

## **NorthWestern Energy Bill – Natural Gas**

NorthWestern serves about 182,000 natural gas customers, most of which are in central and western Montana. In 1997, at the same time that electricity deregulation legislation was moving through the Legislature, similar legislation, Senate Bill No. 396, natural gas deregulation, was also making its way through the legislative process. The “Natural Gas Utility Restructuring and Customer Choice Act”, sponsored by Sen. Mike Foster, allowed Montana Power Company to offer its customers a choice of supplier and provide open access to its transmission, storage, or distribution facilities. MPC could then unbundle services and remove natural gas production and gathering from the rate base. MPC/Northwestern Energy began a pilot choice program in November 1998 and offered natural gas supplier choice to approximately 11,000 of its residential and small commercial customers. According to the PSC, there were few participants in the choice programs.

The 2009 Legislature, two years after partially reregulating electricity sales, passed and approved House Bill No. 294, sponsored by Rep. Gary MacLaren, allowing a natural gas utility that had restructured pursuant to the Natural Gas Utility Restructuring and Customer Choice Act and didn't own natural gas production and gathering resources to acquire those facilities and apply for PSC approval to rate-base them prior to their acquisition.

State law still requires separation between natural gas supply and natural gas transmission and storage functions. Consistent with that requirement and the fundamental shifts in policy related to customer choice, your natural gas bill accounts for a variety of separate fees.

Except as provided in 69-3-1413 through 69-3-1416, a natural gas utility that provides customer choice and open access on its system shall:

- (a) functionally separate its natural gas production and gathering resources from its natural gas transmission, storage, and distribution services and remove natural gas production and gathering resources from the rate base;
- (b) adopt and comply with commission-approved standards of conduct to be included in a tariff to govern its natural gas transmission, storage, and distribution services; and
- (c) provide emergency natural gas supply and related services to the extent necessary to maintain the operational integrity of the transmission system as determined by the commission. 69-3-1404, MCA.

The separation is evident in a NorthWestern Energy bill analyzed below. The NorthWestern Energy bill used as an example is from a 1,100 square foot home that uses baseboard electric heat and a small natural gas furnace in the lower level. The bill accounts for usage between December 10 and January 10. The total monthly usage is 63 therms, which is less than the average residential usage of 100 therms a month. As

noted earlier, the average is determined over a year, with higher use in the winter months and minimal use in the summer.

Calculating your NorthWestern natural gas bill, actually requires a review of two different bills. The billed usage is spread over 31 days, 10 in January 2014 and 21 in December 2013. On the bill, the rates shown are only for January 2014 as they were the rates in effect at the time the bill was printed. Rates from December 2013 and January 2014 are necessary to determine your costs.

To calculate the charges on a bill, a customer also must recognize that about 32 percent of the therms were prorated on a per day basis under the January 2014 rates and 68 percent of the therms were prorated on a per-day basis under the December 2013 rates. A phone call to the company showed that the customer was prorated 43 therms in December and 20 therms in January. The bill, however, does not show the breakdown by each month.