

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

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IN THE MATTER OF NorthWestern Energy's ) UTILITY DIVISION  
Application for Electric Supply Deferred Cost )  
Account Balance and Projected Electric Supply ) DOCKET NO. D2008.5.45  
Cost )

IN THE MATTER OF NorthWestern Energy's ) UTILITY DIVISION  
Application for Electric Supply Deferred Cost )  
Account Balance and Projected Electric Supply ) DOCKET NO. D2009.5.62  
Cost )

**MONTANA CONSUMER COUNSEL RESPONSE BRIEF**

Montana Consumer Counsel (MCC) submits the following Response Brief in the above-captioned electric supply cost tracking proceeding.

MCC agrees with NorthWestern Energy's (NWE) background description of this proceeding. NWE Initial Brief, pp. 1-3. MCC would only add that it filed the testimony of Dr. John Wilson on September 18, 2009, and this testimony was made part of the record at the hearing held in this matter.

MCC and NWE submitted a Stipulation and Settlement Agreement (Stipulation) on December 2, 2009. The Stipulation addresses each of the three issues raised in MCC's testimony. First, as the Stipulation notes, MCC believes that internal labor costs have not been and should not be included in trackers. Due to unique circumstances in this case, however, the parties agreed that a portion (\$27,000/mo.) of real-time scheduling labor costs that had previously been contracted and included in the tracker should continue to be recovered until incorporated in an order in NWE's next general rate case (now Docket D2009.9.129). Stipulation, ¶ 1. Second, NWE agreed to withdraw the issue of financial swaps for electricity supply from this Docket, and to provide additional information and further discussion on this topic. Stipulation, ¶ 2. Third, Dr. Wilson disagreed with the calculation of lost revenues

associated with Colstrip Unit 4. For purposes of the six months during which Colstrip 4 was included in the historical period in this tracker, the parties agreed that NWE may include one half of its claimed amount, or \$83,021. Stipulation, ¶ 3.

MCC agrees with NWE that these agreements and the Stipulation are transparent. Each of the issues raised by MCC's witness is described in the Stipulation, as well as the associated settlement of the individual issues. Testimony from both parties as well as all data responses produced in this proceeding were the subject of a hearing. The Stipulation presented by MCC and NWE represents a reasonable resolution of the issues in these tracker dockets, and should be approved by the Commission.

Respectfully submitted on this 19<sup>th</sup> day of March, 2010.

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