

MONTANA PUBLIC SERVICE COMMISSION UPDATE TO
THE ENERGY & TELECOMMUNICATIONS INTERIM COMMITTEE
STATUS OF DOCKETS

March 15, 2024
Vice President Jennifer Fielder

1. NorthWestern Energy

Advanced Metering Opt-Out Tariff – Docket 2022.06.067

- The Commission’s rules require utilities to provide customers with the option to remove an installed advanced metering device and replace it with an alternative meter approved by the commission, or to decline installation of an advanced metering device and retain the existing meter, as guided by a cost-based opt-out service tariff. *See* Mont. Admin. R. 38.5.2603(1).
- In June 2022 NorthWestern filed an application for approval of an advanced metering opt-out tariff that would allow customers to opt out of the Company’s deployment of advanced meters for a fee of \$75 per service.
- For customers that opt-out, NorthWestern would install a non-communicating meter and implement two meter-reading options: NorthWestern would read the meter for \$15 per month, or the customer could self-read the meter for \$5 per month.
- NorthWestern’s proposed opt-out fees were based on estimated costs to install non-communicating meters and manage the meter reading process. NorthWestern stated that its proposed fees reflected prevailing industry rates for opt-out services.
- The Consumer Counsel intervened in the proceeding and opposed NorthWestern’s proposed opt-out fees because they were not adequately supported by actual cost information. The Consumer Counsel also contended that NorthWestern’s application failed to comply with Commission rules because it did not allow customers to retain the existing meter.
- The Commission conducted a public hearing on January 31 and February 1, 2023.
- In July 2023 the Commission issued an order denying the opt-out fees until NorthWestern completes the deployment of advanced meters and actual costs are known. The Commission required NorthWestern to allow customers to decline an advanced meter and retain the current meter without fees in the meantime.
- Recently, the Commission received multiple complaints from customers who had requested to opt out of receiving an advanced meter but were denied.
- The Commission worked with NorthWestern on an informal basis to address the complaints and the reasons some customers were being denied the ability to opt out.

- Currently, NorthWestern continues to bypass customers who do not want an advanced meter as it deploys the meters in its Montana service area. For customers who had an advanced meter installed over their objection, NorthWestern is working to restore the customers' prior meters.

Natural Gas Cost Tracking Adjustment – Docket 2022.07.077

- In May 2022 NorthWestern filed its application to increase natural gas supply rates pursuant to its annual cost tracking adjustment mechanism.
- The application covers a tracking period from July 1, 2022, through June 30, 2023.
- The proposed rate changes reflect projected increases in the market price of natural gas and deferred unreflected gas costs incurred in the tracker period.
- The Commission issued an interim order in June 2023.
- The Consumer Counsel intervened and subsequently provided testimony recommending that the Commission disallow recovery of approximately \$11 million that NorthWestern incurred for fixed-price gas purchases to hedge against volatile spot market gas prices.
- According to the Consumer Counsel, NorthWestern's fixed-price purchases were significantly higher than average index prices, which resulted in hedging losses. MCC contends NorthWestern over-emphasized the potential benefits of fixed-price purchases.
- NorthWestern countered that it took reasonable steps to mitigate customers' exposure to risk from increased volatility in natural gas markets, given the information available at the time the purchases were made. NorthWestern further asserted that it reasonably implemented Commission guidelines regarding the use of hedging as part of a balanced and diverse natural gas supply portfolio.
- The Commission held a public hearing on NorthWestern's application on February 20.

Electric and Natural Gas General Rate Case – Docket 2022.07.078

- In August 2022 NorthWestern filed its application for authority to increase retail electric and natural gas service rates.
- NorthWestern proposed to increase rates for electric service by \$171 million, of which \$92 million reflected an increase to base revenue requirements and \$79 million reflected pass-through supply and property tax costs.
- NorthWestern proposed to increase rates for natural gas service by \$23 million, of which \$20 million reflected an increase to base revenue requirements, and \$3 million reflected updated property taxes.
- As filed, NorthWestern's application would have increased the bill of a residential electric customer using an average of 750 kWh per month by \$22.76 or 25.6%. A residential natural gas customer using an average of 65 therms per month would have seen a total monthly bill increase of \$7.57 or 11.1%

- NorthWestern’s application requested rates sufficient to yield a 10.6% return on stockholders’ equity for the adjusted test period.
- Thirteen parties petitioned to intervene in the case, including: Montana Consumer Counsel, Federal Executive Agencies, Jefferson Energy Trading, Montana Large Customer Group, Montana Environmental Information Center, Colstrip Energy Limited Partnership, 350 Montana, Broad Reach Power, Natural Resources Defense Council (jointly with District XI HRC and Northwest Energy Coalition), Renewable Northwest, and Walmart. The petitions were granted.
- In April 2023 the Commission received a joint motion to approve a settlement agreement by NorthWestern, Consumer Counsel, Large Customer Group, Federal Executive Agencies, and Walmart. The settling parties comprised all parties that addressed revenue requirements, class revenue allocation, and rate design.
- The settlement resulted in increased electric revenue of \$81.9 million and increased natural gas revenue of \$18 million. The settlement specified customer class revenue responsibilities that equated to a monthly bill increase for a typical electric residential customer of 14% or \$12.60 and a monthly bill increases for a typical natural gas residential customer of 12% or \$4.52.
- The Commission held a public hearing in April 2023.
- Post-hearing briefing by parties was completed at the end of June 2023.
- In October 2023 the Commission issued a final order approving the settlement agreement.
- In November 2023 the Commission received motions for reconsideration from 350 Montana, Broad Reach Power, and HRC/NRDC/NWEC.
- 350 Montana asked the Commission to review the greenhouse gas emissions from the Yellowstone County Generating Station (YCGS) based on recent court decisions, address whether the class revenue allocations in the settlement are in a zone of reasonableness, reconsider the cost of debt for Colstrip, reconsider the PCCAM adjustment in the settlement related to YCGS, and reconsider the rate impacts on residential and small businesses.
- Broad Reach asked for reconsideration on due process grounds.
- HRC/NRDC/NWEC asked for clarification of the approval for a DSM stakeholder group and the rate impacts on low-income customers.
- On January 24, 2024, the Commission issued its Order on Reconsideration, granting in part and denying in part the motions of the parties.
- The Commission denied 350 Montana’s motion to reconsider carbon emissions from YCGS, finding the court decisions cited by 350 Montana did not support reconsideration of its decisions.
- The Commission provided additional analysis to support its range-of-reasonableness analysis in the final order and provided further clarification that the final order does not

commit the Commission to embarking on a one-time adjustment to the PCCAM as stipulated to by the settling parties—non-settling parties can still oppose such a procedure if NorthWestern chooses to file such an application.

- The Commission provided further analysis of the evidence on class costs of service, revenue allocation, and rate design and determined that the settlement rates are just and reasonable, supported by substantial evidence, and not unduly discriminatory.
- The Commission clarified its direction to NorthWestern regarding a DSM stakeholder process.
- The Commission further evaluated evidence regarding bill impacts for low-income customers. The Commission found the record lacked evidence supporting disparate rates for low-income customers beyond what is already provided through approved bill discount mechanisms. However, the Commission directed NorthWestern to begin reporting its affordability indicators to the Commission and to engage stakeholders to assess the efficacy of existing low-income customer support mechanisms.
- The Commission was not persuaded by the arguments of Broad Reach that the Commission’s process, including the public hearing, violated any of the parties’ due process rights. The Commission further found that even if it were persuaded by Broad Reach’s arguments, Broad Reach’s motion did not include any specific requested relief.

2023 Integrated Resource Plan – Docket 2022.11.102

- In November 2022 NorthWestern notified the Commission that it expected to file its next integrated resource plan (IRP) by the end of March 2023. NorthWestern ultimately filed the IRP on April 28, 2023.
- The IRP evaluates a variety of potential generation resources and demand-side measures that could meet the projected needs of NorthWestern’s electric service customers in Montana over the next 20 years.
- NorthWestern’s planning analyses are conducted using a complex proprietary computer model, PowerSIMM, that optimizes future resource acquisitions based on defined resource options and demand constraints, which are inputs to the model. The model simulates the operation of alternative resource portfolios to quantify total costs and risks associated with the uncertainty of key variables.
- The Commission provided public notice of NorthWestern’s IRP in May 2023 and set a deadline for written public comments of August 28, 2023. The Commission held five public meetings to receive oral and written comments on the 2023 Plan: August 14, 2023, in Great Falls; August 15, 2023, in Helena; August 16, 2023, in Billings; August 17, 2023, in Butte; and August 22, 2023, in Missoula.
- In September 2023, the Commission extended the deadline for written public comment to October 6, 2023.

- The Commission contracted with Mitsubishi Electric Power Products, Inc. (MEPPI), to evaluate the capabilities of the PowerSIMM model and NorthWestern’s use of the model pursuant to Mont. Code Ann. § 69-3-1204(6)(b).
- MEPPI provided the Commission with a written assessment of the PowerSIMM modeling on October 31, 2023.
- PSC staff provided a recommendation to the Commission on February 23, 2024. Commissioners are reviewing the recommendation and plan to act during a business meeting on March 19, 2023.

Update of Standard PURPA Rates – Docket 2023.08.076

- In August 2023 NorthWestern filed an application to update its QF-1 tariff schedule, which provides standard rates for purchases by NorthWestern of energy and capacity from qualifying facilities (QFs) under the federal Public Utility Regulatory Policies Act (PURPA).
- Regulations of the Federal Energy Regulatory Commission (FERC) require utilities to offer standard rates for QFs 100 kilowatts (kW) or smaller but provide state regulatory commissions the discretion to require standard rates for larger facilities.
- The Commission’s rules require Montana utilities to offer standard rates to QFs 3 megawatts (MWs) or smaller.
- In its application, NorthWestern proposes to offer standard rates for contract terms up to 20 years. NorthWestern proposes rates for energy based on market prices in the Western Energy Imbalance Market, as authorized by FERC Order 872. Payments for capacity would be fixed for the term of the contract based on the estimated costs of constructing a new natural gas peaking plant.
- NorthWestern also proposes to implement a standard, off-the-shelf contract to streamline the PPA negotiation process.
- Hydrodynamics and Greenfields Irrigation District (jointly) and the Consumer Counsel have intervened.
- The Commission has scheduled a public hearing in this matter in May 2023.

PCCAM Annual Rate Adjustment – Docket 2023.09.081

- In September 2023 NorthWestern filed its annual application to adjust electricity supply rates under the Power Costs and Credits Adjustment Mechanism. The application covers the tracking period July 2022 through June 2023.
- Under the PCCAM, rate adjustments automatically take effect on October 1 each year, subject to refund after a final Commission decision.
- NorthWestern seeks to recover approximately \$17.5 Million in deferred costs.

- The proposed PCCAM rate adjustment resulted in a decrease in NorthWestern’s electricity supply rates of approximately 4% (because the rates included recovery for a larger deferral from the prior year). A typical residential customer would experience a bill decrease of approximately \$4.50 per month.
- Following the Commission’s decision in NorthWestern’s electric and natural gas rate case authorizing an increase in the PCCAM base cost, NorthWestern filed a motion to amend the interim rate adjustment implemented in October 2023. Under the authorized PCCAM base cost, the deferred cost increased by \$2.9 million.
- In December 2023 the Commission approved NorthWestern’s motion to modify the interim PCCAM rates to reflect the PCCAM base costs approved in the rate case. The effect of the decision was a slight increase in the PCCAM rates implemented in October. For a typical residential customer, the increase was 0.4% or \$0.42 per month.
- The Consumer Counsel intervened and recommends that the Commission deny a proposal by NorthWestern to include expenses for ammonia used at the Dave Gates Generating Station. Historically, ammonia expenses were accounted for in general rate cases.
- The Consumer Counsel recommends removing \$790,161 from NorthWestern’s claimed expenses, which would reduce the rate adjustment by \$711,145 after applying the 90/10 sharing mechanism.
- The Commission has scheduled a hearing on this matter for June 26, 2024.

[Electric and Natural Gas Property Tax Tracker – Docket 2023.12.100](#)

- In December 2023 NorthWestern filed its annual electric and natural gas tax tracker filing.
- Mont. Code Ann. § 69-3-308(2)(b) authorizes utilities to automatically adjust their rates for changes in property taxes. Rate adjustments take effect January 1 each year. If the Commission identifies any errors in NorthWestern’s rate calculations, the Commission may request public comment and order NorthWestern to address the errors or omissions.
- In its application, NorthWestern requested a decrease in electric rates for state and local taxes and fees of (\$56) Million per year, inclusive of prior period over/(under) collections. NorthWestern requested a decrease in natural gas rates of (\$19) Million.
- For a typical residential electric customer using 750 kWh per month, NorthWestern’s application resulted in a bill reduction of approximately \$6.95 per month bill, or 6.15%.
- For a typical natural gas customer using 65 therms per month, NorthWestern’s application resulted in a bill reduction of approximately \$4.40 per month, or 7.46%.

2. PURPA Implementation

ConEd Development Petition for Contract Rates and Terms – Dockets 2019.09.067 and 2019.10.076

- In 2020 the Commission issued a series of orders in response to petitions by ConEd Development (CED) requesting contract rates and terms for three separate QFs comprising about 120 MW of wind generation.
- Petitions for judicial review of the orders were filed by CED in the First Judicial District Court and the Court consolidated the matters into a single case.
- In pertinent part, the issues on appeal involved the Commission's jurisdiction over, and determinations regarding, the QFs' responsibilities for costs to upgrade NorthWestern's transmission system to accommodate the receipt and delivery of the QFs' energy and capacity.
- The District Court affirmed the Commission's orders.
- In May 2021 the QFs appealed to the Montana Supreme Court.
- In May 2022 the Supreme Court affirmed in part and remanded in part.
- The Supreme Court affirmed the Commission's jurisdiction but remanded the cases to the Commission for further proceedings regarding the proper apportionment of the cost of transmission system upgrades among the QFs, NorthWestern's customers, and other energy projects.
- In August 2022 the Commission issued a procedural order for remand proceedings.
- Commission staff hosted a workshop with the parties to explore any areas of agreement that would allow the parties to narrow the scope of contested issues.
- Testimony from NorthWestern and CED was filed in September 2022, and rebuttal testimony from both parties was filed in December 2022.
- The Commission conducted a public hearing in February 2023.
- Post hearing briefing by the parties was completed in June 2023.
- The Commission issued a final order in the remand proceedings in November 2023 approving a transmission upgrade cost allocation method proposed by NorthWestern and finding that CED was not entitled to reimbursement for transmission system upgrade costs allocated to it pursuant to that method.
- In December 2023 CED filed a motion for reconsideration of the Commission's final order and NorthWestern filed a motion for leave to file a response to CED's motion.
- The Commission is reviewing CED's motion and NorthWestern's response.

Colstrip Energy Limited Partnership Petition – Docket 2022.07.073

- In July 2022 Colstrip Energy Limited Partnership (CELP) filed a petition requesting the Commission to establish the contract rates and terms of a QF power purchase and sale agreement with NorthWestern.
- CELP is an existing QF that operates the Rosebud Power Plant, a 42 MW waste coal-fired generator near Colstrip, Montana.
- CELP and NorthWestern have an existing contract that expires on June 30, 2024.
- NorthWestern and the Consumer Counsel filed testimony on CELP's petition in September 2022 and CELP filed rebuttal testimony in October 2022.
- The Commission conducted a public hearing in December 2022.
- In February 2023 NorthWestern and CELP filed a partial stipulation and settlement agreement on the issue of interconnection terms and conditions.
- The Commission issued Final Order 7859i in May 2023.
- Following the Commission's Final Order, NorthWestern and CELP filed a joint motion requesting an extension of time to file motions for reconsideration.
- The Commission granted the motion and set a deadline in July 2023 for motions for reconsideration.
- In July NorthWestern and CELP each filed motions for reconsideration.
- To accommodate requests from the parties for further briefing on issues raised in their respective motions for reconsideration, the Commission waived its rule that deems a motion for reconsideration denied if the Commission has not acted on the motion in 20 days. The Commission established deadlines for further briefing, which ended in August.
- In December 2023 the Commission issued its Order on Reconsideration 7859k, which largely upheld the decisions in the Commission's Final Order but provided clarifications regarding several contract terms. NorthWestern subsequently submitted a partial compliance filing required by the order, but requested more time to prepare a revised power purchase agreement.
- The Commission subsequently granted NorthWestern's request for an extension to submit a power purchase agreement in compliance with the Order on Reconsideration.
- On January 19, 2024, NorthWestern filed the power purchase agreement.

Petition to Initiate Rulemaking – Docket 2024.01.010

- In January 2024 NorthWestern Energy filed a petition to initiate a rulemaking proceeding to amend an existing Commission rule that addresses how a QF creates a legally enforceable obligation (LEO) under FERC's PURPA regulations.

- NorthWestern stated that the Commission’s existing rule addresses LEO formation for new QFs that will be constructed but does not address LEO formation for QFs that have already been constructed.
- The Commission provided public notice of NorthWestern’s petition and an opportunity to comment.
- The Commission received comments from two existing QFs, Colstrip Energy Limited Partnership and Yellowstone Energy Limited Partnership.
- In February, the Commission voted to initiate informal rulemaking proceedings. The Commission issued a Notice of Commission Action soliciting comments and input from interested persons and identifying several specific items on which it seeks input.

3. Montana-Dakota Utilities

Authority to Offer Incentives for Conversion – Docket 2021.09.116

- In September 2022, MDU filed an application for authority to offer incentives for approximately 38 customers in the Saco/Bowdoin area to convert from natural gas service to an alternative fuel source.
- MDU stated that it does not expect to be able to reliably continue to deliver natural gas service to the customers because service is provided through a natural gas gathering system serving wells in the Bowdoin area that MDU sold in 2015. Due to third party ownership of the gathering system and upstream gas fields, MDU no longer has control over when the wells may be shut in, which creates uncertainty over MDU’s ongoing ability to purchase the gas supplies needed to serve customers. In addition, declining pressures in the wells and gathering system create reliability risks for customers due to increased water in the gas that can freeze during severe weather.
- MDU proposed to offer customers \$10,000 to defray the cost of switching to bulk propane service or another alternative. Customers would have through the end of October 2025 to accept the offer.
- The Consumer Counsel intervened in the docket.
- The Commission issued a procedural order in August 2023.
- The Consumer Counsel submitted testimony in December 2023. The Consumer Counsel generally argues that service quality has not materially declined for customers in the Saco/Bowdoin area and that the costs of alternative services, such as propane, electricity, or fuel oil, are much higher on an equivalent BTU basis compared to the cost of MDU’s natural gas service. The Consumer Counsel recommends rejecting MDU’s proposed October 2025 deadline to accept a fuel switching incentive and requiring MDU to submit regular reports of the gas field pressures feeding the Saco/Bowdoin distribution system.
- The Commission has scheduled a hearing on this matter on June 11, 2024.

Update of Standard PURPA Rates – Docket 2023.10.090

- In October 2023 MDU filed a request for approval to update its Power Purchase Time Differentiated Rate 93 Tariff (Rate 93) pursuant to Mont. Admin R. 38.5.1905.
- Rate 93 is MDU’s tariff of standard rates for PURPA qualifying facilities.
- The Commission noticed receipt of the Application and the Consumer Counsel provided notice of its intervention in November 2023.
- In January 2024 the Commission issued a Notice of Additional Issues asking the parties (MDU and MCC) to address the consistency of MDU’s rate proposal and Commission rule 38.5.1905 and whether there is cause to waive that rule
- The Commission issued an amended procedural schedule in late January setting the deadline for MDU to respond to the additional issues and a later deadline for intervenor testimony.

5. Telecommunications Regulation Modernization

Modernizing Telecommunications Regulation – Docket 2021.10.125

- The Montana Telecommunications Act was enacted in 1985.
- The Act establishes a policy of universal availability of basic telecommunications service at affordable rates and provides for an “orderly transition from a regulated telecommunications industry to a competitive market environment.” Mont. Code Ann. § 69-3-802.
- The Commission has adopted rules that implement the Act. Mont. Admin. Rs. 38.5.2701 through 38.5.4200.
- As telecommunications markets have evolved over time, the Commission’s regulation has responded. For example, in 2000 the Commission waived requirements for certain competitive local phone service providers to file tariffs or price lists, and in 2014 the Commission removed tariff requirements for the two former monopoly local phone companies (Citizens Telecommunications d/b/a Frontier Communications and CenturyLink).
- The Commission initiated this Docket to assess whether current technology and the state of markets for telecommunications services warrant further changes in Commission regulation and/or governing statutes.
- The Commission requested public comment on two primary issues: the appropriate level of Commission regulation given current and expected market structures and communications technologies and potential modifications to Commission regulations.
- In January 2022 the Commission received comments from several stakeholders including the Montana Telecommunications Association, Bresnan, and CenturyLink.

- This process resulted in a Commission request, and subsequent ETIC approval, for pre-introduction of what became HB 492 during the 2023 Legislative Session. HB 492 was intended as a statutory cleanup bill to repeal several obsolete provisions in Title 69, Chapter 3, related to the regulation of telecommunications services.
- After passing out of the House by a vote of 93-5, HB 492 was tabled in the Senate Business, Labor, and Economic Affairs Committee. The Committee was concerned that the bill would remove regulatory protections for the approximately 10% of customers that continue to receive only traditional landline telecommunications services.
- The Commission continues to believe that increased competition in telecommunications markets since the Montana Telecommunications Act was enacted warrant statutory changes.
- The Commission will continue discussions with stakeholders, consider the Legislature's concerns with HB 492, and consider whether to suggest alternative statutory changes in future legislative sessions.

6. Other dockets and non-dockets

Investigation into the Adequacy of Infrastructure of CenturyLink – Docket 2021.12.136

- In December 2021, the Commission initiated an investigation into the adequacy of legacy infrastructure operated by Qwest Corporation d/b/a CenturyLink QC.
- The investigation is based on the Commission's receipt of formal and informal complaints alleging that the infrastructure used to provide service in rural areas of Montana is inadequate, resulting in long service outages, inability to access 911 services, and falsely initiated calls to 911 services.
- The Commission consolidated this docket with docket 2021.10.137, which involves a request by CenturyLink for a temporary waiver of Commission rules that set time requirements for restoring service once a customer reports being out of service.
- The Consumer Counsel requested and was granted intervention in the consolidated docket in February 2022.
- The Commission issued a Notice of Investigative Procedures that established a discovery period and a deadline for comments and requests for further process.
- On May 27, 2022, the Consumer Counsel issued discovery to CenturyLink.
- On June 3, 2022, the Commission issued a procedural order modifying previous deadlines in the case and establishing a deadline of July 29, 2022, for written comments and requests for additional process.
- On July 8, 2022, CenturyLink filed a motion requesting a 30-day continuance, in part to allow it to pursue settlement options with the Consumer Counsel.

- In August 2022 the Consumer Counsel requested a further extension because it had not yet received and reviewed certain confidential material requested in discovery.
- The Consumer Counsel submitted comments in the proceeding in September 2022.
- CenturyLink submitted a response to the Consumer Counsel’s comments in October 2022.
- On November 2, 2022, by Notice of Commission Action, the Commission directed CenturyLink to submit a proposal for resolving the service quality issues in the proceeding. The Commission required CenturyLink to base its proposal on a settlement agreement it had executed with parties in Wyoming to resolve similar quality of service issues.
- CenturyLink submitted its proposal in December 2022.
- In February 2023, the Commission issued discovery to CenturyLink regarding several aspects of its proposal.
- The Commission held a public hearing on CenturyLink’s proposal in September 2023.
- PSC staff provided a recommendation on March 1, 2024. Commissioners are reviewing the recommendation.

PURPA Section 111(d) – Docket 2022.09.084

- The Infrastructure Investment and Jobs Act of 2021 (“IIJA”) amended Section 111(d) of the Public Utility Regulatory Policies Act (“PURPA”) to require that states consider measures to promote greater electrification of the transportation sector, including the establishment of utility rates that:
 - Promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
 - Improve the customer experience associated with electric vehicle charging, including by reducing charging times;
 - Accelerate third-party investment in electric vehicle charging; and
 - Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.
- Pursuant to Section 112 of PURPA, state regulatory authorities, such as the Commission, must commence consideration of these potential measures by November 2022.
- The IIJA contains similar provisions for demand response resources/programs.
- On August 23, the Commission voted to initiate a proceeding to investigate these provisions of the IIJA. Through the proceeding the Commission will obtain information and opinions from regulated utilities and the public relevant to the Commission’s consideration of utility rates that meet IIJA criteria.
- A Notice of Opportunity to Comment was issued on September 2, 2022.
- The Commission received comments from BroadbandMT in October 2022. No other comments were received.
- No further action has been taken in the docket to date.

Resource Adequacy and Risk Profiles in the Montana and Regional Electricity Supply – Docket 2022.09.087

- On August 30, 2022, the Commission voted to initiate an investigative docket on resource adequacy and risks to the electrical supply of the State of Montana.
- On September 20, 2022, the Commission issued a Notice of Investigative Docket and Opportunity to Comment.
- In the Notice, the Commission described that the purpose of the investigation is to determine the size and scope of resource adequacy issues facing Montana and the Western Region. The Commission intends to use the docket as a catalyst and a forum for ongoing discussions about resource adequacy issues.
- In October 2022, the Commission received written comments from NorthWestern Energy, Friends of 2 Rivers, Department of Environmental Quality, Colstrip Energy Limited Partnership, and the Northwest Independent Power Producers Coalition. In November 2022, the Commission received supplemental comments from Northwest Energy Coalition.
- In December 2022, the Commission hosted a two-day conference with regional regulators and other interested stakeholders focused on resource adequacy issues.
- The Commission and its staff continue to research and participate in regional planning for resource adequacy.
- In mid-January 2024 Montana and the broader Pacific Northwest experienced an extreme cold weather event that lasted for several days. NorthWestern's system set a new system peak demand record and recorded its highest sustained peak load. Market prices for wholesale electricity approached the \$1,000 per MWh cap set by the Western Electricity Coordinating Council. Just ahead of the most severe weather, a portion of the Colstrip generating plant was off-line for maintenance.
- The Commission determined that this event provided an opportunity to further examine resource adequacy and associated risks for Montana customers.
- On January 30, 2024, the Commission sent a letter to NorthWestern requesting that the Company provide a range of information regarding the operation of its system for the period January 8 – 18, 2024.
- NorthWestern provided the information on February 20, 2024, and the Commission held an informational meeting with NorthWestern on March 6, 2024.

Petition for Rulemaking regarding Consideration of Climate Impacts – Docket 2024.03.028

- On February 28, 2024, the PSC received a petition requesting the PSC to initiate rulemaking pertaining to the PSC’s consideration of adverse climate impacts from greenhouse gas emissions.
- The petition argues that Montanans have a fundamental constitutional right to a clean and healthful environment, which includes climate as part of the environmental life-support system, that greenhouse gas emissions from burning fossil fuels causes climate impacts in the state of Montana, and that the PSC makes consequential decisions that affect utility investments in fossil fuel-burning power plants.
- The petitioners ask the PSC to adopt proposed rules that make explicit the need for the PSC to consider and act on the climate consequences of its decisions.
- The petitioners also seek declarations from the PSC that: (1) the Montana Constitution imposes an affirmative obligation on the PSC to consider the harmful climate consequences of its decisions to prevent constitutional harm and protect Montanans’ fundamental right to a clean and healthful environment; and (2) the statutory and regulatory framework governing the PSC’s regulation of public utilities instructs it to make decisions in the public interest that ensure just and reasonable utility rates; these standards require the PSC to consider climate change and its harmful effects in Montana in the context of its regulatory duties.
- The petitioners comprise a group of 42 Montana organizations, businesses, and individuals.
- Pursuant to Mont. Code Ann. § 2-4-315 and Mont. Admin. R. 1.3.308, the PSC has 60 days to either deny the petition in writing or initiate rulemaking proceedings.