Judgment, Action to Compel Performance and Request for Temporary Rate Reduction. Cause No. DV-10-1450, 13<sup>th</sup> Jud. Dist. Sent 8/23/10. Summons mailed 8/25/10. Seeks review of Commission's standing ruling, ruling that Commission abused its discretion in not ordering temporary rate reductions of \$2.1M, and that Commission be compelled to investigate and make rulings on the complaint.

- Commission Motion to Dismiss for failure to state a claim upon which relief can be granted filed 9/8/10: Issues other than standing are not ripe for review; declaratory judgment improper where other remedy such as petition for review is available; prevailing party in administrative action or issuing agency not required to file answer.

-NWE Motion to Dismiss for Failure to State a Claim and for Change of Venue filed 10/15/10. Petitioners do not directly pay for street lighting service.

**NWE – FERC Docket No. ER10-1138-000, Revisions to Schedule 3, Regulation and Frequency Response Service, of NWE's OATT –** filed 4/29/10. To reflect commencement of Mill Creek operation for regulation services. Will only affect NWE's Montana OATT. Propose monthly demand rate (MCGS revenue requirement) and Monthly energy rate. 45/105 of revenue requirement is allocated to retail customers for integrating Variable Energy Resources (based on assumed 105 MW regulation capacity), remaining 60/105 is allocated based on rolling 12 CP billing determinants. \$18.3M of \$42.6M fixed revenue requirement is allocated up front to retail customers due to VER (wind) that exists or is anticipated. Monthly energy rate is based on variable O&M costs, again allocated 60/105 on 12 CP. NWE seeks consistent cost allocation between federal and state jurisdictions. Energy rate will be credited for the value of generation output using Mid-C daily index price, minus \$7 to reflect market differential between Montana and Mid-C.

- MCC Intervention and Protest filed 5/20/10. Should substantiate claimed need for 60MW of regulation; 3<sup>rd</sup> party transmission demand may be different; should reject the demand allocation formula rate, and replace with per unit demand rate; appearance of over-allocation of costs to Montana retail customers.

-Protests filed by Central Montana EP Coop, Basin Electric Power Coop, and LCG; proposed rate is 3x current rate; FERC should not allow NWE to charge fixed costs of MCGS if less expensive market alternatives are available; actual capacity of MCGS is 139.5MW; FERC should investigate whether 60 MW of regulation is still needed; fuel and O&M should not be

allocated to schedule 3 customers because they receive no energy; application is patently deficient in that MCGS is not in service and not used and useful, and there was no showing that it was least cost choice.

-FERC Order Accepting and Suspending Tariffs Subject to Refund and Establishing Hearing issued 10/15/10. *133 FERC ¶ 61,046*. Finds Revised Schedule 3 has not been shown to be just and reasonable and raises material issues of fact that require hearing. Issues are revenue requirement, including ROE, allocation of fixed and variable costs, propriety of charging energy rate to regulation customers, propriety of using \$7 differential in derivation of market value of energy, level of regulation service obligations, ceiling rates for regulation service. States that transmission provider must identify regulation margin requirements for customers and develop procedures by which customers can avoid or reduce such requirements; also finds NWE's formula for calculating regulation requirements does not appear consistent with prior FERC precedent.

-FERC settlement judge appointed 10/22/10.

- Settlement Conference held 11/4/10. Technical conference scheduled 2/1/11, and next settlement conference scheduled 3/8/11.

**NWE – N2008.12.138 – Natural Gas Biennial Procurement Plan.** Filed 12/15/08.

Documents procurement strategies for next two years. PSC must provide comments by 2/13/09.

- Notice of filing issued 12/23 – no hearing contemplated – not a contested case.

- PSC to hold non-contested case hearing

- NSA extending Comment Deadline issued 3/18/10.

-MCC filed comments of George Donkin 4/1/10: describes history of financial derivatives for MDU gas and NWE's gas procurement planning process, describes NWE's price swap hedging program; discusses how price swaps and gas call option contracts work under various market conditions; explains that price swaps have caused NWE gas costs to exceed market costs by \$43.4 million over past five years, and could produce additional out-of-market costs of \$37.5 million over next three years based on today's gas futures prices; concludes that gas price swaps are very risky in high market price conditions; calculates that call options would have been less costly while still providing upside protection; recommends that procurement plan be modified so that fixed prices in new gas price swaps not exceed \$6/Dt, if prices increase above \$6, call options would be a better price hedge than swaps and PSC should allow NWE to include potential use of call options in future portfolio plans.

- Hearing held 5/26/10.

- NWE/MCC Stipulation and Settlement filed 10/29/10: NWE will reduce fixed price swap activity to max of 2 million Dkt/yr.; specified how this will be accomplished for next two tracker years; NWE will not enter into any fixed price swaps when price is greater than \$7/Dkt – this may reduce 2 million Dkt cap; NWE will document analysis associated with timing and execution of fixed price swaps, and will survey other LDCs regarding hedging practices; agree that when prices are relatively high, mark-to-market risks of fixed price swaps increases, but can be mitigated by use of call options as price volatility hedge; recent study indicates that call options would have cost less than fixed price swaps during time that NWE has used fixed price swap transactions; NWE will include plan for 2 year study on call options in its 2010 procurement plan; tracker applications in 2009.5.63 and 2010.5.49 should be approved as filed.

**NWE – D2009.5.63 – Annual gas tracker**, filed 6/2/09. Projects natural gas price of \$5.76/dkt for 12 months starting 7/1/09. Total Unreflected account of \$20,125 at end of 6/09. GTAC balance of \$(218,363). Res. Rate from \$8.31 to \$9.01. Describes procurement plan, hedging strategies and adherence to plan. Beginning 11/09, 30% of needs met by purchases made 1-3 years earlier; projected to increase costs by \$13.2M during tracking period. DSM expense \$1.8M 08-09 and \$2.3M 09-10. Lost DSM revenue of \$369k 08-09 and \$787k 09-10.

-Notice of Application issued 6/18/09.

-Interim Order 7004 issued 6/24/09 granting approval on interim basis.

- MCC Petition to Intervene filed 7/16/09.

- Procedural Order No. 7004a issued 4/19/10. Hearing set 10/6/10.

- NWE/MCC Stipulation and Settlement filed 10/29/10: - NWE/MCC Stipulation and Settlement filed 10/29/10: NWE will reduce fixed price swap activity to max of 2 million Dkt/yr.; specified how this will be accomplished for next two tracker years; NWE will not enter into any fixed price swaps when price is greater than \$7/Dkt – this may reduce 2 million Dkt cap; NWE will document analysis associated with timing and execution of fixed price swaps, and will survey other LDCs regarding hedging practices; agree that when prices are relatively high, mark-to-market risks of fixed price swaps increases, but can be mitigated by use of call options as price volatility hedge; recent study indicates that call options would have cost less than fixed price swaps during time that NWE has used fixed price swap transactions; NWE will include plan for 2 year study on call options in its 2010 procurement plan; tracker applications in 2009.5.63 and 2010.5.49 should be approved as filed.

- Notice of Opportunity to Comment issued 12/3/10.

**NWE – D2010.5.49 – Annual Gas Cost Tracker** for 7/09-6/10 and Projected Costs for 7/10-6/11. Filed 5/28/10. Projected natural gas cost for 10/11 is \$5.6916/dkt. (Ave. cost last year was \$5.03/dkt) Rate increase from 6/1/10 to 7/1/10 is 42.7%. Unreflected account of \$(98,667), which NWE proposes to set at 0 due to immateriality until end of tracker year. Includes lost revenues of \$791,614 for historic period and \$1,287,843 for projected period.

- Notice of Application issued 6/16/10.

- Interim Order 7089 issued 6/29/10, approving request on interim basis.

-MCC intervention filed 7/14/10.

- NWE/MCC Stipulation and Settlement filed 10/29/10: - NWE/MCC Stipulation and Settlement filed 10/29/10: NWE will reduce fixed price swap activity to max of 2 million Dkt/yr.; specified how this will be accomplished for next two tracker years; NWE will not enter into any fixed price swaps when price is greater than \$7/Dkt – this may reduce 2 million Dkt cap; NWE will document analysis associated with timing and execution of fixed price swaps, and will survey other LDCs regarding hedging practices; agree that when prices are relatively high, mark-to-market risks of fixed price swaps increases, but can be mitigated by use of call options as price volatility hedge; recent study indicates that call options would have cost less than fixed price swaps during time that NWE has used fixed price swap transactions; NWE will include plan for 2 year study on call options in its 2010 procurement plan; tracker applications in 2009.5.63 and 2010.5.49 should be approved as filed.

- Notice of Opportunity to Comment issued 12/3/10.

**NWE – D2010.7.75–October gas tracker**, filed 9/15/10. Gas decrease from \$5.28 to \$5.16. Res. Rate from \$8.54 to \$8.42.

**NWE – D2010.7.75–November gas tracker**, filed 10/15/10. Gas decrease from \$5.16 to \$5.03. Res. Rate from \$8.42 to \$8.30

**NWE – D2010.7.75–December gas tracker**, filed 11/12/10. Gas increase from \$5.03 to \$5.12. Res. Rate from \$8.30 to \$8.38.

**NWE – D2010.11.110 – Petition for Authority to Issue Securities**, filed 11/29/10. Requests authority to issue securities to obtain long-term financing not to exceed \$850 million through 12/31/12. Contemplates equity securities not to exceed \$250 M, Secured debt not to exceed \$250M, and unsecured debt not to exceed \$350M. Intended use is general corporate purposes.

**MDU – D2010.8.82 - General Electric Rate Application**. Filed 8/11/10.

Requests \$5,502,341 annual increase; 13% overall, 14.5% residential. Stated primary reasons: expansion of wind generation in Cedar Hills and Diamond Willow projects and substation and transmission investment - \$58 million increase in company-wide rate base; reduction in wholesale margin; recovery of deferred generation costs associated with Big Stone II (\$3.4M), Gascoyne (\$2.1M) and Milton Young III (\$.3M) stations. Last had increase of 9.5% 5/08 and 2.1% 1/09. Requesting COC of 8.778%, with 11% ROE. \$1.6M (28%) depreciation expense increase. Propose to implement two new tracker mechanisms: Renewable Resource Cost Recovery Rider and Transmission Cost Recovery Rider, to provide for recovery of costs outside rate cases.

- Notice of Application issued 8/18/10. Interventions due 9/10/10.

- MCC intervention filed 9/10/10.

- Procedural Order 7115 issued 10/8/10. Hearing set 2/28/11.

- 12/3/10 letter from MDU notifying that revenue requirement reduced \$560,000 due to bonus depreciation allowed by Small Business Jobs Act.

**MDU – D2010.6.66, October Electric Cost Tracker**. Filed 9/17/10. increase of .125¢/kwh primary – total fuel and purchased power in tariff is \$0.02646/kwh

**MDU – D2010.6.66, November Electric Cost Tracker**. Filed 10/14/10. decrease of .222¢/kwh primary – total fuel and purchased power in tariff is \$0.02424/kwh

**MDU – D2010.6.66, December Electric Cost Tracker**. Filed 11/17/10. increase of .002¢/kwh primary – total fuel and purchased power in tariff is \$0.02426/kwh

**MDU – D2010.11.109 – Annual Electric Cost Tracker**. Filed 11/24/10. Proposed fuel and purchased power adjustment tracker to be effective under Rate 35 after 1/1/11. Proposes total “current” tracking adjustment of \$.00243/kwh (\$980,000 annual increase). Adjustment now in effect is (\$.00218).

**MDU – D2010.9.92 - Annual Gas Cost Tracker**. Filed 9/10/10. Increase of \$.312 in unreflected account. Total decrease of \$.71/dk, res. And gs. Res rate \$5.57/dk.

**MDU – D2010.9.92, November Gas Cost Tracker.** Filed 10/7/10. increase of \$.64/dk, res. And gs. Res rate \$6.21/dk.

**MDU – D2010.9.92, December Gas Cost Tracker.** Filed 11/12/10. decrease of \$.33/dk, res. And gs. Res rate \$5.88/dk.

**EWM- D2010.9.90 – General Rate Increase Application,** filed 9/2/10 in compliance with Order in D2008.5.57.

For three divisions serving Great Falls, Cascade, and West Yellowstone. Requests \$362,316 revenue increase and implementation of SFV rate design. ROE of 10.67% - have gone from 57% debt to 27% debt. 9.08 to 9.54% overall ROR. Proposes rolling Cascade in to GF. Allocates 75% of increase to residential (2.18% increase for GF) and 25% to small commercial (.92%) based on embedded cost study.

- Notice of Application issued 10/1/10.

-MCC intervened 11/1/10.

**EWM – D2010.6.70 – Application for Approval of USB Account and Reduction of USB Charge,** filed 7/1/10. Proposes reducing USB charge from \$.0982/mcf to \$.0771/mcf. Stipulated annual collection at 1.25% of normalized revenues would be \$337,533. \$410,000 overcollected at 3/31/09; current collections are \$441,000, or 1.67% of revenues.

- Notice of Application issued 7/16/10.

- MCC intervened 8/12/10.

- MCC informed PSC we would not be filing testimony 8/31/10.

-Final Order No. 7116 issued 11/9/10: approving application.

**EWM – D2000.10.176 – October gas tracker** filed 9/15/10. Res. Rate increase to \$6.31/Mcf.

**EWM – D2000.10.176 – November gas tracker** filed 10/22/10. Res. Rate increase to \$6.38/Mcf.

**EWM – D2000.10.176 – December gas tracker** filed 11/16/10. Res. Rate increase to \$6.49/Mcf.

**Cut Bank Gas – D2010.3.25 - Gas True-Up for 7/06 – 12/09 and Request to Implement Tracker.** Filed 3/15/10. Refund of \$79,210. Also seeks to establish new normalized volumes with annual calendar year tracker.

-Notice of Application issued 3/18/10

- MCC petition to intervene filed 4/19/10

-Procedural Order No. 7086 issued 5/24/10.

- Notice of Opportunity to Comment and Request Hearing issued 9/3/10.

-Order No. 7086a issued 9/28/10: approving refund amount and monthly tracker.

**Avista – D2010.11.107 – Electric Rate Increase request** filed 11/16/10. Requests \$16,066 (51.6%) increase for its 19 customers in Montana. 10 of the 19 are company owned facilities. 8 are employee housing. Remaining customer is BPA. Proposes same rates as approved by Idaho commission. Requests waiver of minimum filing requirements rules.

-Notice of Application issued 11/23/10.

**Havre Pipeline Company – D2010.7.78 – Gas Cost Tracker for Farmstead Service**, filed 7/30/10. Based on 1983 stipulation, requests gas rate decrease from \$4.11/Mcf to \$3.16/Mcf. Non-gas component is \$.19/Mcf.

- Notice of Application issued 8/17/10. Intervention deadline 9/14/10.

- Interim Order No. 7101 issued 9/13/10, authorizing rates as filed on interim basis.- Final Order No. 7107a issued 10/26/10 approving proposed decrease.

**Mountain Water Co – D2010.4.41 – Application to Increase Rates**, filed 4/16/10. Requests \$1,990,744 (11.9%) increase; flat rate increase from \$44.30 to \$49.64 (12.05%)

-Notice of Application issued 5/3/10.

- MCC Petition to Intervene filed 5/26/10.

- Procedural Order 7088 issued 6/8/10; hearing set 10/27/10.

-Amended Notice of Application issued 7/12/10 regarding consolidation with D2010.6.59.

-Procedural schedule suspended due to protective order issues.

-Amended Procedural Order 7088b issued 10/4/10. Hearing set 12/15/10.

-MCC testimony filed 10/15/10: John Wilson: Reasonable ROE would be 7-10%; Co. unnecessarily refinanced a large portion of parent debt in 2008 (that wasn't due until 2014) from 8% to 9.7%, with the effect of increasing debt capital cost; recommends disallowing debt refinancing costs and setting ROE at 9.5%, or setting ROE at 9%, and 50/50 capital structure (rather than consolidated parent cap structure of 54% equity). Paul Schulz: Recommends revenue requirement of \$18,012,911 (\$1,220,221 increase), based on several cost adjustments and John Wilson's cap structure and cost of capital recommendations.

**Mountain Water Co – D2010.6.59 – Application for Distribution System Improvement Charge Tariff**, filed 5/27/10. States Order 6954c requested action plan for accelerating replacement of leaking water main that will require significant capital expenditure. Asserts historic test period penalizes utility for significant investment, and it is necessary to remove that disincentive.

-MCC intervened 7/29/10.

- MWC Notice of Withdrawal filed 9/10/10.

**Mountain Water Co – D2010.9.94 - Application for Power Cost Tracking Adjustment**, filed 9/15/10. Total change in power costs of \$336,854. Average increase of 1.98%.

- Notice of Interim Rate Change by Operation of Law issued 9/17, unless directed otherwise by Commission, filing will be processed with MWC's next general case.

**Big Mountain Water Co. – D2010.1.9 – Application to Increase Water Rates** in Flathead County service area, filed 1/29/10. Request extension to file supporting workpapers.

-NCA granting extension issued 2/10/10.

-amended application filed 2/16/10: requests \$131,742 (99%) annual increase for 225 customers. Typical monthly bill increase of \$26.36.

-Notice of Application issued 3/2/10.

- MCC intervention filed 4/1/10.

-Procedural Order No. 7077 issued 4/9/10.

- MCC testimony of Paul Schulz filed 7/1/10: recommends \$83,790 (63%) increase for total revenues of \$216,845; adjustments for "other revenues", and state and federal income taxes; recommends capitalization of meters; 10% ROE and 7.4% debt cost with hypothetical cap structure of 55/45.
- BMW/MCC stipulation filed 8/3/10: reasonable revenue requirement is \$192,832 until 10/1/12, and \$226,695 thereafter.
- Notice of Hearing issued 8/5/10
- Hearing held 8/25/10.
- Final Order No. 7077b issued 9/13/10, accepting stipulation.

**Landmark Water Co. – D2009.9.117 – Application to Increase Rates**, filed 5/12/10.  
 Requests authority to flow through commodity cost increases from River Rock Water and Sewer District. \$7.24/mo (13.8%) ave. increase.  
 -Notice of Application issued 9/10/10.  
 -MCC intervened 10/1/10.

**Wettington Water District, Inc. – D2010.9.93 - Application to implement increased rates in Kalispell service area.** Received 9/13/10. Request increase from \$28.75 to \$35.00 (total \$14,164 or 21.7%).  
 -Notice of Application issued 10/19/10.  
 - MCC intervened 11/22/10.

**Treeline Springs, LLC – D2010.9.98 – Application for increased water and sewer rates**, filed 9/30/10. Moonlight Basin service area. Requests \$204,000 (122%) average annual increase in revenues, change rate design to single family equivalents (SFE) instead of flat rates, and misc. tariff changes.  
 - Notice of Application issued 10/7/10.  
 -Motion for Interim Rates filed 10/25/10 – request 50% of final request.  
 -MCC intervened 10/29/10.  
 - Procedural Order No. 7122 issued 11/16/10. Hearing set 4/28/11.

**Aquanet – D2009.12.156 – Application for Initial Water Rates.** Filed 12/8/09. Oakridge Subdivision, Billings – 80 customers, request initial unmetered rate of \$75/mo.  
 -Application rejected for failure to meet minimum filing requirements.  
 -Interim Order 7056 issued 12/22/09 authorizing \$50/mo customer charge and requiring application by 5/1/10 based on 2009 test year.  
 -Aquanet supplement filed 4/30/10.  
 -Amended Application for final approval of interim rates filed 9/30/10. Requests annual increase of \$43,711 (91%) from current levels.  
 -Notice of Application issued 10/28/10.  
 -MCC intervened 11/30/10.

**North Star PUD – D2010.6.60 – Initial Rate Application for Water and Sewer**, filed 6/8/10, resubmitted 8/17/10. Helena Valley Subdivision. Requests flat rate of \$30/customer and misc. fees.  
 -Interim Order 7105 issued 8/31 approving initial rates.

- Notice of Application issued 10/22/10.
- MCC intervened 11/22/10.

**City of Laurel – water rate complaint.** Based on complaints from Laurel area residents regarding water rate increase. City did not notify MCC of change as required by statute. City implemented rate increase and also redesigned rate structure. Established base rate and volumetric rate. Volumetric rate is \$1.80/mcg, but \$6.80/mcg for resellers (Fox Water). Discussion indicates city is trying to establish ultimate cost to Fox customers at same level as city distribution system customers.

- Council has voted to hold another noticed rate hearing. MCC sent letter to City 8/3/10 expressing initial conclusion that the rate is inappropriate and should be reconsidered.
- Laurel City Council held new hearing 9/21/10. MCC and counsel for reseller testified. City Council, on advice of City Attorney, reversed its decision.

**Qwest/CenturyLink – D2010.5.55 – Joint Application for Expedited Approval of Indirect Transfer of Control,** filed 5/28/10. Request approval of indirect transfer of control of Qwest's operating subsidiaries to CenturyLink. Will result in Company with greater network and financial resources to provide voice, broadband data and other advanced communications services. Stock for stock transaction with no new financing or debt. Qwest and Acquisition Company (subsidiary of Century) will merge with Qwest as surviving entity. 4 directors from Qwest board will join Century board. Qwest will be wholly owned sub of Century. Qwest shareholders receive .1664 shares of Century for each share of Qwest. Pre-merger Century owners will own 50.5% of post-merger Century. Same tariffs, price plans, etc. will apply after merger; jurisdiction of Commission remains the same. Request action by 12/31/10.

- Notice of Application issued 6/8/10.
- Prehearing conference set 7/19/10.
- MCC testimony of George Donkin filed 9/17/10: describes commission authority over the transaction; concludes that claims of significant consumer benefits may be overstated in that companies now face many of the same risks; because of AFOR, no guarantee that merger savings, that partially relate to Montana regulated operations, will benefit consumers; recommends conditions for approval, including new cost-based revenue requirement effective 5/1/14 – based on financial showing to be filed 1/1/14.
- MCC/Qwest Stipulation filed 11/9/10: before 1/1/14 Qwest and Century Link will separately file test period information for twelve months ended 12/31/12.; provide access to books and records will not seek to recover any management cost increases; Century Link will track and report merger savings for three years.
- Hearing held 11/22/10.