

At the meeting of the Public Service Commission of the State of Montana held at the Commission's Offices in Helena, Montana, on Tuesday, November 23, 2010, the following members were present:

Greg Jergeson, Chair  
Ken Toole, Vice Chair  
Gail Gutsche, Commissioner, via telephone  
Brad Molnar, Commissioner  
John Vincent, Commissioner, via telephone

APPEARANCE

Kate Whitney, Administrator  
Regulatory Division

(358) In the matter of the approval of Commission Minutes for the week of November 15, 2010.

Commissioner Toole moved to APPROVE the Commission Minutes for the week of November 15, 2010. Commissioner Gutsche seconded the motion, which passed unanimously.

APPEARANCE

Sarah Norcott, Legal Division  
Phil Cooke, Consumer Division

(359) In the matter of the Commission's discussion of complaint filed by Charles H. Scott, Jr., against NorthWestern Energy for inadequate electric service.

Commissioner Vincent moved to ACCEPT Mr. Scott's filing as a formal complaint. Commissioner Toole seconded the motion, which passed unanimously.

APPEARANCE

Brian DeKiep, Regulatory Division

(360) In the matter of the Commission's discussion in Docket No. N2009.9.122: Montana Dakota Utilities 2009 integrated resource plan, commission comments.

Commissioner Gutsche moved to ADOPT comments and forward to Montana Dakota Utilities. Commissioner Vincent seconded the motion, which passed unanimously.

APPEARANCE

Al Brogan, Administrator,  
Legal Division

(361) In the matter of the Commission's discussion in Docket No. D2010.7.77: NorthWestern Energy's application for approval of avoided cost tariff for new qualifying facilities.

Commissioner Toole moved to DENY NorthWestern Energy's motion for protective order in Docket No. D2010.7.77. Commissioner Gutsche seconded the motion, which passed unanimously.

APPEARANCE

Eric Dahlgren, Regulatory Division  
Justin Kraske, Legal Division

(362) In the matter of the Commission's discussion in Docket No. L-10.09.1-RUL: Direction to staff regarding New Rule 1 Motor Carrier Authority Recognition.

Commissioner Jergeson moved to ADOPT the new Rule L-10.09.1-RUL, Motor Carrier Authority Recognition. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

(363) In the matter of the Commission's discussion of PSC initiated motor carrier legislation.

Commissioner Toole moved to INSTRUCT staff to put in bill form the version B draft, and seek a legislator to introduce the bill. Commissioner Gutsche seconded the motion, which passed 4-1. Commissioner Molnar voted no.

APPEARANCE

Kate Whitney, Administrator  
Regulatory Division  
Al Brogan, Administrator  
Legal Division  
Will Rosquist, Eric Eck, Leroy Beeby, Scott Fabel, Neil Templeton  
Regulatory Division  
Justin Kraske, Legal Division

(364) In the matter of the Commission's discussion in Docket No. D2009.9.129: NorthWestern Energy's application for authority to establish increased natural gas and electric delivery service rates and implement allocated cost of service and rate design proposals.

MOTION 1: Commissioner Toole moved to APPROVE the revenue requirement stipulation and find that it is in the public interest, and will result in just and reasonable rates in Docket No. D2009.9.129. Commissioner Vincent seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 2: Commissioner Toole moved to ADOPT the cost of service stipulation in its final order in Docket No. D2009.9.129. Commissioner Gutsche seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 3: Commissioner Vincent moved to AUTHORIZE NorthWestern Energy to use embedded cost studies in the next cost of service rate case to allocate delivery service revenue requirements to individual customer classes in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed unanimously.

MOTION 4: Commissioner Jergeson moved to APPROVE the use of the uniform percentage basis. Commissioner Toole seconded the motion.

MODIFIED MOTION 4: Commissioner Jergeson moved to APPROVE, for questions 4 & 5, the use of the uniform percentage basis rounded to the nearest nickel with refund to occur over a six month period in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed unanimously.

MOTION 5: Commissioner Toole moved to APPROVE separate decoupling mechanisms for electricity and not apply the mechanism as proposed and modified to natural gas in Docket No. D2009.9.129. Commissioner Gutsche seconded the motion, which passed unanimously.

MOTION 6: Commissioner Toole moved to REQUIRE NorthWestern Energy to use existing weather normalization methodology and apply those actual sales prior to calculating actual sales revenue in Docket No. D2009.9.129. Commissioner Vincent seconded the motion, which passed unanimously.

MOTION 7: Commissioner Jergeson moved to REQUIRE the mechanism adjustment to be desegregated by customer class in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed unanimously.

MOTION 8: Commissioner Vincent moved to MODIFY the 3% adjustment cap to 2.5% and eliminate carry over in Docket No. D2009.9.129. Commissioner Gutsche seconded the motion, which passed unanimously.

MOTION 9: Commissioner Jergeson moved to ESTABLISH the time line of six months for the evaluation criteria to be forwarded to the Commission by NorthWestern Energy, and annual reports on the data and how that data measures against the evaluation process including targets and goals for energy efficiency, and to develop evaluation criteria for the Commission to adopt, reject or modify in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed unanimously.

MOTION 10: Commissioner Jergeson moved to INCLUDE master meters as part of the evaluation criteria in initial and periodic reports from NorthWestern Energy in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 11: Commissioner Toole moved to ADJUST NorthWestern Energy's authorized rate of return currently embedded in the adoption of the stipulation for return of equity from 10¼% to 10% for electricity in Docket No. D2009.9.129. Commissioner Gutsche seconded the motion,

which passed unanimously.

MOTION 12: Commissioner Jergeson moved that the order be DRAFTED to label this as a modified lost revenue adjustment in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 13: Commissioner Toole moved to ADOPT the modified LRAM in Docket No. D2009.9.129. Commissioner Vincent seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 14: Commissioner Gutsche moved to ADOPT NorthWestern Energy's tail block multipliers of 1.2 for electricity and 1.1 for natural gas in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 15: Commissioner Gutsche moved to ACCEPT NorthWestern Energy's proposal at 350 kilowatts hours for electricity and 8 dekatherms for gas in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 16: Commissioner Gutsche moved to ACCEPT NorthWestern Energy's inverted block rate structure to take effect on July 1, 2011 in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 17: Commissioner Gutsche moved to ENCOURAGE NorthWestern Energy to undertake a multimedia program for customer education and submit a customer education plan to the Montana Public Service Commission by April 1, 2011 in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 18: Commissioner Vincent moved to AUTHORIZE and ADOPT the inclining block residential rate design as determined in detail by questions just answered by the Commission in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 3-2. Commissioner Molnar and Commissioner Jergeson voted no.

SUBSTITUTE MOTION: Commissioner Jergeson moved that a report on the evaluation process to be DELIVERED simultaneously with the evaluation proposal submitted with the modified LRAM in Docket No. D2009.9.129. Commissioner Gutsche seconded the motion, which passed unanimously.

MOTION 19: Commissioner Jergeson moved to INSTRUCT staff to return with an order reflecting today's decisions in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

MOTION 20: Commissioner Gutsche moved that this is to be a four year pilot program in Docket No. D2009.9.129. Commissioner Toole seconded the motion, which passed 4-1. Commissioner Molnar voted no.

There being no further business to come before the Commission the meeting was adjourned.

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GREG JERGSON, Chair

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KEN TOOLE, Vice Chair

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GAIL GUTSCHE, Commissioner

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BRAD MOLNAR, Commissioner

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JOHN VINCENT, Commissioner

ATTEST:

Verna Stewart  
Commission Secretary

(SEAL)