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

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IN THE MATTER of the Joint	)	REGULATORY DIVISION
Application for Approval to Change and	)	
Establish Natural Gas Delivery Service	)	DOCKET NO. D2017.9.80
Rates for Energy West Montana, Inc.	)	
and Cut Bank Gas Company	)	

DATA REQUESTS MCC-102 THROUGH MCC-118 OF THE MONTANA CONSUMER COUNSEL TO ENERGY WEST MONTANA AND CUT BANK GAS COMPANY

MCC-102

Regarding: Electronic Files
Witness: Henthorne and Loy

a. Please provide Excel files with formulas and cross references intact for all Exhibits filed with Mr. Jed Henthorne's February 22, 2018 supplemental testimony.

b. Please provide Excel files with formulas and cross references intact for all Exhibits filed with Mr. Charles Loy's February 22, 2018 second supplemental testimony.

MCC-103

Regarding: Accumulated Deferred Income Taxes (ADIT)
Witness: Henthorne or best available

a. Please identify the December 31, 2017 recorded per-book balance of ADIT in each account (account 190, 282, 283, etc.). Provide this separately for Energy West Montana (EWM) and for Cut Bank Gas Company (CBGC).

b. Show by each book-tax difference, the components which comprise the ADIT in each ADIT account for EWM and CBGC.

c. For each component of the ADIT listed in response to the above requests, please also provide: (1) The state income tax rate used to compute the ADIT; (2) the federal income tax rate used to compute the ADIT; (3) the combined state and federal income tax rate used to compute the ADIT; and (4) the balance (book-tax difference at 12/31/2017) to which the state and federal income tax rates were applied to compute the ADIT.

d. For each component in the ADIT accounts, for EWM and separately for CBGC, identify the amount representing "excess" ADIT (i.e., calculated using the new 21% flat federal corporate income tax rate versus the previous FIT rate [of 34%] that the Company has indicated that it used).

e. For each amount of excess property-related ADIT in account 282, for EWM and separately for CBGC, please indicate whether it is "protected" (i.e., related to the use of accelerated tax depreciation including MACRS and bonus tax depreciation) or "non-protected" (i.e., related to other book-tax differences such as repairs deductions, etc.)

MCC-104

Regarding: Average Rate Assumption Method (ARAM)
Witness: Henthorne or best available

a. Referring to the 21% federal corporate income tax rate that became effective January 1, 2018 as part of the Tax Cuts and Jobs Act (TCJA) that was signed into law on December 22, 2017 and the identification of excess federal ADIT as of December 31, 2017, explain whether and how the Company will be applying the Average Rate Assumption Method (ARAM) to the "protected" portions of the excess federal ADIT balances that relate to the use of accelerated tax depreciation for federal income tax purposes, and show in detail how the Company is calculating the ARAM.

b. Is the Company proposing to use an alternative method for amortizing the "protected" portions of its excess ADIT? If so, identify and describe the method and show in detail how the Company is applying it.

c. Please provide the Company's currently authorized depreciation rates, by plant account (and sub-account if applicable). For each depreciation rate, please provide a breakout of the rate between: (1) the portion related to the recovery of original cost over the plant's estimated useful life; and (2) the portion related to cost of removal/negative net salvage.

d. How does the Company account for the cost of removal when actual removal costs are incurred, and how does the Company account for the component of depreciation rates (and depreciation expense) that relates to negative net salvage in recording Depreciation Expense and Accumulated Depreciation? Please explain fully, identify and provide accounting policies related to this, and provide illustrative journal entries made in 2017 showing the accounting.

e. Does the cost of removal/negative net salvage component of the Company's depreciation rates have any impact on the derivation of the ARAM that is specified in the TCJA for application to excess federal ADIT related to the use of accelerated tax depreciation? If so, please explain fully, and provide an illustrative example showing how the cost of removal/negative net salvage component of the Company's depreciation rates impacts the ARAM.

MCC-105

Regarding: Bonus Tax Depreciation
Witness: Henthorne or best available

a. Please identify by account the Company's actual 2017 plant additions. Please provide this for EWM and CBGC separately.

b. Does the Company anticipate claiming bonus tax depreciation on any of its 2017 plant additions?

c. If the answer to part b. is yes, please identify the 2017 plant additions which are eligible for bonus tax depreciation and show the amounts of bonus tax depreciation that the Company intends to claim. Please also address whether and how the Company distinguished costs for public utility property in determining its 2017 bonus tax depreciation amounts, both: (1) Through September 27, 2017; and (2) from September 28, 2017 through December 31, 2017.

d. If the answer to part b. is no, please explain fully why not, and provide a copy of the related financial and economic analysis.

e. Does the Company plan on claiming for tax year 2017 any Modified Accelerated Cost Recovery System (MACRS) tax depreciation on any of its 2017 plant additions? If so, please identify the 2017 plant additions for which the Company intends to claim MACRS tax depreciation and show the amounts of MACRS tax depreciation that the Company intends to claim for tax year 2017.

MCC-106

Regarding: Contributions in Aid of Construction (CIAC)
Witness: Henthorne or best available

a. In its supplemental filing, has the Company reflected any collection of CIAC during 2017?

b. If the answer to part a. is yes, please identify the amounts of CIAC and explain to which plant accounts the CIAC amounts relate.

c. Does the Company have an opinion on whether any of the CIAC collected in 2017 will be required to be included as taxable income on its federal income tax return for tax year 2017? If so, please explain the opinion and the basis for it. If not, explain fully why not.

d. Did the Company reflect any amounts of federal income tax in its supplemental filing for CIAC received in 2017? If so, please identify such amounts.

MCC-107

Regarding: Federal Net Operating Losses (NOLs)
Witness: Henthorne or best available

a. Does the Company have a NOL carry forward for federal income tax purposes as of 12/31/2016 or 12/31/2017?

b. If the answer to part a. is yes, please identify the federal NOL carryforward amount as of each date.

c. If the answer to part a. is yes, please show over what period the Company anticipates utilizing the NOL carryforward.

d. If the answer to part a. is yes, please identify, quantify and explain how the Company has recorded an ADIT balance related to the NOL carryforward as of each date.

e. If the answer to part a. is yes, please identify, quantify and explain how the Company has or will adjust its 12/31/2017 recorded ADIT balance related to the NOL carryforward for the reduction in the corporate FIT rate from 34% to 21%.

MCC-108

Regarding: Federal NOLs
Witness: Henthorne

Refer to Exhibit JDH-EWM-14-NTL page 2 and to Exhibit JDH-CBG-10-NTL page 2, where the Company lists as "protected" excess ADIT a component for federal NOLs attributable to accelerated depreciation.

a. Are federal NOL carryforwards subject to normalization requirements before the amounts are used to reduce taxable income on a federal income tax return?

b. If your response to part a. is yes, please explain fully and provide the authority being relied upon.

c. Does the Company have any projections of when it expects to utilize the federal NOL carryforward amounts for EWM and CBGC listed on these exhibits? If so, please identify the anticipated utilization of the listed NOL carryforward amounts by year. If not, explain fully why not.

MCC-109

Regarding: State NOLs
Witness: Henthorne or best available

a. Does the Company have a NOL carry forward for state income tax purposes as of 12/31/2016 or 12/31/2017?

b. If the answer to part a. is yes, please identify the state NOL carryforward amount as of each date.

c. If the answer to part a. is yes, please show over what period the Company anticipates utilizing the state NOL carryforward.

d. If the answer to part a. is yes, please identify, quantify and explain how the Company has recorded an ADIT balance related to the state NOL carryforward as of each date.

MCC-110

Regarding: Change in Federal Tax Rate to 21%
Witness: Henthorne

a. Refer to Exhibit JDH-EWM-9-NTL pages 7 and 8 of 8, Statement J - Income Taxes. Please show in detail how each line item in column T, "Change in Federal Tax Rate for 21%" was calculated.

b. Refer to Exhibit JDH-CBG-6-NTL pages 5 and 6 of 6, Statement J - Income Taxes. Please show in detail how each line item in column R, "Change in Federal Tax Rate for 21%" was calculated.

MCC-111

Regarding: Tax Gross Up Factors
Witness: Henthorne

a. Refer to Exhibit JDH-EWM-2-NTL, page 4. Please show in detail how the 1.62483 and 1.35746 tax gross up factors on line 26 were calculated.

b. Refer to Exhibit JDH-CBG-2-NTL page 4. Please show in detail how the 1.62 and 1.36 tax gross up factors on line 24 were calculated.

MCC-112

Regarding: Amortization of ADIT
Witness: Henthorne

Refer to Exhibit JDH-EWM-14-NTL pages 4 and 5 and to Exhibit JDH-CBG-10-NTL pages 4 and 5, where the Company is attempting to apply the ARAM to "non-protected" excess ADIT balances.

a. Does the Company agree that there are no normalization requirements for "non-protected" excess ADIT balances and the amortization period is up to the discretion of the regulator? If not, please explain fully why not.

b. To what specific book-tax differences does each component of the non-protected ADIT relate?

c. Do any of the book-tax differences for non-protected ADIT identified in response to part b. have specific amortization periods? If so, identify each book-tax difference that has a specific amortization period, identify the balance being amortized, and please identify the amortization period.

MCC-113

Regarding: Amortization of Excess ADIT
Witness: Henthorne

a. Would the Company have any objection to using a straight-line amortization for any of the "non-protected" excess ADIT balances? If so, please explain the basis for the objection to using a straight-line amortization for "non-protected" excess ADIT.

b. Will any aspect of the ARAM be subject to change during the lengthy amortization periods shown on Exhibit JDH-EWM-14-NTL pages 4 and 5 and Exhibit JDH-CBG-10-NTL pages 4 and 5? If so, what could change and why?

c. Is the Company aware of any other utilities that have been authorized by their regulator to apply the ARAM that they are using for "protected" excess ADIT to their balances of "non-protected" excess ADIT? If so, please identify and provide references to any such instances of which the Company is aware.

MCC-114

Regarding: "Protected" and "Non-Protected" Excess ADIT
Witness: Henthorne

a. Does any of the Company's "protected" or "non-protected" excess ADIT relate to equity Allowance for Funds Used During Construction (AFDUC)? If so, please explain fully and separately identify the amounts.

b. Does any of the Company's "protected" or "non-protected" excess ADIT relate to repairs deductions? If so, please explain fully and separately identify the amounts.

c. Does any of the Company's "protected" or "non-protected" excess ADIT relate to deferred rate case expense? If so, please explain fully and separately identify the amounts.

d. Does any of the Company's "protected" or "non-protected" excess ADIT relate to the difference between the depreciated original cost and the amount paid for the SME pipeline? If so, please explain fully and separately identify the amounts.

e. Does any of the Company's excess ADIT relate to the SME pipeline? If so, please explain fully and identify the amounts. In your identification of the amounts, please separate the amounts between "protected" or "non-protected" (i.e., subject to normalization requirements and not subject to normalization requirements).

MCC-115

Regarding: Deferred Liability for Tax Savings
Witness: Henthorne

a. Has the Company made any calculations relating to recording a deferred liability for federal income tax savings or recorded any deferred liability on its books as instructed by the Commission in the December 29, 2017 Notice of Commission Action? If not, please explain fully why not.

b. If the answer to part a. is yes, please identify and provide the journal entries and related workpapers.

c. If the answer to part a. is yes, have these calculations recognized that the FIT rate for EWM and CBGC was 34% rather than the 35% stated by the Commission?

d. Is the Company able to estimate a monthly or daily amount of income tax savings in 2018 from the federal income tax rate being reduced for EWM and CBGC from 34% to 21% effective January 1, 2018? If so, please identify and provide such calculations.

MCC-116

Regarding: Application of Excess ADIT
Witness: Henthorne

Page 16 of Mr. Henthorne's Supplemental Testimony proposes to incorporate credits from the amortization of the excess ADIT into the Companies' proposed GIRC plans for EWM and CBGC. If the Commission rejects the Companies' proposed GIRC plans, how would the Company propose to extinguish the deferred liability balances? Please explain.

MCC-117

Regarding: EWM Allocated Cost of Service Study
Witness: Loy

Please provide electronic copies in Excel format, including all supporting workpapers with all links and formulas intact, of Exhibit CEL-EWM-12.

MCC-118

Regarding: CBGC Allocated Cost of Service Study
Witness: Loy

Please provide electronic copies in Excel format, including all supporting workpapers with all links and formulas intact, of Exhibit CEL-CBG-9.