

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) DOCKET NO. D2017.9.80
Energy West Montana, Inc. and Cut Bank)
Gas Company)

NOTICE OF ADDITIONAL ISSUE

1. On September 29, 2017, Energy West Montana, Inc. (“EWM”) and Cut Bank Gas Company (“CBG”) submitted their Joint Application to the Montana Public Service Commission (“Commission”) for authority to increase and establish natural gas delivery service rates for each utility’s service territory (“Joint Application”). EWM and CBGC request that the Commission: authorize EWM and CBGC to change their existing rates and establish new rates as set forth in their Joint Application and supporting testimony; authorize EWM and CBGC to establish the rate design described in the direct testimony filed in support of their Joint Application; and provide such other processes and relief as the Commission deems necessary for final resolution of the issues raised in their Joint Application and supporting testimony.

2. On October 3, 2017, the Commission issued a *Notice of Application and Intervention Deadline*. On October 27, 2017, the Commission issued a *Notice of Staff Action Granting Intervention* to the Montana Consumer Counsel (“MCC”). On October 24, 2017, the Joint Applicants submitted the Supplemental Testimony of Charles E. Loy, making the Joint Application complete and compliant per Commission rules. *See* Mont. Admin. R. 38.2.315 (2017).

3. On November 20, 2017, the Commission issued Procedural Order 7575 setting deadlines for discovery. The Commission established March 8, 2018, as the final day for the Commission to identify additional issues in this docket.

4. At a regularly scheduled work session held on January 9, 2018, the Commission directed EWM/CBG to record the estimated reduction in the Federal Income Tax rate due to the

2017 Tax Act signed into law on December 22, 2017. The Commission issued a Notice of Commission Action providing direction on this decision and accordingly, modifying Procedural Order 7575 to allow for testimony and discovery.

5. The Commission held a regularly scheduled work session on March 6, 2018, to discuss and identify additional issues in this docket. The Commission voted to identify EWM's line extension policy as an additional issue, requesting additional testimony from the parties as follows:

- a. Describe and estimate the benefits and costs of line extensions to the utility, existing customers, new customers, and any other relevant parties.
 - b. How can the Commission ensure EWM that it will be given the opportunity to recover all costs associated with prudently incurred investment in line extensions?
 - c. Should EWM recover incremental costs from new customers through CIAC, surcharge, or some other mechanism?
 - d. Should CIAC be refunded back to customers over a specified amortization period?
 - e. How should EWM structure amortization for customer contributions?
 - f. Should the utility recover any incremental costs from existing customers?
 - g. Should existing customers always be held harmless for extensions to new customers? If not, please describe the conditions that allow harm to existing customers.
 - h. Over what period should a utility recover costs for line extensions?
 - i. Should the Commission authorize free line extension allowances for new customers? If so, how should these allowances be calculated and how should the utility recover its costs?
6. The Commission will issue a modified procedural schedule, accordingly.

BY THE MONTANA PUBLIC SERVICE COMMISSION

BRAD JOHNSON, Chairman
TRAVIS KAVULLA, Vice Chairman
ROGER KOOPMAN, Commissioner
BOB LAKE, Commissioner
TONY O'DONNELL, Commissioner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Notice of Additional Issues issued on March 7, 2018 in Docket D2017.9.80 was served upon the following, by mailing a true and correct copy, via first class mail, on the 7th day of March, 2018, addressed as follows:

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