

Montana Consumer Counsel

11/10/2020 STATUS OF CASES

NWE – [2019.12.101](#) – Application for Approval of Capacity Resource Addition.

- Notice of Intent to File an Application for Pre-Approval of a Capacity Resource Acquisition, filed 12/10/19. NWE states it plans to file by 1/31/20 an Application for Commission preapproval to acquire Puget Sound Energy's (PSE) 25% (185 MW) share of Colstrip 4 for \$1. The purchase agreement provides that NWE will sell 90 MW of power to PSE for approximately 5 years, and that NWE will also purchase a portion of PSE's interest in the Colstrip Project Transmission System. PSE will maintain its existing pro rata responsibility for environmental and pension liabilities existing prior to closing of transaction as well as existing pro rata share of decommissioning costs.
- Application filed 2/5/20. NWE asserts a critical capacity deficiency. NWE requests approval to purchase and rate base 185 MW of CU4 from Puget Sound Energy for \$1.00; sell 90 MW back to Puget for approximately 5 years; include a "Test Period Revenue Requirement" for 95 MW in rates, offset by a reduction to the Power Cost and Credits Adjustment Mechanism (PCCAM); establish a reserve fund for post-closure environmental, remediation and decommissioning costs; make a compliance filing in 5 years to reflect additional revenue requirement for 90 MW and reduction in PCCAM rates. NWE calculates 95MW revenue requirement of \$7.4 million, with revenues and PCCAM savings of \$11.2 million. NWE asserts no customer bill impacts. Sales agreement states Puget will retain responsibility for its presale share of environmental compliance, remediation and decommissioning costs. Conditions precedent to closing include a Transmission Acquisition Agreement with Puget regarding interest in 500 kV line.
- Notice of Application and Intervention Deadline issued 2/12/20.
- Notice of Opportunity for Intervenor Comment issued 2/19/20. Commission requests comments regarding whether NWE's Application complies with minimum filing requirements.
- MCC Petition to Intervene filed 3/3/20.
- [MCC Comments](#) regarding adequacy of application filed 3/6/20: Application fails to satisfy filing requirement rules because the testimony and exhibits are conclusory and shift burden of fact-finding to intervenors, there is insufficient information to compare the proposed resource to alternatives, and it lacks a complete description of each aspect of the resource.
- Notice of Commission Action issued 3/23/20 finding application deficient and allowing NWE the opportunity to supplement. The application is deficient in two broad areas: 1) does not adequately demonstrate expected annual revenue requirements compared to alternatives, nor adequately describe the acquisition, nor consider public interest issues required by rules, 2) evaluation using PowerSimm did not provide inputs nor consider plausible alternative assumptions regarding resource costs, capabilities and future conditions. Commission provides 30 days to respond to the stated deficiencies, but commits to a typical procedural schedule

whether or not NWE chooses to file supplement. Discovery is suspended pending issuance of procedural order.

- NWE Motion for Reconsideration of NCA filed 4/3/20. NWE asserts that the Commission prejudged the application and: adopted a new policy disfavoring opportunity resources; rejected NWE's reserve fund proposal through single issue ratemaking; suggested correcting deficiencies by committing to a C4 retirement date.
- NWE Notice of Right of First Refusal and Intent to Supplement Application filed 4/10/20, stating that Talen is exercising its right of first refusal regarding Puget's C4 sale and that NWE will amend its application to reflect the potential acquisition of 92.5 MW.
- Procedural Order No. 7717b issued 4/22/20. Hearing set 10/19/20.
- NWE Supplement to Application filed 4/24/20. Application is amended to request for approval to acquire "at least 92.5 megawatts" from Puget for \$0.50 and up to 185 MW, directly serving consumers with 47.5 MW and selling 45 MW back to Puget for approximately 5 years.
- Order No. 7717c issued 5/15/20, rescinding NCA finding application deficient, finding Application complies with statutory and administrative rule requirements, and granting request to issue procedural order contemplating resolution by 12/31/20.
- NWE Corrected Testimony and Exhibits filed 7/2/20.
- Notice of Commission Action issued 7/16/20 rescinding Procedural Order 7717a, suspending deadlines and directing staff in consultation with parties to reestablish a procedural schedule after NWE has submitted a revised buy-sell agreement and supplemental testimony if necessary.
- NWE Second Supplement to Application filed 8/19/20, amending application to acquire 92.5 MW, selling back 45 MW to Puget for five years, include the revenue requirement of 47.5 MW in rates offset by a reduction to the Power Cost and Credits Adjustment Mechanism (PCCAM), establish a Reserve Fund with PPA net proceeds and 90% of PCCAM savings, and make a compliance filing in five years for revenue requirement associated with remaining 45 MW.
- Procedural Order No. 7717i issued 8/26/20. Hearing set 12/14/20.
- Notice of Public Listening Sessions issued 9/22/20. Sessions held 10/13 and 20.
- [MCC Testimony](#) filed 9/25/20: SMITH – preapproval should be denied because economics are marginal during the PSE power purchase agreement (PPA) and rapidly deteriorate thereafter; unscheduled outages are not uncommon and could cause negative value; additional capital investments rapidly overwhelm limited benefits; unrecovered net book value at end of the first five years exceeds the projected net revenues; significant capital expenditures may result in requests for cost recovery whether or not C4 is operating; proposed Reserve Fund is not related to the acquisition and should be rejected; PSC should not allow diversion of PCCAM credits to fund unknown costs which have not been determined to be ratepayer responsibility; any approval should be limited to 5 years and there should be a fixed cost for this 5 year period; all revenues and costs related to 92.5 MW share should be accounted for separately from existing share; after 5 years should be subjected to competitive solicitation process; NWE should adjust base PCCAM to eliminate 100% of power purchases avoided and reduce fixed allowed generation cost of service for the 92.5 MW by net \$3.616 million from the PSE PPA. DISMUKES –proposed acquisition has not been shown to be in the public interest; it has not been shown to be the least cost resource or submitted to competitive bidding; claimed benefits are speculative and based on unreasonable assumptions regarding operating costs and power markets; capital cost additions are not considered; over time, plant will become more expensive while power markets may become more competitive, causing benefits to diminish rapidly after 5 years; benefits are overstated because, contrary to isolated spikes, wholesale prices are more stable and trending

downward; there is a limited premium in the Mid-C market over variable fuel costs; reserve fund is not related to the acquisition and should be rejected; there has been no determination regarding prudence or applicability of costs to which the reserve fund would be targeted; any approval should be limited to five years and exclude capital additions not factored in by NWE; any allowed revenue requirement should be fixed at \$4.4 million; Commission should require minimum financial credit of 50% of estimated benefits, or \$4.5 million.

- Notice of Additional Issues issued 10/8/20: 1) treatment of costs related to ancillary services that would be provided to FERC jurisdictional wholesale consumers; 2) discussion of a referenced “early 2019 Colstrip transaction” proposed by Talen and NWE that was unsuccessful.
- NWE Notice of Withdrawal of Application filed 10/29/20. NWE states that NWE and Puget terminated the sale agreement on 10/29/20.

NWE – [2019.09.058](#) - Annual Power Costs and Credits Adjustment Mechanism Filing, filed 9/3/19. This is the first annual power cost true-up pursuant to the recently approved revised tracker mechanism. It covers power costs and credits and demand side management supply costs for the period 7/19-6/20. Requests recovery of \$22,718,059, including \$7,389,585 unrecovered QF costs, for typical bill increase of 3.41%.

- Notice of Application and Intervention Deadline issued 10/21/19.
- MCC Petition to Intervene filed 11/8/19.
- Procedural Order No. 7708 issued 12/6/19.
- Notice of Commission Action issued 12/18/19.
- Notice of Staff Action issued 3/11/20 revising procedural schedule.
- **MCC Testimony of David Dismukes** filed 4/10/20: NWE recognizes that it incurred higher replacement power costs than if C4 had operated during summer of 2018; these costs amount to \$6.89 million of which 10% was removed due to PCCAM sharing mechanism; remaining \$6.2 million should be removed; the PCCAM mechanism approved in D2017.5.39 should be applied up to passage of SB 244 in May 2019, resulting in reduction of \$3.8 million; NWE should update Commission in next filing regarding procedural changes related to an internal audit concerning recording of power trading transactions.
- Hearing held 6/24-25/20.
- PSC voted 10/27/20 to reduce purchase costs by \$9.4 million, increasing to \$9.9 million with interest. \$5.7 million relates to replacement power costs and remainder to prorating elimination of tracker deadband.

NWE – [2020.08.091](#) – Annual Power Costs and Credits Adjustment Mechanism, filed 9/1/20. This is the annual filing in which NWE tracks its electric supply power costs and true-ups variations from base. NWE calculates a deferred under-collected account balance of \$4,534,335 to be amortized over 12 months. Replacement of larger prior balance produces a typical residential bill reduction of 2.54%.

- Notice of Application and Intervention Deadline issued 9/18/20.
- MCC Petition to Intervene filed 10/7/20.

NWE – [2019.11.091](#) – Petition of Apex Solar LLC to Set Terms and Conditions, filed 11/8/19. Apex Solar and Apex Solar II are two 80 MW solar Qualifying Facility projects in Beaverhead County petitioning the Commission to set terms and conditions. The projects assert Legally Enforceable Obligations as of 7/12/19, entitlement to 25 year contracts and \$3/MWh

carbon adder. Apex I seeks avoided cost of \$41.07/MWh Around the Clock, while Apex II claims \$39.31/MWh. Projects state that they are willing to accept an earlier avoided cost calculation provided by NWE and based on 15 year levelization of \$35.65 and \$34.12 ATC for I and II, respectively. Projects request an “appropriate” avoided capacity cost payment to be estimated in future submissions.

- Notice of Petition and Opportunity to Intervene issued 11/15/19.
- MCC Petition to Intervene filed 11/27/19.
- Procedural Order No. 7707 issued 12/4/19.
- Notice of Commission Action Amending Procedural Schedule issued 12/18/19.
- Apex Solar II LLC notice of Withdrawal of Petition filed 1/10/20.
- Recaptioned by Notice of Staff Action issued 1/27/20.
- NWE Intervenor Testimony filed 1/31/20, calculating all-in rates of \$9.07/MWh off-peak and \$26.08/MWh on-peak.
- [MCC Testimony of Jaime Stamatson](#) filed 1/31/20: supports the hourly version of PowerSimm modeling for calculating avoided cost of energy; describes two acceptable methods for calculating avoided capacity cost, including the 6.1% standard practice and implementing a measure-and-pay approach; recommends Apex retain renewable energy credits (RECs) in lieu of carbon cost adder; supports 15 year contract term; supports using NWE’s open access transmission tariffs to calculate ancillary services costs.
- Hearing held 6/9-10/20.
- Final Order No. 7707b issued 9/30/20: No legally enforceable obligation (LEO) was formed because Apex did not commit to reimburse interconnection costs specified in administrative rules; adopts cost to serve load analysis and hourly modeling to calculate avoided costs; rejects NWE’s declining heat rate analysis and accepts NWE’s June 2019 market price forecast adjusted for two years of forward prices; adopts NWE’s proposed 6.6% capacity factor, resulting in on-peak avoided capacity cost of \$17.01/MWh, or \$5.11/MWh for all hours; rejects carbon adder and finds Apex will retain its RECs, but NWE is required to amend the PPA if carbon tax is imposed; Apex is responsible for network upgrade costs minus \$99,000 avoidable network costs at DGGG; finds Apex should pay ancillary costs through NWE’s open access transmission tariffs; approves 15 year contract term.
- NWE Motion for Reconsideration filed 10/13/20.
- Apex Motion for Reconsideration filed 10/13/20.

MTSUN v. PSC – DA 19-0363 – Appeal from BDV-17-0776, Montana Supreme Court. Decided 9/22/20. This is a companion to and closely follows *Vote Solar*. MTSUN is a proposed 80 MW solar project near Billings. A Petition to set rates was filed with the PSC on 12/23/16. Final Order No. 7535a issued 7/21/17, finding no legally enforceable obligation had been formed, revising proposed avoided cost rates, rejecting a carbon adder and reducing contract length to 10 years with symmetrical treatment requirement for NWE resources. Order No. 7535b issued 11/29/17, increasing contract length to 15 years. On appeal, the District Court reversed and remanded the PSC orders on 6/18/2019, finding an LEO had been formed, requiring a 25 year contract, a carbon price set at \$9.65/MWh, an avoided energy cost of \$28.68/MWh and capacity costs based on an 18MW internal combustion engine. Supreme Court found that: PSC application of its LEO test requiring price term consistent with utility’s avoided costs had been unlawfully applied in requiring “precise avoided cost”; MTSUN and NWE had been “virtually in agreement” and MTSUN is entitled to agreed-upon rates; PSC exceeded its authority by altering

a “contract”; new capacity for a utility is based on its “schedule for the addition of new generat[ion]” and NWE’s next planned generating units were three 18 MW internal combustion engines, so it was error to base avoided cost on an AERO combustion turbine. District Court opinion is affirmed.

CED Wheatland Wind v. PSC, - ADV-2020-1292 - **Complaint and Petition for Judicial Review**, First Judicial District, filed 8/11/20. Petition for review of Order Nos. 7702b and c, claiming that they set unreasonable and unlawful terms and conditions for the QF contract between CED Wheatland and NWE. CED argues that the PSC’s five most recent QF orders exhibit “wild swings” in methodology explained by a predetermined goal of precluding QF development.

- MPSC Motion for More Definite Statement filed 9/2/20.
- NWE Motion to Dismiss filed 9/2/20.
- Order Consolidating Cases with CED Teton, DDV-2020-1367 issued 10/5/20.
- Order Denying Motions to Dismiss issued 10/5/20.

NWE – [2020.07.078](#) – Petition for Certification of Eligible Renewable Resources and CREPs, filed 7/30/20. NWE requests that the PSC certify as eligible renewable resources and community renewable energy projects (CREPs) several upgrades to three individual units at Ryan Dam and one unit at Hauser Dam. Proposed capacity additions are 1.5 MW for Ryan units and .6 MW for Hauser, for a total of 5.1 MW to be credited to NWE’s total CREP obligation.

- Notice of Petition and Opportunity to Comment issued 8/2/20.
- Order No. 7746 issued 10/1/20, granting certification.

NWE – [2020.10.102](#) – Petition for Certification of Community Renewable Energy Project, filed 10/1/20. Requests certification of 2.7 MW DA Wind facility in Meagher County. DA Wind is a QF operating since 12/29/18 but originally retaining renewable energy credits (RECs). NWE purchased the RECs starting 9/3/20.

- Notice of Petition and Opportunity to Comment issued 10/19/20.

NWE – [2020.10.105](#) – Petition for Certification of Community Renewable Energy Project, filed 10/2/20. Requests certification of 2.7 MW 71 Ranch LP wind facility in Meagher County. 71 Ranch LP is a QF operating since 12/22/18 but originally retaining renewable energy credits (RECs). NWE purchased the RECs starting 9/3/20.

- Notice of Petition and Opportunity to Comment issued 10/19/20.

NWE – [2020.10.104](#) – Petition for Certification of Community Renewable Energy Project, filed 10/2/20. Requests certification of 2.7 MW Oversight Resources, LLC wind facility in Meagher County. Oversight Resources is a QF operating since 12/30/18 but originally retaining renewable energy credits (RECs). NWE purchased the RECs starting 9/3/20.

- Notice of Petition and Opportunity to Comment issued 10/19/20.

NWE – [2020.09.097](#) – Petition for Declaratory Ruling Regarding Storage Only Community Renewable Energy Projects, filed 9/17/20. NWE has issued a Request for Proposals (RFP) and requests a declaratory ruling that storage only resources are not eligible to qualify for Community Renewable Energy Projects (CREPs). NWE submits that they do not qualify.

- Notice of Petition and Opportunity to Comment issued 10/7/20.

NWE – [2019.07.040](#) - Annual Gas Cost Tracker, filed 6/2/20. In this filing, NWE seeks to true up and finalize its monthly trackers for the year ending 6/30/20, and projects supply rates for year ending 6/30/21. Projected gas supply rate is \$2.70/dkt, versus \$2.05/dkt for prior period. Proposes a net prior period under-collection of \$205,948. Proposes residential rate increase from \$5.92 to \$6.59/dkt.

- Notice of Application and Intervention Deadline issued 6/22/20.

- Interim Order No. 7734 issued 7/1/20. Approving requested rates on interim basis.

- MCC Petition to Intervene filed 7/17/20.

- Procedural Order No. 7734a issued 10/30/20. Discovery due 11/18/20.

NWE – [2020.07.083](#) – October gas tracker, filed 9/15/20. Gas increase from \$2.89 to \$2.97. Res. Rate from \$6.77 to \$6.85.

NWE – [2020.07.083](#) – November gas tracker, filed 10/15/20. Gas increase from \$2.97 to \$3.01. Res. Rate from \$6.85 to \$6.89.

NWE – [2020.05.066](#) – Petition for Accounting Order, filed 5/29/20. In this filing, NWE seeks authority to defer costs associated with the COVID-19 pandemic. Specifically, it requests authority to track incremental bad debt cost and authority to expense pension costs over a five-year period to facilitate additional cash funding in 2020. Notes Governor’s 3/30/20 directive prohibiting disconnections for non-payment.

- Notice of Application and Opportunity to Comment or Request Further Process issued 6/8/20.

- [MCC Request for Further Process](#) filed 6/18/20, requesting opportunity to conduct discovery and proposing comment deadline of 7/24/20.

- [MCC Comments Opposing Petition](#) filed 7/31/20: NWE’s interests must be weighed against ratepayers’; reported uncollectibles increase does not meet 5% of net income bright line test for deferrals; if deferrals are allowed any recovery should be offset by cost savings; pension funding is not beyond management control; markets have already turned around; deferrals should be denied.

- [MCC Request for Oral Argument](#) filed 8/19/20.

- Notice of Commission Action Setting Oral Argument issued 9/8/20.

- Oral Argument held 9/10/20.

- Notice of Commission Action issued 10/8/20, approving the requested accounting order authorizing an additional \$40 million in pension funding to be amortized over 5 years.

NWE – [2020.04.043](#) – Annual Townsend Propane Supply Rate Adjustment, filed 4/30/20. In this application, NWE seeks to update its propane supply costs and true-up actual expenses for the period 6/1/19 through 5/31/20. Proposes cost decrease from \$9.38/dkt to \$7.51/dkt in summer and \$11.41/dkt to \$9.13/dkt in winter. Proposes under-collected recovery charge of \$.06/dkt.

- Interim Order No. 7726 issued 5/27/20. Approving requested rates on interim basis.

- Notice of Opportunity to Comment issued 7/2/20.

- [MCC request for further process](#) filed 7/20/20, seeking opportunity to conduct discovery.

- Procedural Order No. 7726a issued 9/8/20.

- [MCC Comments](#) filed 10/21/20, suggesting that consistency with cost basis of rates would be served by having no seasonal rate differentiation since there are no seasonal cost differences.

Hayre Pipeline Co. – [2020.07.088](#) – Annual Rate Adjustment, filed 7/31/20. HPC requests rate increase from \$0.8628/Mcf to \$0.9475/Mcf.

- Notice of Application and Intervention Deadline issued 9/9/20.
- MCC Petition to Intervene filed 9/11/20.
- Amended Notice of Application and Intervention Deadline issued 9/14/20.
- Interim Order No. 7745 issued 9/24/20, approving requested rates on interim basis.
- Procedural Order No. 7745a issued 10/14/20. Discovery Deadline 10/29/20.

MDU – [2020.10.103](#) – Annual Rate 93 Avoided Cost Update, filed 10/1/20. This filing updates MDU’s energy and capacity payments applicable under its avoided cost tariff for 2021. MDU calculates energy payments using its production cost model. Proposed capacity payments reflect the MISO capacity auction price for Zone 1 through 2030 and levelized cost of a combustion turbine installed in 2031 for later years.

MDU – [2020.06.075](#) - October Electric Cost Tracker – Rate 58. Filed 9/16/20. Increase of \$.00082 secondary – total fuel and purchased power in tariff is \$0.02053/kwh.

MDU – [2020.06.075](#) - November Electric Cost Tracker – Rate 58. Filed 10/16/20. Decrease of \$.00141 secondary – total fuel and purchased power in tariff is \$0.01912/kwh.

MDU – [2020.06.076](#) - General Natural Gas Rate Application, filed 6/22/20. MDU requests an \$8,559,529 (13.42%, or roughly 32% in non-gas costs, 43.8% non-gas costs for residential) overall increase in natural gas utility revenues with increases of 19.81% for Residential and 3.76% for Firm General classes. \$2.11 million of the increase consists of tax components, leaving a “base” increase of \$6.45 million. MDU requests a 10.2% return on equity (ROE). Proposes residential service charge increase to \$11.55/month (45.2%).

- Notice of Application and Intervention Deadline issued 7/1/20.
- MCC Petition to Intervene filed 7/17/20.
- Procedural Order No. 7741 issued 8/17/20. Hearing set 2/2/21.
- [MCC Testimony](#) filed 10/30/20: WOOLRIDGE: recommends a return on equity (ROE) of 8.75%; SMITH: recommends several adjustments to rate base and operating income (including pensions and benefits, preferred stock redemption costs, directors’ stock awards, amortization of unprotected excess Accumulated Deferred Income Tax), resulting in a recommended overall revenue increase of \$5.36 million, or 8.4% which is a non-gas cost increase of 20.26%; DONKIN: recommends a class cost allocation methodology that more fully recognizes volumetric delivery function of distribution mains and classifies services and meters as partly capacity-related rather than entirely customer-related; recommends Residential class distribution revenue increase of 14.2% (net of tax component) compared to MDU’s proposed residential (net of tax component) increase of 43.8%; recommends that 45% delivery charge be rejected and no service charge increase be approved.

MDU – [2020.09.095](#) - Annual Gas Cost Tracker, filed 9/8/20. In this annual tracker filing, MDU seeks a residential and firm general customer increase of \$0.374/dkt, consisting of a

\$.587/dkt increase in current gas cost and \$.241 decrease in the unreflected cost component. Total residential rate of \$4.57/dkt.

- Notice of Application and Intervention Deadline issued 9/22/20.
- Interim Order No. 7749 issued 9/30/20, approving requested rates on interim basis.

MDU – [2020.05.055](#) - Application for Accounting Order to Track and Defer Financial Effects of COVID-19, filed 5/8/20. MDU requests authorization to track, defer, and record incremental COVID-19-related expenses as a regulatory asset. Examples include bad debt, operational expenses, PPE, technology for remote operation, training, legal and regulatory, revenue impacts and undetermined. Cites Governor’s 3/30 order prohibiting utility disconnections, extended through 5/24, as well as unusual expense incurrence.

- Notice of Application and Opportunity to Comment or Request Further Process issued 6/8/20. Comments due 7/3/20.
- [MCC Request for Further Process](#) filed 6/18/20, requesting opportunity to conduct discovery and proposing comment deadline of 7/24/20.
- Notice of Staff Action issued 10/1/20, establishing further procedural schedule. Deadline to request additional process set 12/1/20.
- MCC Petition to Intervene filed 10/16/20.

EWM – [2020.06.069](#) - Annual Gas Cost Tracker, filed 6/1/20. In this filing, EWM seeks to true up and finalize its monthly trackers for the year ending 3/31/20. It reflects an over-collection of \$887,651 and over-refund of \$381,184 from prior year amortization, for a net refund of \$506,467. Proposes residential rate of \$3.69/mcf.

- Notice of Application and Intervention Deadline issued 6/17/20.
- MCC Petition to Intervene filed 6/30/20.
- Procedural Order No. 7754 issued 10/15/20.

EWM – [2020.07.084](#) – Application to Recover GIRC Investments, filed 7/10/20. EWM seeks authority to increase rates to recover investments made in 2019 pursuant to its Gas Infrastructure Replacement Clause (GIRC). The GIRC was subsequently terminated pursuant to stipulation after EWM implemented a property tax tracker. EWM proposes a \$.23 increase in the monthly customer charge (or 1.72% revenue increase) for residential customers.

- Notice of Application and Intervention Deadline issued 8/20/20.
- MCC Petition to Intervene filed 9/4/20.
- Procedural Order No. 7751 issued 10/6/20. Hearing set 3/24/21.

EWM – [2020.03.038](#) – October gas tracker filed 9/28/20. Res. rate decrease to \$4.10/Mcf.

EWM – [2020.03.038](#) - November gas tracker filed 10/23/20. Res. rate decrease to \$3.89/Mcf.

Miller Oil – [2019.02.007](#) – Annual Propane Cost Tracker, filed 6/8/20. Miller seeks recovery of under-collected costs of \$12,290 for the year ending 12/31/19.

- Notice of Application and Intervention Deadline issued 7/22/20.
- MCC Petition to Intervene filed 7/31/20.
- Procedural Order No. 7740 issued 8/12/20.
- Final Order No. 7740a issued 9/15/20, approving requested rates.

ABACO Energy Services – [2020.07.082](#) - Application to Establish Service Rates, filed 7/16/20. ABACO seeks authority to establish service rates and terms and conditions for propane service at Big Sky Montana Mountain Village. ABACO seeks to set rates consistent with 2007 agreement with Boyne USA, Inc. Requested rates are \$1.3179/gal. for Residential and \$1.1733/gal. for Commercial, plus a \$7.50/month Residential fixed charge.

- Notice of Application and Intervention Deadline issued 8/12/20.
- MCC Petition to Intervene filed 8/31/20.
- Procedural Order No. 7747 issued 10/1/20.
- Amended Procedural Order No. 7747a issued 10/19/20. Hearing set 4/26/21.

North Star Development – [2010.06.060](#) – **Application for Water and Sewer Rate Increase**, filed 1/23/19. This application results from the Commission’s notification that North Star must file for replacement of its standard rates previously approved. North Star requests an \$8600 (3.6%) increase, raising monthly water and sewer rates to \$41.00 and \$30.55, respectively.

- Notice of Application and Intervention Deadline issued 1/30/19.
- MCC Petition to Intervene filed 2/20/19.
- North Star amended application filed 3/25/19 based on an engineering report requesting monthly water and sewer rates of \$124.02 and \$76.89, respectively.
- Notice of Commission Action issued 4/24/19, finding North Star’s Application fails to satisfy minimum filing requirements because it does not report cost of net utility plant in service; allows 30 days to refile and suggests considering operating ratio method.
- Notice of Staff Action issued 5/17/19 extending refile deadline to 6/22/19.
- North Star Supplementation of Application filed 6/21/19. North Star seeks to amend its annual reports for 2014-2017, and revises its rate increase request to \$1,732,369, increasing flat rates for water from \$40/mo. to \$297.70/mo., and sewer rates from \$30.00/mo. to \$189.76/ mo., for total rate of \$487.46/month.
- Notice of Application and Intervention Deadline issued 7/24/19.
- Procedural Order No. 7105d issued 8/21/19.
- MCC Testimony of Paul Schulz** filed 11/13/19: recommends overall revenue requirement of \$231,873, resulting in combined water and wastewater rate of \$49.72/month, plus \$2/1000 gallons over 10,000; removes management fee for partner no longer with North Star; adjusts rate case expense to original estimate based on imprudence of expenditures; opposes “unregulated” charge for use over 20,000 gallons; supports \$1.2 million original cost rate base with \$123,678 deduction for hay field not used for service; proposes 10 year amortization for Aqua Flo \$195,000 prepayment; explains why taxes should not be allowed for pass-through entities; recommends 2% equity capital structure and 9.8% ROE.
- Hearing held 1/29-30/20.
- Final Order No. 7105f issued 9/8/20: rebuttable presumption that utility investment was recovered through lot sales need not be applied in this case; provides general discussion of ratemaking principles and formulas; evidence indicates substantial portion of initial investment was recovered through lot sales and gross plant is now \$1,211,762; 55.79 acre hay ground included in rate base as it was required by DEQ permitting; approves \$26,497 depreciation expense based on non-land portion of plant; adopts 23% equity capital structure and 9.8% return on equity; affirms practice of disallowing income tax recovery for pass-through entities; rate case expense was increased 3 times from \$30,000 to \$85,000+; rate case expense was not prudently

incurred and is set at \$30,000; rate case expense should be amortized over rate application time periods which is 5 years in this case; amortizes Aqua Flo \$195,000 payment over 40 years; accepts volumetric rate of \$2/1000 gallons over 10,000; orders revenue requirement of \$232,201; rates of \$55.93/mo. + \$2/1000 gallons over 10,000.

North Star Development, LLC v. PSC – ADV-2020-1703 - **Petition for Judicial Review**, First Judicial District, filed 10/2/20.

- PSC Motion to Dismiss filed 10/23/20.

North Star Development – [2020.09.94](#) – **Investigation of Rules, Practices, and Adequacy of Service**, initiated 9/1/20.

- Order No. 7744 issued 9/1/20: Emergency Order to Show Cause; recites complaints and Commission understanding of service issues; concludes that Commission has insufficient facts to determine if water shut-off on 8/30 was the result of unavoidable accident or emergency sufficient to excuse service failure; orders 9/11/20 hearing to determine whether service failure and water restrictions violate 69-3-210, whether penalties are warranted, and appropriate actions.

- Order No. 7744a issued 9/8/20, requiring filing of witness information and books and records in possession of North Star relating to several specified questions pertaining to the investigation.

- Hearing held 9/11/20.

- North Star Motion filed 9/24/20, seeking authority to impose water use restriction fines of \$50 x multiple of yearly offenses, plus \$100/1000 gallons over 22,000.

Holmberg Village – [2020.02.020](#) – **Operating Ratio Application**, filed 2/24/20.

- Holmberg has been operating with interim standard rates since 2016 and is required to submit this rate application. Holmberg requests that current rates be made permanent, but suggests that a rate increase would be necessary if a formal hearing is held on the application.

- Notice of Staff Action issued 3/23/20, rejecting the application for deviating from minimum filing requirements.

- Holmberg Motion for Reconsideration filed 4/23/20.

- Notice of Staff Action issued 5/6/20, waiving 20 day automatic denial rule.

- Order No. 7737 on reconsideration issued 7/20/20: operating ratio methodology requires expenses and revenues be drawn directly from annual reports and prohibits split-year filings; deviations from annual reports should be the exception and must be supported by a request to amend the report; reconsideration denied except that Holmberg is not required to amend prior annual reports unless necessary to support application.

- Notice of Application and Intervention Deadline issued 9/30/20.

- MCC Petition to Intervene filed 10/13/20.

- Procedural Order No. 7737a issued 11/2/20. Discovery deadline 11/18/20.

Circle H Water – [2020.07.081](#) – **Operating Ratio Application**, filed 8/31/20.

- Circle H has been operating with interim standard rates for three years and is required to submit this rate application. Circle H requests that rates be increased in phases with an initial increase from \$50 to \$67.56/mo. for 12 months and then to \$85.12/mo., for a total 70% increase.

- Notice of Application and Intervention Deadline issued 9/8/20.

- MCC Petition to Intervene filed 9/18/20.

- Procedural Order No. 7752 issued 10/15/20. Deadline to request additional process set 11/20/20.

AquaFlo – [2020.10.100](#) - Application to Increase Water and Sewer Rates, filed 9/30/20. AquaFlo provides service to a Helena subdivision and seeks a \$49,583 (36.9%) annual revenue increase. AquaFlo requests flat rate increase from \$45.27 to \$62.27/month, volumetric rate increase from \$.512 to \$.722/100 gallons and excess use rate increase from \$1.0241 to \$1.444/100 gallons over 45,000 gallons (Skyview and Northwest Minor) or 21,000 (Northwest Major).

Wettington Water –[2015.10.082](#)- Application for Standard Charges, filed 10/19/15.

Proposed to adopt standard tariff rate of \$50/mo.

- [MCC filed Comments](#) 11/23/15: Utilities must be in compliance with annual report requirement to adopt standard tariffs and while Wettington filed an annual report it is unclear that sufficient information has been provided for the PSC to appropriately analyze the Company's financial status; PSC may deny adoption if utility has been operating pursuant to commission-approved rates and determines it would be unjust and unreasonable to approve adoption of standard rate.
- Notice of Commission Action issued 12/22/15: approval of partial increase to \$42.50/mo., based on MCC comments and failure to meet all DEQ testing requirements.
- Procedural Order No. 7502 issued 8/2/16.
- [MCC Testimony of Paul Schulz](#) filed 9/19/16: reviewed recently filed annual reports for 2012-2015 to identify trends and changes, did not receive complete responses to data requests; several unanswered questions remain, which makes it difficult to establish just and reasonable rates; to reduce regulatory process, recommends the Commission finalize the \$42.50 rate – Wettington can apply for the \$50 rate when it has more support.
- Notice of Commission Action issued 2/10/17, agreeing not enough info to support \$50 rate, and continuing \$42.50 rate.
- Commission 3-year compliance letter sent 8/9/18, advising that rate filing would be due 10/1/18.
- Order to Show Cause issued 1/11/19, stating that Wettington has not responded to 3-year notice, and has not responded to pressure and water quality complaint notices. Wettington must respond to complaints and file rate application by 2/6/19.
- Notice of Commission Action issued 3/1/19, extending Order to Show Cause response date to 5/30/19.
- Notice of Commission Action issued 11/5/19, extending Order to Show Cause response date to 12/20/19.
- Order to Show Cause No. 7755 issued 10/22/20, requiring filing by 11/30/20 of 2016-2019 annual reports, either a standard rate application or operating ratio method application, and confirmation that MDEQ issues have been resolved.

PSC – [2019.12.108](#) – Investigation into HB267 Determination of Opt-Out Programs for Advanced Metering Devices, issued 12/18/19. PSC has issued a Request for Comments regarding HB 267 enacted by the 2019 Legislature. HB 267 requires the Commission to determine by 7/1/2020 whether an opt-out program for advanced metering devices should be required.

- [MCC Comments](#) filed 2/28/20: Describes the consumer protection provisions of HB267 and list of required considerations including individual customer's privacy interest, costs and practicality of allowing opt-out, availability of other technology, and other concerns; installation of advanced

metering devices should not be forced on consumers with heightened privacy concerns; utilities need to provide specific information on costs; after determining need for opt-out program a rulemaking can be initiated to set guidelines for opt-out tariffs; prudence of infrastructure investment should remain subject to challenge.

- Notice of Public Listening Session issued 9/18/20, for 9/30/20.
- Public Listening Session held 9/30/20.