

1 Montana Public Service Commission
2 Docket No. 2022.07.078
3 Electric and Natural Gas General Rate Review
4
5
6

7 PRE-FILED DIRECT TESTIMONY

8 OF GLENDA J. GIBSON

9 ON BEHALF OF NORTHWESTERN ENERGY
10

11 TABLE OF CONTENTS

12	<u>Description</u>	<u>Starting Page No.</u>
13	Witness Information	2
14	Purpose and Summary of Testimony	2
15	Jurisdictional Cost of Service Study	3
16	Tariff Changes	7
17		
18	<u>Exhibits</u>	
19	Electric Tariff Rule No. 3	Exhibit GJG-1
20	Natural Gas Tariff Rule No. 3	Exhibit GJG-2
21	Electric Tariff Rule No. 4	Exhibit GJG-3
22	Natural Gas Tariff Rule No. 4	Exhibit GJG-4
23	Electric Tariff Rule No. 5	Exhibit GJG-5
24	Natural Gas Tariff Rule No. 5	Exhibit GJG-6
25	Natural Gas Tariff Rule No. 7	Exhibit GJG-7

26

1 **Witness Information**

2 **Q. Please provide your name, employer, and title.**

3 **A.** My name is Glenda J. Gibson. I am NorthWestern Energy's
4 ("NorthWestern") Manager of Regulatory Compliance.
5

6 **Q. Please provide a description of your relevant employment
7 experience and other professional qualifications.**

8 **A.** I joined NorthWestern as a Regulatory Affairs Consultant in October 2017
9 and have been in my current position since October 2020. I am
10 responsible for supporting regulatory filings and proceedings. Prior to
11 joining NorthWestern, I served as Chief Financial Officer ("CFO") for the
12 Anchorage Water and Wastewater Utility ("AWWU"). As CFO for AWWU,
13 I was responsible for all accounting and regulatory functions and testified
14 before the Regulatory Commission of Alaska in rate proceedings. I am a
15 Certified Public Accountant and have over 32 years of experience in
16 accounting, including experience working in private enterprise, public
17 accounting, and government. I hold a Bachelor of Arts degree in Business
18 Administration with an emphasis in Accounting.
19

20 **Purpose and Summary of Testimony**

21 **Q. What is the purpose of your testimony in this docket?**

22 **A.** I introduce the electric utility jurisdictional cost of service study required by
23 the Montana Public Service Commission ("Commission") in

1 NorthWestern’s last electric rate review and present proposed revisions to
2 certain electric and natural gas tariff rules.

3

4 **Q. Please summarize your testimony.**

5 **A.** I introduce NorthWestern’s jurisdictional cost study and explain the source
6 of the data and adjustments in the study. I also present proposed
7 changes to NorthWestern’s Electric and Natural Gas Tariff Rule Nos. 3, 4,
8 and 5, and Natural Gas Rule No. 7.

9

10 **Jurisdictional Cost of Service Study**

11 **Q. Why did NorthWestern prepare a jurisdictional cost of service study?**

12 **A.** In Order No. 7604v in Docket No. 2018.02.012, the Commission required
13 NorthWestern to include a jurisdictional cost of service study for its
14 transmission function in its next electric rate review application.

15

16 **Q. What did Order No. 7604v require be included in the jurisdictional
17 cost study?**

18 **A.** Paragraph 128 of Order No. 7604v states that “The study shall include
19 allocation of the cost of service attributable to the transmission function for
20 each of NorthWestern’s retail and wholesale rate classes so that parties
21 and the Commission can evaluate the reasonableness of revenue
22 crediting compared to alternatives.”

23

1 **Q. What is the objective of the jurisdictional cost of service study?**

2 **A.** The objective of the jurisdictional cost of service study presented in this
3 filing is to present an allocation of NorthWestern’s transmission costs
4 between Montana jurisdictional customers and Federal Energy Regulatory
5 Commission (“FERC”) jurisdictional customers as required by Order No.
6 7604v.

7
8 **Q. How was the jurisdictional cost of service study presented in this**
9 **filing developed?**

10 **A.** NorthWestern’s jurisdictional cost of service study uses the model
11 developed by Management Applications Consulting, Inc. (“MAC”) to
12 perform NorthWestern’s embedded cost of service study. MAC modified
13 the model to add an additional step to allocate transmission costs and
14 revenues between the Montana and FERC jurisdictions. The Pre-filed
15 Direct Testimony of Paul M. Normand on allocated cost of service
16 discusses the model in more detail.

17
18 **Q. Does NorthWestern’s jurisdictional cost of service study use the**
19 **same cost and revenue inputs as the electric embedded cost of**
20 **service study presented in this filing?**

21 **A.** Yes. NorthWestern’s jurisdictional cost of service study starts with the
22 same revenue requirement information used in the electric embedded cost

1 of service study. This is the same revenue requirement information
2 presented in the Statements included with this filing.

3

4 **Q. Generally, how are costs allocated between the Montana and FERC**
5 **jurisdictions in the study?**

6 **A.** Generally, the study allocates transmission costs between the Montana
7 and FERC jurisdictions using the 12-CP (or “12-coincident peak”) data.
8 Mr. Normand discusses the model in more detail.

9

10 **Q. Does NorthWestern use the 12-CP data to allocate costs between**
11 **Montana and FERC jurisdictional customers in other ratemaking**
12 **contexts?**

13 **A.** Yes. In Docket No. 2017.11.086, the Commission required NorthWestern
14 to use the 12-CP data to allocate property taxes between Montana and
15 FERC jurisdictional customers.

16

17 **Q. Are certain costs included in the jurisdictional cost study directly**
18 **assigned to either Montana or FERC jurisdictional customers?**

19 **A.** Yes. Account 565 costs are split between those that are includable as
20 transmission costs in the FERC Formula Rate Template and those that
21 are not. The Account 565 costs that are allowed for inclusion as
22 transmission costs in the FERC Formula Rate Template are allocated
23 between the FERC and Montana jurisdictions using the 12-CP. Account

1 565 costs that are excluded from transmission costs in the FERC Formula
2 Rate Template are directly assigned to the Montana jurisdiction. The Pre-
3 filed Direct Testimony of Michael R. Cashell discusses the Account 565
4 costs in more detail.

5
6 **Q. Are there any other cost adjustments in the FERC Template reflected**
7 **in the Jurisdictional Cost Study?**

8 **A.** Yes. As discussed by Mr. Cashell, the FERC template includes a credit
9 for distribution underbuild attachments on transmission poles. This credit
10 is included in the jurisdictional cost study and allocated between FERC
11 and Montana jurisdictional customers.

12
13 **Q. What is the result of NorthWestern's jurisdictional cost study?**

14 **A.** The jurisdictional cost study results in proposed revenues from FERC
15 customers of \$58,604,985. This is comparable to the three-year average
16 FERC Revenue Credit of \$62,150,182 included in NorthWestern's
17 revenue requirement.

18
19 **Q. What is NorthWestern recommending in this filing?**

20 **A.** NorthWestern recommends continuing use of the FERC revenue credit as
21 discussed by Mr. Cashell.

22

1 **Tariff Revisions**

2 **Q. Is NorthWestern proposing revisions to its tariffs in this docket?**

3 **A.** Yes. NorthWestern is proposing revisions to its Electric and Natural Gas
4 rules and tariffs. The following witnesses sponsor revisions to tariffs:

- 5 • Nathaniel P. Linder – Rule 9
- 6 • Michael R. Cashell – Schedule GSEDS-1 and Schedule GSEDS-2
- 7 • Jason M. McClafferty – Schedule GTC-1, Schedule AGTC-1, and Rule
8 1
- 9 • Andrew D. Durkin - Schedule No. EPCC-1
- 10 • Cynthia S. Fang – Schedule ELDS-1, and new tariffs for: Fixed Charge
11 Recovery Mechanism, Reliability Rider, Enhanced Wildfire Mitigation
12 Rider, and Business Technology Maintenance Cost Rider.

13
14 **Q. Are marked-up copies of the tariffs that NorthWestern proposes to
15 implement included in this filing?**

16 **A.** Yes. Each tariff sheet with proposed revisions and each new tariff sheet
17 are provided in the “Marked-Up Tariffs” folder of this filing. The specified
18 information NorthWestern proposes to change is red-lined in the tariff
19 sheets.

20
21 **Q. What proposed tariff changes are you supporting in this docket?**

22 **A.** I support NorthWestern’s proposed changes to both Electric and Natural
23 Gas tariff Rule Nos. 3, 4, 5, and Natural Gas Rule No. 7. NorthWestern is

1 proposing changes to clean up and modernize language in these tariff
2 rules.

3 **Q. Are red-lined versions of the tariff changes you are supporting**
4 **included as exhibits to your testimony?**

5 **A.** Yes. Exhibits GJG-1 through GJG-7 present the red-lined tariff changes
6 requested in this filing.

7
8 **Q. What changes is NorthWestern proposing to Rule No. 3?**

9 **A.** NorthWestern proposes changing “sign” to “agree to” in Section 3-1 of
10 both the Electric and Natural Gas Rule No. 3 to reflect NorthWestern’s
11 practice of not requiring paper applications with physical signatures.
12 NorthWestern also proposes to update Section 3-1 in the Natural Gas rule
13 to match the language in the Electric rule.

14
15 **Q. What changes is NorthWestern proposing to Rule No. 4?**

16 **A.** NorthWestern proposes to remove the requirement in Section 4-8 C to
17 issue a refund in the form of a check from both the Electric and Natural
18 Gas Rule No. 4. Removing the language “in the form of a check issued
19 and mailed to the Customer” provides flexibility to issue refunds to
20 customers electronically. We are also correcting the spelling of “amount”
21 in Section 4-9.

22
23 **Q. What changes is NorthWestern proposing to Rule No. 5?**

1 **A.** NorthWestern proposes to delete Section 5-8 Free Service from both the
2 Electric and Natural Gas Rule No. 5. NorthWestern provides service at
3 rates approved in its tariff and does not provide free service to customers;
4 therefore this section is redundant.

5
6 **Q. What changes is NorthWestern proposing to Rule No. 7?**

7 **A.** NorthWestern proposes to delete Section 7-5 Pilot Turn-Offs and Pilot
8 Turn-Ons from the Natural Gas Rule No. 7. NorthWestern is removing
9 this service from its service offerings as its personnel are not trained or
10 qualified to work on equipment in the customer's home.

11
12 **Q. Is NorthWestern planning to do more regular tariff updates?**

13 **A.** Yes. Instead of making updates only in rate reviews, NorthWestern is
14 proposing to review its tariffs annually and make a filing to propose
15 updates as needed to keep its tariffs current.

16
17 **Q. Does this conclude your testimony?**

18 **A.** Yes, it does.

VERIFICATION

This Pre-filed Direct Testimony of Glenda J. Gibson is true and accurate to the best of my knowledge, information, and belief.

/s/ Glenda J. Gibson
Glenda J. Gibson