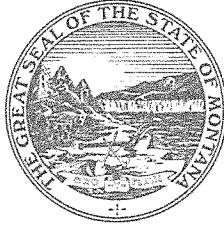


# Montana Public Service Commission



Brad Johnson - Chairman  
Travis Kavulla - Vice Chairman  
Roger Koopman - Commissioner  
Bob Lake - Commissioner  
Tony O'Donnell - Commissioner

March 9, 2018

Jason T. Brown  
Montana Consumer Counsel  
PO Box 201703  
111 North Last Chance Gulch, Suite 1B  
Helena MT 59620-1703  
RE: Data Requests in Docket D2017.9.80

Dear Mr. Brown:

Enclosed please find Data Requests PSC-141 through PSC-145 of the Montana Public Service Commission to Montana Consumer Counsel (MCC) in the above referenced Docket. Please begin the response to each new numbered data request on a new page. If the initial data request is objectionable or seeks confidential information, MCC must respond accordingly and proceed to object or file a motion for protective order no later than the deadline to respond. Please provide responses on or before March 23, 2018. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil Templeton", is written over a printed name and title.

Neil Templeton  
Analyst, Regulatory Division  
Montana Public Service Commission

Enclosure

cc: Service List

Service Date: March 9, 2018

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

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

**DATA REQUESTS PSC-141 THROUGH PSC-145 OF THE**  
**MONTANA PUBLIC SERVICE COMMISSION TO**  
**MONTANA CONSUMER COUNSEL**

PSC-141

Regarding: Violation of Equity Principle  
Witness: Donkin

In your testimony at 44:7–16, you assert that under Energy West’s proposed revenue and customer charge increases, small volume residential customers would experience increased bills, and large volume customers would see decreased bills. You testify that “[t]his result would violate the equity principle of rate design, i.e., that substantially similar customers should be treated equally and substantially different customers should be treated differently.”

- a. Please clarify your argument. Does Energy West’s proposal treat similar customers differently or does the proposal treat different customers similarly?
- b. If the Commission were to reduce the customer charge to zero for the residential class, would this decision violate the equity principle of rate design? Please explain why or why not.

PSC-142

Regarding: Equity Principle  
Witness: Donkin

- a. Please confirm or deny, with explanation, that small and large use residential customers are substantially similar with respect to cost of distribution service.

- b. If confirmed at (a), please confirm or deny, with explanation, that the equity principle suggests that small and large use customers should contribute similarly to Energy West's recovery of distribution costs.
- c. If confirmed at (b), please confirm or deny, with explanation, that a straight fixed-variable rate design, i.e. a high customer charge designed to recover all of Energy West's fixed distribution costs, would more likely achieve parity of contributions than a low customer charge with high volumetric rate.

## PSC-143

Regarding: Economic Efficiency and Price Signals

Witness: Donkin

In your testimony at 11:10–15, you testify that low fixed charges send economically efficient price signals that improve end-use consumption decisions. At 45:3–7 you testify that a lower customer charge coupled with higher commodity rates for larger levels of consumption will send better price signals to all residential gas customers, especially larger usage residential customers.

- a. Please define “economic efficiency” as used here.
- b. Please define “price signal” and establish qualitative or quantitative criteria to determine and compare the values of price signals.
- c. Please confirm or deny with explanation that incremental increases and incremental decreases in residential customer usage do not measurably affect system costs.
- d. Please describe how low customer charge / high commodity rate price signals are “better” than price signals from Energy West's proposed rates.

## PSC-144

Regarding: West Yellowstone Residential Customer Charge

Witness: Donkin

Energy West is proposing that the customer charge for residential customers in West Yellowstone increase from \$7.25 to \$12.00. (*See Dir. Test. Loy, p.34*).

- a. Does MCC support this increase? Please explain why or why not.
- b. At 46:3–8 of your testimony you testify that your estimated cost of service for West Yellowstone residential customers is \$15.47 per month. Do you believe this estimate should influence the Commission's decision in this matter? Please explain.

- c. Does MCC support an alternative to a \$12.00 customer charge for West Yellowstone residential customers? If so, please explain.

PSC-145

Regarding: Large Commercial Tariff

Witness: Donkin

In Mr. Henthorne's direct testimony at 31:11–13 he states that Benefis Hospitals EGS now has daily metering capability and that Energy West's analysis shows Benefis would likely benefit in converting to Option 1 of the tariff. Analysis provided in the "Summary" tab of the Excel attachment to data response PSC-004(a) shows that in this event, costs to Benefis would decrease by \$3,405 and costs to tracker customers would increase by \$3,398. In data response PSC-006(b) Energy West stated that if Benefis elected to change to Option 1 of the Large Commercial Tariff, then the utility would agree that Option 2 is no longer necessary.

- a. Does MCC have a position on this matter? If so, please describe.
- b. In data response PSC-006(c), Energy West proposes to limit the Large Commercial Tariff to customers with meter rating exceeding 7001 cubic feet per hour, in addition to the existing requirement for daily metering capability. Does MCC have a position on this matter? If so, please describe.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Data Requests PSC-110 through PSC-137 of the Montana Public Service Commission to the Montana Consumer Counsel issued on March 9, 2018 in Docket D2017.9.80 was served upon the following, by mailing a true and correct copy, via first class mail, on the 9<sup>th</sup> day of March, 2018, addressed as follows:

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Thorvald A. Nelson  
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\_\_\_\_\_/s/Sydney Kessel\_\_\_\_\_  
Sydney Kessel, Administrative Assistant

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