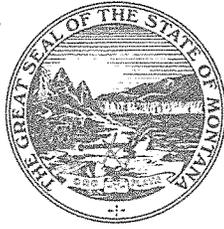


Montana Public Service Commission



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

November 8, 2017

Nikolas S. Stoffel
Thorvald A. Nelson
Holland & Hart LLP
6380 Fiddlers Green Circle, Suite 500
Greenwood Village, CO 80111

RE: Data Requests in Docket D2017.9.80

Dear Messrs. Stoffel and Mr. Nelson:

Enclosed please find Data Requests PSC-003 through PSC-024 of the Montana Public Service Commission to Energy West Montana and Cut Bank Gas Company (EWM/CBGC) 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, EWM/CBGC 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 November 22, 2017. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil Templeton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Neil Templeton
Analyst, Regulatory Division
Montana Public Service Commission

Enclosure

cc: Service List

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-003 THROUGH PSC-024 OF THE
MONTANA PUBLIC SERVICE COMMISSION TO
ENERGY WEST MONTANA AND CUT BANK GAS COMPANY**

PSC-003

Regarding: Daily Volumes
Witness: Henthorne

For January 1, 2016 through August 31, 2017, please provide an Excel-readable file including Great Falls daily degree day measure, MDDQ and daily volumes for Energy West Montana (“EWM”), EWM tracker customers, negotiated contract customers, and large commercial tariff customers.

PSC-004

Regarding: Allocation of Reserved Capacity Costs
Witness: Henthorne

- a. In your testimony at 29:4-7, you testify that tracker customers are allocated the residual MDDQ of total EWM reserved capacity less MDDQ for the large commercial and negotiated contract customers. Please illustrate this calculation and explain the origin of each MDDQ value assigned to large commercial and negotiated contract customers.
- b. In your testimony at 31:6-7, you testify that EWM is proposing language to the large commercial and negotiated contract tariffs to reset customer MDDQ if MDDQ is exceeded. Customer MDDQ will be automatically established at the higher volume. Will tracker customer MDDQ be automatically established at the new, lower, residual value?
- c. If the Commission approves these tariff proposals, do you agree that large commercial (except Option 2) and negotiated contract customers will be allocated the cost of reserved capacity on a non-coincident peak basis?

- d. If tracker customers are allocated the residual of total EWM reserved capacity and LC/NC MDDQ, determined according to non-coincident peak, do you agree that the tracker customer reserved capacity allocation will likely be substantially less than its own non-coincident peak? If not, please explain.

PSC-005

Regarding: Negotiated Contract Tariff

Witness: Henthorne

- a. Please provide copies of all current negotiated contracts.
- b. For each negotiated contract customer, please describe all substantive changes to contracts that have been implemented since December 31, 2015.
- c. For each negotiated contract customer, please describe all other known, substantive changes to contracts that will occur before January 1, 2019. Please provide supporting documentation, if available.

PSC-006

Regarding: Large Commercial Tariff

Witness: Henthorne

This tariff is available to Great Falls Redi-Mix, Pasta Montana, and Benefis Hospitals EGS. Option 1 in this tariff is also available to other customers with daily metering or purely interruptible volumes (MDDQ = 0). Option 2 in this tariff is only available to Pasta Montana, Benefis Hospitals EGS, and Great Falls Redi-Mix.

- a. Please confirm that all new customers with daily metering or MDDQ = 0 are informed that this tariff is available for their use. Please provide supporting documentation, if available.
- b. Please describe and support Energy West Montana's position regarding the elimination of Option 2 from the tariff.
- c. Does EWM believe that qualifications in addition to daily metering or zero reservation should be established for Option 1 (e.g., size requirement)? If so, what are they?

PSC-007

Regarding: Benefis Hospitals EGS
Witness: Henthorne

In your testimony at 31:11-15, you state that Benefis Hospitals EGS now has daily metering capability and that analysis shows Benefis would likely benefit in converting to Option 1 of the tariff.

- a. If Benefis EGS converted to Option 1, would EWM immediately establish a new MDDQ for the facilities? Please explain.
- b. Please provide Excel analysis showing the cost impacts to tracker customers and Benefis EGS, assuming that Benefis EGS converted to Option 1.

PSC-008

Regarding: Malmstrom Air Force Base
Witness: Henthorne

- a. In its compliance filing of August 4, 2016, Docket D2010.9.90, Order 7132c, EWM stated that if MAFB could demonstrate cause for an MDDQ reduction, including analysis of degree day usage, the information will be used to set an appropriate tariff in the next rate case. Is EWM applying for reduced MAFB reserved capacity in this rate case?
- b. Since MAFB is now a full service customer, would it be reasonable to serve it under the extended general service tariff or large commercial tariff instead of under negotiated contract tariff terms? Please explain.

PSC-009

Regarding: Montana Refining
Witness: Henthorne

- a. Please explain why EWM reserves only 2,607 MDDQ from NorthWestern for Montana Refining rather than the 8,500 MDDQ purchased by the refinery.
- b. Is EWM planning to increase the reservation value of 2,607 Dkt if Montana Refining exceeds this value, as described in your testimony at 31:6-7?

PSC-010

Regarding: Line Extension Allowance
Witness: Henthorne

In Docket UG-152394, Order 01, the Washington Utilities and Transportation Commission adopted on a temporary basis a modification to the calculation of line extension allowances for Avista Corporation. The adopted line extension allowance is derived using the perpetual net present value method.¹ The allowance equals the net present value over an infinite period of the expected net margin provided by a customer, as an approximation to the marginal value of a line extension over a lifespan of 50 years or more. The infinite life assumption reduces the calculation to the ratio of annual net distribution margin to pre-tax cost of capital or rate of return. Thus if a customer is expected to contribute margin of \$300 annually, and the pre-tax cost of capital is 10%, the extension allowance would be \$3,000.

- a. Would EWM support a similar calculation for line extension allowance in this proceeding? Please support your position.
- b. If the Commission adopted a similar method, how would EWM propose to calculate values for net distribution margin and pre-tax cost of capital?
- c. Please describe the calculation currently used by EWM to derive its line extension allowance and explain its rationale for using this calculation.
- d. Has EWM recently investigated providing service to unserved or underserved customers? If so, please provide the results of these investigations.

PSC-011

Regarding: Residential Class Revenue Recovery Variability
Witness: Loy

- a. Please obtain daily temperature data for Great Falls for the past twenty years and use it to project daily volumes for the residential class of Great Falls / Cascade using the regression model described at pp. 7-8 of your testimony. Please sum daily volumes to derive a sample set of annual volumes.
- b. Using the projected annual volumes and test year residential customer numbers, please calculate revenues from the monthly service charge and distribution base rate for each year in the sample set under three rate models with rates designed to recover proposed revenues using test year determinants: 1) the service charge and distribution rate proposed in the application; 2) the service charge and rate escalated in equal proportion from current levels; and

¹ *Line Extensions for Natural Gas: Regulatory Considerations*, by Ken Costello. February 2013, National Regulatory Research Institute. See page 20.

- 3) the service charge maintained at its current level with the volumetric rate adjusted to recover proposed revenues.
- c. For the set of annual revenues derived for each rate model, please calculate a minimum, maximum, mean, and the 10th through 90th deciles of revenue.
- d. Please provide your responses to PSC-011 (a-c) in excel-readable file.

PSC-012

Regarding: EWM and CBGC Annual Report Years 2015 and 2016 Schedule 36a.
Witness: Henthorne

Please provide workpapers for the Furnace Efficiency Program, Weatherization Program, and the No Interest Loan Program.

PSC-013

Regarding: Enterprise Resource Planning System (ERP)
Witness: Henthorne

- a. Please explain in further detail what the ERP system is responsible for.
- b. Please explain the productivity gains that have been achieved as a result of the installation of the ERP.
- c. Please explain how the ERP has reduced or increased EWM's O&M expenses.
- d. Please explain how the ERP costs have been allocated to any GNI or subsidiary company's expenses.
- e. Are any companies outside of the GNI hierarchy utilizing or otherwise paying rents or leases for the use of the ERP?

PSC-014

Regarding: Enterprise Resource Planning System, pg. 10
Witness: Degenstein/Henthorne

- a. Please explain in greater detail all of the EWM and Cut Bank Gas Company (CBG) utility operations that the new ERP system encompasses.
- b. Please provide workpapers to justify any accounts or subaccounts any allocated amounts charged to EWM and CBG ratepayers for the ERP system.

- c. Please provide an explanation for each allocated expense the ERP system is charging EWM and CBG rate payers.

PSC-015

Regarding: Degenstein direct testimony figure 1.

Witness: Degenstein

Regarding figure 1, please compare and contrast the inputs that EWM has used to compute the Company's 12 month average residential bill vs. the inputs EIA has used to determine the EIA monthly bill average.

PSC-016

Regarding: SME Pipeline, pg. 12

Witness: Degenstein

- a. During SME's ownership of the SME Pipeline EWM added 200 plus customers to the pipeline. Please provide the annual revenue that those customers generated from the time the customer was added until the filing of this rate case.
- b. For the revenues generated by the additional customers added to the SME pipeline please provide the portion of those revenues that was a return on equity.

PSC-017

Regarding: SME Pipeline, pg. 13

Witness: Degenstein

- a. What was the exact amount to build the SME pipeline?
- b. What amount of the total build cost recovered was billed to SME by EWM?
- c. What amount of the cost to build the pipeline was recovered by SME outside of EWM, and by whom was the amount recovered from?
- d. What was the book value of the pipeline on SME's books at bankruptcy?

PSC-018

Regarding: SME Bankruptcy, pg. 13
Witness: Degenstein

Please describe in more detail the “unique circumstances” that surrounded the SME pipeline bankruptcy and EWM purchase of the pipeline.

PSC-019

Regarding: SME improvements, pg. 13
Witness: Degenstein

Please list the system improvements, cost for each improvement, and scheduled completion date EWM intends to make to the SME Pipeline system to reflect the true value of the property as estimated on the filing.

PSC-020

Regarding: SME capacity, pg. 14
Witness: Degenstein

The SME pipeline is restricted by the capacity of the NWE transmission system. With that in mind why should rate payers pay for an asset that is not yet fully useable?

PSC-021

Regarding: Line of Credit, pg. 14
Witness: Degenstein

Please provide a workpaper showing the use of the line of credit for gas purchases as compared to its use for paying for normal operating bills for the last three years broken down monthly.

PSC-022

Regarding: Infrastructure, pg. 16
Witness: Degenstein

Please provide the Company’s infrastructure update plan to achieve a 10 to 12 year replacement estimation provided in your testimony.

PSC-023

Regarding: Effect on Revenue Requirement
Witness: Henthorne

- a. Regarding Exhibit JDH-EWM-6, electronic format workbook, Summary EWM Rate Case Analysis, worksheet SUM DTL EWM. Please provide a worksheet sheet as it has been provided in the electronic formats for the Cascade Case Analysis, Great Falls Rate Case Analysis, WYell Rate Case Analysis and the Cut Bank Rate Case Analysis. As example a PDF of the WYELL Case Analysis, worksheet SUM-Columns has been provided to assist in the requested information that appears to be missing from the electronic format workbook, Summary EWM Rate Case Analysis, worksheet SUM DTL EWM.
- b. If a worksheet cannot be provided please explain why a worksheet cannot be provided and specifically address the effect of the SME Pipeline Negative Acquisition Adjustment on the revenue requirement.

PSC-024

Regarding: Effect on Revenue Requirement
Witness: Henthorne

Please provide an exhibit similar to those provided in JDH-EWM-6 in written and electronic format consolidating all of the Energy West Service areas and Energy West Montana revenue requirement effects.