

**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	REGULATORY DIVISION  Docket No. D2017.12.89
--	---

---

---

**SETTLEMENT AGREEMENT**

---

This settlement agreement is entered into between Energy West Montana, Inc. and the Montana Consumer Counsel to resolve all issues raised in this proceeding. EWM and the MCC respectfully request that the Commission approve this settlement without a hearing.

**BACKGROUND**

1. On December 1, 2017, EWM filed an application for approval of the reconciliation of the collections and disbursements of its West Yellowstone district's ("West Yellowstone") No Interest Loan Program ("NIP") and establishing a Universal System Benefits ("USB") plan for West Yellowstone. With its application, EWM also filed the direct testimony and exhibit of Jed D. Henthorne.

2. For the period from February 1, 1997 through March 31, 2017 (the "Reporting Period"), West Yellowstone initially identified a cumulative over-collection of \$81,101.57, plus \$31,405.09 residing in the EWM-Great Falls USB program, for an over-collection of \$112,506.66.

The amount of West Yellowstone NIP funds residing in the EWM-Great Falls USB program was subsequently increased to \$31,763.63 and the over-collected balance was updated to \$112,865.20.<sup>1</sup>

3. The MCC intervened in this proceeding, conducted discovery, and filed the testimony and exhibit of Paul R. Schulz on March 15, 2018. The MCC provided several recommendations regarding the NIP over-collection and the future USB program for West Yellowstone.

4. EWM filed the rebuttal testimony of Mr. Henthorne on April 19, 2018, accepting many of the MCC's recommendations.

5. EWM and the MCC have reached an agreement to resolve all the contested issues regarding EWM's application in this proceeding.

#### **STIPULATION AND AGREEMENT**

6. EWM and the MCC agree EWM's application should be approved, subject to the following terms:

- a. The USB charge for West Yellowstone shall be 0.42% of EWM's annual revenues from West Yellowstone. The parties acknowledge this USB charge requires the Commission to waive Mont. Admin. R. 38.5.7020(2). Based on current tariffs and normalized sales volumes, the rate is \$0.00501 per CCF.<sup>2</sup>
- b. The NIP activity for the Reporting Period resulted in an over-collected balance of \$109,764.87 (the "NIP Funds"). The NIP Funds include the \$31,763.63 previously included in the USB account for EWM's Great Falls district.
- c. West Yellowstone customers shall be refunded \$3,100.33 as per-customer credit on their July 2018 bills.

---

<sup>1</sup> Response to PSC-005(b).

<sup>2</sup> Response to PSC-032.

- d. The NIP Funds and ongoing West Yellowstone USB collections shall be held in an interest-bearing account until extinguished. The interest will accrue in this account, net of any fees for maintaining the account.
- e. Until otherwise ordered by the Commission, EWM shall use the NIP Funds and ongoing West Yellowstone USB collections only on West Yellowstone USB programs.
- f. EWM shall implement a low-income discount for customers in West Yellowstone immediately, based on the discount currently offered in Great Falls. EWM shall investigate ways to increase participation in the low-income discount program in West Yellowstone.
- g. EWM shall expand the USB programs offered to West Yellowstone customers, with consideration of the USB programs that EWM currently offers in Great Falls. No later than October 1, 2018, EWM shall file a USB plan as a compliance filing in Docket No. D2017.12.89 describing the additional programs it intends to offer in West Yellowstone, identifying how it intends to spend the NIP Funds and ongoing collections on those programs (including the low-income discount), and attaching any third-party agreements related to those programs. EWM and the MCC shall collaborate in the development of the initial USB plan for West Yellowstone. The MCC reserves its right to contest or otherwise respond to the initial USB plan for West Yellowstone.
- h. EWM shall promote its low-income discount and future USB programs in West Yellowstone and the reasonable cost of these promotional activities shall qualify as a USB expense.

- i. EWM shall continue to separately account for the USB collections and expenditures for West Yellowstone.
- j. Beginning on June 1, 2019, EWM shall include the West Yellowstone USB programs in the annual filing currently provided for EWM's other USB programs. The annual reports for West Yellowstone shall include information regarding the status of the USB programs, collections and disbursements, plans for program promotion and expansion, and proposed budgets.

7. EWM and the MCC present this settlement to the Commission as a reasonable resolution of the contested issues in this docket. No party's position in this docket is accepted by their entry into this settlement, nor does this settlement indicate any party's acceptance, agreement, or concession to any legal principle embodied or arguably embodied in this settlement.

8. This settlement is a result of a voluntary, negotiated settlement pursuant to ARM 38.2.3001 and is consistent with the public interest and supported by the testimony in this proceeding.

9. EWM and the MCC do not request a hearing regarding EWM's application or this settlement. The Commission should issue a final order finding this settlement agreement is in the public interest and approving the settlement.

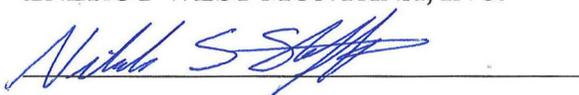
10. This settlement shall not become effective until it is approved by the Commission without modification. If the Commission fails to approve this settlement, or if the Commission adds or removes any terms or conditions not agreeable to any of the parties, each of the parties shall, at their sole option, have the right to withdraw from this settlement with all their respective rights reserved. In such an event, the existence and terms of this settlement shall not be admissible in any proceeding before the Commission.

11. This settlement may be executed in one or more counterparts. Each counterpart shall have the same force and effect as the original document, fully executed by the parties.

[Signature Page Follows]

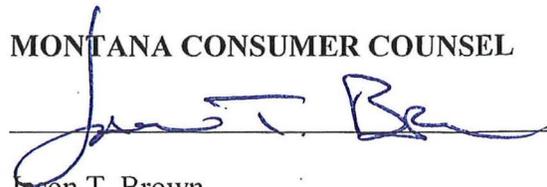
Respectfully submitted on June 14, 2018.

**ENERGY WEST MONTANA, INC.**

A handwritten signature in blue ink, appearing to read "Nikolas S. Stoffel", written over a horizontal line.

Nikolas S. Stoffel  
Holland & Hart LLP  
Counsel for Energy West Montana, Inc

**MONTANA CONSUMER COUNSEL**

A handwritten signature in blue ink, appearing to read "Jason T. Brown", written over a horizontal line.

Jason T. Brown  
Attorney  
Montana Consumer Counsel

**CERTIFICATE OF SERVICE**

I hereby certify that on this, the 14th day of June 2018, the foregoing **SETTLEMENT AGREEMENT** was filed with the Montana PSC and served via U.S. Mail and/or e-mail, unless otherwise noted, to the following:

Will Rosquist  
Zack Rogala  
Montana PSC  
1701 Prospect Avenue  
PO Box 202601  
Helena, MT 59620-2601  
[wrosquist@mt.gov](mailto:wrosquist@mt.gov)  
[zachary.rogala@mt.gov](mailto:zachary.rogala@mt.gov)

**Via UPS for Overnight Delivery**

Jed Henthorne  
President and General Manager  
Energy West Montana, Inc.  
Cut Bank Gas Company  
PO Box 2229  
Great Falls, MT 59403-2229  
[jhenthorne@egas.net](mailto:jhenthorne@egas.net)

Robert Nelson  
Jason Brown  
Montana Consumer Counsel  
111 N. Last Chance Gulch  
Suite 1B, P.O. Box 201703  
Helena, MT 59601  
[robnelson@mt.gov](mailto:robnelson@mt.gov)  
[jbrown4@mt.gov](mailto:jbrown4@mt.gov)

Thorvald A. Nelson  
Nikolas S. Stoffel  
Holland & Hart, LLP  
6380 South Fiddlers Green Circle  
Suite 500  
Greenwood Village, CO 80111  
[tnelson@hollandhart.com](mailto:tnelson@hollandhart.com)  
[nsstoffel@hollandhart.com](mailto:nsstoffel@hollandhart.com)

For electronic service only:  
[aclee@hollandhart.com](mailto:aclee@hollandhart.com)  
[ssnow@mt.gov](mailto:ssnow@mt.gov)

*s/ Adele C. Lee*