

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

---

In re NorthWestern Energy's Annual Natural Gas Rate Tracking Adjustments	Docket 2023.07.068  June 25, 2024
--	---

---

**Interim Order 7951**

---

1. On May 31, 2024, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) filed its Annual Natural Gas Tracker Application (“Application”) with the Montana Public Service Commission (“Commission”).
2. On June 14, 2024, the Commission issued a Notice of Application and Intervention Deadline, which set July 1, 2024, as the deadline to intervene in this docket.
3. On June 25, 2024, during a regularly scheduled work session, the Commission approved NorthWestern’s requested interim adjustments to its natural gas rates for the reasons discussed below.

**Findings of Fact**

4. NorthWestern is a Delaware corporation doing business in the state of Montana as a public utility. Appl. 1.
5. In its Application, NorthWestern proposes adjustments to its natural gas rates. According to NorthWestern, the adjustments are needed to (1) reflect its projected load, supply, and related natural gas costs for the 12-month period ending June 30, 2025 (“2024–25 Period”); (2) account for its deferred Unreflected Gas Cost Account (“UGCA”) balance for the 12-month period ending June 30, 2024 (“2023–24 Period”); (3) amortize the Gas Transportation Adjustment Clause (“GTAC”) balance as of April 30, 2024; and (4) extinguish amortizations from prior tracking periods in

current rates. *See* Appl. 3–5; Letter from Glenda Gibson, NorthWestern Regul. Compl. Manager, to Will Rosquist, Mont. Pub. Serv. Comm’n (“Cover Ltr.”) 1–2.

6. NorthWestern affirms that its existing natural gas supply rates do not reflect the current cost of natural gas. Appl. 3. Under NorthWestern’s current tracking adjustment procedures—which were approved by the Commission in 2007—gas supply costs are directly passed-through to customers. *See In re NorthWestern’s Gas Cost Account Balance*, Dkt. D2006.5.58, Order 6741c, at 7, 14, 16–17 (Mar. 12, 2007).

7. NorthWestern proposes to increase its natural gas supply rates for its residential, general service, and firm utility customers by \$0.0884 per therm. *See* Appl. Notice Interim Rate Adjust. 2. The proposed supply rates are comprised of (1) the purchased natural gas supply rate component of \$0.2008700 per therm, which includes natural gas already procured and estimates of additional purchases needed for the 2024–25 Period; and (2) the Production Asset Revenue Requirements from NorthWestern’s last general natural gas rate case, comprised of the rate without tax and the property tax rate component. *See* Appl. 3–4; *In re NorthWestern’s Elec. & Nat. Gas Util. Serv. Rates*, Dkt. 2022.07.078, Final Order 7860y ¶¶ 134–137 (approving the gas revenue requirement) (Oct. 27, 2023); *In re NorthWestern’s State & Local Taxes & Fees*, Dkt. 2023.12.100, Appl. Auto. Rate Adjust. (Dec. 15, 2023) (updating the rate without tax and property tax rate component, which were approved by operation of law under Mont. Code Ann. § 69-3-308(2)(c)–(d)).

8. NorthWestern states the UGCA balance to be included in its proposed rates is an under-collection of \$4. Appl. 5. This amount is comprised of an under-collected balance of \$4,877,852 from the 2023–24 Period, together with the remaining deferred UGCA over-collected balance of \$4,877,848. *Id.*; *In re NorthWestern’s Annual Nat. Gas Tracker*, Dkt. 2022.07.077, Interim Order 7894 ¶¶ 10, 19 (June 27, 2023) (“Interim Order 7894”).

9. NorthWestern additionally requests that its GTAC over-collected balance of \$701,903 be amortized over the 2024–25 Period. Appl. 5. This amount is

comprised of an over-collected balance of \$526,101 for the period ending April 30, 2024, and the remaining un-amortized deferred GTAC balance of \$175,802. *Id.*; Interim Order 7894 ¶¶ 12, 19.

10. According to NorthWestern, for a typical residential customer using 65 therms per month, NorthWestern’s proposed rates would result in an increase of \$5.77 per month or \$69.24 per year, which amounts to a 12.51% increase compared to the rate effective June 1, 2024. *See* Appl. Cover Ltr. 2. The actual percent increase will depend on each customer’s usage. *Id.*

11. NorthWestern’s estimated natural gas supply costs are the main cause of the proposed rate increase from June 1 to July 1, 2024. *See* Appl. Notice Interim Rate Adjust. 2. The table below shows NorthWestern’s actual and estimated supply costs for the 2023–24 Period compared to its proposed estimated supply costs for the 2024–25 Period.

Table 1 – Monthly Supply Cost Rates Per Dekatherm  
Actuals Denoted in **Bold**, Estimates Denoted with Asterisks\*\*

Month	2023–24 Period	2024–25 Period
July	<b>\$2.0730</b>	\$2.0087**
August	<b>\$2.2601</b>	\$2.0087**
September	<b>\$2.6020</b>	\$2.0087**
October	<b>\$2.4686</b>	\$2.0087**
November	<b>\$2.4745</b>	\$2.0087**
December	<b>\$2.3544</b>	\$2.0087**
January	<b>\$2.1287</b>	\$2.0087**
February	<b>\$2.2883</b>	\$2.0087**
March	<b>\$2.3923</b>	\$2.0087**
April	<b>\$2.1463</b>	\$2.0087**
May	\$1.9075**	\$2.0087**
June	\$1.1247**	\$2.0087**

Appl. Ex. LPH-1, 2023–24 Work Papers; Appl. Ex. LPH-2, 2024–25 Work papers (both exhibits showing the supply cost rate on line 7 of the “Total Supply Cost” tab).

NorthWestern’s proposed estimated supply cost rates for the 2024–25 Period are lower than the actual supply cost rates for at least 10 out of 12 months from the 2023–24 Period. *See supra* Table 1.

12. NorthWestern requests the Commission approve its proposed rates on an interim basis for service provided on and after July 1, 2024. Appl. 7.

13. Based on NorthWestern’s application, the Commission finds that NorthWestern has demonstrated a clear basis for its proposed interim natural gas rate adjustments and that deferred adjustments would result in rates that do not reasonably reflect NorthWestern’s current natural gas supply cost.

### **Conclusions of Law**

14. All findings of fact that are properly conclusions of law are incorporated herein and adopted as such.

15. The Commission has the authority to supervise, regulate, and control public utilities. Mont. Code Ann. § 69-3-102 (2023). NorthWestern is a “public utility” as that term is used in Montana Code Annotated § 69-3-102. *See* Mont. Code Ann. § 69-3-101 (defining “public utility”). Further, the Commission has authority to approve NorthWestern’s natural gas rate adjustments. *See* Mont. Code Ann. § 69-3-301(1). The Commission therefore properly exercises jurisdiction over NorthWestern and this matter.

16. The Commission may approve temporary increases or decreases in rates pending a hearing or final decision, subject to rebate or surcharge plus interest. Mont. Code Ann. § 69-3-304. A Commission decision approving or denying a temporary rate decrease shall be “based upon consistent standards appropriate for the nature of the case pending[.]” *Id.*

17. Rates charged by public utilities must be reasonable and just. Mont. Code Ann. § 69-3-201. Upon review of NorthWestern’s Application, the Commission concludes the requested natural gas rate adjustments are reasonable and just for interim purposes.

**Order**

18. NorthWestern's requested natural gas rate adjustments, as set forth in its Application, are APPROVED on an interim basis.

19. The rates approved in this Interim Order shall be effective for natural gas service provided on and after July 1, 2024.

20. NorthWestern shall file tariffs in compliance with this Interim Order no later than June 26, 2024.

21. Nothing in this Interim Order precludes the Commission from adopting a subsequent Interim Order or Final Order that changes or reverses this Interim Order. This Interim Order shall not constitute the Commission's final endorsement or approval of any issues, calculations, or methodologies approved herein.

DONE and DATED June 25, 2024, by the Montana Public Service Commission, by a vote of 5 to 0.

JAMES BROWN, President  
JENNIFER FIELDER, Vice President  
TONY O'DONNELL, Commissioner  
RANDALL PINOCCI, Commissioner  
DR. ANNIE BUKACEK, Commissioner

**CERTIFICATE OF SERVICE**

I certify that on June 25, 2024, a true and accurate copy of the foregoing document was served by email to the following:

NORTHWESTERN ENERGY  
Glenda.gibson@northwestern.com  
Mitchell.werbell@northwestern.com  
Sarah.norcott@northwestern.com  
Tracy.killoy@northwestern.com  
Connie.moran@northwestern.com  
*For NorthWestern Energy*

MONTANA CONSUMER COUNSEL  
jbrown4@mt.gov  
ssnow@mt.gov  
*For Montana Consumer Counsel*

EMAIL LIST(S):  
Notification of NorthWestern Energy Filings  
Commission Orders

By: /s/ Tarin Slayton  
Tarin Slayton  
Montana Public Service Commission