

**DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA**

IN THE MATTER OF THE JOINT
APPLICATION FOR APPROVAL TO
CHANGE AND ESTABLISH NATURAL
GAS DELIVERY SERVICE RATES FOR
ENERGY WEST MONTANA, INC. AND
CUT BANK GAS COMPANY

UTILITY DIVISION

Docket No. D2017.9.80

**ENERGY WEST MONTANA’S AND CUT BANK GAS COMPANY’S
RESPONSES TO DATA REQUESTS MCC-080 THROUGH MCC-101**

Energy West Montana (“EWM”) and Cut Bank Gas Company (“CBGC”) provide the attached responses to the Montana Consumer Counsel’s Data Requests MCC-080 through MCC-101.

Respectfully submitted this 8th day of February, 2018.

s/ Nikolas S. Stoffel
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**COUNSEL FOR ENERGY WEST MONTANA,
INC. AND CUT BANK GAS COMPANY**

DATA REQUESTS

MCC-080: RE: Company Response to MCC-017
Witness: Most appropriate witness

Please explain how the coupon rate of 4.23% was determined to be appropriate for

- a. EWM's \$7.6 million loan from GNI. Please provide supporting documentation.
- b. CBG's \$0.5 million loan from GNI. Please provide supporting documentation.

Response to MCC-080:

- a. The 4.23% coupon rate is a pass-through of the rate GNI negotiated with its lender in 2016 and represents the best rate GNI was able to obtain in 2016. Thus, a coupon rate of 4.23% is appropriate for EWM's and CBGC's intercompany loans because it is market-based. Furthermore, the 4.23% coupon rate is consistent with the cost of long-term debt for other gas utilities in Montana. For example, in its most recent rate case, NorthWestern Energy's cost of long-term debt was 4.67%. Additionally, in its pending rate case, Montana-Dakota Utilities' cost of long-term debt is 5.177%. For additional information regarding the appropriateness of EWM's and CBGC's cost of debt, please see the Direct Testimony of Gregory E. Scheig at page 38, lines 4-7 and page 39, lines 8-10.
- b. See response to subpart (a).

Sponsor: Jed Henthorne

MCC-081: RE: Company Response to MCC-024
Witness: Kevin Degenstein

MCC-024 requested that Mr. Degenstein “cite instances during the time prior to the building of the SME pipeline when reliable, safe gas service was not provided by the Company.” In the Company’s response to the referenced PSC data requests, that question was not answered. Please respond to the question asked.

Response to MCC-081:

EWM has always provided safe gas service. However, prior to the SME Pipeline, during extremely cold weather EWM depended on certain customers volunteering to have their service interrupted in order to provide reliable service. During extremely cold weather, EWM would verbally ask the hospitals, Benefis East and Benefis West, to switch to fuel oil. EWM would also verbally ask Malmstrom Air Force Base (MAFB) to switch to coal. EWM would do this to avoid pressure problems and system outages. In 2007, during the incident at City Gate 1, EWM again asked the hospitals to switch to fuel oil, recognizing the hospitals did not have interruptible tariffs and were under no obligation to switch fuels. Thus, prior to the SME Pipeline and upgrading the system, EWM was able to avoid customer outages on very cold days by asking certain customers not to burn natural gas. Today, EWM no longer depends on any customer’s voluntary decision not to burn gas during cold weather in order for EWM to provide reliable service.

To help clarify the system reliability issues faced by EWM, EWM submits the following:

On Thursday, January 13, 2005, EWM experienced an 83 degree day. The 6” inlet system pressure to the regulator station at Pinski Park was as low as 30 psig. This inlet ties directly to the 60 psig 12” header pipe running west to east in the alley north of 9th Avenue North. Pinski Park is in the core of EWM’s 18 psig distribution system. This indicates that City Gate 1 was having difficulties supplying the pressure required by (a) Benefis East hospital (25 psig), which is significantly downstream from Pinski Park, (b) other commercial customers needing pounds pressure delivery along 10th Avenue South, and (c) the east and southeast portions of Great Falls through the 12” header. In addition, City Gate 1 could not support the system west side of Great Falls if City Gate 2 had operating issues or failed.

On that same day, the small residential area known as Irish Acres had a system pressure as low as 26 psig. The 2” pipe supplying this residential area tied directly to the 10” loop that terminated just east of the Missouri River. This indicates that City Gate 2 was having difficulties supplying the area of Great Falls just east of the river and south of 42nd Avenue South through the 10” loop. In addition, City Gate 2 could not support the system east of the Missouri River if City Gate 1 had operating issues or failed. If either City Gate failed on January 13, 2005, Great Falls would have had significant customer outages.

Today, if the SME Pipeline and system upgrades were not completed, EWM would be experiencing customer outages on extremely cold days. The 60 psig system on the east side of Great Falls could not support the 18 psig system on the east and southeast areas of Great Falls or provide the delivery pressure of 25 psig required by Benefis East hospital. The 60 psig system on the west side of Great Falls could not adequately supply the area south of 42nd Avenue South.

In addition, EWM could not have provided service to the new Hutterite Colony (Grass Land) on Eden Rd., which is over 8 miles south of Irish Acres.

Please see the graphs representing the pressure gradient for 6” and 2” pipe on a 60 psig system provided in Attachment MCC-081. EWM has plotted the pressure points for various dates at Pinski Park and Irish Acres. EWM has also forecasted the pressure points that would be expected in 2018 for an 83 and 86 degree day if the SME Pipeline and upgrade had not been completed. The current system pressures are significantly higher than in 2005. Pressures have also improved after installing a regulator station off the SME Pipeline at the southwest corner of Highwood Rd. and US Hwy 89. The regulator station was installed in 2016 to help support the 60 psig system feeding the new Walmart and eventual commercial development around Walmart. The regulator station also provides another feed into Pinski Park area and strengthens pressures at Benefis East Hospital.

MCC-082: RE: Company Response to MCC-027
Witness: Gregory E. Scheig

Please provide Case Number, Jurisdiction and Date for each of the cost of capital testimonies listed by Mr. Scheig.

Response to MCC-082:

	<u>Case Number</u>	<u>Jurisdiction</u>	<u>Date</u>
Double Diamond	46245	PUCTexas	2017
Sharyland	45414	PUCTexas	2016
Rio Concho	45720	PUCTexas	2016
Quadvest	44809	PUCTexas	2015
SWWC	2010-1841-UCR	TCEQ	2012
Hughes	10083/10093	Texas Railroad Commission	2011
Monarch	Not Located	TCEQ	2011
Canyon Lake	2010-1841-UCR	TCEQ	2010

MCC-083: RE: Company Response to MCC-030
 Witness: Gregory E. Scheig

Please provide the S&P Capital IQ source documents.

Response to MCC-083:

Please see the images below.

Atmos Energy Corporation (NYSE:ATO) Financials > Segments

In Millions of the reported currency.

For the Fiscal Period Ending	12 months Sep-30-2014	Reclassified 12 months Sep-30-2015	Reclassified 12 months Sep-30-2016	12 months Sep-30-2017
Currency	USD	USD	USD	USD
Revenues				
Distribution	-	2,821.4	2,339.8	2,649.2
Pipeline and Storage	-	385.0	427.2	457.0
Intersegment Eliminations	(506.4)	(279.3)	(312.3)	(346.5)
Regulated Distribution	3,061.5	-	-	-
Regulated Pipeline	318.5	-	-	-
Nonregulated	2,067.3	-	-	-
Total Revenues	4,940.9	2,927.0	2,454.6	2,759.7

Chesapeake Utilities Corporation (NYSE:CPK) Financials > Segments

In Millions of the reported currency.

For the Fiscal Period Ending	Reclassified 12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Regulated Energy	300.4	301.9	305.7
Unregulated Energy	185.0	162.1	203.8
Other Businesses and Eliminations	15.9	0.9	0.9
Intersegment Revenues	(2.5)	(5.6)	(11.5)
Total Revenues	498.8	459.2	498.9

New Jersey Resources Corporation (NYSE:NJR) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Sep-30-2014	12 months Sep-30-2015	12 months Sep-30-2016	12 months Sep-30-2017
Currency	USD	USD	USD	USD
Revenues				
Natural Gas Distribution	819.4	782.0	594.3	695.6
Clean Energy Ventures	14.6	32.5	53.5	64.4
Energy Services	2,930.8	1,934.3	1,197.3	1,462.7
Home Services and Other	46.7	48.7	48.5	49.6
Eliminations	-	(63.5)	(12.7)	(3.7)
Corporate	(73.3)	-	-	-
Total Revenues	3,738.1	2,734.0	1,880.9	2,268.6

NiSource Inc. (NYSE:NI) Financials > Segments

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Period Type: Annual Order: Latest on Right Go More Options >>

'96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 View All

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Business Segments

For the Fiscal Period Ending	Reclassified 12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Gas Distribution Operations	3,593.9	3,069.1	2,830.6
Electric Operations	1,673.4	1,574.4	1,661.6
Corporate and Other	418.7	405.9	426.8
Eliminations	(413.6)	(397.6)	(426.5)
Total Revenues	5,272.4	4,651.8	4,492.5

Northwest Natural Gas Company (NYSE:NWN) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Utility Segment	731.6	702.2	650.5
Gas Storage Segment	22.2	21.4	25.3
Other	0.2	0.2	0.2
Total Revenues	754.0	723.8	676.0

ONE Gas, Inc. (NYSE:OGS) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

2010 2011 2012 2013 2014 2015 2016 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	Reclassified 12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Regulated Public Utilities	1,818.9	1,547.7	1,427.2
Total Revenues	1,818.9	1,547.7	1,427.2

South Jersey Industries, Inc. (NYSE:SJI) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Gas Utility Operations	501.9	534.3	461.1
Energy Group - Wholesale Energy Operations	77.0	129.1	220.7
Energy Group - Retail Gas and Other Operation...	127.0	87.2	92.4
Energy Group - Retail Electric Operations	123.8	150.0	182.5
Energy Services - On-Site Energy Production	56.1	63.7	94.4
Energy Services - Appliance Service Operation...	10.5	11.2	7.9
Corporate and Services	30.2	31.2	35.1
Intersegment	(39.5)	(47.1)	(57.6)
Total Revenues	887.0	959.6	1,036.5

Southwest Gas Holdings, Inc. (NYSE:SWX) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Dec-31-2014	12 months Dec-31-2015	12 months Dec-31-2016
Currency	USD	USD	USD
Revenues			
Natural Gas Operations	1,382.1	1,454.6	1,321.4
Construction Services	739.6	1,009.0	1,139.1
Total Revenues	2,121.7	2,463.6	2,460.5

Spire Inc. (NYSE:SR) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Sep-30-2014	12 months Sep-30-2015	12 months Sep-30-2016	12 months Sep-30-2017
Currency	USD	USD	USD	USD
Revenues				
Gas Utility	1,467.8	1,895.8	1,459.4	1,667.9
Gas Marketing	246.6	153.4	78.5	79.3
Other	3.8	3.7	4.8	7.7
Eliminations	(91.0)	(76.5)	(5.4)	(14.2)
Total Revenues	1,627.2	1,976.4	1,537.3	1,740.7

UGI Corporation (NYSE:UGI) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	Reclassified 12 months Sep-30-2014	12 months Sep-30-2015	12 months Sep-30-2016	12 months Sep-30-2017
Currency	USD	USD	USD	USD
Revenues				
Amerigas Propane	3,712.9	2,885.3	2,311.8	2,453.5
UGI International	-	1,808.5	1,868.8	1,877.5
Midstream & Marketing	-	1,163.6	866.6	1,121.2
UGI Utilities	1,086.9	1,041.6	768.5	887.6
Corporate & Other	(318.6)	5.7	3.9	3.6
Eliminations	-	(213.6)	(133.9)	(222.7)
Midstream & Marketing - Energy Services	1,388.6	-	-	-
Midstream & Marketing - Electric Generation	85.1	-	-	-
UGI International - UGI France	1,295.5	-	-	-
UGI International - Flaga & Other	1,026.9	-	-	-
Total Revenues	8,277.3	6,691.1	5,685.7	6,120.7

WGL Holdings, Inc. (NYSE:WGL) Financials > Segments

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Key Stats Income Statement Balance Sheet Cash Flow Multiples Cap. Structure Ratios Supplemental Industry Specific Pension/OPEB **Segments**

View By: Line Items Restatement: Latest Filings Enable Freeze Panes

Period Type: Annual Order: Latest on Right Go More Options >>

'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 View All

In Millions of the reported currency. View All Descriptions

Business Segments

For the Fiscal Period Ending	12 months Sep-30-2014	12 months Sep-30-2015	Reclassified 12 months Sep-30-2016	12 months Sep-30-2017
Currency	USD	USD	USD	USD
Revenues				
Regulated Utility	1,443.8	1,328.2	1,070.9	1,167.0
Retail Energy-Marketing	1,310.3	1,306.8	1,238.5	1,107.2
Commercial Energy Systems	40.7	51.8	89.1	95.2
Midstream Energy Services	16.6	3.2	6.6	31.3
Eliminations	(30.4)	(30.1)	(55.5)	(45.9)
Total Revenues	2,780.9	2,659.8	2,349.6	2,354.7

MCC-084: RE: Company Response to MCC-041
Witness: Gregory E. Scheig

Please explain, as specifically as possible, what aspects of his education and continuing education provided support for the outlook for the natural gas industry.

Response to MCC-084:

Mr. Scheig has a degree in petroleum engineering and routinely performs valuations and other consulting services for oil & gas companies. He has also authored articles and provided continuing education on these topics. For the outlook, Mr. Scheig also relied on the research service called IBISWorld.

MCC-085: RE: Company Response to MCC-042
Witness: Gregory E. Scheig

- a. Please provide any available evidence to show that the long-term historical returns used by D&P to determine the “SSRP” were “often private companies.”
- b. Does a private company have stock that is traded on a stock exchange? Please explain why or why not.
- c. How does D&P calculate the returns for the different stock deciles in its “SSRP” study? Please provide a detailed description from the D&P publication cited by Mr. Scheig.

Response to MCC-085:

- a. Mr. Scheig meant that smaller companies are often private, not that private companies were used in the study.
- b. No, by definition private means not publicly traded.
- c. The D&P tables group companies from the Center for Research in Security Prices into deciles according to their size, as measured by market capitalization. The D&P analysis then calculates the geometric and arithmetic (simple) mean annual returns for each group of companies using the annual change in stock prices over the period 1926-2016. The difference between the compound annual returns of the selected groups is the additional return, or size premium, calculated.

MCC-086: RE: Company Response to MCC-043
Witness: Gregory E. Scheig

Please list the “limitations” of the CAPM cited by Mr. Scheig.

Response to MCC-086:

As noted in Mr. Scheig’s direct testimony, the CAPM is a single model based on a strict set of assumptions. Inputs must reflect current market conditions and relationships in order for it to produce a reliable result.

The relevant parts of Mr. Scheig’s testimony, addressing these points, are below:

“Given the low level of current interest rates, I do not believe the CAPM model produces reliable results using these assumptions. The indicated return on equity of 7.29% is only 263 basis points above EWM’s cost of debt and 298 basis points above CBGC’s cost of debt. This amount is significantly below the average risk premium granted in utility rate cases over the last 15 years.”

“An article from the Harvard Business Review notes that the CAPM is an idealized portrayal of how financial markets price securities and thereby determine expected returns on capital investments. It goes on to state that the CAPM cannot be used in isolation because it necessarily simplifies the world of financial markets.”

“Another author, Pablo Fernandez, writes that CAPM is an absurd model because its assumptions and its predictions/conclusions have no basis in the “real world.” He also notes that many professionals use CAPM instead of common sense to calculate the required return to equity.”

MCC-087: RE: Company Response to MCC-044
Witness: Gregory E. Scheig

Please provide support to show that “unsystematic risk premia are often considered by investors.”

Response to MCC-087:

From the D&P 2017 Valuation Handbook, Chapter 6, page 1:

“Different adjustments to the cost of equity capital are made in practice under the heading C-SRP (company specific risk premium). Among the adjustments labeled C-SRP are:

Adjustments for differences in risk: Adjustments to cost of equity capital estimates derived from a sample of guideline public companies to account for differences in risk between a subject company that is not public....and the guideline public companies.

Adjustments for Risk in Net Cash Flows and Biased Projections: Adjustments to cost of equity capital estimates to account for risk in the net cash flows and biased projections for use in the valuation process.

Adjustments for Other Risk Factors: For example, adjustments to cost of equity capital estimates to account for risks accepted by investors that may not hold diversified portfolios of investments.”

In 30 years of working with investors and company management, Mr. Scheig knows that company specific risk factors are considered, over and above, a market rate of return.

MCC-088: RE: Company Response to MCC-045(c)
Witness: Gregory E. Scheig

Please explain why the long-term historical return difference between the stock market and Treasury bonds is not a reliable indication of the current cost of capital, but the return difference *over the same time period* between companies of different size is a reliable indication of the current cost of capital.

Response to MCC-088:

This is comparing apples to oranges. The first statement above reflects the long-term difference between stock market returns and treasury bond returns. As Mr. Scheig stated, adding a long-term differential to a very low treasury yield does not adequately account for current markets.

The SSRP study compares stock returns to stock returns over the same time period and is a reasonable indicator of the size premium required. However, as stated in his testimony, Mr. Scheig also considered other indicators of a required SSRP.

MCC-089: RE: Company Response to MCC-050
Witness: Gregory E. Scheig

- a. Is Mr. Scheig's use of a 1.13% SSRP a judgment on his part?
- b. Please explain in as much detail as possible how the studies of private equity firms referenced by Mr. Scheig quantified a reduction in the D&P SSRP from 5.59% to 1.13%, showing the quantitative impact of each.

Response to MCC-089:

- a. 1.13% was the average SSRP of the guideline companies, and the guideline companies are significantly larger in size than the Joint Applicants. Mr. Scheig also reviewed other indications of SSRP required. Mr. Scheig's conclusion reflects his research, training, experience, and judgment.
- b. The studies noted were not used to quantify a reduction to 1.13%. They were shown as additional indications of SSRPs required by investors. Mr. Scheig's selected SSRP for the Joint Applicants of 1.25% is significantly lower than those studies.

MCC-090: RE: Company Response to MCC-056
Witness: Gregory E. Scheig

Please provide support for Mr. Scheig's response.

Response to MCC-090:

Although private companies do not have a "beta," many times when considering startup companies, investors will not even consider using the CAPM, but will consider venture capital studies with returns of 20-40%.

MCC-091: RE: Purchased Gas
Witness: Jed Henthorne

On page 37, lines 12-14, of Mr. Henthorne's direct testimony, a normalizing adjustment to purchased gas is discussed. Please explain why gas and transportation recovery rates in effect at December 1, 2016 were used rather than an average of such rates throughout 2016.

Response to MCC-091:

Rates in effect at December 1, 2016 were used because they were the most currently available rates from the test year.

MCC-092: RE: Uprate feed from City Gate #2
Witness: Kevin J. Degenstein

Is the project to uprate the feed from city gate #2 discussed in the attachment to the response to Data Request PSC-037, the same project costing \$472,100 referenced in the response to Data Request PSC-019 that was paid for by SME?

Response to MCC-092:

Yes, the uprate from a MAOP of 170 psig to 250 psig.

MCC-093: RE: Gas Plant Instruction 19
Witness: Jed Henthorne

Please provide a copy of the text of gas plant instruction 19 from the FERC System of Accounts as referenced in the response to Data Request PSC-048(a).

Response to MCC-093:

Please see Attachment MCC-093.

MCC-094: RE: Officer Payroll
Witness: Jed Henthorne

Referring to the response to Data Request PSC-050 and the associated attachment, please explain why Cheryl Johnson is being transitioned back to EWM from GNI, given her title as Coordinator of Corporate Services. Will any of her work pertain to other GNI entities and if so, why will her salary now be charged entirely to EWM and CBGC?

Response to MCC-094:

Cheryl transitioned back to EWM from GNI services as part of the corporate reorganization discussed in Mr. Henthorne's direct testimony at pages 19 – 22. EWM and CBGC have a need for corporate administrative services unrelated to the services provided by GNI. Cheryl provides these services and spends her time working for EWM and CBGC. Since the acquisition by BlackRock, it has been determined that Cheryl will spend approximately 30% of her time working for GNI Services and will charge GNI Services for those hours. In rebuttal testimony, we will make an adjustment to the amounts requested for recovery for both EWM and CBGC, moving 30% of Cheryl's salary and benefits to GNI from EWM.

MCC-095: RE: Follow-up to MCC-004
Witness: Charles E. Loy

In reference to EWM ACOS and workpapers provided in electronic format in response to MCC-004:

- a. Please provide the following additional linked files that support files for workpapers provided in the response to MCC-004: “GNI Srvices.xlsx,” “Copy of Statements HM-2016 (002) 8.21.2017.xlsx,” and “Statements H&M-2016.xlsx.”
- b. EWM ACOS (file “EWM COS.xlsx” is linked to a file called “Cut Bank Rate Case Analysis.xlsx.”) Two files were provided as supporting files in the response “Cut Bank Rate Case Analysis – 2016-12-31 (updated 9.18.2017).xlsx” and “Cut Bank Rate Case Analysis – 2016-12-31.xlsx.” Please identify or provide the correct file to be used.
- c. Please verify that all linked files provided as workpapers to EWM ACOS (for example “WYell Rate Case Analysis – 2016-12-31 (updated 9.19.2017).xlsx”) are correct. If not correct, please provide correct linked files.

Response to MCC-095:

- a. Please see Attachment MCC-095 for the file named “Copy of Statements HM-2016 (002) 8.21.2017.xlsx” and Mr. Henthorne’s workpapers provided in Attachment MCC-096 for the files named “GNI Services.xlsx” and “Statements H&M-2016.xlsx.”
- b. The file named “Cut Bank Rate Case Analysis – 2016-12-31 (updated 9.18.2017).xlsx” is the correct file.
- c. Yes, they are correct.

MCC-096: RE: GIRC – Exhibits EWM/CBGC
Witness: Jed Henthorne

Please provide electronic copies in Excel format, including all supporting workpapers with all links and formulas intact of Exhibits JDH-EWM-12, and JDH-CBG-8.

Response to MCC-096:

Electronic copies of Exhibits JDH-EWM-12 and JDH-CBG-8, along with all of Mr. Henthorne's supporting workpapers, are provided in Attachment MCC-096.

MCC-097: RE: GIRC – Exhibits EWM/CBGC
Witness: Jed Henthorne

Please provide the Company's best estimates of revised versions of Exhibits JDH-EWM-12 and JDH-CBG-8, under the assumption that the Company's proposed GIRC mechanism is not approved by the Commission.

Response to MCC-097:

Please see Attachment MCC-097. This Excel spreadsheet contains two tabs one for EWM and one for CBGC. EWM and CBGC continue to replace the mains and services identified in the GIRC program, as part of their on-going capital expenditures. The purpose of the GIRC plan is to accelerate this replacement. Looking at the EWM tab, there is no change to page one since it is historical information. Page 2 has been changed to reflect our on-going replacement programs. On line 4, 7,540 feet of main is replaced on average each year at a cost of \$198,040. At this rate, it will take approximately 30 years to replace the identified 224,136 feet of main. Similarly, on line 9, 238 services are replaced each year at a cost of \$312,970. Replacing all 11,000 will take over 45 years.

For CBGC, on page 2, line 4, we replace 32 services per year on average as part of our on-going replacement program. Replacing the identified 750 will take 23 years.

Once again, the purpose of the GIRC program is to accelerate our existing on-going replacement programs.

MCC-098: RE: GIRC – EWM Example Bill I
 Witness: Charles E. Loy

With respect to Table 2 at page 12 of Mr. Loy’s testimony:

- a. Do the average annual bill figures shown in Table 2 include gas costs? If so, please provide a restatement of the table by removing gas costs from the average annual bill figures shown, or in the alternative state the amount of gas costs that are included in each average annual bill figure shown in the table.
- b. Please state the cumulative amount of annual GIRC charges for the period 2019 through 2023 for each rate class shown in Table 2.

Response to MCC-098:

- a. The average annual bills shown in Table 2 of Mr. Loy’s testimony include gas costs. The table below is restated to exclude gas costs. Please note that the percent increase in each year is estimated based on the test period revenues.

ENERGY WEST MONTANA - GIRC EXAMPLE BILL IMPACTS					
	Residential GF/Case	Small General GF/Case	Large General GF/Case	Ext. General GF/Case	
2019	Average Annual Bill	\$218.52	\$394.39	\$2,170.77	\$42,562.20
	Annual GIRC Charges	\$2.34	\$2.34	\$2.34	\$2.34
	Percent Increase	1.07%	0.59%	0.11%	0.005%
2020	Average Annual Bill	\$222.40	\$408.54	\$2,217.21	\$42,940.55
	Annual GIRC Charges	\$6.96	\$6.96	\$6.96	\$6.96
	Percent Increase	3.13%	1.70%	0.31%	0.016%
2021	Average Annual Bill	\$226.90	\$421.49	\$2,213.88	\$38,802.87
	Annual GIRC Charges	\$11.58	\$11.58	\$11.58	\$11.58
	Percent Increase	5.10%	2.75%	0.52%	0.030%
2022	Average Annual Bill	\$215.32	\$392.33	\$2,102.70	\$37,182.83
	Annual GIRC Charges	\$15.99	\$15.99	\$15.99	\$15.99
	Percent Increase	7.43%	4.08%	0.76%	0.043%
2023	Average Annual Bill	\$215.33	\$392.53	\$2,102.72	\$37,241.50
	Annual GIRC Charges	\$20.26	\$20.26	\$20.26	\$20.26
	Percent Increase	9.41%	5.16%	0.96%	0.054%

- b. The table below shows the cumulative amount of annual GIRC charges for the period 2019 through 2023 for each rate class shown in Table 2.

Cumulative GIRC Revenues					
Residential	\$60,054	\$240,249	\$541,293	\$959,658	\$1,489,778
Small General	\$4,574	\$18,270	\$41,318	\$73,381	\$114,000
Large General	\$1,861	\$7,500	\$17,152	\$30,675	\$47,803
Ext. General	\$87	\$371	\$936	\$1,749	\$2,777
Cumulative To Date	\$66,576	\$266,390	\$600,699	\$1,065,462	\$1,654,358

MCC-099: RE: GIRC – CBGC Example Bill Impacts
 Witness: Charles E. Loy

With respect to Table 3 at page 13 of Mr. Loy’s testimony:

- a. Do the average annual bill figures shown in Table 3 include gas costs? If so, please provide a restatement of the table by removing gas costs from the average annual bill figures shown, or in the alternative state the amount of gas costs that are included in each average annual bill figure shown in the table.
- b. Please state the cumulative amount of annual GIRC charges for the period 2019 through 2023 for each rate class shown in Table 3.

Response to MCC-099:

- a. The average bills shown in Table 3 of Mr. Loy’s testimony include gas costs, but represent the monthly bill amounts instead of intended annual amounts. Please note that the corrected Table 3 is presented below including gas costs along with a Table 3 excluding gas cost. Also, please note that in the tables below, the percent increase in each year is estimated based on test period revenues.

Revised Table 3 (Annual bills include gas costs)

CUT BANK GAS GIRC EXAMPLE BILL IMPACTS			
		Residential	General
2019	Average Annual Bill	\$684.96	\$2,104.52
	Annual GIRC Charges	\$2.03	\$2.03
	Percent Increase	0.30%	0.10%
2020	Average Annual Bill	\$713.49	\$2,288.33
	Annual GIRC Charges	\$6.46	\$6.46
	Percent Increase	0.91%	0.28%
2021	Average Annual Bill	\$745.08	\$2,475.02
	Annual GIRC Charges	\$11.00	\$11.00
	Percent Increase	1.48%	0.44%
2022	Average Annual Bill	\$745.04	\$2,474.22
	Annual GIRC Charges	\$15.23	\$15.23
	Percent Increase	2.04%	0.62%
2023	Average Annual Bill	\$672.53	\$2,125.00
	Annual GIRC Charges	\$19.36	\$19.36
	Percent Increase	2.88%	0.91%

Table 3 (Annual bills exclude gas costs)

CUT BANK GAS GIRC EXAMPLE BILL IMPACTS			
		Residential	General
2019	Average Annual Bill	\$415.57	\$1,205.06
	Annual GIRC Charges	\$2.03	\$2.03
	Percent Increase	0.49%	0.17%
2020	Average Annual Bill	\$428.12	\$1,301.88
	Annual GIRC Charges	\$6.46	\$6.46
	Percent Increase	1.51%	0.50%
2021	Average Annual Bill	\$442.01	\$1,400.22
	Annual GIRC Charges	\$11.00	\$11.00
	Percent Increase	2.49%	0.79%
2022	Average Annual Bill	\$441.99	\$1,399.80
	Annual GIRC Charges	\$15.23	\$15.23
	Percent Increase	3.45%	1.09%
2023	Average Annual Bill	\$410.10	\$1,215.85
	Annual GIRC Charges	\$19.36	\$19.36
	Percent Increase	4.72%	1.59%

b. The table below shows the cumulative amount of annual GIRC charges for the period 2019 through 2023 for each rate class shown in Table 3.

Cumulative GIRC Revenues					
Residential	\$2,579	\$10,792	\$24,782	\$44,150	\$68,781
General	\$483	\$2,021	\$4,640	\$8,268	\$12,883
Cumulative To Date	\$3,062	\$12,813	\$29,422	\$52,417	\$81,664

MCC-100: RE: Peak Day Gas Deliveries
Witness: Jed Henthorne

Please state the total peak day gas sendout, in Dkt, and the month and date of such sendout, in each calendar year during 2012 through 2016, for each of EWM/Cascade and Cut Bank Gas.

Response to MCC-100:

EWM

01/18/2012	40,507 Dkt
12/06/2013	42,021 Dkt
02/05/2014	42,556 Dkt
01/04/2015	35,534 Dkt
12/08/2016	41,152 Dkt

Cut Bank Gas

01/17/2012	1,805 Dkt
12/ 6/2013	1,868 Dkt;
02/06/2014	1,712 Dkt;
01/04/2015	1,505 Dkt;
12/16/2016	1,680 Dkt.

MCC-101: RE: Capacity-Related Interruptions
Witness: Jed Henthorne

Please state the date(s), the number of customers affected, and the quantities interrupted, in Dkt, for each capacity-related service interruption in each calendar year during the period 2012 through 2016, for each of EWM/Cascade and Cut Bank Gas.

Response to MCC-101:

There were no capacity related interruptions during the period 2012 – 2016 for EWM/Cascade or CBGC.

CERTIFICATE OF SERVICE

I certify that on the 8th day of February, 2018, **ENERGY WEST MONTANA'S AND CUT BANK GAS COMPANY'S RESPONSES TO DATA REQUESTS MCC-080 THROUGH MCC-101** was e-filed with the Commission and served via U.S. mail and e-mail, unless otherwise noted, to the following:

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