

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the)	Application No. NG-111/PI-237
Commission, on its own motion,)	
seeking to investigate the)	
effect of the February 2021)	ORDER OPENING DOCKET, CREATING
cold weather event upon the)	SUBDOCKETS, AND SETTING
cost of gas supply purchased by)	WORKSHOPS; NOTICE OF ASSESSMENT
Nebraska gas utilities.)	
)	
)	
Black Hills Nebraska Gas, LLC)	Docket No. NG-111.1
)	
-----)	
)	
NorthWestern Corporation d/b/a)	Docket No. NG-111.2
NorthWestern Energy)	
)	
)	Entered: March 2, 2021

BY THE COMMISSION:

The Nebraska Public Service Commission ("Commission"), on its own motion, hereby opens the above-captioned investigation. This docket is opened for the purpose of gathering information regarding and formulating a response to the effect of the February 2021 cold weather event upon the cost of gas supply purchased by Nebraska gas utilities subject to the Commission's jurisdiction under the State Natural Gas Regulation Act, Neb. Rev. Stat. §§ 66-1801 - 66-1868.

From February 13th through 17th, 2021, a large portion of the United States experienced extreme cold weather (the "cold weather event"). An area extending through the center of the country from the northern border of the United States, through Nebraska, and reaching the southern edge of Texas experienced extreme low temperatures persisting over several days. Failures of the electric grid due to weather caused significant decreases in natural gas supply, even as heating needs increased dramatically. The market for natural gas, therefore, became extremely competitive and prices soared.

Nebraska's natural gas utilities, Black Hills Nebraska Gas, LLC ("Black Hills") and NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") reported to the Commission that the spike in natural gas prices is likely to cause a substantial impact upon customer bills in the coming months. The

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. NG-111/PI-237

Page 2

Commission hereby opens this investigatory docket in order to understand the effects of this cold weather event and consider options to mitigate its impact upon customer bills.

The Commission is authorized by Neb. Rev. Stat. § 66-1804 to do all things necessary and convenient to regulate natural gas public utilities and carry into effect the provisions of the State Natural Gas Act, Neb. Rev. Stat. § 66-1801 - 1868. Accordingly, pursuant to the Commission's power, authority, and jurisdiction to regulate natural gas public utilities under Neb. Rev. Stat. § 66-1804, and such other authority as may become relevant during the course of this inquiry, the Commission is initiating this investigation to gather information concerning the impact of the February 2021 cold weather event on customer bills, and to consider measures to mitigate these effects.

Extension of the Cold Weather Rule

The Commission hereby finds that there is an immediate need to extend the protections against disconnection set forth in 291 Neb. Admin. Code § 9-013.05 (the "Cold Weather Rule"). In order to protect Nebraska residents from natural gas disconnection due to unexpected high bills, all provisions of the Commission's regulations regarding Residential Winter Disconnection shall hereby remain in effect through May 31, 2021.

Delayed Implementation of Gas Cost Adjustments

The Commission further finds that each utility's tariff contains a mechanism for passing the costs incurred from the utility's purchase of wholesale gas on to ratepayers.¹ The Commission finds that the extraordinary costs of purchasing gas related to this cold weather event should not be included in these gas cost adjustments until further findings have been made in this docket.

The Commission further finds that certain provisions of each utility's tariff applicable to this adjustment should be

¹ Black Hills' tariff includes a Purchased Gas Adjustment ("PGA"), and NorthWestern's tariff includes a Gas Cost Adjustment clause ("GCA"). These mechanisms allow the utility to calculate variances between the actual gas cost incurred and the gas cost recovered from ratepayers on a monthly basis, and adjust the rate at which the recovery is set annually. See Black Hills Tariff, Sheets 90-96, "Gas Cost Recovery Mechanisms - Rate Areas 1, 2, 3"; NorthWestern tariff, Section 3, Sheet 7, "Purchased Gas Cost Adjustment Clause."

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. NG-111/PI-237

Page 3

temporarily modified to exclude these extraordinary costs. These provisions include Sheets 90-96 of Black Hills' tariff² and provisions of NorthWestern's tariff including Section 3, Sheet No. 7, Item 3. Each utility is directed to track costs related to the February cold weather event separately from its gas cost adjustment mechanism. The current mechanism for recovery in Black Hills' PGA and NorthWestern's GCA shall continue, excluding the gas costs directly related to market purchases during the cold weather event. This holding of the weather event costs outside of the usual tariff provisions shall remain in effect until further order of the Commission.

Workshops

Additionally, the Commission finds that there is a need for each jurisdictional utility to present information to the Commission regarding the status of customer bills due to this cold weather event. The Commission therefore sets the following two virtual workshops for this purpose:

NG-111.1: Black Hills Workshop
Tuesday, April 6, 2021, at 10:00 a.m. Central Time
Zoom Webconference
<http://tiny.cc/NG111BHE>
Zoom Meeting ID: 963 4994 5074
Passcode: 180089

NG-111.2: NorthWestern Workshop
Wednesday, April 7, 2021, at 1:30 p.m. Central Time
Zoom Webconference
<http://tiny.cc/NG111NWE>
Zoom Meeting ID: 984 8798 3333
Passcode: 775598

*

*

² This applies only to Black Hills Rate Areas 1, 2, and 3. Gas supply in Rate Area 5 is provided via third party suppliers pursuant to the Choice Gas Program. See Black Hills Tariff, Sheets 97-125.

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. NG-111/PI-237

Page 4

At each workshop, the utilities will be asked to present information on the following topics:

- 1) A summary of the impact of the cold weather event on the cost of natural gas purchased by the utility as a result of this cold weather event;
- 2) A statement and explanation from the utility as to the exact dates which should be included in any cost recovery mechanism, whether those dates are February 13-17, 2021 or extend beyond that time frame;
- 3) A summary of the anticipated impact on customer bills due to the extraordinary costs of the cold weather event, including a statement as to typical costs for the month of February, and a bill impact analysis showing the anticipated change in customer bills as a percentage of a typical bill, prospectively for the next 12 billing cycles and separated by customer class;
- 4) A summary of the impact of the extraordinary costs of the cold weather event on customer bills for those customers who exercise an annual price (budget billing) option, beginning with the next upcoming program year and separated by customer class; and
- 5) At least two (2) proposals to mitigate the impact of the extraordinary costs of the cold weather event on customer bills through the next 12 billing cycles.

Each utility shall provide to the Commission at least twenty-four (24) hours prior to the start of its workshop a written summary of the above-listed topics, as well as any supporting materials, presentation slides, or other information addressed at the workshop. The information presented should demonstrate the impact on each customer class, as well as a range of usage amounts within that class.

Within one (1) week following the workshop, each utility will be required to submit a written proposal to mitigate the impact on customer bills from this cold weather event for Commission consideration and approval. Such proposal will include a modified bill impact analysis, as well as concise statements of any action the utility requests the Commission take. The proposal should also only demonstrate the actual costs of gas purchased during the cold

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. NG-111/PI-237

Page 5

weather event and carrying costs, and should not contemplate any return on the purchase anticipated by the utility.

Notice of Assessment

The Commission further finds that it may be necessary to assess certain expenses associated with this docket to each utility pursuant to Neb. Rev. Stat. § 66-1840. The Commission hereby provides notice to the utilities, as required by Neb. Rev. Stat. § 66-1840, that expenses may be assessed.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that a docket shall be opened as Application No. NG-111/PI-237 for purposes described herein.

IT IS FURTHER ORDERED that all provisions and protections set forth in 291 Neb. Admin. Code § 9-013.05, "Residential Winter Disconnection," shall be extended through May 31, 2021.

IT IS FURTHER ORDERED that provisions of each utility's tariff relating to recovery of gas costs shall not immediately apply to the extraordinary costs accrued from the cold weather event as described above. The current mechanism in Black Hills' PGA and NorthWestern's GCA shall continue, excluding these extraordinary costs, and each utility shall track such extraordinary costs for future consideration by the Commission. This modification of tariff provisions shall remain in effect until further order of the Commission.

IT IS FURTHER ORDERED that a virtual workshop in subdocket NG-111.1, relating to Black Hills Nebraska Gas, LLC, shall be held via videoconference on **Tuesday, April 6, 2021, at 10:00 a.m. Central Time.**

IT IS FURTHER ORDERED that a virtual workshop in subdocket NG-111.2, relating to NorthWestern Corporation d/b/a NorthWestern Energy, shall be held via videoconference on **Wednesday, April 7, 2021, at 1:30 p.m. Central Time.**

IT IS FURTHER ORDERED that the deadlines for submission of written materials in conjunction with the above-described workshops shall be adopted as set forth in this Order.

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

Application No. NG-111/PI-237

Page 6

IT IS FINALLY ORDERED that Black Hills Nebraska Gas, LLC and NorthWestern Corporation d/b/a NorthWestern Energy are hereby given notice of assessment as required by Neb. Rev. Stat. § 66-1840.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 2nd day of March, 2021.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Rod Johnson
Crystal Broadie
Mary Kiddy
Tim Schram

Don Waters

Chair

ATTEST:

Michael S. Hyl
Executive Director