

Draft

Montana Consumer Counsel

1/16/18 STATUS OF CASES

NWE – D2017.5.39/D2016.7.52 – MPSC Review of Rates to Recover NWE’s Electricity Supply Costs/2017 Electricity Supply Tracker. NCA issued 5/18/17. Commission action to implement HB 193.

- Finds existing cost tracker expires 7/1/17, and PSC cannot reauthorize tracker under 69-8-210(1), but retains discretion to implement cost tracking under Chapter 3, Title 69.

Concludes that NWE may need an interim tracker on 7/1/17, and commission will implement one conditioned on NWE filing comprehensive electric supply revenue requirement case with permanent tracker proposal by 9/30/17, and filing an interim proposal by 6/2/17. Interim proposal must address several options: projected costs based on PowerSimm modeling; existing mechanism; any other proposal consistent with HB 193. “Discovery Conference” scheduled 6/9/17. Comments due 6/14/17.

- NWE Motion for Reconsideration filed 5/30/17.

- Notice of Staff Action issued 6/7/17, clarifying that purpose of the discovery conference is to gather information to inform a future determination of an interim cost tracking mechanism and supply rate.

- NWE calculation of PowerSimm projected costs for purchased power and fuel filed 6/8/17.

- MCC Comments filed 6/20/17: in general, trackers violate the matching principle and only appropriate under certain circumstances; cost tracking should be allowed only after a full contested case procedure; approving interim rates requested by NWE would be appropriate and consistent with prior adjustments; NWE’s next electric rate case should be a full general rate case; continuation of supply cost tracker should be through a stand-alone contested case.

- Notice of Commission Action issued 7/7/17, consolidating D2017.5.39, D2016.7.52 and D2015.7.52, and requiring comments regarding minimum information filing requirements.

- NWE Power Costs and Credits Adjustment Mechanism Proposal filed 7/14/17.

Proposes a PCCAM that sets normalized baseline and 90% pass through of difference with respect to certain actual costs.

- MCC Petition to Intervene filed 7/14/17.
- Notice of Proposal, Intervention Deadline, and Initial Procedural Schedule, issued 7/18/17.
- Notice of Commission Action issued 8/30/17, finding discovery process adequate to explore issues and declining to order submission of minimum filing requirements.
- Procedural Order No. 7563a issued 9/21/17.
- MCC testimony of George Donkin filed 11/27/17: recommends Commission consider terminating tracker because it is a single issue ratemaking tool that violates the matching principle, and reduces management efficiency incentives; electricity supply costs do not meet traditional criteria for trackers, including management control and volatility; if tracker continued, certain categories should be excluded; Commission should consider drawbacks to proposed 90/10 sharing mechanism; if tracker is terminated, should be coordinated with base rate review in next general filing; recommends several cost categories that should be excluded if tracker is continued; discusses problem with 90/10 sharing of providing an incentive to overstate forecast period costs; logical inconsistency in attempting to provide management incentive if there is little management control over these costs, which is a traditional basis for tracking.
- Notice of Additional Issues issued 12/12/17: Directs parties to consider alternatives that incorporate risk-sharing features common to other utilities in the region, to be applied starting 7/1/17; include evaluation of categories included and excluded from PCCAM and interim treatment beginning 7/1/17, appropriate base costs associated with electricity supply, and a sharing mechanism that equitably apportions risk; consideration of impact of dropping certain cost categories as of 7/1/17; expresses interest in “parameters of risk associated with fixed-cost assets” and relationship between PCCAM costs and rate based assets’ operation; requests testimony on reasonable “deadbands” found in other state tracker mechanisms; requests testimony regarding relationship and timing between base costs established in this PCCAM proceeding with review in next general rate filing and ongoing updates; should any true-ups be annual or monthly; should NWE be allowed to engage in hedging if it bears associated risks.
- Notice of Staff Action issued 12/27/17, amending procedural schedule to accommodate additional issues. Hearing set 5/31/18.

NWE – D2016.7.52 – 2017 Electricity Supply Tracker, filed 5/31/17.

- \$11,056,083 net under collection for tracker period ended 6/30/17; \$5,613,291 decrease in projected costs for year ended 6/30/18. Net rate change of roughly 0%.
- Interim Order No. 7549 issued 6/27/17 approving continued use of monthly tracker and proposed rates on interim basis.

NWE – D2016.5.39 – Application for Approval of QF-1 Tariff, filed 5/3/16. Based on 2015 Electricity Supply Resource Procurement Plan. Asserts current rates much too high, NWE has executed 5 agreements for 2-3 MW solar facilities, has 43 in interconnection queue, and another 75 in pre-application phase, for total of over 350 MW. NWE calculates 25-year term contract for each project would cost \$5.1M in excess of current avoided costs. Again, proposing rates based on contract lengths. Average annual avoided cost rates reduced from range of \$0.05439-\$0.06609/kWh to \$0.03974-\$0.04366/kWh (solar at high end).

- Notice of Application and Intervention Deadline issued 5/13/16.
- NWE Motion for Emergency Suspension of QF-1 Tariff for new solar QF greater than 100 kW filed 5/17/16.
- Notice of Emergency Motion and Opportunity to Comment, issued 5/24/16.
- MCC Petition to Intervene, filed 6/6/16.
- MCC Comments in Support of NWE Emergency Suspension, filed 6/6/16: potential for long-term risk justifies the suspension, but Option 1(a) rates could still be offered.
- Hearing held 6/9/16 on Motion.
- Notice of Commission Action issued 6/16/16, granting motion, and authorizing NWE to execute contracts with solar QFs under 3 MW at default rates if they had submitted a signed purchase power agreement and executed an interconnection agreement.
- FLS Energy Motion for Rehearing filed 7/1/16.
- Notice of Commission Action denying rehearing issued 7/13/16.
- Motions for Reconsideration filed by FLS, Cypress, and MEIC.
- Order No. 7500, Order on Motion for Emergency Suspension, issued 7/25/16: disagrees with NWE's precise calculation of avoided costs, but agrees it has made prima facie case that current rates are excessive and there is good cause to implement narrow suspension to prevent irreparable harm to ratepayers; using prior method and 2015 resource plan results in levelized avoided cost of \$.04403/kWh vs. proposed \$.04040; commission will continue to adjudicate petitions to set rates, and may replace suspension with interim rates; reasonable to exempt from suspension QFs who have submitted a power purchase agreement and executed an interconnection agreement prior to 6/16/16.
- Notice of Staff Action issued 8/25/16, noticing denial of reconsideration by operation of law.
- Procedural Order No. 7500a issued 9/2/16.
- MCC testimony of Jaime Stamatson filed 10/14/16: generally agrees with NWE's methodology to calculate avoided cost rates based on hourly PowerSimm modeling, but explains that avoided cost when NWE is long with variable generation costs above market is market rather than 0; accepts NWE methodology for calculating avoided cost of capacity based on 85% exceedance; opposes NWE proposal to fix REC values based on CO2 assumptions in 2015 Plan; recommends a co-optimization study of hydros and thermals to calculate integration rates for wind and solar.
- Notice of Additional Issues issued 10/26/16: Maximum contract length (does current 25-year contract length impose undue forecast risk on customers, would shorter contract length be reasonable, reasonable to have certain time period in contract for fixed rates with indexed rates thereafter, what contract lengths are available in other states), and whether QF-1 schedule should contain specific performance standards.
- MCC testimony of Jaime Stamatson filed 11/9/16: consumers face substantial forecast risk with 25-year contracts; contracts should be limited to 5-7 years, with rates recalculated every three years; it may be reasonable to have fixed rate periods followed by indexed rates, depending on how implemented; discussion of contract lengths allowed in several other states; performance standards are not necessary due to existing incentives to perform.
- Hearing held 1/18/17.
- Pacific Northwest Solar Motion for Relief from Order No. 7500 filed 3/31/17. Requests determination that 1) NWE/PNW PPAs fully executed before issuance of Order (4) are

not impacted regardless of status of interconnection, and 2) PNW had LEO for all 21 projects.

- Joint Petition of Pacific Northwest Solar and NWE for Limited Rehearing, or Limited Reconsideration of Order No. 7500 filed 7/19/17. Requests reopening record to receive additional evidence relevant to PNS's Motion for Relief relative to 4 projects, or reconsideration of that motion. Asserts that, prior to 6/16/16, NWE executed PPAs for the 4 projects. Although they had not been delivered, NWE notified PNS on the morning of 6/16 that they had been executed; asserts contract formed when consent is fully communicated.

- Final Order No. 7500c issued 7/21/17: a just and reasonable rate is one that leaves consumers indifferent; "proxy" method is appropriate to estimate AC for small QFs, i.e., energy and capacity costs associated with displaced generation; standard rates should be recalculated every 6 mos. based on wholesale electricity and gas prices; continues to use market-CCCT hybrid proxy method, calculated separately for high and low load hours; approves market price forecasts based on 4 years of forward prices and escalation rates from EIA; capacity costs calculated based on capital and O&M costs of natural gas peaker unit (\$116.75 KW-yr); adopts Southwest Power Pool method to calculate solar capacity values (6.1%); retains 5% capacity value for wind; declines to adjust AC determination for carbon cost adder because future pricing highly uncertain and places ratepayers at risk; QFs to retain RECs; no evidence NWE violated Small Generator Interconnection requirements and delayed QF interconnections; purpose of PURPA is to encourage development of QFs by providing a market for energy and capacity and limiting payments to protect consumers; QFs need sufficient certainty and FERC does not prescribe contract lengths; describes contract length determinations in other states; Commission rules suggest long-term is minimally understood as 10 years; contract lengths of 25 years are unreasonably risky; contract length of 10 years sufficient to encourage development while minimizing risk to consumers; finds utility power sources should be treated consistently.

- Motions for Reconsideration filed 7/31/17 by NWE, FLS/CCR and PNWS, and 8/1/17 by Vote Solar/MEIC.

- NWE Motion for Clarification filed 10/20/17, requesting clarification regarding whether 4 projects which are subject of 7/19/17 Petition for Rehearing are excepted from QF-1 rate suspension.

- Order No. 7500d on Reconsideration issued 11/24/17: I) – Contract Length: agrees only testimony in record supported contract lengths of at least 15 years to obtain long-term financing; agrees long-term planning rule does not support 10 year QF contract lengths and does not apply to QFs; finds North Carolina Utility Commission has similar statutory scheme and adopted 15 year max contract length; 15 year contract length is reasonable and balances QF's needs with risks to ratepayers; eliminates 5 year rate adjustment requirement; II) – Carbon Costs: notes PSC has not applied CO₂ adjustment in QF-1 tariff since its inception in 1998, but has allowed QF retention of REC values; PSC has subsequently found that CO₂ emission price forecast is built into electricity price forecast; no accurate way to forecast CO₂ related price adder to serve as a proxy for increased marginal generating unit given a particular kind of carbon regulation; resource planning requirements will cause incorporation of emissions costs in avoided cost calculations; III) – Capacity Costs: 6.1% is reasonable capacity value for solar QFs and

supported by record; IV) – LEO: 4 disputed PNWS projects did not meet bright line Legally Enforceable Obligation test due to lack of interconnection agreement; V) – Symmetry: maintains symmetry finding; NWE has supported plant acquisitions in a manner similar to the way the Commission forecasts avoided cost rates; non-discrimination requirements is a known and consistent issue; symmetry finding only applies prospectively; PSC will consider including terminal value in valuations, and will consider risk sharing agreement for that value.

Vote Solar, MEIC and Cypress Creek Renewables v. PSC – DV-17-0776 – **Petition for Judicial Review**, Eighth Judicial District, filed 12/13/17. Petition for Review of Order Nos. 7500c and d (QF-1). Asserts insufficient evidence to support 15-year contract term and satisfy obligation to enhance economic feasibility of QFs; failure to include avoided CO2 costs is inconsistent with prior actions; PSC erred in relying only on market prices prior to 2025 to determine avoided costs; PSC erred in not considering impact of 15-year term on avoided costs; PSC erred in setting 6.1% capacity value by ignoring need during summer months and not accounting for aggregate value with wind resources.

NWE v. PSC – ADV 2017-1015 - **Petition for Judicial Review**, First Judicial District, filed 12/22/17. Petition for Review of Order No. 7500d (QF-1). Asserts lack of notice regarding symmetry issues and application to NWE and due process violation; asserts PSC created a rule of general applicability without following MAPA procedures, arbitrary and capricious based on evidence in record, findings conflict with resource planning statutes, PSC arbitrarily concludes that QF resources are similar to non-QF resources.

MTSUN – D2016.12.103 – Petition to Set Terms and Conditions for Qualifying Facility, filed 12/23/16.

- Requests Commission set terms for 80 MW solar project near Billings. Asserts MTSUN has created a Legally Enforceable Obligation (LEO) pursuant to proffered Power Purchase Agreement, asserting that fully executed connection agreement cannot be a requirement. Proposed contract term is 25 years at levelized avoided cost rate of \$63.70/MWh. NWE offered rate was \$43.48/MWh.
- Notice of Petition and Intervention Deadline issued 1/12/17.
- MCC Petition to Intervene filed 1/23/17.
- Procedural Order No. 7535 issued 1/31/17.
- MCC testimony of Jaime Stamatson filed 3/17/17: MTSUN calculation of avoided energy cost used same proxy resource as NWE, but erred in altering the online date in manner inconsistent with resource plan and other costs used for fuel and carbon dioxide costs are stale; MTSUN's capacity contribution calculation erred in improperly using NWE's estimate (using yearly average in selected months) and in using average contributions assumed by other utilities that have different load profiles and hydro storage capabilities; a 25 year contract term is excessively risky to ratepayers and should be reduced; NWE has not performed studies on solar integration costs and Commission should hold ratepayers harmless against imprudently incurred integration costs.
- Hearing held 4/28/17.

- Final Order No. 7535a issued 7/21/17: updating gas costs reduces MTSUN's calculated AC to \$57.74; MTSUN's capacity contribution calculation is unreasonable and should be 6.1%, further reducing AC to \$37.55 based on MTSUN's calculation; MTSUN's proposed rates are not consistent with AC, so no LEO has been formed; rejects MTSUN's proxy method because it misstates projected online date of CCCT resource and is insensitive to changes to NWE's portfolio; Commission will continue to use Crazy Mountain method to project avoided energy costs; finds shortening contracts from 25 years and allowing retention of RECs a better approach to treat carbon costs; MTSUN has not established avoidance of transmission project costs; finds probability of integration costs but lack of reliable quantification; finds 10 year contract length just and reasonable and consistent with rules defining long term; notes utilities will have purchase obligation at end of 10 year term; requires symmetrical treatment for utility-owned resources; estimates AC rate of \$16.98/MWh in all hours, plus \$10.53 capacity rate in peak hours.

-MTSUN and NWE Motions for Reconsideration filed 7/31/17.

- Order No. 7535b issued 11/29/17: I) – LEO: PSC relies on bright line LEO test established in Whitehall Wind; NWE gave MTSUN several avoided cost calculations and MTSUN claimed much higher rates; II) – Contract Length: agrees long-term planning rule does not support 10 year QF contract lengths and does not apply to QFs; references Order 7500d; 15 year contract length is reasonable and balances QF's needs with risks to ratepayers; III) – Avoided Energy Cost Calculation: PSC is not required to use only information available to parties at time of Petition, but must use evidence developed in record; appropriate to use 3/17 market information to determine avoided cost; clarifies that Economically Optimal Portfolio (EOP) resources have not been preapproved and their costs are not to be used in calculating avoided costs; affirms avoided energy cost model; IV) – Carbon Adjustment: references Order 7500d – carbon emission price forecast is built into electricity price forecast; no accurate way to forecast a carbon emissions price adder to serve as a proxy for increased marginal generating unit given a particular kind of carbon regulation; V) – Avoided Capacity Cost Calculation: affirms use of AERO unit as a proxy resource because it is consistent with long standing practice and is more purely capacity related; record shows MTSUN would not contribute significant capacity during winter peak hours; record supports SPP method as most reasonable; VI) – Symmetry: incorporates findings from Order 7500d; VII) – Transmission Upgrade and Regulation Costs: NWE has not demonstrated what portion of incremental transmission costs would be attributable to MTSUN; integration costs were not proven in light of new reliability standards; PSC affirms final order.

NWE vs. PSC – ADV 2017-1014 - **Petition for Judicial Review**, First Judicial District, filed 12/22/17. Petition for Review of Order No. 7535b (MTSUN). Asserts lack of notice regarding symmetry issues and application to NWE and due process violation; asserts PSC created a rule of general applicability without following MAPA procedures, arbitrary and capricious based on evidence in record, findings conflict with resource planning statutes, PSC arbitrarily concludes that QF resources are similar to non-QF resources.

MTSUN, LLC vs. PSC and NWE – CDV 2017-1022 – **Complaint and Petition for Judicial Review**, First Judicial District, filed 12/27/17. Petition for Review of Order No. 7535b (MTSUN). Asserts LEO decision was based upon unlawful procedure; calculation of avoided energy cost was arbitrary and abuse of discretion; 15 year contract term lacks evidentiary basis; CO2 treatment was arbitrary and capricious; avoided capacity cost decision was not based on evidence; reliance on PowerSimm a due process violations; due process violated by biased forum.

NWE – D2017.6.45 - Petition of New Colony Wind to Set Terms and Conditions for QF, filed 6/1/17. Request to set rates and conditions for 23 MW wind project at Martinsdale, developed by TransAlta Holdings. New Colony proposes \$44.34/MWh rate levelized over 25 years.

-Notice of Petition and Opportunity to Comment issued 6/30/17.

- MCC Petition to Intervene filed 7/17/17.

- Procedural Order No. 7560 issued 7/26/17. Hearing set 10/31/17.

- MCC testimony of Jaime Stamatson filed 9/7/17: supports MTSUN approved method to estimate avoided energy costs, using modeling of NWE's portfolio; avoided cost of capacity should reflect the actual project size and contract length; Commission should allow retention of Renewable Energy Credits (RECs) to account for future CO2 costs as in MTSUN order; shorter contract lengths mitigate forecast risk; any approved integration rates need to reflect needs for 23.1 MW windfarm located within zone 2 and actual contract length.

- Notice of Additional Issues issued 10/13/17, requesting 3rd party testimony or literature review with respect to 10 questions relating to contract length and federal and state statutory requirements regarding reasonable certainty of project returns and contract length to enhance economic feasibility. Testimony due 10/25/17.

- Hearing held 10/31/17.

- Final Order No. 7560a issued 12/26/17: New Colony has not established a Legally Enforceable Obligation (LEO); I) – LEO: affirms Whitehall Wind test; notes New Colony's proposed rates far exceeded determined avoided costs; II) – Contract Length: finds NWE witness Redinger most credible based on experience and independence; Redinger relates contract length primarily to debt ratios and believes equity returns are sufficient under current conditions if contracts are 15 years or more; adopts 15-year contract length; III) - Avoided Cost: New Colony deviates from current practice by disregarding Long-1 method and relying on Northwest Power and Conservation Council (NPCC) market forecast; continues practice of basing avoided cost in Long-1 situations (where NWE is long and variable generation costs are below market cost) on variable cost of NWE's highest cost resource; QF rates should not incentivize acquisitions that exacerbate long conditions; NPCC market forecast is too infrequently updated; notes little dispute regarding capacity costs; adopts capacity rate of \$7.99/Mwh applied to peak hours; cites MTSUN order regarding carbon costs; finds New Colony will keep rights to Renewable Energy Credits (RECs) for the project; IV) – Interconnection and Transmission Costs: NWE has not adequately supported interconnection upgrade cost offsets; PSC therefore assigns interconnection upgrade cost (est. \$3.4M) responsibility to NWE; NWE has not adequately supported transmission upgrade cost of \$2M, so PSC declines to impose costs on New Colony; V) Mid-C Adjustment: adopts separate values

for short and long positions, based on five years of historical data; VI) Integration Costs: approves NWE's proposed charges; notes NWE remains responsible for imprudently incurred charges. Avoided cost rates: \$21.49/Mwh (off-peak), \$29.48/Mwh (on-peak).
- NWE Motion for Reconsideration filed 1/5/18, regarding interconnection upgrade costs.
- New Colony Motion for Reconsideration filed 1/8/18.

NWE – D2017.6.56 – Petition For Declaratory Ruling On Availability of Schedule QF-1 Rates, filed 6/19/17.

- Requests ruling that three single turbine wind projects by 71 Ranch, DA Wind Investors and Oversight Resources are not eligible for QF-1 rates. All three project owners are the owners of Gordon Butte Wind, an existing 9.6 MW project near Martinsdale. A QF qualifies for default QF-1 rate if it does not exceed 3 MW. Turbines are 1.01 miles apart and 1.15 – 1.38 miles from Gordon Butte. FERC uses a One Mile Rule to determine eligibility for QF designation under the PURPA 80MW cap. NWE asserts that the Montana PSC eligibility rule described in Kenfield Wind is broader and considers “totality of circumstances.” Given joint ownership, timing of Power Purchase Agreements, common interconnection point and locations, NWE seeks declaration that these are not individual projects and are not eligible for the QF-1 rate.
- Notice of Petition and Opportunity to Comment issued 7/6/17.
- Order No. 7574 issued 11/16/17, denying Petition for Declaratory Ruling. Projects are currently certified by FERC as separate 3 MW projects; NWE may challenge that certification at FERC, therefore declaratory relief is inappropriate.
- NWE Motion for Reconsideration filed 11/27/17.
- Notice of Staff Action issued 12/7/17, waiving 20 day automatic denial.

NWE – D2011.5.41 - Spion Kop Compliance Filing, filed 10/25/17. Biennial compliance filing required by Order No. 71511 to update Spion Kop fixed costs pending inclusion in general rate filing. Proposes \$398,198 reduction.

- Notice of Staff Action issued 12/13/17, approving filing on interim basis to allow for discovery.

NWE – D2017.8.65 – Petition for Waiver of Community Renewable Energy Project Purchase Obligation for 2016, filed 8/18/17.

- States NWE took all reasonable steps to comply but was unable to procure its full 65.4 MW share of 75 MW CREP state mandate. NWE has procured 25.1 MW of CREP resources. NWE evaluated 11 projects responding to 2015 RFP and found none cost competitive and in compliance with cost cap. NWE issued another RFP in May 2016, but no project could be operational in 2016.
- NWE Motion to Consolidate with 2015 waiver request, D2016.4.33, filed 10/13/17.
- Notice of Petition and Intervention Deadline issued 10/25/17.
- Notice of Commission Action issued 10/25/17, consolidating with D2016.4.33.
- MCC Petition to Intervene filed 11/9/17.
- Procedural Order No. 7578 issued 11/29/17. Hearing set 4/4/18.

NWE – N2015.11.91 – December 2015 Electricity Supply Resource Procurement Plan, filed 3/31/16.

- adopts capacity based approach to address -28% planning reserve margin. Uses PowerSimm portfolio modeling that projects hourly market price information and energy production of dispatchable resources. Forecasts peak load growth of .75% winter and 1.1% summer, including 6MW of annual DSM. 20 year levelized wholesale electricity price projected to be \$37.30/MWh. Identifies Economically Optimal Portfolio (EOP), with NPV 7% lower than wholesale prices. Calls for total of 10 18 MW Internal Combustion Engines by 2028, 348 MW CCCT in 2025, and two SCCTs in 2028 and 2029.

- Notice of Filing and Opportunity to Comment issued 4/21/16.

- MCC Abstract of Comments filed 6/1/16.

-Public Meeting held 6/9/16.

-MCC filed comments of Jaime Stamatson 8/19/16: co-optimization analysis of hydros and thermal resources is not complete, so conclusions about need for capacity should be viewed cautiously; regulation needs were based on CPS2 performance standards that have been replaced now by Real Power Balancing Control Performance Standards which makes need for regulation service uncertain; the change in NWE's planning strategy to emphasis on capacity and away from market is insufficiently justified; NWE should continue to analyze regional capacity developments and evaluate benefits of joining the Western EIM; NWE should expand justification for reducing reliance on market.

- Commission Comments issued 2/2/17: preapproval of resources based on analysis in the 2015 Plan would "almost certainly not be in the public interest"; NWE should pursue rigorous stakeholder process; categories of concern are – resource adequacy constraint imposed by NWE, scope of alternative resources evaluated, future uncertainties, stakeholder process, and competitive resource procurement process; NWE has not completed a system optimization study with its entire fleet of resources; uncertainties include – resource costs, transition to reliability based control regulation, wind and solar integration requirements, load forecast, natural gas prices, CO2 regulation, infrastructure costs, EIM participation, ISO development.

- NWE Status Report filed 8/1/17.

- Notice of Commission Action Providing Opportunity to Comment issued 8/22/17.

- PSC Supplemental Comments issued 12/20/17: Reiterates NWE should consider capacity needs in regional context; expresses skepticism regarding NWE's stated capacity needs; 2018 Plan should specify type of capacity needed; regarding ancillary service needs, NWE should evaluate respective needs and cost responsibility of retail and wholesale customers; NWE's 2/13/17 capacity RFP was too prescriptive, excluded shorter term resources, and failed to comprehensively test the market; due to changing marketplace, skeptical of procurement regime that imposes risk on customers for projected benefits well into the future; 2018 Plan should use 15 year horizon within PowerSimm to recover capital costs; expresses intent to hire consultant to advise on the planning process.

NWE – D2017.7.57 – December electric tracker. Filed 11/15/17. Res. Commodity rate increase to \$.066493kwh (0.37%) (\$1.5 M annualized rev. req.)

NWE – D2017.7.57 – January electric tracker. Filed 12/15/17. Res. Commodity rate increase to \$.066687kwh (0.29%) (\$1.2 M annualized rev. req.)

NWE – D2016.9.68 – General Gas Rate Increase.

- Motion to Bifurcate filed 9/6/16.
- Notice of Commission Action granting bifurcation issued 9/23/16.
- Application filed 9/30/16. Requests \$10,892,438 (8% overall) increase, consisting of \$7.4 million that is delivery service related and \$3.5 million that is production related.
- Notice of Application and Intervention Deadline issued 10/4/16.
- MCC Petition to Intervene filed 10/19/16.
- Procedural Order No. 7522a issued 12/14/16.
- MCC testimony filed 2/2/17: Wilson – recommends 9.0% ROE, 6.69% ROR, exclusion of income taxes from incremental revenues; Clark – recommends revenue increase of \$3,715,376, including \$4,958,419 for transmission, distribution & storage, proposes several adjustments to O&M and rate base, including accumulated provision for depreciation and reversing reallocation of Administrative and General (A&G) and Common to production facilities, also supports exclusion of incremental income tax; Donkin – discusses proper future ratemaking treatment of company production fields, proposes annual adjustments based on most recent rate order and % rate base declines from NPV analyses used to support acquisitions, also supports removal of A&G and Common allocations.
- NWE Motion to Extend Time for Filing Phase Two, filed 3/14/17. Requests extension to 5/31/17.
- NWE Withdrawal of Interim Requests, filed 3/14/17. Withdraws request for \$5.6 million interim increase, based on property tax changes and rate design changes.
- Notice of Commission Action issued 4/3/17, granting extension to 5/31/17 for Phase 2 filing.
- MCC/NWE Stipulation filed 5/5/17: \$6,553,813 (4.85%) revenue increase; 9.55% ROE; depreciation reserve adjusted for 5 years; MCC’s rate making treatment for production applied for 10 years; A&G and Common Plant will not be allocated to Battle Creek, Devon and NFR assets.
- Phase I Hearing held 5/9-11/17.
- Phase 2, allocated cost of service and rate design, filed 5/31/17. Proposes residential increase of 7.11%, and \$8.25/mo. Service charge.
- MCC/NWE/LCG Stipulation filed 6/9/17, modifying 5/5 Stipulation to allow allocation of Administrative and General and Common costs to Production, but requiring a reduction of the first \$829,047 so allocated. Effective rate increase revised to \$5,724,765.
- Phase 2 Notice of Application and Intervention Deadline issued 6/27/17.
- Procedural Order No. 7522f issued 7/27/17.
- Final Order No. 7522g issued 8/15/17: approved stipulated NFR and Devon gas production true-ups; approves stipulated 9.55% ROE; approved stipulated 5 year depreciation reserve adjustment; states 2d stipulation took “nearly opposite” approach to 1st stipulation in allocating A&G costs to production; finds 2d stipulation does not explain the \$829,047 reduction; approves 2d stipulation allocation of A&G to production costs because production benefits from expenses; finds \$829,047 reduction unexplained and “unwarranted”; finds logic of annual stepdown proposal “internally inconsistent” in not capturing first year reductions; concludes first year revenue requirement should be

reduced by 2017 stepdown from \$24,171,679 to \$22,772,140 before 2017-2018 reductions are applied; recognizes stipulation allows reset of revenue requirement at times of general rate filings but NWE will have burden of supporting future changes; requires annual step downs to occur on 1/1 of each year; rescinds findings in 2013 comments on 2012 procurement plan regarding acquisitions and notes that revised plan should be filed well in advance of any future procurements; directs parties to consider in Phase 2 whether the production assets revenue should be trued up to stair-stepped revenue requirement annually.

- MCC testimony of George Donkin filed 9/14/17: disagrees with NWE's embedded cost of service study classifying and allocating costs entirely on basis of class design day demands, explaining annual volumes play equally important role; presents alternative ECOS study; includes interruptible volumes in study; for overall 2.56% increase proposes 1.75% core customer and utilities increase, 3-9% transportation rate increases; recommends any increases in service charge be limited to overall 2.56% increase.

- Notice of Additional Issue issued 9/20/17: whether production assets revenue should be trued up to the stair-stepped revenue requirement annually – to be addressed in rebuttal, discovery and at hearing.

- MCC Cross-Answer Testimony of George Donkin filed 10/20/17: applies criticism of NWE's treatment of transmission capacity costs as design day and meters and services costs as customer equally related to LCG testimony; disagrees with classifying portion of distribution capacity costs as customer related; discusses rationale to allocate transmission pipeline and distribution mains to interruptible customers; recommends rejecting LCG's revenue spread.

- NWE filing 11/22/17, to reduce production rate from \$.119229 to \$.112140, effective 1/1/18, pursuant to settlement approved in Order No. 7522g. \$.071/Dkt reduction.

- Settlement of NWE/MCC/LCG and HRC filed 11/27/17: specifies class revenue increases (residential and general service 2.25%); residential service charge of \$6.50/mo.; uniform company production rate of \$1.19229/Dkt, with annual adjustments as specified in Order No. 7522g.

- Hearing held 12/4/17.

NWE – D2016.7.53 – 2017 Natural Gas Tracker, filed 5/31/17. For 12-month period ending 6/30/17, and projected period ending 6/30/18. Projected gas cost of \$3.12/dkt and net deferred balance of \$19 under-collection (\$2,826,646 current under collection plus prior over collection of \$2,826,627), plus net GTAC [gas transportation adjustment clause] under collected balance of \$.19 million. Proposed res. rate of \$7.29/dkt. Difference from June rate is average bill increase of 7.9% - 19.74% gas cost increase.

- Interim Order No. D2016.7.53 issued 6/27/17, approving requested rates on interim basis.

- Notice of Application and Intervention Deadline issued 7/5/17.

- MCC Petition to Intervene filed 7/26/17.

- Procedural Order No. 7546a issued 8/16/17.

- Final Order No. 7546b issued 12/11/17, granting final approval of rates.

NWE – D2017.7.58 – December gas tracker, filed 11/15/17. Gas decrease from \$2.90 to \$2.86. Res. Rate from \$7.14 to \$7.09.

NWE – D2017.7.58 – January gas tracker, filed 12/15/17. Gas decrease from \$2.86 to \$2.61. Res. Rate from \$6.98 to \$6.74.

NWE – D2017.11.86 - Annual Tax Tracker, filed 12/15/17.

- Requests net increase of \$3,992,040 (.33%) for the electric utility and net decrease of \$2,829,463 (1.98%) for the natural gas utility. Current increase of \$6,524,232 (electric) and \$269,020 (gas).
- Notice of Application and Intervention Deadline issued 12/22/17.
- MCC petition to Intervene filed 12/26/17.

MDU – D2017.10.83 – Application to Update Rate 93 Tariff, filed 10/17/17.

-Updates avoided cost rates. Reflects forecasted MISO market prices and capacity surplus until 2024. Energy rates of \$.02724/kwh (on-peak) and \$.02475/kwh (off-peak); Capacity payments based on capacity value assigned pursuant to MISO Business Practice Manual at \$3.574/Kw/mo.

Notice of Application and Intervention Deadline issued 10/27/17.

- MCC Petition to Intervene filed 11/9/17.
- Procedural Order No. 7579 issued 11/30/17. Hearing set 5/2/18.

MDU – D2017.6.55 - December Electric Cost Tracker – Rate 58. Filed 11/17/17.

Decrease of .065¢/kwh secondary – total fuel and purchased power in tariff is \$0.02490/kwh.

MDU – D2017.6.55 - January Electric Cost Tracker – Rate 58. Filed 12/15/17.

Decrease of .076¢/kwh secondary – total fuel and purchased power in tariff is \$0.02414/kwh.

MDU – D2017.9.79 - General Natural Gas Rate Increase, filed 9/25/17.

Requests \$2,820,168 (4.1%) overall increase, based on 9.9% ROE and 7.47% COC. Residential increase 5.5%. Requests 43% increase in Res. Service charge to \$.33/day. Proposes a System Safety and Integrity Program and surcharge, estimated at \$527,875 in 2018.

- Notice of Application and Intervention Deadline issued 9/28/17.
- MCC Petition to Intervene filed 10/18/17.
- Procedural Order No. 7573 issued 11/14/17. Hearing set 4/16/18.

MDU – D2017.6.53 - Application to Revise Transportation Service Rates 81 and 82, filed 6/7/17. Revises balancing provisions for distribution system transportation customers. Replaces monthly escalating penalties with monthly cash outs on a sliding scale determined by % over or under and based on a weighted average cost of gas or an Index Price.

- Notice of Application and Intervention Deadline issued 7/5/17.
- MCC Petition to Intervene filed 7/26/17.
- Final Order No. 7571 issued 11/1/17, approving requested tariff changes.

MDU – D2017.9.70 - January Gas Cost Tracker, filed 12/8/17. Increase of \$.06/Dkt, res. and general service. Res. rate \$5.34/Dk.

MDU – D2017.9.72 – Annual State and Local Tax Tracker, filed 11/29/17. Claims 8.18% increase in state and local taxes assessed. Proposes natural gas \$238,269 net increase, and electric \$353,827 net decrease.

- Notice of Application, Intervention Deadline and Procedural Order issued 11/30/17.
- Hearing held 1/5/18.

EWM – D2017.9.80 – Natural Gas General Rate Increase, filed 9/29/17. Joint application of Energy West Montana and Cut Bank Gas for increases of \$1,526,960 and \$183,284, respectively; also proposes infrastructure cost recovery mechanism.

- EWM proposes 12.3% residential (7.03% overall bill), 3.25% small general service and 0.69% large general service increases; CBG proposes 7.07% residential and 28.49% general service increases. Requests 10.75% ROE. Proposes increased residential service charge from \$7.25 to \$12.00.

- Notice of Application and Intervention Deadline issued 10/3/17.
- MCC Petition to Intervene filed 10/20/17.
- Procedural Order No. 7575 issued 11/20/17. Hearing set 5/9/18.

EWM – D2017.12.89 – Reconciliation of West Yellowstone No Interest Loan Program Surcharge, filed 12/1/17.

-Reconciliation of difference between collections and disbursements for No-Interest Loan Program from 1997 to 2017 shows \$112,507 over collection. EWM proposes to convert program to USB program to commit 1.12% of gross revenues to Energy Share, making a one-time contribution of half of the surplus and retaining the remainder to supplement current \$.0644/mcf surcharge for future payments.

- Notice of Application and Intervention Deadline issued 12/6/17.
- MCC Petition to Intervene filed 1/5/18.

EWM – D2017.3.17– November gas tracker filed 10/25/17. Res. rate increase to \$4.64/Mcf.

EWM – D2017.3.17– December gas tracker filed 11/29/17. Res. rate decrease to \$4.60/Mcf.

EWM – D2017.3.17– January gas tracker filed 12/20/17. Res. rate decrease to \$4.59/Mcf.

Petition of MCC – N2017.9.76 – Petition to Amend ARM 38.5.2527 and 2528, filed 9/25/17.

- States that Standard Rate rules are harming ratepayers, not serving stated purpose, creating perverse incentives and violating statutory provisions; have increased rates, rather than reducing them; recognizes underlying concerns and proposes a simplified regulatory process and relying on consumer complaint process; simplified process

establishes alternative minimum information filing requirements and an opportunity for review.

- Notice of Petition and Opportunity for Comment issued 10/2/17.
- MCC Request for Hearing or Opportunity to Respond in Writing, filed 10/23/17.
- Hearing held 11/7/17.
- Notice of Commission Action issued 11/22/17, accepting Petition for rulemaking and initiating rulemaking proceedings, indicating intent to file with Secretary of State by 1/16/18. Agrees process should be refined, but disagrees standard rate rules should be removed in their entirety.

PSC – N2017.12.94 – Investigation of Federal Tax Reform Impacts, initiated 12/29/17.

-Notice of Commission Action issued 12/29/17, initiating investigation into Federal Tax Reform impacts. Identifies two major changes to business income tax: 1) reduction in tax rate from 35% to 21%, and 2) excess deferred tax reserves. Notes revenue impacts for utilities are large, unplanned, beyond management control, and unusual, and tax benefits are subject to deferred accounting. Requires NWE, MDU and EWM to record a deferred liability for estimated reduction in Federal Income Tax, and estimated reduction in revenue requirement resulting from deferred tax normalization requirements in the 2017 legislation. By 3/31/18, requires proposal to address the effects of the 2017 Act, including information sufficient to establish revised revenue requirement and proposals for “future investment or expense programs that might offset” rate reductions. Will address these issues for EWM and MDU gas in currently pending rate cases.

PSC – N2017.10.82 – Investigation into High Cost Support and Lifeline Services, initiated 11/9/17.

-Notice of Commission Action issued 11/9/17, initiating an investigation into “improving transparency, fostering accountability, and maintaining quality services for high cost support and lifeline services in Montana. Expresses concern that current guidelines are insufficient to oversee this \$100 million/yr. program. Poses several questions under three broad categories: what opportunities exist for Commission to more appropriately oversee ETC services in Montana; what opportunities exist for reforms to Montana law; what opportunities exist for reforming Federal policies?