

# SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

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## 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 )  
cold weather event upon the ) ORDER APPROVING RECOVERY PLAN  
cost of gas supply purchased by )  
Nebraska gas utilities. )  
) Docket No. NG-111.2  
)  
NorthWestern Corporation d/b/a )  
NorthWestern Energy ) Entered: May 11, 2021

BY THE COMMISSION:

On March 2, 2021, the Nebraska Public Service Commission ("Commission"), on its own motion, opened the above-captioned docket. This docket was 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. A Petition for Formal Intervention was filed by the Nebraska Public Advocate on March 4, 2021, and granted on March 5, 2021.

Pursuant to the Order Opening Docket issued in this matter on March 2, 2021, the Commission held a workshop for each utility to discuss the impact of the cold weather event upon that utility's business. Following the workshops, each utility was required to submit a written proposal to mitigate the impact on customer bills from this cold weather event for Commission consideration and approval. NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") submitted its proposal, including its PowerPoint presentation from the April 7th Workshop in this docket, and Supplemental Attachment A (collectively the "Proposal"), on April 23, 2021.

In its Proposal, NorthWestern sets forth a plan to recover expenses from the cold weather event through NorthWestern's Purchased Gas Adjustment ("PGA") over a 24-month period, beginning June 1, 2021. NorthWestern requests approval to recover costs incurred for its purchasing of the natural gas commodity between February 13 through February 18, 2021 over a 24 month period, with

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interest calculated at NorthWestern's approved rate of return.<sup>1</sup> NorthWestern states that the total amount to be collected is \$25,433,783.<sup>2</sup> The amount to be collected from each customer would be calculated prospectively on a volumetric basis. NorthWestern provided a table detailing the average monthly charge per customer, based upon usage:

<u>Customer Class</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>Total</u>
Residential	\$7	\$4	\$4	\$4	\$6	\$17	\$24	\$33	\$39	\$31	\$23	\$13	\$205
Small Commercial	\$20	\$14	\$16	\$16	\$19	\$56	\$81	\$124	\$147	\$116	\$80	\$44	\$735
Large Firm	\$321	\$237	\$261	\$261	\$332	\$646	\$849	\$1,162	\$1,317	\$1,108	\$802	\$532	\$7,827
Interruptible	\$556	\$546	\$611	\$561	\$934	\$864	\$667	\$755	\$771	\$667	\$467	\$348	\$7,747

NorthWestern states that the June 1 PGA filing will include the normal commodity and demand true-up balance from April 30, as well as the applicable portion of the 24-month cold weather event deferred cost. NorthWestern further states that it will prepare a separate exhibit for its biannual purchased gas adjustment filing which will detail the recovery of increased purchased costs on a monthly basis.

In support of its Proposal, NorthWestern states that using a 24-month timeline for the recovery of these purchased gas costs will decrease the financial impact on customers' monthly bills, while allowing timely recovery of these costs by NorthWestern. NorthWestern notes that a 24-month recovery period significantly decreases the percentage of the average customer's bill increase compared to a 12-month recovery period, while also reducing the impact of carrying costs compared to a 36-month recovery period. The Public Advocate did not file an objection to NorthWestern's Proposal.

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<sup>1</sup> See Commission Docket No. NG-48, *In the Matter of NorthWestern Corporation, d/b/a NorthWestern Energy, Sioux Falls, South Dakota, seeking approval of a natural gas general rate increase for Nebraska*, Order Approving Settlement Agreement, Dec. 18, 2007.

<sup>2</sup> Pursuant to NorthWestern's tariff, gas commodity purchase costs are passed directly to customers, and the utility does not realize a return on purchased gas commodity. See NorthWestern tariff, Section 3, Sheet 7, "Purchased Gas Cost Adjustment Clause."

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## O P I N I O N   A N D   F I N D I N G S

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.

Due to the extraordinary nature of the February 2021 cold weather event, the Commission finds that a mechanism to spread the costs of purchased gas during this time across a longer timeframe is necessary. The Commission further finds that NorthWestern's proposal is a reasonable solution to prevent undue burden upon customers and upon the utility. The Commission therefore finds that this proposal should be adopted.

In order to implement NorthWestern's proposal, the Commission finds that the portions of NorthWestern's tariff relating to the Purchased Gas Adjustment should be suspended with regard to the costs of the February cold weather event for the 24-month period of the Proposal, beginning June 1, 2021. NorthWestern is directed to implement its Proposal as described in its filings with the Commission.

NorthWestern is further ordered to provide the Commission with semi-annual reports regarding the progress of the recovery of these purchased gas costs, with the first report due to the Commission with the Semi-Annual Purchased Gas Cost Adjustment on or before November 1, 2021. This reporting requirement will continue with every Semi-Annual Purchased Gas Cost Adjustment, to be filed each year in April and November, until NorthWestern demonstrates that all costs and recoveries have been trued up and NorthWestern's PGA no longer includes costs related to the February 2021 cold weather event. Filings may be made electronically to [psc.naturalgas@nebraska.gov](mailto:psc.naturalgas@nebraska.gov).

## O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the proposal submitted by NorthWestern Corporation d/b/a NorthWestern Energy for recovery of extraordinary costs related to the February 2021 cold weather event shall be approved.

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IT IS FURTHER ORDERED that said proposal shall be implemented beginning on June 1, 2021, as described above.

IT IS FURTHER ORDERED that the provisions of the NorthWestern Corporation d/b/a NorthWestern Energy tariff relating to recovery of purchased gas costs should be suspended with regard to the costs of the February cold weather event for the 24-month period of the Proposal, beginning June 1, 2021. This suspension of tariff provisions shall remain in effect until NorthWestern makes a filing demonstrating all such costs have been recovered.

IT IS FINALLY ORDERED that the filing requirements set forth above shall hereby be adopted.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 11th day of May, 2021.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Rod Johnson*  
*Crystal Brader*  
*Mary Keddin*  
*Tom Schram*

*David Woodruff*

Chair

ATTEST:

*Michael S. Hyl*

Executive Director