

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

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IN THE MATTER of Energy West) REGULATORY DIVISION
Montana, Inc.'s Application for an Order)
Approving its Reconciliation of the) DOCKET NO. D2017.12.89
Collections and Disbursements of West)
Yellowstone's No Interest Loan Program)

**RESPONSES TO DATA REQUESTS PSC-023 THROUGH PSC-026 OF
THE MONTANA CONSUMER COUNSEL**

PSC-023

Regarding: Great Falls-West Yellowstone USB Transfer
Witness: Schulz (page 5)

- a. Does the Montana Consumer Counsel ("MCC") support the proposal of EWM to transfer \$31,405 that was inadvertently placed in the EWM-Great Falls USB balance in December 2006 (see Henthorne testimony, page 4, lines 8-10, and top of page 17) to EWM-West Yellowstone? Please explain.
- b. If the response to (a) is yes, does MCC agree that \$31,405 is the correct amount that should be transferred from EWM-Great Falls to EWM-West Yellowstone?

RESPONSE:

- a. Yes, as stated in my testimony, I believe that USB funds collected from EWM-West Yellowstone customers should be expended within the West Yellowstone utility system. The \$31,405 collected from West Yellowstone customers and discovered to be incorrectly classified to EWM-Great Falls should be properly accounted for and credited to the EWM-West Yellowstone utility system.
- b. I have not audited EWM's accounting of their USB collections but for purposes of this docket I have accepted EWM's representations regarding the amount to be transferred back to EWM-West Yellowstone.

PSC-024

Regarding: USB Percentage of Gross Revenues
Witness: Schulz (pages 6-7)

- a. Are you aware of any instance in which the Commission has waived for EWM the application of ARM 38.5.7020(2), which requires a USB charge be “established so as to generate, system-wide, an annual amount no less than 1.12 percent of the utility’s ... annual revenues derived from natural gas services to end users”? If your answer is in the affirmative, please explain.
- b. Are you aware of any instance in which EWM has filed an alternative proposal for a USB charge to produce an annual revenue that would differ from the annual revenue raised from a USB charge of 1.12% of annual natural gas revenue?
- c. If your answer to (b) is affirmative, please provide details of such instance(s).
- d. If your answer to (b) is affirmative, please specify whether the identified instance(s) applied to customers within EWM’s West Yellowstone service area or to EWM’s entire natural gas service territory.

RESPONSE:

- a. No
- b. Yes.
- c. In Docket No. D98.3.68, Great Falls Gas proposed to fund its USB programs at 1.72% of annual normalized revenues, which was approved by the Commission in Order No. 6064b. In October of 2006, the Commission approved an August 30, 2006 stipulation between EWM, the Montana Consumer Counsel, and Energy Share which specified USB collections of approximately 1.25% of normalized revenues adjusted for over and under collections.
- d. The 1998 docket appears to involve just the Great Falls area and the 2006 stipulation is unclear as to whether it covers all of EWM’s service territories. In practice, the stipulation has not been applied to EWM-West Yellowstone.

PSC-025

Regarding: Scope of USB Revenue Requirement

Witness: Schultz

- a. Do you believe the relevant USB statutes or administrative rules allow a utility to establish different USB charges for particular service areas within its entire service territory? Please explain.
- b. Do you think that Mont. Admin. R. 38.5.7020(2), which requires a USB charge that generates no less than 1.12% of annual revenues, is required in the aggregate for the entire service territory of a utility?
- c. If your response to (b) is affirmative, how would an aggregate 1.12% be managed and accounted for where, as here, the utility has discrete service territories?
- d. Conversely, do you think that Mont. Admin. R. 38.5.7020(2), which requires a USB charge that generates no less than 1.12% of annual revenues, is required for discrete service territories of a utility? If so, how would 1.12% among various discrete service territories be managed and accounted for where, as here, the utility has discrete service territories?

RESPONSE:

- a. I'm not aware of any statutory provision that prohibits a utility from establishing different USB charges for particular service areas within its entire service territory.
- b. That is not clear. However, to the extent Mont. Admin. R. 38.5.7020(2) is interpreted to limit the ability to establish a separate USB charge for West Yellowstone designed to collect 0.42% of annual revenues, this requirement should be waived under Mont. Admin. R. 38.2.305.
- c. See response to part b. above.
- d. See response to part b. above.

PSC-026

Regarding: Segregation of USB Service Areas
Witness: Schultz (pages 8, 9, and 11)

- a. Based on your stated opposition to cross-subsidization of USB revenues between EWM's service areas, e.g., Great Falls and West Yellowstone, please describe how you think EWM should structure its administrative, contractual, and accounting frameworks to ensure that no cross-subsidization occurs between service areas.
- b. Because EWM has proposed to obtain USB program services for West Yellowstone from Energy Share, which also provides USB program services for EWM's Great Falls service area, please explain what administrative, contractual, and accounting requirements should be established between EWM and Energy Share to ensure that no cross-subsidization occurs between EWM's USB service areas.

RESPONSE:

- a. EWM is already separately accounting for the USB collections that originate from EWM-West Yellowstone ratepayers. EWM has also separately tracked USB expenditures in West Yellowstone, even though there have not been any for some time. The necessary accounting appears to be established. I would leave it to the discretion of EWM to put forth a proposal to the Commission for either internal or third-party administration of USB programs. With the proper segregation of funds, a variety of administrative and contractual frameworks could be used and not create cross-subsidies.
- b. See response to part a.