

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

IN THE MATTER OF ENERGY WEST
MONTANA, INC.'S APPLICATION FOR
AN ORDER APPROVING ITS
RECONCILIATION OF THE
COLLECTIONS AND DISBURSEMENTS
OF WEST YELLOWSTONE'S NO
INTEREST LOAN PROGRAM

UTILITY DIVISION

Docket No. D2017.12.89

**ENERGY WEST MONTANA'S AND CUT BANK GAS COMPANY'S
RESPONSES TO DATA REQUESTS PSC-001 THROUGH PSC-022**

Energy West Montana ("EWM") provide the attached responses to the Montana Public Service Commission's Data Requests PSC-001 through PSC-022.

Respectfully submitted this 22nd day of February, 2018.

s/ Nikolas S. Stoffel

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**COUNSEL FOR ENERGY WEST MONTANA,
INC.**

DATA REQUESTS

PSC-001: RE: “Total Collections and Beginning Balances”

Witness: Henthorne, Exhibit JDH-1

- a. Please confirm that the values given as “Total Collections and Beginning Balances” (line 4) of each annual column in Exhibit JDH-1 represent the sum of the value of the “Net EWM-Well USB Program Balance” from the previous year (line 16) and the value of total collections from the West Yellowstone NIP rate of the current year.
- b. If the derivation of “Total Collections and Beginning Balances” cannot be confirmed as described in (a), please explain how the value of “Total Collections and Beginning Balances” (line 4) is determined.
- c. If the answer to (a) is confirmed, please revise and re-submit Exhibit JDH-1 by adding two lines, “Total Collections” and “Previous Balances,” which should total to line 4. Please update line 6, “Actual Percentage Collected,” using the new “Total Collections” line and the “Total Sales Revenue” line.

Response to PSC-001:

- a. No, line 4 is only the collections from customers for each year ended March 31.
- b. The value is determined by adding up the total collections for the year.
- c. See response to subpart (a).

PSC-002: RE: West Yellowstone NIP loan details
Witness: Henthorne

- a. In the revised and re-submitted Exhibit JDH-1, requested in PSC-001, please insert two new lines of data related to the West Yellowstone NIP loans: one line should include the total number of new NIP loans executed for each year, and the other line should include the sum of all NIP loan amounts for the loans executed for each year.
- b. As an attachment to Exhibit JHD-1, please provide a detailed list of the loans made to participants in the West Yellowstone NIP, by year, for the time period February 1, 1997, through November 30, 2006. For each loan, please include the stated interest rate, the APR, the interest paid, and the duration of the loan.
- c. Please confirm that for each loan referenced in (b), EWM-West Yellowstone was responsible for paying the interest associated with the loan(s).

Objection:

EWM objects to subpart (a) of this request to the extent it is premised on a re-submitted version of Exhibit JDH-1 requested in PSC-001 which was not actually required to be provided according to the terms of PSC-001.

Response to PSC-002:

- a. See Attachment PSC-002(a), which is a revised version of Exhibit JDH-1. We have added row 20, New NIP Loans Executed. We were able to find new loan information for the period March 2001-May 2006. All other records prior to 2001 have been destroyed as our retention policy for AP disbursements is generally 10 years.
- b. See Attachment PSC-002(b). This is a spreadsheet showing all information provided to us by First Security Bank with our interest invoice each month for the period March 2001-May 2006. Loan information on a per customer basis was not available to us. Line 3 shows the average remaining loan balance outstanding each month.
- c. Yes, EWM-West Yellowstone was responsible for paying interest for the no-interest loans and for paying a monthly service fee for each loan outstanding.

PSC-003: RE: “Total Collections and Beginning Balances” in 1997
Witness: Henthorne, Exhibit JDH-1

- a. Because the figure of \$19,378.11 shown on line 14 for 1997 is shown as a positive amount, does this indicate that EWM-Great Falls transferred this amount to EWM-West Yellowstone?
- b. If the answer to (a) is yes, please explain the source of funds and specific accounts used for the transfer of \$19,378.11 from Great Falls to West Yellowstone in line 14 for 1997 in Exhibit JDH- 1. Please specify if the source and account was used as part of the \$9,901.52 amount shown on line 9 of Exhibit JDH-1, or if it was used as part of the \$9,570.82 amount shown on line 10.
- c. How was the \$19,472.34 (line 12 of 1997 column in Exhibit JDH-1) spent? Please explain the programs, the expenditures for each, and the time frame of the expenditures.

Response to PSC-003:

- a. The amounts collected by EWM-West Yellowstone from its customers and remitted to EWM-Great Falls to be used for NIP Loan Program costs is the total of line 10 and line 14. Line 10 represents the actual amount of NIP Loan Program costs paid for by EWM - Great Falls with the funds submitted by EWM-West Yellowstone and line 14 represents the excess of the amounts remitted over the amounts paid out. Therefore, EWM – Great Falls did not transfer \$19,378.11 to EWM-West Yellowstone, but rather they transferred \$9,807.29 to EWM - West Yellowstone and paid out an additional \$9,570.82 of NIP loan costs on behalf of EWM-West Yellowstone for a total of \$19,378.11 expended by EWM-Great Falls.
- b. EWM-West Yellowstone did not have an established USB rate until February 1, 1997, however they had a NIP loan program established with First Security Bank starting in September 1995. In Docket D96.7.123, it was determined that EWM had unrecovered costs of \$333,578 related to the NIP loan program, which included these West Yellowstone expenditures that occurred prior to the establishment of the USB rate. In Docket D96.11.187 the PSC established the rate in West Yellowstone to collect these funds. Until the recovery rate was established in West Yellowstone, EWM Great Falls covered the costs of the NIP loan programs from the cash collected from West Yellowstone’s customers for their monthly bills. See data response PSC-012 for further detail on EWM West Yellowstone’s cash remittance policy.
- c. The \$19,472.34 was paid to First Security Bank for NIP loan costs for the period September 1995-March 1997.

PSC-004: RE: West Yellowstone NIP bank fees
Witness: Henthorne, Exhibit JDH-1

- a. Please explain why, particularly in 1997 and 1998, and again in some subsequent years, West Yellowstone both paid a portion of the NIP bank fees and interest directly to the bank, and transferred money to Great Falls, which also paid a portion of the total bank fees and interest charges in those years?
- b. With regard to the years when amounts paid out (Lines 9 and 10 in Exhibit JDH-1) were credited to both West Yellowstone and Great Falls (1997, 1998, 2000, 2002, 2003, and 2007-1), please explain how the respective portions of the "Total Amounts Paid Out to USB Programs" (line 12) allocated to West Yellowstone and Great Falls?

Response to PSC-004:

- a. The AP department was not consistent with the payments of the NIP loans invoices. After the USB rate was established, EWM-Great Falls was generally paying all the invoices on behalf of EWM-West Yellowstone with money collected from customers, but in a handful of months, the checks were paid out of EWM-West Yellowstone's own bank accounts instead.
- b. The amounts were allocated based on actual activity of AP expenditures. For the amounts in line 9, the payments came out of EWM-West Yellowstone's own bank account, and the amounts in line 10 came out of EWM-Great Falls' bank account.

PSC-005:

RE: “Calculated Collections”

Witness: Henthorne, JDH-1 EWMWY-NIP Summary-2017-03-31-As Filed

- a. Please explain how line 24, “Calculated Collections,” was derived on the Revenue Detail tab in JDH-1 EWMWY-NIP Summary-2017-03-31-As Filed.
- b. If line 24 “Calculated Collections” differs from the actual collections generated from West Yellowstone’s NIP rate, please provide the actual collection amounts.

Response to PSC-005:

- a. The calculated collections line was derived from taking the actual monthly sales volumes in row 8 and multiplying it by the USB rate.
- b. In the revised version of Exhibit JDH-1 provided as Attachment PSC-002(a), rows 26 & 27 have been added to the Revenue Detail tab. Row 26 is the actual collections by month, and row 27 is the difference between actual and calculated. While researching the months with differences, we noted several months with incorrect volumes in the previously submitted exhibit. The sales volumes in May and June of 1997, February 2000, and March through June of 2002 have been updated to reflect the correct actual sales volume for the month. In addition, we discovered that a collection occurred in April of 1997 that we had not previously included. This has been added to the collections tab, rows 30-35. This has changed the overall collections total from \$148,262.85 as previously submitted to \$148,621.39 and the overall over-collection from \$112,506.66 to \$112,865.20, as seen on the EWMWY-NIP-1 of Exhibit JDH-1.

PSC-006: RE: Total NIP funding from Great Falls
Witness: Henthorne, Exhibit JDH-1 column D (1997)

Considering the representations made on pages 3 (lines 13-14) and 5 (lines 20-21) of your testimony, one can determine that the amounts shown on line 10 are bank fees and interest paid directly to the bank by EWM-Great Falls on behalf of EWM-West Yellowstone's NIP. Does this indicate that the total funding provided by EWM-Great Falls to EWM-West Yellowstone for the West Yellowstone NIP would include the \$9,570 shown on line 10 as well as the \$19,378.11 shown on line 14, for a total of \$28,948.93? Please explain.

Response to PSC-006:

No. Please see PSC-003 for further explanation about the \$19,378.11. The funding does include the \$9,570.82 that EWM-Great Falls paid for NIP program costs on behalf of EWM-West Yellowstone. The additional \$9,807.29 that EWM-Great Falls transferred to EWM-West Yellowstone was repaid with customer collections remittances in subsequent years.

PSC-007: RE: Fees and interest charges
Witness: Henthorne, Exhibit JDH-1 column D (1997), lines 9 and 10

On page 3 of your testimony (lines 11-14) you represent that, for the period February 1, 1997, through November 30, 2006, both EWM-West Yellowstone and EWM-Great Falls paid bank fees and interest charges related to EWM-West Yellowstone's NIP.

- a. Are the fees and interest charges paid by EWM-Great Falls (referenced on page 3 of your testimony) included in the totals shown in line 10 of Exhibit JDH-1?
- b. Are the fees and interest charges paid by EWM-West Yellowstone (referenced on page 3 of your testimony) included in the totals shown in line 9 of this exhibit?
- c. Do the amounts shown in lines 9 and 10 include any form of cash outlay other than bank fees and interest charges?
- d. If the amounts referenced in (a) and (b) include payments or cash outlay for anything other than bank fees and interest charges, please provide a detailed list illustrating these items.

Response to PSC-007:

- a. Yes.
- b. Yes.
- c. No.
- d. See responses to subparts (a)-(c).

PSC-008: RE: Accounting for NIP loans
Witness: Henthorne

Please confirm that for the time period February 1, 1997, through November 30, 2006, the West Yellowstone NIP was administered in such a way that the loans were carried on the books of the participating financial institution(s), while EWM-West Yellowstone and EWM-Great Falls simply paid fees and interest to the institution in order to administer the loans.

Response to PSC-008:

Confirmed.

PSC-009: RE: West Yellowstone NIP fees and interest
Witness: Henthorne

- a. Please list the bank(s) or financial institution(s) that fees and interest were paid to in each year for the time period February 1, 1997, through November 30, 2006.
- b. For each bank or financial institution referenced in your response to (a), please provide a copy of the signed contract or agreement between EWM and the financial institution related to administration of the West Yellowstone NIP.

Response to PSC-009:

- a. First Security Bank is the only bank that administered loans for customers in West Yellowstone.
- b. We were unable to locate a signed contract or agreement between EWM and First Security Bank for the administration of the NIP loan program during the requested time period.

PSC-010: RE: Promotion of West Yellowstone NIP
Witness: Henthorne

- a. Please explain efforts EWM made to promote the West Yellowstone NIP during the years of the Program's operation.
- b. Please provide your thoughts about why participation in the West Yellowstone NIP ended.

Response to PSC-010:

- a. EWM's main promotion efforts for the West Yellowstone NIP program relied on in-bank promotion of the program to customers seeking personal loans.
- b. Participation in the program could have ended for various reasons, including lack of promotion, lack of need due to customers getting loans through other resources, or customers having replaced their eligible appliances and no longer needing to update their households.

PSC-011: RE: Termination of West Yellowstone NIP
Witness: Henthorne

- a. Exhibit JDH-1 at p 2 includes a column that provides subtotal figures for 02/01/1997- 11/30/2006. After 11/30/2006, it appears that the West Yellowstone NIP experienced no further activity. Please explain if EWM decided to terminate the NIP in November 2006.
- b. If the West Yellowstone NIP was terminated in November 2006, please provide any EWM communications, notifications, or other documents that describe or authorize changes in the NIP, including any communications to the financial institution(s) that administered the NIP.
- c. How has the West Yellowstone NIP been managed since 2006?

Response to PSC-011:

- a. EWM did not intentionally terminate the NIP loan program in November 2006. By November 2006, all outstanding loans had been repaid and no new customers had signed up for new loans.
- b. See response to subpart (a).
- c. EWM has not actively promoted the program since 2006.

PSC-012: RE: NIP transfers to Great Falls
Witness: Henthorne, Exhibit JDH-1

- a. Please explain why West Yellowstone continued to transfer money to Great Falls after all outstanding interest and fees for the West Yellowstone NIP had been paid.

Response to PSC-012:

- a. As a division of EWM, West Yellowstone remitted all cash collections from its customers, including those related to the NIP program, to EWM, which in turn used the collections to process all AP disbursements. Money collected was held by EWM Great Falls until it was to be used for AP disbursements, NIP program expenses, etc.

PSC-013: RE: EWM 2006 USB stipulation
Witness: Henthorne

- a. Does EWM believe that the West Yellowstone NIP was included in the stipulation terms in Docket D2005.12.177?
- b. If the response to (a) is yes, please explain the effects of the 2006 stipulation on the West Yellowstone NIP.

Response to PSC-013:

- a. No.
- b. See response to subpart (a).

PSC-014: RE: Contribution to Energy Share
Witness: Henthorne

In 2006, the Commission approved a stipulation between EWM, Montana Consumer Counsel, and Energy Share. Order 6719b, Dkt. D2005.12.177 (Oct. 12, 2006).

Was any portion of the NIP over-collection of \$450,000 that was contributed to Energy Share for low-income weatherization in Docket D2005.12.177 sourced from the West Yellowstone NIP? Please explain.

Response to PSC-014:

No, EWM-West Yellowstone's collections were specifically excluded from the calculation of the \$450,000 donation to Energy Share.

PSC-015: RE: Differing EWM USB rates
Witness: Henthorne

The 2006 Commission approved stipulation referenced in PSC-013 and PSC-014 establishes, *inter alia*, EWM's annual USB expenditure amount at 1.25% of EWM's annual normalized revenue.

Please explain the rationale for EWM's proposed USB rate of 1.12% for the West Yellowstone service area, including why the proposed West Yellowstone USB rate is lower than the 1.25% USB rate approved in the 2006 stipulation for EWM's other Montana service areas.

Response to PSC-015:

EWM's USB programs were established based on revenues at a time when gas prices were high and the programs established at that time still depend on the same level of USB funding. EWM-West Yellowstone does not yet have established funding levels for specific USB programs, and so is proposing to start the USB program at the minimum required rate of 1.12%. In addition, since EWM-West Yellowstone is currently in an over-collected state, we believe there is no need to increase the rate to higher than that mandated by the PSC.

PSC-016: RE: Funding between EWM service areas
Witness: Henthorne

Please explain EWM's thoughts on whether it is acceptable for USB collections from EWM's Great Falls service area to be used for USB programs in West Yellowstone and, similarly, whether it is appropriate for USB collections from EWM's West Yellowstone service area may be used for USB programs in Great Falls.

Objection:

EWM objects to this request to the extent it seeks a legal opinion regarding the Universal System Benefits Program.

Response to PSC-016:

EWM believes it should be acceptable for funds collected in one service area to be utilized in another. While EWM has three operating divisions, EWM is a single legal entity. Furthermore, because West Yellowstone is a transient population, with lower income people leaving the area during the winter months, and because the LIEAP and other low-income programs in the area have been underutilized, we feel there is no need for the entire amount of ongoing funding as required by the state to be used solely in West Yellowstone. Annualized revenue for West Yellowstone is currently \$729,793. The state requirement of 1.12% would yield \$8,174. As calculated in MCC-004, if all 26 customers who are currently on LIEAP for electric signed up for natural gas as well, they would use roughly \$4,000.

PSC-017: RE: One-time Energy Share contribution
Witness: Henthorne, Exhibit JDH-1, line 4

- a. In making the proposed one-time contribution of \$56,252 (i.e., 50% of the West Yellowstone NIP over-collection of \$112,506.66) to Energy Share, will EWM require Energy Share to expend the entirety of that contribution in EWM's West Yellowstone service area?
- b. If the answer to (a) is no, please explain in detail how and where the contributed funds would be distributed.
- c. Please identify the specific Energy Share programs that will be funded by EWM's proposed one-time contribution of \$56,252 to Energy Share of Montana, including the specific program objectives, program budgets, and program reporting requirements.
- d. Please specify the time frame in which the one-time contribution of \$56,252 to Energy Share is anticipated to be expended.

Response to PSC-017:

- a. When putting forth this proposal in our filing, we intended for the one-time contribution to be used in the West Yellowstone service area. However, after a discussion with Energy Share, we understand that the demand for low-income bill assistance and weatherization and furnace safety services in West Yellowstone do not currently exist at that level of funding. If we were to donate the entire amount to Energy Share, a considerable amount of focused outreach efforts would need to occur to get more customers signed up for LIEAP and weatherization services.
- b. See response to subpart (a).
- c. Until further detail is obtained regarding how much interest will be derived from the promotional efforts for the various programs, such as bill assist and weatherization, we can only guess as to how the programs should be funded. As a result, we have not established a split for how these funds should be allocated.
- d. For the reasons explained in subpart (a), we cannot estimate with any degree of certainty the time frame for Energy Share to expend these funds. Given the current low demand for low-income bill assistance and weatherization, these programs would have to be developed. Updates regarding the status of these programs could be provided in EWM's future USB filings.

PSC-018: RE: Proposed USB program
Witness: Henthorne at 7

- a. In the proposed USB plan, in which 50% of the over-collected balance of \$112,506.66 is intended to be matched with collections of the continued rate of \$0.00644/CCF, will EWM require Energy Share to expend the entirety of that contribution in EWM's West Yellowstone service area? Please explain.
- b. Please identify the specific Energy Share programs that will be funded by EWM's proposed USB plan, including the specific program objectives, program budgets, program evaluation, and program reporting requirements.
- c. How does EWM plan to evaluate programs provided by Energy Share?

Response to PSC-018:

- a. As discussed in PSC-017, the current USB program and funding is being underutilized. After realizing that funding cannot be used in the West Yellowstone service area unless a considerable amount of people express interest and sign up, EWM proposes that the EWM-West Yellowstone USB program should be rolled into the EWM-Great Falls USB program, with an emphasis on spending EWM-West Yellowstone collections in West Yellowstone when possible. Separate accounts will still be held to track EWM-West Yellowstone's collections and expenditures, and annual promotional efforts will be made to get more eligible customers signed up to receive the benefits of USB in the West Yellowstone service area. Excess amounts received but unable to expend in the West Yellowstone service area will be used for the benefit of Montana customers in the Great Falls and Cascade service areas as well.
- b. EWM-West Yellowstone would receive all the same program options available to EWM-Great Falls such as low-income bill assist, weatherization and furnace safety programs, low-income discounts on their bills, and NIP loans.
- c. EWM would include EWM-West Yellowstone in its annual true up filing for the USB funds, in a separate distinguishable line or schedule in order to see the funding received and spent in the different service areas. EWM notes that Energy Share is specifically cited as an example of an acceptable universal system benefits program in ARM 38.5.7020(3).

PSC-019: RE: Accounting of West Yellowstone USB programs
Witness: Henthorne

- a. Please confirm that all USB activity and programs executed in the West Yellowstone service area will be the subject of a single and separate USB account in EWM's bookkeeping system.
- b. If an unconditional confirmation cannot be made in (a), please explain in detail how West Yellowstone's USB programs and activities would be represented in EWM's bookkeeping system.

Response to PSC-019:

- a. Yes, all USB activity and programs executed in the West Yellowstone service area will be accounted for within EWM-West Yellowstone's bookkeeping system. It is likely that USB collections will be kept in a separate general ledger account from USB disbursements.
- b. See response to subpart (a).

PSC-020: RE: Contract for proposed USB program
Witness: Henthorne

- a. Does EWM have a completed contract with Energy Share for EWM's proposed USB plan in West Yellowstone? If so, please provide a copy.
- b. If EWM does not have a completed contract as described in (a), please indicate if such a contract is contemplated, when EWM expects to execute it, and when it could be filed with the Commission.

Response to PSC-020:

- a. EWM does not have a contract with Energy Share regarding either the proposed \$56,252 one-time contribution or a proposed USB Plan going forward. We have communicated with Energy Share as to our intentions.
- b. EWM expects to complete a contract with Energy Share if and when we receive approval from the Commission. At that time, EWM will be aware of any specific provisions that the Commission could require to be included in the contract. If required, EWM would file a completed contract with the Commission when available.

PSC-021: RE: Documentation for proposed USB program
Witness: Henthorne

- a. Does EWM or Energy Share have a written plan or other documentation for EWM's proposed USB programs in West Yellowstone? Please provide a copy of the plan and any additional documentation.
- b. If EWM does not have a written plan or documentation as described in (a), please indicate if a written plan or other documentation is contemplated and when EWM can submit it to the Commission.

Response to PSC-021:

- a. Neither EWM nor Energy share has a written plan for the proposed USB programs in West Yellowstone.
- b. EWM is currently in discussions with Energy share regarding the proposed USB plan. If EWM's conceptual proposal is approved, EWM is willing to file its plan and/or other documentation for the USB programs in West Yellowstone with the Commission.

PSC-022: RE: Proposed USB Program Funding
Witness: Henthorne

- a. Please explain how long, in years, that EWM expects to apply the funding mechanism for the proposed USB plan for West Yellowstone.
- b. Please explain how EWM plans to continue or adjust the proposed USB plan (if approved by the Commission) after the over-collected balance has been fully expended.
- c. For the response given to (b), please describe the anticipated impacts that the anticipated plan adjustments would have on a typical residential customer.

Response to PSC-022:

- a. With annual true ups to the USB rate, EWM expects to apply the funding mechanism for the foreseeable future. EWM has not determined how many years this could be expected to continue for.
- b. EWM plans to continue funding at the required 1.12% of annual revenue, as required by state statute.
- c. For the year ended March 31, 2017, the actual USB collections were 0.60% of revenue. An increase to the required 1.12% of revenue for residential customers would result in an annual bill increase of \$6 per customer.

CERTIFICATE OF SERVICE

I certify that on this, the 22nd day of February, 2018, **ENERGY WEST MONTANA'S RESPONSES TO DATA REQUESTS PSC-001 THROUGH PSC-022** were e-filed with the Commission and served via U.S. mail and e-mail, unless otherwise noted, to the following:

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