



NATURAL GAS TRACKER FILING

Docket No. D2010.5.49

In the Matter of the Application of NorthWestern Energy's:

- (1) Unreflected Gas Supply Cost Account Balance for the 12-Month Period Ending June 30, 2010 and Projected Gas Cost Tracking for the 12-Month Period Ending June 30, 2011;
- (2) Gas Transportation Adjustment Clause (GTAC) Balance as of April 30, 2010.



NorthWestern Corporation
d/b/a NorthWestern Energy
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Butte, MT 59701
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www.northwesternenergy.com

May 28, 2010

Ms. Kate Whitney
Administrator
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

RE: NorthWestern Energy's:

- 1) Unreflected Gas Supply Cost Account Balance as of June 30, 2010, and the Projected Gas Cost for the 12-Month Period July 1, 2010 through June 30, 2011; and
- 2) Gas Transportation Adjustment Clause (GTAC) Balance as of April 30, 2010

Dear Ms. Whitney:

Pursuant to Montana law, the Montana Public Service Commission (MPSC or Commission) rules, the Deferred Accounting Gas procedure initially approved by the Commission in Order No. 4598 in Docket No. 6706 on January 4, 1980, and the Gas Transportation Adjustment Clause (GTAC) mechanism initially approved in Order No. 5474c in Docket No. 90.1.1 on October 3, 1991, NorthWestern Energy (NWE or NorthWestern) hereby transmits its annual Application for approval of natural gas supply rates which:

- Reflects rate treatment for the balance in Unreflected Gas Costs, for the 12-month period ending June 30, 2010;
- Reflects rate treatment for amortization of the GTAC Balance as of April 30, 2010;
- Extinguishes the unit amortizations in the current rate schedules, approved on an interim basis in Order No. 7004 from Docket D2009.5.63; and
- Reflects the projected load, supply and related natural gas costs for the 12-month tracker period July 1, 2010 through June 30, 2011.

NorthWestern purchases wholesale natural gas from suppliers and passes the cost directly to customers without mark-up. Each year NWE estimates how much it will cost to purchase natural gas for the upcoming annual tracker period and this estimate is updated each month within the tracking period. At the same time, the difference between revenue resulting from the estimated natural gas cost and the actual gas cost for the prior tracker period is computed.

The projected natural gas price for the 12-month period starting July 1, 2010 is \$5.6916 per Dkt, compared with the 12-month period starting July 1, 2009 of \$5.7562 per Dkt. The \$.06 per Dkt difference between these two tracking periods is an indication that rates for the upcoming tracking period could be similar to those incurred in the current tracking period. However, it should be noted that this is merely an indication, as the ultimate rates will be a function of hurricane activity, weather, demand, and other fundamental and technical factors. The Testimony of Mr. John Smith provides detailed information pertaining to current market conditions and forecasted prices. The difference between the June 1, 2010 natural gas supply rate and the rate proposed for July 1, 2010 is primarily due to the amortization of the deferred account balance prior to the end of the current tracking period. One other factor contributing to the change in rates from June 2010 is that the July rate calculation uses a twelve-month forward price strip that includes the higher prices for the upcoming winter.

In this filing, NWE also requests approval to extinguish the current Unreflected Gas Cost Account (UGCA) Balance Amortization approved in Interim Order No. 7004 in Docket D2009.5.63, and to reflect the UGCA Balance of \$(98,478) for the 12-month period ending June 30, 2010. Also, NWE requests that the remaining UGCA balance of (\$189) approved in Order No. 7004 be included in the Unreflected Gas Cost balance. The estimated Total Unreflected Gas Account Balance at the end of June 2010 is (\$98,667). Since this Total Unreflected Gas Account Balance of (\$98,667) estimated at the end of June 2010 is immaterial, NWE proposes to set the associated rate at zero. After actuals are recorded for the months of May and June 2010 NWE will review the account balance again and determine if the amount merits a filing proposing a rate adjustment.

NWE further requests approval to extinguish the current GTAC Balance Amortization approved in Interim Order 7004, and to reflect the GTAC Balance as of April 30, 2010 in natural gas supply rates. The proposed GTAC balance for this filing is \$6,169 which is the sum of the GTAC booked balance for the period ending April 30, 2010 of \$231,270 and the current balance of the amortization approved in Interim Order 7004 of \$(225,101). This balance will be reflected in rates over the 12-month period ending June 30, 2011.

Appendix A to this filing presents a summary of the current tariff rates and the proposed rates in this filing, as well as the resulting dollar and percentage changes.

The increase for a typical residential customer using 10 Dkt per month will be \$29.98 per month or \$359.76 per year on the total bill. This results in an overall increase of 42.67% on the total bill. The actual increase will depend on each customer's type and usage. The typical bill computations are included in Appendix B.

Other documents submitted with this filing are:

1. Application for interim and final approval of new monthly natural gas rates;
2. Notice of Filing;
3. Certificate of Service to Media;
4. Notice of Interim Rate Adjustment Request;
5. Prefiled Testimony and Exhibits of John M. Smith, Patrick J. DiFronzo and William M. Thomas; and
6. Supporting Workpapers.

In accordance with Order No. 5667a, FOF No. 3, NWE requests approval to continue to reflect accounting treatment, through the GTAC mechanism, for certain expansions that generate Interruptible Transportation revenues or Interruptible and Firm Transportation revenues. The rationale for this treatment remains viable, since a disincentive would exist for the Natural Gas Utility to invest in new plant if there is no mechanism by which costs related to these investments can be recovered until the next general rate case.

Three copies of this letter and documents submitted herewith are being delivered to the Montana Consumer Counsel (MCC).

NWE's next monthly tracking filing will be for rates effective August 1, 2010 unless natural gas prices move dramatically in either direction prior to June 15, 2010. If this occurs, NWE will file an amended monthly natural gas cost tracking filing for a July 1, 2010 monthly rate adjustment.

The employee of NWE responsible for answering questions concerning this rate change request or for inquiries to the appropriate members of the Utility Staff is:

Joe Schwartzberger
Regulatory Affairs Department
NorthWestern Energy
40 East Broadway
Butte, MT 59701
(406) 497-3362
Joe.Schwartzberger@northwestern.com

Whitney Letter
May 28, 2010
Page 4 of 4

Applicant's attorney in this matter is:

Mr. Ross Richardson
Henningsen, Vucurovich & Richardson PC
116 W. Granite
Butte, MT 59701
(406) 723-3219
rossrichardson@qwest.net

Along with Joe Schwartzenberger and Ross Richardson, please add Connie Moran to the official service list in this docket to receive copies of all documents. NWE also requests that all electronic correspondence related to this filing be sent to connie.moran@northwestern.com

If there are any questions in this regard, I can be reached at (406) 497-3362.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Schwartzenberger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joe Schwartzenberger
Director of Regulatory Affairs

Enclosures

cc: Montana Consumer Counsel

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

In the Matter of NorthWestern Energy's Application For:)
(1) Unreflected Gas Cost Account Balance and) Docket No. D2010.5.49
Projected Gas Cost; and (2) Gas Transportation)
Adjustment Clause Balance.)

APPLICATION FOR INTERIM AND FINAL RATE ADJUSTMENT

COMES NOW NorthWestern Energy, Applicant in the above-entitled proceeding, and respectfully submits the following in support thereof:

I.

Applicant's full name and Post Office address are:

NorthWestern Energy
40 East Broadway
Butte, MT 59701

II.

Applicant is NorthWestern Corporation doing business as NorthWestern Energy in the States of Montana, South Dakota and Nebraska as a public utility.

III.

The organizational documents of the Applicant and amendments thereto are filed with the appropriate State authorities and these documents are hereby incorporated by reference as though fully set forth herein.

T-ITG-1	Interrupt. Transport. Natural Gas - TBU (1 page)
T-FSG-1	Firm Storage Natural Gas – TBU (1 page)

VI.

In accordance with the Deferred Accounting Gas Rate Schedule initially approved on an interim basis by Commission in Order 7004 in Docket D2009.5.63, the balance in Account No. 191, Unreflected Gas Costs, for the 12-month period ending June 30, 2010 is an over collection of \$(98,478). NWE proposes to amortize this balance, together with an adjustment for the actual Unreflected Gas Cost Account Balance of (\$189) resulting from cessation of the amount approved for amortization in Order 7004. Since the Total Unreflected Gas Account Balance of (\$98,667) estimated at the end of June 2010 is immaterial, NWE proposes to set the rate at zero. After actuals are recorded for the months of May and June NWE will review the account balance again and determine if the amount merits a filing proposing a rate adjustment. The tracking market, supply and gas costs for the 12-month period, July 1, 2010 to June 30, 2011 produce a gas cost of \$5.6916/Dkt.

In addition, NWE proposes to continue to use the same the monthly tracking methodology as it has used in the last several years. A forecast of 12-months is used in this annual filing for the period July 1 through June 30 of the tracking year. However, the subsequent monthly calculation is based on the balance of the tracking year forecasts instead of a rolling 12-month forecast. NWE believes this method has helped decrease the over or under collection during the tracking period.

VII.

Pursuant to MPC's proposal in Docket No. 90.1.1, and approved in Final Order No. 5474c, NWE is filing for treatment of the Gas Transportation Adjustment Clause (GTAC) Balance. For the period ending April 30, 2010, the GTAC Balance is \$231,270. NWE proposes to amortize this Balance, adjusted for the actual GTAC balance from Order 7004 of \$(225,101). The resulting GTAC Balance proposed in this filing is \$6,169.

VIII.

Pursuant to Order No. 5667a, Finding of Fact No. 3, NWE requests approval to continue to reflect accounting treatment, through the GTAC mechanism, for certain expansions that generate interruptible transportation revenues and/or firm transportation revenues. As of June 30, 2010, there are no offsets for capital investments being reflected in the calculation of the GTAC Net Balance because all of the investments previously reflected in the calculation have been included in rate base as a result of general rate case proceedings. However, if this accounting treatment is not extended, the disincentive still exists for the Gas Utility to invest in new plant if there is no mechanism by which costs related to the investments can be recovered until the next general rate case. Therefore, Applicant requests that this accounting treatment be extended and continue in effect for as long as the GTAC mechanism continues in effect.

IX.

The proposed new rates contained in Appendix A reflect:

1. The amortization of the Unreflected Gas Cost Account Balance described in Paragraph No. VI,
2. The projected monthly market supply and gas cost described in Paragraph No. VI, and
3. The amortization of the GTAC Balance described in Paragraph No. VII.

X.

Attached in support of this filing is Appendix C, the proposed Notice of Filing to inform the public that this application has been made, which is provided to assist the Commission in this proceeding. Attached hereto are the following documents that are by this reference made a part hereof:

- Current and proposed rates, Appendix A;
- Typical residential bill computation, Appendix B;
- Notice of Filing, Appendix C;
- Certificate of Service to Media;

- Notice of Interim Rate Adjustment Request; and
- Prefiled testimony, exhibits and supporting workpapers of John M. Smith, Patrick J. DiFronzo and William M. Thomas.

This application is made in accordance with the provisions of Mont. Code Ann. §69-3-101 et seq. (2001) and the rules, regulations and orders of the Commission:

WHEREFORE, Applicant respectfully requests that the Commission:

1. Grant interim and final approval of the proposed rates, included as Appendix A, to be effective on a monthly basis for service on and after July 1, 2010,
2. Approve extension of the accounting treatment for certain expansion projects handled through the GTAC mechanism, and
3. Grant such other and additional relief, as the Commission shall deem just and proper.

DATED: May 28, 2010.

Respectfully submitted,
NorthWestern Energy

By: Ross Richardson

Mr. Ross Richardson
Henningesen, Vucurovich & Richardson PC
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Butte, MT 59701
(406) 723-3219
rossrichardson@qwest.net

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	Current	Proposed	Rate Change	Percentage Change
Core:				
D-RG-1 Rate Schedule				
Residential				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.841759	\$ 1.841759	\$ -	0.00%
Transmission Charge	\$ 1.090615	\$ 1.090615	\$ -	0.00%
Storage Charge	\$ 0.331926	\$ 0.331926	\$ -	0.00%
Gas Supply Charge	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization	\$ (0.081700)	\$ -	\$ 0.081700	100.00%
DBU GTAC Amortization	\$ 0.000525	\$ 0.000585	\$ 0.000060	11.43%
TBU GTAC Amortization	\$ (0.003166)	\$ 0.001910	\$ 0.005076	160.33%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 5.958836	\$ 8.956690	\$ 2.997854	50.31%
D-RGCA-1 Rate Schedule				
Residential Gas Core Aggregation				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.841759	\$ 1.841759	\$ -	0.00%
Transmission Charge	\$ 1.090615	\$ 1.090615	\$ -	0.00%
Storage Charge	\$ 0.331926	\$ 0.331926	\$ -	0.00%
DBU GTAC Amortization	\$ 0.000525	\$ 0.000585	\$ 0.000060	11.43%
TBU GTAC Amortization	\$ (0.003166)	\$ 0.001910	\$ 0.005076	160.33%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 3.257036	\$ 3.265090	\$ 0.008054	0.25%
D-GSG-1 Rate Schedule				
General Natural Gas Service				
Monthly Service Charge per Meter				
0 to 300	\$ 16.95	\$ 16.95	\$ -	0.00%
301 to 1,000	\$ 22.40	\$ 22.40	\$ -	0.00%
1,001 to 2,000	\$ 36.10	\$ 36.10	\$ -	0.00%
2,001 to 5,000	\$ 60.60	\$ 60.60	\$ -	0.00%
5,001 to 10,000	\$ 74.45	\$ 74.45	\$ -	0.00%
10,001 to 30,000	\$ 117.75	\$ 117.75	\$ -	0.00%
> 30,000	\$ 143.05	\$ 143.05	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.820207	\$ 1.820207	\$ -	0.00%
Transmission Charge	\$ 1.089537	\$ 1.089537	\$ -	0.00%
Storage Charge	\$ 0.330849	\$ 0.330849	\$ -	0.00%
Gas Supply Charge	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization	\$ (0.081700)	\$ -	\$ 0.081700	100.00%
DBU GTAC Amortization	\$ 0.000535	\$ 0.000602	\$ 0.000067	12.52%
TBU GTAC Amortization	\$ (0.003229)	\$ 0.001967	\$ 0.005196	160.92%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 5.935076	\$ 8.933057	\$ 2.997981	50.51%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	<u>Current</u>	<u>Proposed</u>	<u>Rate Change</u>	<u>Percentage Change</u>
D-GSGCA-1 Rate Schedule				
General Natural Gas Service Core Aggregation				
Monthly Service Charge per Meter				
0 to 300	\$ 16.95	\$ 16.95	\$ -	0.00%
301 to 1,000	\$ 22.40	\$ 22.40	\$ -	0.00%
1,001 to 2,000	\$ 36.10	\$ 36.10	\$ -	0.00%
2,001 to 5,000	\$ 60.60	\$ 60.60	\$ -	0.00%
5,001 to 10,000	\$ 74.45	\$ 74.45	\$ -	0.00%
10,001 to 30,000	\$ 117.75	\$ 117.75	\$ -	0.00%
> 30,000	\$ 143.05	\$ 143.05	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.820207	\$ 1.820207	\$ -	0.00%
Transmission Charge	\$ 1.089537	\$ 1.089537	\$ -	0.00%
Storage Charge	\$ 0.330849	\$ 0.330849	\$ -	0.00%
DBU GTAC Amortization	\$ 0.000535	\$ 0.000602	\$ 0.000067	12.52%
TBU GTAC Amortization	\$ (0.003229)	\$ 0.001967	\$ 0.005196	160.92%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	<u>\$ 3.233276</u>	<u>\$ 3.241457</u>	<u>\$ 0.008181</u>	<u>0.25%</u>
T-FUGC-1 Rate Schedule				
Firm Utility Gas Contract Service				
Monthly Service Charge per Meter				
10,001 to 30,000	\$ 107.75	\$ 107.75	\$ -	0.00%
> 30,000	\$ 277.75	\$ 277.75	\$ -	0.00%
Transmission Charges:				
Reservation Rate (MDDQ)	\$ 5.244006	\$ 5.244006	\$ -	0.00%
Transmission Commodity Rate (Dkt)	\$ 0.062506	\$ 0.062506	\$ -	0.00%
GTAC Amortization (Dkt)	\$ (0.003987)	\$ 0.002236	\$ 0.006223	156.08%
Storage Charges:				
Reservation Rate (MDDQ)	\$ 4.170634	\$ 4.170634	\$ -	0.00%
Storage Commodity Rate (Dkt)	\$ 0.015087	\$ 0.015087	\$ -	0.00%
GTAC Amortization (MDDQ)	\$ (0.066162)	\$ (0.023606)	\$ 0.042556	64.32%
Gas Supply Charge (Dkt)	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization (Dkt)	\$ (0.081700)	\$ -	\$ 0.081700	100.00%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	<u>Current</u>	<u>Proposed</u>	<u>Rate Change</u>	<u>Percentage Change</u>
Non-Core				
Distribution Business Unit				
D-FTG-1 Rate Schedule				
Firm Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 103.15	\$ 103.15	\$ -	0.00%
5,000 to 10,000	\$ 117.90	\$ 117.90	\$ -	0.00%
10,001 to 30,000	\$ 162.10	\$ 162.10	\$ -	0.00%
> 30,000	\$ 188.20	\$ 188.20	\$ -	0.00%
Distribution Charge: (MDDQ)				
Reservation Rate	\$ 6.526449	\$ 6.526449	\$ -	0.00%
GTAC Amortization	\$ 0.004000	\$ 0.004359	\$ 0.000359	8.98%
D-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 103.15	\$ 103.15	\$ -	0.00%
5,000 to 10,000	\$ 117.90	\$ 117.90	\$ -	0.00%
10,001 to 30,000	\$ 162.10	\$ 162.10	\$ -	0.00%
> 30,000	\$ 188.20	\$ 188.20	\$ -	0.00%
Distribution Charge: (Dkt)				
Distribution Commodity Rate	\$ 0.214545	\$ 0.214545	\$ -	0.00%
Transportation Business Unit				
T-FTG-1 Rate Schedule				
Firm Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.85	\$ 100.85	\$ -	0.00%
10,001 to 30,000	\$ 145.05	\$ 145.05	\$ -	0.00%
> 30,000	\$ 321.90	\$ 321.90	\$ -	0.00%
Transmission Reservation Rate (MDDQ)				
	\$ 8.248586	\$ 8.248586	\$ -	0.00%
Transmission Commodity Rate (Dkt)				
Maximum	\$ 0.062506	\$ 0.062506	\$ -	0.00%
GTAC Amortization	\$ (0.001275)	\$ 0.000962	\$ 0.002237	175.45%
T-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.85	\$ 100.85	\$ -	0.00%
10,001 to 30,000	\$ 145.05	\$ 145.05	\$ -	0.00%
> 30,000	\$ 321.90	\$ 321.90	\$ -	0.00%
Transmission Commodity Rate (Dkt)				
Maximum	\$ 0.332388	\$ 0.334625	\$ 0.002237	0.67%
T-FSG-1 Rate Schedule				
Firm Storage Natural Gas Service				
Monthly Rate:				
Withdrawal Reservation Rate:	\$ 4.170634	\$ 4.170634	\$ -	0.00%
Injection Commodity Rate:	\$ 0.021555	\$ 0.021555	\$ -	0.00%
Withdrawal Commodity Rate:	\$ 0.021555	\$ 0.021555	\$ -	0.00%
Storage Capacity Rate:	\$ 0.020476	\$ 0.020476	\$ -	0.00%
GTAC Amortization	\$ (0.066203)	\$ (0.023601)	\$ 0.042602	64.35%



Residential Services - Typical Bill Amount

Usage in Dkt.	10	Current as of June 1, 2010		Proposed		Bill Change	Percentage Change
		Rate	Total Bill Amount	Rate	Total Bill Amount		
Monthly Service Charge per Meter		\$ 6.75	\$ 6.75	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges: (Monthly \$/Dkt)							
Distribution Charge		\$ 1.841759	\$ 18.42	\$ 1.841759	\$ 18.42	\$ -	0.00%
Transmission Charge		\$ 1.090615	\$ 10.91	\$ 1.090615	\$ 10.91	\$ -	0.00%
Storage Charge		\$ 0.331926	\$ 3.32	\$ 0.331926	\$ 3.32	\$ -	0.00%
Gas Supply Charge		\$ 2.783500	\$ 27.84	\$ 5.691600	\$ 56.92	\$ 29.08	104.45%
Deferred Gas Cost Amortization		\$ (0.081700)	\$ (0.82)	\$ -	\$ -	\$ 0.82	100.00%
DBU GTAC Amortization		\$ 0.000525	\$ 0.01	\$ 0.000585	\$ 0.01	\$ 0.00	90.48%
TBU GTAC Amortization		\$ (0.003166)	\$ (0.03)	\$ 0.001910	\$ 0.02	\$ 0.05	166.67%
Storage GTAC Amortization		\$ (0.004623)	\$ (0.05)	\$ (0.001705)	\$ (0.02)	\$ 0.03	60.00%
USBC		\$ 0.184387	\$ 1.84	\$ 0.184387	\$ 1.84	\$ -	0.00%
CTC-RA		\$ 0.123000	\$ 1.23	\$ 0.123000	\$ 1.23	\$ -	0.00%
CTC-RA Credit		\$ (0.069640)	\$ (0.70)	\$ (0.069640)	\$ (0.70)	\$ -	0.00%
CTC-GP		\$ 0.203000	\$ 2.03	\$ 0.203000	\$ 2.03	\$ -	0.00%
CTC-GP Credit		\$ (0.047320)	\$ (0.47)	\$ (0.047320)	\$ (0.47)	\$ -	0.00%
Total Commodity		\$ 6.352263	\$ 63.53	\$ 9.350117	\$ 93.51	\$ 29.98	47.20%
Total Bill (Price per Dkt Incl. Service Charge)		\$ 7.027530	\$ 70.28	\$ 10.026000	\$ 100.26	\$ 29.98	42.67%

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

In the Matter of NorthWestern Energy's)
Application For: (1) Unreflected Gas Cost Account) Docket No. D2010.5.49
Balance and Projected Gas Cost; and (2) Gas)
Transportation Adjustment Clause Balance)

NOTICE OF FILING

NorthWestern Energy (NWE or NorthWestern) has filed an Application with the Montana Public Service Commission (MPSC) in support of a net increase in rates for natural gas supply service to core gas supply customers, a net increase in rates for core aggregation customers, a net increase in rates for non-core DBU transportation service and a net increase for TBU firm transportation and storage service. NWE is requesting that these rates become effective for service on and after July 1, 2010. This request is a result of the annual implementation of the natural gas tracking procedure approved by the MPSC on January 4, 1980 in Order No. 4598, Docket No. 6706, and the Gas Transportation Adjustment Clause (GTAC) accounting procedure approved in Order 5474c, Docket No. 90.1.1 on October 3, 1991.

The natural gas tracking procedure includes a reconciliation of the actual natural gas costs and revenues for the 12 months ending June 30, 2010, in the form of the amortization of the Unreflected Gas Cost Account (UGCA) Balance, and the projection of natural gas costs for the 12-month tracking period July 1, 2010 through June 30, 2011.

The Gas Transportation Adjustment Clause (GTAC) mechanism includes a reconciliation of actual interruptible transportation (IT) revenues received for the 12-months ending April 2010 compared to the ordered IT revenues from the NWE's revenue requirement in the last general rate case.

NorthWestern's proposal also requests extinguishing the amortizations approved in Order No. 7004 in last year's UGCA Balance and GTAC net balance filing

The net adjustments proposed in this filing result in the following:

- An increase in gas costs from \$2.7835 per Dkt to \$5.6916 per Dkt.

- UGCA Balance, for the 12-month period ending June 30, 2010 was \$(98,478). NWE requests that the remaining UGCA balance of (\$189) approved on an interim basis in Order 7004 in Docket D2009.5.63 be included in the UGCA balance. The estimated Total UGCA Balance at the end of June 2010 is (98,667). Since this Total UGCA Balance of \$98,667 estimated at the end of June 2010 is immaterial, NWE proposes to set the associated rate at zero. After actuals are recorded for the months of May and June, NWE will review the account balance again and determine if the amount merits a filing proposing a rate adjustment.
- GTAC balance for this filing is \$6,169, which is the sum of the GTAC booked balance for the period ending April 30, 2010 of \$231,270 and the current balance of the amortization approved in Order 7004 of \$(225,101) and will be recovered from customers over the 12-month period ending June 30, 2011.

The related prefiled testimony, exhibits and workpapers, detailed rate information including the proposed rates and billing impacts, are available for public inspection at NorthWestern's General Office, 40 East Broadway, Butte, Montana; at the office of the Montana Consumer Counsel (MCC), 111 North Last Chance Gulch, Suite 1B, Helena, Montana; or at the office of the MPSC, 1701 Prospect Avenue, Helena, Montana 59620. The MCC (444-2771) is available to assist in the representation of consumer interests in this matter.

Any comments, which any person wishes to have the MPSC take into consideration in its decision on this matter, should be sent to the MPSC at the above address as soon as possible.

Dated: May 28, 2010

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

In the Matter of NorthWestern Energy's)
Application For: (1) Unreflected Gas Cost Account) Docket No. D2010.5.49
Balance and Projected Gas Cost; and (2) Gas)
Transportation Adjustment Clause Balance)

CERTIFICATE OF SERVICE
OF NOTICE OF INTERIM/FINAL RATE ADJUSTMENT REQUEST
FOR NATURAL GAS RATES

The undersigned certifies that a Notice of Rate Adjustment Request was this day served by mail upon the following:

Daily Newspapers

Montana Standard	Helena Independent Record
Missoulian	Billings Gazette
Great Falls Tribune	Livingston Enterprise
Bozeman Chronicle	Ravalli Republic
Daily Inter Lake	Havre Daily News

Associated Press Print and Broadcast Services

Television Stations

Billings	-	KTVQ and KULR
Butte	-	KXLF
Missoula	-	KECI and KPAX
Great Falls	-	KFBB and KRTV
Bozeman	-	KTVM
Helena	-	KTVH

DATED: May 28, 2010

NorthWestern Energy

By: *Claudia Rapkoch*
Claudia Rapkoch
40 East Broadway Street
Butte, Montana 59701

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

In the Matter of the Application of NorthWestern)
Energy's: (1) Unreflected Gas Cost Account) Docket No. D2010.5.49
Balance and Projected Gas Cost; and (2) Gas)
Transportation Adjustment Clause Balance)

NOTICE OF INTERIM RATE
ADJUSTMENT REQUEST

NorthWestern Energy, Applicant, serves notice pursuant to the Administrative Rules of Montana, Section 38.5.503, that it has filed with the Montana Public Service Commission (MPSC) a request for an overall interim increase for core customers and an interim increase for core aggregation customers in natural gas rates in this Docket to reflect Forecast Gas Costs, the Unreflected Gas Cost Account (UGCA) Balance and Gas Transportation Adjustment Clause (GTAC) Balance procedures. This request also includes an interim increase for non-core DBU distribution transportation service and a increase for non-core TBU transportation firm and storage service customers relating to the GTAC adjustment. This Interim request includes the use of monthly gas cost adjustments going forward. Applicant requests that the proposed rates and monthly gas cost adjustments become effective for service on and after July 1, 2010.

This Docket commenced on May 28, 2010, when the Applicant filed testimony, exhibits and workpapers with the MPSC in its annual Natural Gas Cost Adjustment Filing. Applicant requests an interim change in rates effective July 1, 2010 pending a final decision on this request.

The rate adjustments are required to: 1) reflect an increase in the projected gas costs; 2) amortize the balance in the UGCA Balance for the 12-month period ending June 30, 2010; 3) amortize the GTAC Balance as of April 30, 2010; and 4) extinguish the unit amortizations in the current rates.

The net adjustments proposed in this filing result in the following:

- An increase in gas costs from \$2.7835 per Dkt to \$5.6916 per Dkt.
- UGCA Balance, for the 12-month period ending June 30, 2010 was \$(98,478). NWE requests that the remaining UGCA balance of (\$189) approved on an interim basis in Order 7004 in Docket D2009.5.63 be included in the UGCA balance. The estimated Total UGCA Balance at the end of June 2010 is (\$98,667). Since this Total UGCA Balance of (\$98,667) estimated at the end of June 2010 is immaterial, NWE proposes to set the associated rate at zero. After actuals are recorded for the months of May and June, NWE will review the account balance again and determine if the amount merits a filing proposing a rate adjustment.
- GTAC balance for this filing is \$6,169, which is the sum of the GTAC booked balance for the period ending April 30, 2010 of \$231,270 and the current balance of the amortization approved in Order 7004 of \$(225,101) and will be recovered from customers over the 12-month period ending June 30, 2011.

The interim request and supporting documents can be examined at Applicant's General Office, 40 East Broadway, Butte, Montana; at the office of the Montana Consumer Counsel (MCC), 111 North Last Chance Gulch, Suite 1B, Helena, Montana; or at the office of the MPSC, 1701 Prospect Avenue, Helena, Montana 59620. The MCC (444-2771) is available to assist in the representation of consumer interests in this matter.

Any comments which any person wishes to have the MPSC take into consideration in its decision on this matter should be sent to the MPSC at the above address as soon as possible.

Any portion of the interim adjustment approved by the MPSC pending hearing and final decision would, pursuant to Montana Code Ann. Section 69-3-304 et. al. (1999), be subject to refund if the final decision in this docket is to approve a final revenue level which is different than the interim level.

Dated: May 28, 2010

1 Department of Public Service Regulation
2 Montana Public Service Commission
3 Docket No. D2010.5.49
4 NorthWestern Energy
5

6 **PREFILED DIRECT TESTIMONY OF JOHN M. SMITH**
7 **ON BEHALF OF NORTHWESTERN ENERGY**
8

9 **TABLE OF CONTENTS**
10
11

12 <u>Description</u>	<u>Starting Page No.</u>
13 Witness Information	2
14 Purpose of Testimony	3
15 Actual 10-Months Plus 2-Months Est. Ended June 30, 2010	4
16 Storage Optimization and Other Customer Benefits	7
17 2010 – 2011 Expected Natural Gas Market, Supply and Cost	8
18	
19 <u>Exhibits:</u>	
20	
21 10-Months Actual & 2-Months Est. Versus Docket No. D2009.5.63	Exhibit__(JMS-1)
22	
23 2009 – 2010 Storage Optimization Spreadsheets	Exhibit__(JMS-2)
24	
25 2010 – 2011 Expected Natural Gas Market, Supply and Cost	Exhibit__(JMS-3)
26	

1 **Witness Information**

2 **Q. Please state your name and business address.**

3 A. I am John M. Smith and my business address is 40 East Broadway, Butte, Montana
4 59701.

5

6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by NorthWestern Energy (NWE or NorthWestern) as Manager, Energy
8 Supply, in the Energy Supply Department.

9

10 **Q. Please state your educational background and experience.**

11 A. I attended Montana State University, graduating in 1979 with a Bachelor of Science
12 degree in Business Management. Upon graduation, I went to work for The Montana
13 Power Company (MPC) in the Revenue Requirements Department. I have worked in
14 various capacities in the Electric and Gas Utilities, and assumed the position of Director
15 of Gas Supply in May of 1988, Director of Resource Acquisition in May of 1996 and
16 Manager of Strategic Sourcing in April 1998. I worked on the ConnectMPC project
17 from April 1999 to April 2000, when I returned to the Energy Supply Division of MPC.
18 In July 2002, after the acquisition of MPC by NorthWestern Energy, my title was
19 changed to Manager, Energy Supply.

20

1 **Q. What are your responsibilities as Manager, Energy Supply?**

2 A. In this capacity, my duties include short and long-term core natural gas supply planning
3 and day-to-day natural gas portfolio management. This responsibility encompasses
4 NorthWestern's natural gas purchase contract negotiations and administration. I also
5 supervise the development of required data on these topics for presentation to the
6 Montana Public Service Commission (MPSC or Commission). My position requires
7 significant coordination with natural gas suppliers and transportation services providers,
8 as well as other departments of NWE, particularly as they relate to budget planning,
9 natural gas purchase contracts, operations and reliability, and other core gas supply
10 issues.

11

12 **Q. Have you previously filed testimony before this Commission?**

13 A. Yes. I have presented testimony addressing natural gas market and supply matters in
14 various natural gas cost tracking filings.

15

16 **Purpose of Testimony**

17

18 **Q. What specific topics do you address in your testimony in this proceeding?**

19 A. My testimony addresses the following topics:

20 1. An explanation of the 10-months actual and 2-months estimate natural gas market,
21 supply, and cost for the twelve months ended June 30, 2010;

1 2. A brief description of the customer benefit of NWE's Storage Optimization and
2 other customer benefits provided during the tracking period ending on June 30, 2010;
3 and

4 3. A description of the forecast natural gas market, supply, and cost for the twelve-
5 month period, July 1, 2010 through June 30, 2011.

6
7 **Actual 10-Months Plus 2-Months Estimated Ended June 30, 2010**

8
9 **Q. During the 2009 / 2010 tracking period did NWE adhere to its natural gas
10 Procurement Plan?**

11 A. Yes. Through this testimony and the attached exhibits, NWE will document its
12 adherence to the Procurement Plan and the guidelines that were in place.

13
14 **Q. Do you sponsor an exhibit, which summarizes the actual operations during the 12-
15 months ended June 30, 2010, with the last two months based on estimated data?**

16 A. Yes. Exhibit ___(JMS-1) is a detailed comparison of the natural gas market, supply and
17 cost proposed by NorthWestern in Docket No. D2009.5.63 and the actual natural gas
18 market, supply and cost realized for the 10-months actual and 2-months estimated period
19 ending June 30, 2010. Since this filing is being prepared in late May, the May and June
20 2010 figures are estimates.

1 **Q. Please compare the 10-month actual and 2-month estimated natural gas cost which**
2 **NWE experienced on behalf of core customers from July 1, 2009 through June 30,**
3 **2010 with the natural gas cost estimated by NorthWestern for this period in Docket**
4 **D2009.5.63.**

5 A. The total net gas cost on Exhibit__(JMS-1), line 64 is estimated to be \$17,346,000 lower
6 than expected at the time of the 2009 filing.

7

8 **Q. Did this lower total net gas cost result in a lower unit cost per Dkt?**

9 A. Yes. The 12-month cost per Dkt that was initially calculated for core customer rates was
10 \$5.7562/Dkt. The actual 12-month cost per Dkt was \$5.0321. These costs are presented
11 on Exhibit__(JMS-1) on line 67.

12

13 **Q. What is the current estimated balance in the deferred account at the end of the**
14 **tracking year on June 30, 2010?**

15 A. The estimated balance in the deferred account as of June 30, 2010, is an over-collection
16 (revenues > expenses) of \$98,667. This dollar value is also discussed in the testimony of
17 Patrick J. DiFronzo.

18

19 **Q. Why is the estimated ending balance in the deferred account such a small figure?**

20 A. NWE's revised monthly tracker methodology was initiated on July 1, 2006. This
21 method uses the current tracking year actual data and balances the remaining estimated
22 months deferred account to be as close to zero as possible at the end of the tracking year.

1 When actual data is known for May and June, the balance will probably be larger and
2 may be either an under or over-collection.

3

4 **Q. Will there be a rate component for a prior-year true up of this deferred account**
5 **balance?**

6 A. Not at this time. Based on the estimated deferred account balance of \$98,667 no
7 adjustment is necessary. Once the actual data for May and June 2010 are known and an
8 actual deferred account balance is quantified, NWE will determine whether there needs
9 to be a deferred account rate true-up component and, if necessary, will request the
10 appropriate \$/Dkt rate adjustment. This rate adjustment will be an additional collection
11 if the deferred account is under-collected or will be a reduction to the monthly rate if the
12 deferred account is over-collected. Any such rate adjustment will be implemented in
13 August or September of 2010. The remaining deferred account balance will be divided
14 by the remaining tracking year market to calculate the revised rate adjustment.

15

16 **Q. Are there any other issues to discuss pertaining to the 2009/2010 10-month actual**
17 **plus 2-month estimated gas cost?**

18 A. Yes. "Lost DSM Revenues" for natural gas distribution, transmission and storage are
19 included in this filing. On page 2, line 15 of the Exhibit__(JMS-1) work papers, the lost
20 revenue amount of (\$791,614) is reported as negative revenue. The foundation for this
21 number is included in the testimony of William M. Thomas.

1 **Storage Optimization and Other Customer Benefits**

2

3 **Q. Were there any unique transactions that provided additional value to NWE's**
4 **customers during the 2009/2010 tracking year?**

5 A. Yes. In conjunction with NWE's current Biennial Gas Procurement Plan, NWE's
6 Energy Supply department looked to aggressively optimize the 1.8 BCF of underground
7 storage that is available for storage optimization. As part of this effort, NWE utilized 1.5
8 Bcf of the 1.8 Bcf of available storage optimization and captured the value of the price in
9 the spring and summer of 2009 versus the forward price during the upcoming winter.
10 NWE purchased 1.5 Bcf at various prices in three separate transactions. These
11 transactions are summarized on Exhibit___(JMS-2). The weighted average gross spread
12 before carrying cost and transportation for the three transactions was \$1.3829/Dkt. The
13 transportation and carrying cost on these transactions averaged \$0.5542/Dkt. The
14 resulting net spread was \$0.8287/Dkt and the total benefit to the customer was
15 \$1,251,314.

16

17 **Q. Will NWE attempt to utilize Storage Optimization transactions to the benefit of**
18 **customers during the 2010/2011 tracking year?**

19 A. Yes. NWE will enter into these types of transactions when and if a suitable opportunity
20 presents itself. The carrying cost and the transportation cost must be covered before any
21 net revenues are realized that can be returned to customers. NWE will continue to
22 monitor this situation and will enter this type of transaction only if and when it makes
23 sense.

1 **Q. Did NWE enter into any other unique transactions that captured benefits for the**
2 **customers?**

3 A. No. Last year, NWE was able to net customers approximately \$1.1 million dollars by
4 selling March 2009 natural gas and simultaneously buying May 2009 natural gas at an
5 average spread of \$1.29/Dkt. When the March and May prices were close to equal to
6 each other, or “flat”, the transactions were reversed and the \$1.1 million dollars was
7 realized without any natural gas being purchased or sold. This year, in 2010, the March
8 to May spreads did not materialize.

9

10 **Q. Will NWE continue to watch the March to May spread and look for opportunities**
11 **to make optimization trades to create value that can flow back to customers?**

12 A. Yes. NWE continues to watch these types of spreads.

13

14 **2010 - 2011 Expected Natural Gas Market, Supply and Cost**

15

16 **Q. Do you sponsor an Exhibit that sets forth NWE’s expected natural gas market and**
17 **supply balance for the July 1, 2010 through June 30, 2011, twelve-month tracking**
18 **period?**

19 A. Yes. Exhibit____(JMS-3) sets forth the projected market and natural gas supply.

20

21 **Q. What gas cost (\$/Dkt) does NWE project for the Core and Firm Utility Gas**
22 **Contract (FUGC) customers during the upcoming twelve-month tracking year?**

1 A. The projected gas cost for Core and FUGC sales is \$5.6916/Dkt as shown on line 44 of
2 Exhibit__(JMS-3).

3

4 **Q. Explain why this projected natural gas cost is an increase of approximately**
5 **\$0.66/Dkt from the twelve-month average cost ending June 2010.**

6 A. The price for natural gas in North America has remained fairly flat in the last ten months.
7 However, recent price pressure has increased the projected price for natural gas for the
8 upcoming winter season.

9

10 **Q. How does the \$5.6916/Dkt compare to the rate in last year's annual natural gas cost**
11 **tracking filing?**

12 A. A quick examination of line 66 on Exhibit__(JMS-1) shows that last year's requested
13 rate was \$5.7562/Dkt. This year's requested rate is a decrease of \$0.0646/Dkt.

14

15 **Q. Do you propose any adjustments to the projected \$5.6916/Dkt unit gas cost?**

16 A. No. NWE proposes \$5.6916/Dkt as the July 1, 2010 effective rate. The next monthly
17 tracking filing will be for an August 1, 2010 rate change. If natural gas prices move
18 dramatically in either direction prior to June 15, 2010, NWE will file an amended
19 monthly natural gas cost tracking filing for a July 1, 2010 monthly rate adjustment.

20

21 **Q. Are there any other issues to discuss pertaining to the 2010/2011 estimated gas**
22 **cost?**

1 A. Yes. "Lost DSM Revenues" for distribution, transmission and storage are included in
2 this filing. On page 2, line 15, of the Exhibit__(JMS-3) Work Papers, the lost revenue
3 amount of (\$1,287,843) is reported as negative revenue. The foundation for this number
4 is included in the testimony of William M. Thomas.

5

6 **Q. Are the DSM Lost Revenues reported on Exhibit__(JMS-1) and Exhibit__(JMS-3)?**

7 A. Yes. The DSM Lost Revenues are reported on Exhibit__(JMS-1) on line 62, and on
8 Exhibit__(JMS-3) on line 41. On both exhibits, the DSM Lost Revenues are reported as
9 an additional cost rather than the negative revenue. Since both exhibits include only
10 costs, reporting the "Lost DSM Revenues" as a cost was the only way to make both
11 exhibits work mathematically.

12

13 **Q. Does this conclude your testimony?**

14 A. Yes.

ACTUAL OPERATIONS
10 MONTHS ACTUAL & 2 MONTHS ESTIMATE ENDING June 30, 2010 VERSUS DOCKET No. 2009.5.63

CITY GATE REQUIREMENTS Dkt	Docket No. 2009.5.63 as filed 05/29/09	10 ACT/2 ES1 12 MO.END. 06/30/10	OVER/(UNDER) Docket No. 2009.5.63	OVER/(UNDER) %
1 GAS COST SALES				
2 DBU SALES - BILLED	20,677	20,220	(457)	(2.2)
3				
4 DBU SALES - CITY GATE DELIVERIES	20,677	20,220	(457)	(2.2)
5 FUGC	204	215	11	5.4
6				
7 TOTAL CITY GATE REQUIREMENTS	20,881	20,435	(446)	(2.1)
8				
9 Cycle Billing Adj.	0	58	58	
10 CORE FUEL U & UAF	514	504	(10)	(1.9)
11				
12				
13 TOTAL GAS SUPPLY REQUIREMENTS	21,395	20,997	(398)	(1.9)
14				
15				
16 GAS SUPPLY (Dkt)				
17				
18 CANADIAN PIPELINE	2,390	2,954	564	
19				
20 HAVRE PIPELINE	5,913	5,916	3	0.1
21				
22 ENCANA PIPELINE	7,784	7,305	(479)	(6.2)
23				
24 COLORADAO INTERSTATE PIPELINE	0	155	155	
25				
26 INTRA - MONTANA PURCHASES	3,126	2,902	(224)	(7.2)
27				
28 STORAGE NET (-Inj. / +With.)	2,248	1,356	(892)	
29				
30 STORAGE FUEL USE	(66)	(79)	(13)	
31				
32 TOTAL GAS SUPPLY	21,395	20,509	(886)	(4.1)
33				
34 COST (\$M)				
35				
36 NOVA CAPACITY	1,515	1,764	249	
37 TRANS CANADIAN PIPELINE	24,045	27,636	3,591	
38				
39 HAVRE PIPELINE	28,520	22,365	(6,155)	(21.6)
40				
41 ENCANA PIPELINE	37,246	27,245	(10,001)	(26.9)
42				
43 COLORADAO INTERSTATE PIPELINE	0	525	525	
44				
45 INTRA - MONTANA PURCHASES	15,488	12,160	(3,328)	(21.5)
46				
47 STORAGE	7,460	5,602	(1,858)	
48				
49				
50 TOTAL GAS SUPPLY COST	114,274	97,297	(16,977)	(14.9)
51				
52				
53 NET GAS COSTS TO MT MKT	114,274	97,297	(16,977)	(14.9)
54				
55 WORKING GAS REVENUE REQUIREMENT	2,271	2,352	81	3.6
56				
57 DEFERRED ACCOUNT INTEREST	178	27		
58				
59 ADMINISTRATIVE COSTS	2,667	2,363		
60				
61 NET GAS COSTS (INCL. W.G. REV REQ)	119,390	102,039	(17,351)	(14.5)
62 Lost D.S.M. Revenues (D, T, & S)	787	792		
63 Lost D.S.M. Revenues Adjustment	0	0		
64 TOTAL GAS COST (Incl Lost DSM Rev)	120,177	102,831	(17,346)	(14.4)
65 UNIT NET GAS COSTS (\$/DKT)				
66				
67 CORE	5.7562	5.0321	(0.7241)	(12.6)

1 Natural Gas Default Supply Tracking Mechanism

	Actual Jul-09	Actual Aug-09	Actual Sep-09	Actual Oct-09	Actual Nov-09	Actual Dec-09	Actual Jan-10	Actual Feb-10	Actual Mar-10	Actual Apr-10	Estimate May-10	Estimate Jun-10	Total
3 Volume Balancing													
5 Billed Market (Dekatherms)													
6 Residential	299,331	237,680	254,240	623,204	1,179,404	1,824,614	2,068,182	1,755,570	1,407,639	1,135,243	1,058,249	633,985	12,477,341
7 LIEAP	16,301	12,170	13,221	31,830	59,656	97,690	119,174	111,724	96,783	83,115	58,124	35,250	735,037
8 Employee	994	718	841	1,799	3,659	5,452	6,034	5,338	4,349	3,593	3,679	2,348	38,804
9 Commercial	189,304	162,930	162,538	328,623	606,268	952,674	1,102,535	941,543	745,381	593,803	556,481	327,736	6,669,816
10 Firm Industrial	4,327	3,448	4,186	7,384	14,081	22,128	32,031	27,938	33,678	25,839	13,458	7,514	196,012
11 Governmental	1,063	854	942	3,325	4,718	8,534	9,095	7,595	6,070	4,527	4,441	2,694	53,858
12 Inter-Department	881	619	794	2,200	4,597	7,261	8,176	7,260	5,823	4,700	4,615	2,594	49,519
13 CNG Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total Distribution Sales	512,199	418,419	436,762	998,365	1,872,381	2,918,353	3,345,227	2,856,968	2,299,724	1,850,820	1,699,047	1,012,121	20,220,386
16 Cycle Billing Adjustment	-46,890	9,172	280,801	437,008	522,986	213,437	-244,129	-278,622	-224,452	-75,886	-343,463	-192,133	57,828
18 Distribution City Gate Deliveries	465,309	427,590	717,563	1,435,373	2,395,367	3,131,790	3,101,098	2,578,346	2,075,272	1,774,933	1,355,584	819,988	20,278,214
20 Firm Utility Gas Sales (Dekatherms)													
21 Cut Bank	3,722	1,362	1,340	1,573	16,227	17,834	38,885	31,743	25,203	19,340	14,077	8,076	179,382
22 Kevin	130	139	331	861	698	595	1,239	985	767	538	494	317	7,094
23 Sunburst	709	355	375	413	2,298	2,739	5,913	5,109	4,283	2,916	2,039	1,070	28,219
24 Total Utility Sales	4,561	1,856	2,046	2,847	19,223	21,168	46,037	37,837	30,253	22,794	16,610	9,463	214,695
26 Total City Gate Deliveries	469,870	429,446	719,609	1,438,220	2,414,590	3,152,958	3,147,135	2,616,183	2,105,525	1,797,727	1,372,194	829,451	20,492,909
28 Transmission U&UAF	11,559	10,564	17,702	35,380	59,399	77,563	77,420	64,358	51,796	44,224	33,756	20,404	504,125
30 Total Supply Requirements	481,429	440,010	737,311	1,473,600	2,473,989	3,230,521	3,224,555	2,680,541	2,157,321	1,841,951	1,405,950	849,855	20,997,034
32 Gas Supply (Dekatherms)													
33 Nova Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
34 Canada Pipeline	465,000	619,117	600,000	-	(453,000)	(310,000)	(310,000)	(280,000)	(310,000)	933,150	1,000,000	1,000,000	2,954,267
35 Havre Pipeline	499,654	498,366	481,797	479,515	480,818	494,878	493,200	443,454	491,407	565,044	502,200	486,000	5,916,333
36 EnCana Pipeline	672,808	623,418	647,244	636,666	622,655	600,469	551,240	509,939	578,244	561,498	660,585	640,085	7,304,851
37 Colorado Interstate Pipeline	154,983	-	-	-	-	-	-	-	-	-	-	-	154,983
38 Williston Basin Interstate Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-
39 Intra-Montana Purchases	172,094	185,100	161,490	157,126	140,522	523,125	479,797	422,337	137,477	153,186	186,986	182,986	2,902,226
41 Total Purchases	1,964,539	1,926,001	1,890,531	1,273,307	790,995	1,308,472	1,214,237	1,095,730	897,128	2,212,878	2,349,771	2,309,071	19,232,660
42	-	-	-	-	-	-	-	-	-	-	-	-	-
43	-	-	-	-	-	-	-	-	-	-	-	-	-
44	-	-	-	-	-	-	-	-	-	-	-	-	-
45 Storage Activity													
46 Storage Supply Activity	1,516,274	1,511,953	997,476	(280,449)	(1,269,839)	(2,508,718)	(1,904,829)	(1,387,570)	(929,247)	471,123	943,821	1,459,216	(1,380,789)
46 Storage U&UAF (injection only)	17,485	17,435	11,502	-	-	-	-	-	-	5,433	10,638	16,448	78,941
48 Metered Storage Activity	1,533,759	1,529,388	1,008,978	(280,449)	(1,269,839)	(2,508,718)	(1,904,829)	(1,387,570)	(929,247)	476,556	933,183	1,442,768	(1,356,020)
50 Net Difference (delivered vs. supply)	68,134	60,832	(132,740)	(80,156)	413,155	(586,669)	105,489	197,241	330,946	111,062	(0)	0	

1 **Natural Gas Default Supply Tracking Mechanism**

2	Actual	Estimate	Estimate	Total										
3 Supply Revenue/Cost Calculations	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10		
4														
5 Total Sales														
6 Dekatherms	516,760	420,275	438,808	1,001,212	1,891,604	2,939,521	3,391,264	2,894,805	2,329,977	1,873,614	1,715,657	1,021,584		20,435,081
7 Current Year Supply Cost	\$ 5,7562	\$ 5,1580	\$ 5,2768	\$ 5,0977	\$ 5,5561	\$ 5,3711	\$ 5,2219	\$ 5,5250	\$ 5,2885	\$ 4,9738	\$ 3,7374	\$ 2,7835		
8 Prior Year(s) Deferred Expense	\$ -	\$ (0,0409)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)	\$ (0,0817)		
9 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
10														
11 Gas Cost Revenues														
12 Current Year Gas Cost	\$ 2,749,756	\$ 2,296,158	\$ 2,260,079	\$ 5,151,340	\$ 9,877,569	\$ 15,988,084	\$ 17,891,185	\$ 15,316,191	\$ 12,539,946	\$ 9,602,868	\$ 6,412,096	\$ 2,843,579	\$	102,928,852
13 Prior Year(s) Deferred Expense	\$ (40,208)	\$ (13,500)	\$ (35,483)	\$ (80,975)	\$ (153,191)	\$ (238,427)	\$ (274,954)	\$ (234,699)	\$ (188,793)	\$ (151,806)	\$ (140,169)	\$ (83,463)	\$	(1,635,671)
14 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	
15 Lost DSM Revenue (D, T, & S.)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (65,573)	\$ (70,311)	\$	(791,614)
16 Total Revenue	\$ 2,643,975	\$ 2,217,085	\$ 2,159,023	\$ 5,004,792	\$ 9,658,805	\$ 15,684,083	\$ 17,550,657	\$ 15,015,919	\$ 12,285,580	\$ 9,385,488	\$ 6,206,354	\$ 2,689,805	\$	100,501,566
17														
18 Natural Gas Expenses														
19 NOVA Capacity	\$ 65,273	\$ 62,473	\$ 62,473	\$ 65,273	\$ 62,473	\$ 148,342	\$ 227,086	\$ 265,297	\$ 258,448	\$ 178,246	\$ 184,367	\$ 184,367	\$	1,764,119
20 Canada Pipeline	\$ 3,023,471	\$ 3,489,292	\$ 3,325,137	\$ 1,283,772	\$ 287,758	\$ 69,127	\$ (336,646)	\$ (281,283)	\$ (83,793)	\$ 5,323,684	\$ 5,791,110	\$ 5,744,916	\$	27,636,544
21 Havre Pipeline	\$ 1,300,929	\$ 1,232,645	\$ 1,337,934	\$ 1,943,781	\$ 1,653,141	\$ 2,551,942	\$ 2,608,259	\$ 2,158,809	\$ 1,931,526	\$ 2,051,560	\$ 1,822,558	\$ 1,771,785	\$	22,364,870
22 EnCana Pipeline	\$ 1,793,809	\$ 1,639,244	\$ 1,629,611	\$ 2,080,087	\$ 2,479,964	\$ 2,842,692	\$ 2,855,710	\$ 2,544,180	\$ 2,582,198	\$ 2,128,926	\$ 2,365,556	\$ 2,302,706	\$	27,244,683
23 Colorado Interstate Pipeline	\$ 525,237	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	525,243
24 Williston Basin Interstate Pipeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
25 Intra-Montana Purchases	\$ 452,093	\$ 478,827	\$ 410,497	\$ 562,880	\$ 569,818	\$ 2,446,909	\$ 2,546,204	\$ 2,168,374	\$ 616,861	\$ 576,950	\$ 670,489	\$ 660,124	\$	12,160,027
26 Storage Injection/Withdrawal	\$ (5,590,605)	\$ (5,481,089)	\$ (3,610,834)	\$ 1,133,197	\$ 5,130,980	\$ 7,696,755	\$ 5,606,691	\$ 3,754,766	\$ (2,209,414)	\$ (4,302,622)	\$ (6,663,085)	\$	\$	5,601,603
27 Total Natural Gas Expenses	\$ 1,570,208	\$ 1,421,399	\$ 3,154,818	\$ 7,068,990	\$ 10,184,135	\$ 18,195,874	\$ 15,597,368	\$ 12,462,067	\$ 9,060,006	\$ 8,049,953	\$ 6,531,458	\$ 4,000,813	\$	97,297,089
28														
29 Administrative Expenses														
30 MCC Tax Collection	\$ 2,164	\$ 1,823	\$ 1,776	\$ 1,518	\$ 2,910	\$ 4,702	\$ 5,225	\$ 4,457	\$ 3,643	\$ 2,781	\$ 1,862	\$ 807	\$	33,668
31 MPSC Tax Collection	\$ 6,973	\$ 5,898	\$ 5,746	\$ 10,593	\$ 20,169	\$ 32,673	\$ 36,061	\$ 30,789	\$ 25,158	\$ 19,217	\$ 12,906	\$ 5,595	\$	211,778
32 Labor & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
33 DSM Expense	\$ 960	\$ 176,076	\$ 58,123	\$ 387,877	\$ 37,657	\$ 527,787	\$ 8,298	\$ 242,435	\$ 157,623	\$ 168,962	\$ 85,467	\$ 192,952	\$	2,044,216
34 Computer Expense & Support	\$ 1,900	\$ 3,250	\$ 5,193	\$ 6,310	\$ 3,250	\$ 4,775	\$ 54,839	\$ 22,024	\$ 4,500	\$ -	\$ -	\$ -	\$	109,291
35 Travel/Education Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
36 Legal Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
37 Basin Creek Storage Rebate	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$	(36,000)
38 Total Administrative Expenses	\$ 8,997	\$ 184,048	\$ 67,839	\$ 403,298	\$ 60,986	\$ 565,413	\$ 51,358	\$ 329,519	\$ 205,449	\$ 192,459	\$ 97,235	\$ 196,354	\$	2,362,953
39														
40 Rate Base Expenses														
41 Storage Working Gas	\$ 275,258	\$ 331,257	\$ 368,147	\$ 356,570	\$ 304,148	\$ 200,583	\$ 121,948	\$ 64,667	\$ 26,305	\$ 48,878	\$ 92,837	\$ 160,911	\$	2,351,511
42 Deferred Expense	\$ (17,956)	\$ (20,165)	\$ (9,714)	\$ 11,122	\$ 17,797	\$ 38,665	\$ 25,774	\$ 9,975	\$ 2,085	\$ (16,671)	\$ (12,980)	\$ (725)	\$	27,206
43 Total Rate Base Expense	\$ 257,302	\$ 311,092	\$ 358,433	\$ 367,692	\$ 321,945	\$ 239,248	\$ 147,722	\$ 74,642	\$ 28,390	\$ 32,207	\$ 79,857	\$ 160,186	\$	2,378,717
44														
45 Total Expenses	\$ 1,836,507	\$ 1,916,538	\$ 3,581,090	\$ 7,839,979	\$ 10,567,066	\$ 19,000,535	\$ 15,796,449	\$ 12,866,227	\$ 9,293,846	\$ 8,274,620	\$ 6,708,549	\$ 4,357,353	\$	102,038,759
46														
47 Deferred Cost Amortization	\$ (40,208)	\$ (13,500)	\$ (35,483)	\$ (80,975)	\$ (153,191)	\$ (238,427)	\$ (274,954)	\$ (234,699)	\$ (188,793)	\$ (151,806)	\$ (140,169)	\$ (83,463)	\$	(1,635,671)
48														
49 Monthly Deferred Cost	\$ 847,676	\$ 314,047	\$ (1,386,584)	\$ (2,754,212)	\$ (755,070)	\$ (3,078,024)	\$ 2,029,163	\$ 2,384,391	\$ 3,180,527	\$ 1,262,675	\$ (362,026)	\$ (1,584,085)	\$	98,478
50 Cumulative Deferred Cost	\$ 847,676	\$ 1,161,723	\$ (224,861)	\$ (2,979,073)	\$ (3,734,143)	\$ (6,812,167)	\$ (4,783,004)	\$ (2,398,613)	\$ 781,914	\$ 2,044,589	\$ 1,682,563	\$ 98,478	\$	

1 **Natural Gas Default Supply Tracking Mechanism**

	Actual Jul-09	Actual Aug-09	Actual Sep-09	Actual Oct-09	Actual Nov-09	Actual Dec-09	Actual Jan-10	Actual Feb-10	Actual Mar-10	Actual Apr-10	Estimate May-10	Estimate Jun-10
3 Total Supply Cost Calculations												
4												
5 Rate Base Storage												
6 Beginning Inventory	4,845,739	6,379,498	7,908,886	8,917,864	8,637,415	7,367,576	4,858,858	2,954,029	1,566,459	637,212	1,113,768	2,046,951
7 Net Storage Activity	1,533,759	1,529,388	1,008,978	(280,449)	(1,269,839)	(2,508,718)	(1,904,829)	(1,387,570)	(929,247)	476,556	933,183	1,442,768
8 Ending Inventory	6,379,498	7,908,886	8,917,864	8,637,415	7,367,576	4,858,858	2,954,029	1,566,459	637,212	1,113,768	2,046,951	3,489,719
9												
10 Beginning Rate Base \$	\$ 21,351,477	\$ 26,942,082	\$ 32,423,171	\$ 36,034,005	\$ 34,900,808	\$ 29,769,827	\$ 19,632,965	\$ 11,936,210	\$ 6,329,519	\$ 2,574,753	\$ 4,784,167	\$ 9,086,789
11 Net Storage Activity \$	\$ 5,590,605	\$ 5,481,089	\$ 3,610,834	\$ (1,133,197)	\$ (5,130,980)	\$ (10,136,862)	\$ (7,696,755)	\$ (5,606,691)	\$ (3,754,766)	\$ 2,209,414	\$ 4,302,622	\$ 6,663,085
12 Ending Rate Base \$	\$ 26,942,082	\$ 32,423,171	\$ 36,034,005	\$ 34,900,808	\$ 29,769,827	\$ 19,632,965	\$ 11,936,210	\$ 6,329,519	\$ 2,574,753	\$ 4,784,167	\$ 9,086,789	\$ 15,749,874
13												
14 Beginning Unit Cost	\$ 4.4062	\$ 4.2232	\$ 4.0996	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.2955	\$ 4.4392
15 Activity Unit Cost	\$ 3.6450	\$ 3.5838	\$ 3.5787	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.6362	\$ 4.6107	\$ 4.6183
16 Ending Unit Cost	\$ 4.2232	\$ 4.0996	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.0407	\$ 4.2955	\$ 4.4392	\$ 4.5132
17												
18												
19 Deferred Supply Cost Expense												
20 Beginning Balance	\$ (1,635,860)	\$ (2,443,327)	\$ (2,743,874)	\$ (1,321,807)	\$ 1,513,381	\$ 2,421,641	\$ 5,738,093	\$ 3,983,884	\$ 1,834,192	\$ (1,157,542)	\$ (2,268,411)	\$ (1,766,216)
21 Monthly Activity	\$ (807,467)	\$ (300,546)	\$ 1,422,067	\$ 2,835,187	\$ 908,261	\$ 3,316,451	\$ (1,754,208)	\$ (2,149,692)	\$ (2,991,734)	\$ (1,110,869)	\$ 502,195	\$ 1,667,549
22 Ending Balance	\$ (2,443,327)	\$ (2,743,874)	\$ (1,321,807)	\$ 1,513,381	\$ 2,421,641	\$ 5,738,093	\$ 3,983,884	\$ 1,834,192	\$ (1,157,542)	\$ (2,268,411)	\$ (1,766,216)	\$ (98,667)
23												
24												
25 Total Capital	\$ 24,498,755	\$ 29,679,297	\$ 34,712,198	\$ 36,414,188	\$ 32,191,469	\$ 25,371,058	\$ 15,920,094	\$ 8,163,712	\$ 1,417,211	\$ 2,515,756	\$ 7,320,573	\$ 15,651,207
26												
27 Cost of Capital		Rate	Percent COC	ROR Pre Tax Return								
28 Equity		10.75%	45.00%	4.84%	7.99%							
29 Preferred		6.40%	6.97%	0.45%	0.74%							
30 Debt		7.13%	40.17%	2.86%	2.86%							
31 QUIPS Preferred		8.54%	7.86%	0.67%	0.67%							
32 Average Cost of Capital				8.82%	12.26%							
33												
34 Interest		Interest Rate										
35 Working Gas		12.26%										
36 Deferred Account		8.82%										
37 Interim Interest		10.75%										
38												
39 Income Tax												
40 State		6.75%										
41 Federal		35.00%										
42 Effective Tax Rate		39.39%										
43												
44 Regulatory Taxes			Oct. 1, 2009									
45 MCC Rate		0.08%	0.03%									
46 MPSC Rate		0.26%	0.21%									
47												
48												
49												
50												

MAY 2009 - STORAGE OPTIMIZATION TRADE ECONOMICS
Revised April 22, 2010

	May09	Jan10	Feb10	Mar10	
Volume - Dkt	900,000	310,000	280,000	310,000	
Price-Carway	\$ 3.320	\$ 4.850	\$ 4.850	\$ 4.850	Sale at AECO
Dollar Value	\$ 2,988,000	\$ 1,503,500	\$ 1,358,000	\$ 1,503,500	
Spread		\$ 1.530	\$ 1.530	\$ 1.530	
Spread Value		\$ 474,300	\$ 428,400	\$ 474,300	
Carrying Cost @12.26%		\$ 244,219	\$ 20,012	\$ 10,515	\$ 274,747
Unit Carrying Cost		\$ 0.7878	\$ 0.0715	\$ 0.0339	0.3053
Transport Cost - est.		\$ 0.2800	\$ 0.2800	\$ 0.2800	
BreakEven		\$ 1.0678	\$ 0.3515	\$ 0.3139	
Return to Customer - Unit		\$ 0.4622	\$ 1.1785	\$ 1.2161	0.9447
Dollar Value to Customer		\$ 143,281	\$ 329,988	\$ 376,985	\$ 850,253

March 2009 - STORAGE OPTIMIZATION TRADE ECONOMICS
REVISED - May 16, 2010

	Mar09		Dec09	
Volume - Dkt	310,000		310,000	
Price-Carway	\$ 3.6036	7A-.06	\$ 4.9250	Sale at AECO
Dollar Value	\$ 1,117,116		\$ 1,526,750	
Spread			\$ 1.321	
Spread Value			\$ 409,634	
Carrying Cost @12.26%			\$ 91,306	
Unit Carrying Cost			\$ 0.2945	
Transport Cost - est.			\$ 0.2800	
BreakEven			\$ 0.5745	
Return to Customer - Unit			\$ 0.7469	
Dollar Value to Customer			\$ 231,528	

JUNE 2009 - STORAGE OPTIMIZATION TRADE ECONOMICS
REVISED - May 16, 2010

	Jun09	Nov09	
Volume - Dkt	300,000	300,000	
Price-Carway	\$ 3.130	\$ 4.135	Sale at AEEO
Dollar Value	\$ 939,000	\$ 1,240,500	
Spread		\$ 1.005	
Spread Value		\$ 301,500	
Carrying Cost @12.26%		\$ 47,967	
Unit Carrying Cost		\$ 0.1599	
Transport Cost - est.		\$ 0.2800	
BreakEven		\$ 0.4399	
Return to Customer - Unit		\$ 0.5651	
Dollar Value to Customer		\$ 169,533	

2010/2011 TRACKING CASE
GAS MARKET/SUPPLY/COST
SUMMARY

	<u>Dkt (000)</u>	<u>\$/DKT</u>	<u>\$ (000)</u>
1			
2 CITY GATE REQUIRMENTS			
3 DBU Sales Billed	19,842		
4 FUGC	207		
5 Subtotal Sales Volumes	20,049		
6 Core Fuel U&UAF	493		
7			
8 Grand Total HER	20,542		
9			
10			
11			
12 GAS SUPPLY			
13			
14			
15 NOVA	10,950	\$ 0.195	\$ 2,139
16			
17 Trans Canadian Pipeline	4,800	\$ 7.686	\$ 36,893
18			
19 Havre Pipeline	6,388	\$ 4.507	\$ 28,793
20			
21 EnCana Pipeline	7,191	\$ 4.465	\$ 32,109
22			
23 Colorado Interstate Pipeline	0	\$ -	\$ -
24			
25 Williston Basin Interstate Pipeline	0	\$ -	\$ -
26			
27 Intra-Montana Purchases	2,588	\$ 4.648	\$ 12,028
28			
29 Storage Net Injection	(344)	NA	\$ (4,409)
30 Storage Fuel Use	(81)	NA	NA
31			
32 Total Gas Supply & Cost	20,542		\$107,553
33			
34			
35 Administrative Expenses	NA		\$ 2,668
36 Working Gas Rate Base	NA		\$ 2,399
37 Deferred Account Interest	NA		\$ 299
38			
39 GAS COST PRIOR TO LOST REV.			\$112,919
40			
41 Lost DSM Revenues (D, T, & S.)			\$ (1,288)
42 TOTAL GAS COST (Incl Lost Rev.)			\$114,207
43			
44 CORE Unit Gas Cost (\$/Dkt)			\$5.6916

1 **Natural Gas Default Supply Tracking Mechanism**

	Estimate Jul-10	Estimate Aug-10	Estimate Sep-10	Estimate Oct-10	Estimate Nov-10	Estimate Dec-10	Estimate Jan-11	Estimate Feb-11	Estimate Mar-11	Estimate Apr-11	Estimate May-11	Estimate Jun-11	Total
2 Volume Balancing													
3	304,366	240,057	267,512	631,880	1,157,032	1,740,970	1,966,748	1,820,541	1,533,049	1,239,861	906,120	455,276	12,263,412
4	16,600	12,291	14,035	32,273	58,529	93,176	113,228	115,951	105,802	75,118	59,050	30,778	726,831
5 Billed Market (Dekatherms)													
6 Residential													
7 LIEAP	1,003	718	919	1,806	3,553	5,151	5,683	5,481	4,691	4,006	3,147	1,772	37,930
8 Employee	191,133	163,752	163,350	331,314	593,280	906,958	1,045,649	970,464	804,297	651,918	466,124	244,297	6,532,536
9 Commercial	4,356	3,448	4,660	7,408	13,699	20,940	30,143	28,696	36,527	15,172	10,851	5,763	181,663
10 Firm Industrial	1,070	854	999	3,341	4,579	8,045	8,551	7,804	6,561	4,733	3,808	1,911	52,256
11 Governmental	889	619	907	2,210	4,454	6,839	7,677	7,465	6,314	4,495	3,873	1,459	47,201
12 Inter-Department													
13 CNG Vehicles													
14 Total Distribution Sales	519,417	421,739	452,382	1,010,232	1,835,126	2,782,079	3,177,879	2,956,402	2,497,241	1,995,303	1,462,973	741,256	19,841,829
15													
16 Cycle Billing Adjustment	-48,839	15,322	278,925	412,447	473,477	197,800	-110,639	-229,581	-250,969	-271,165	-355,859	-110,920	-
17													
18 Distribution City Gate Deliveries	470,578	437,061	731,307	1,422,679	2,308,603	2,979,879	3,067,041	2,726,822	2,246,272	1,724,138	1,097,115	630,337	19,841,829
19													
20 Firm Utility Gas Sales (Dekatherms)													
21 Cut Bank	3,541	1,363	1,340	1,830	13,028	21,458	28,686	30,942	24,651	23,656	13,452	7,284	171,231
22 Kevin	130	139	331	1,668	576	697	958	1,027	830	766	425	226	7,773
23 Sunburst	682	355	375	477	1,860	3,263	4,630	5,020	3,931	3,716	2,086	1,086	27,501
24 Total Utility Sales	4,353	1,857	2,046	3,975	15,484	25,418	34,274	36,989	29,412	28,138	15,963	8,596	206,505
25													
26 Total City Gate Deliveries	474,931	438,918	733,353	1,426,654	2,324,087	3,005,297	3,101,315	2,763,811	2,275,684	1,752,276	1,113,078	638,933	20,048,334
27													
28 Transmission U&JAF	11,683	10,797	18,040	35,096	57,173	73,930	76,292	67,990	55,982	43,106	27,382	15,718	493,189
29													
30 Total Supply Requirements	486,614	449,715	751,393	1,461,750	2,381,260	3,079,227	3,177,607	2,831,801	2,331,666	1,795,382	1,140,460	654,651	20,541,523
31													
32 Gas Supply (Dekatherms)													
33 Nova Capacity													
34 Canada Pipeline	600,000	600,000	600,000	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000	4,800,000
35 Havre Pipeline	542,500	542,500	525,000	542,500	525,000	542,500	542,500	490,000	542,500	525,000	542,500	525,000	6,387,500
36 Encana Pipeline	610,700	610,700	591,000	610,700	591,000	610,700	610,700	551,600	610,700	591,000	610,700	591,000	7,190,500
37 Colorado Interstate Pipeline													
38 Williston Basin Interstate Pipeline													
39 Intra-Montana Purchases	141,340	141,340	138,740	141,340	138,740	451,340	451,340	424,140	141,340	138,740	141,340	138,740	2,588,480
40													
41 Total Purchases	1,894,540	1,894,540	1,854,740	1,294,540	1,254,740	1,604,540	1,604,540	1,465,740	1,294,540	2,254,740	2,294,540	2,254,740	20,966,480
42													
43													
44													
45 Storage Activity													
46 Storage Supply Activity	1,407,926	1,444,826	1,103,347	(167,210)	(1,126,520)	(1,474,687)	(1,573,067)	(1,366,061)	(1,037,126)	459,358	1,154,081	1,600,090	424,957
47 Storage U&JAF (injection only)	15,869	16,285	12,436	-	-	-	-	-	-	5,178	13,008	-18,035	80,811
48 Metered Storage Activity	1,382,057	1,428,540	1,090,911	(167,210)	(1,126,520)	(1,474,687)	(1,573,067)	(1,366,061)	(1,037,126)	454,180	1,141,072	1,582,054	344,145
49													
50 Net Difference (delivered vs. supply)	(0)	(0)	(0)	-	-	-	-	-	-	0	(0)	(0)	-

1 Natural Gas Default Supply Tracking Mechanism														
	Estimate	Total												
3 Supply Revenue/Cost Calculations	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11		
4														
5 <u>Total Sales</u>														
6 Dekatherms	523,770	423,596	454,428	1,014,207	1,850,610	2,807,497	3,211,953	2,993,391	2,526,653	2,023,441	1,468,936	749,852	20,048,334	
7 Current Year Supply Cost	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916	\$ 5,6916		
8 Prior Year(s) Deferred Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
9 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
10														
11 <u>Gas Cost Revenues</u>														
12 Current Year Gas Cost	\$ 2,981,089	\$ 2,410,939	\$ 2,586,422	\$ 5,772,461	\$ 10,532,932	\$ 15,979,150	\$ 18,281,152	\$ 17,037,184	\$ 14,380,698	\$ 11,516,617	\$ 8,360,596	\$ 4,267,858	\$ 114,107,098	
13 Prior Year(s) Deferred Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
14 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
15 Lost DSM Revenue (D, T, & S.)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,320)	\$ (107,321)	\$ (107,321)	\$ (107,321)	\$ (1,287,843)	
16 Total Revenue	\$ 2,873,769	\$ 2,303,619	\$ 2,479,102	\$ 5,665,141	\$ 10,425,612	\$ 15,871,830	\$ 18,173,832	\$ 16,929,864	\$ 14,273,378	\$ 11,409,296	\$ 8,253,275	\$ 4,160,537	\$ 112,819,255	
17														
18 <u>Natural Gas Expenses</u>														
19 NOVA Capacity	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 178,246	\$ 2,138,949	
20 Canada Pipeline	\$ 4,275,044	\$ 4,271,894	\$ 4,237,874	\$ 1,810,317	\$ 1,065,970	\$ 936,824	\$ 887,771	\$ 842,515	\$ 919,305	\$ 5,801,484	\$ 5,827,769	\$ 6,016,660	\$ 36,893,427	
21 Havre Pipeline	\$ 2,007,134	\$ 2,053,246	\$ 2,023,763	\$ 2,186,159	\$ 2,384,700	\$ 2,655,421	\$ 2,712,384	\$ 2,436,420	\$ 2,675,765	\$ 2,514,638	\$ 2,603,884	\$ 2,539,575	\$ 28,793,089	
22 EnCana Pipeline	\$ 2,233,635	\$ 2,285,546	\$ 2,253,188	\$ 2,435,167	\$ 2,659,500	\$ 2,963,422	\$ 3,027,545	\$ 2,719,388	\$ 2,986,324	\$ 2,805,773	\$ 2,905,405	\$ 2,833,846	\$ 32,108,739	
23 Colorado Interstate Pipeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
24 Williston Basin Interstate Pipeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
25 Intra-Montana Purchases	\$ 518,822	\$ 530,837	\$ 530,756	\$ 565,465	\$ 626,141	\$ 2,204,399	\$ 2,251,790	\$ 2,104,360	\$ 693,024	\$ 660,479	\$ 674,297	\$ 667,069	\$ 12,027,439	
26 Storage Injection/Withdrawal	\$ (6,769,375)	\$ (7,027,386)	\$ (5,425,219)	\$ 790,091	\$ 5,322,966	\$ 6,968,107	\$ 7,432,964	\$ 6,454,831	\$ 4,900,569	\$ (2,409,270)	\$ (6,061,875)	\$ (8,585,051)	\$ (4,408,648)	
27 Total Natural Gas Expenses	\$ 2,443,506	\$ 2,292,383	\$ 3,798,608	\$ 7,965,445	\$ 12,237,523	\$ 15,906,419	\$ 16,490,700	\$ 14,735,760	\$ 12,353,233	\$ 9,551,349	\$ 6,127,725	\$ 3,650,345	\$ 107,552,995	
28														
29 <u>Administrative Expenses</u>														
30 MCC Tax Collection	\$ 862	\$ 691	\$ 744	\$ 1,700	\$ 3,128	\$ 4,762	\$ 5,452	\$ 5,079	\$ 4,282	\$ 3,423	\$ 2,476	\$ 1,248	\$ 33,846	
31 MPSC Tax Collection	\$ 5,983	\$ 4,815	\$ 5,182	\$ 11,849	\$ 21,709	\$ 33,027	\$ 37,755	\$ 35,111	\$ 29,623	\$ 23,623	\$ 17,141	\$ 8,634	\$ 234,452	
32 Labor & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
33 DSM Expense	\$ 11,685	\$ 221,824	\$ 80,281	\$ 475,947	\$ 55,636	\$ 633,345	\$ 3,117	\$ 286,686	\$ 178,035	\$ 179,986	\$ 89,920	\$ 218,903	\$ 2,435,365	
34 Computer Expense & Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
35 Travel/Education Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
36 Legal Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37 Basin Creek Storage Rebate	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (36,000)	
38 Total Administrative Expenses	\$ 15,530	\$ 224,330	\$ 83,206	\$ 486,496	\$ 77,472	\$ 668,134	\$ 43,325	\$ 323,876	\$ 208,940	\$ 204,032	\$ 106,537	\$ 225,786	\$ 2,667,663	
39														
40 <u>Rate Base Expenses</u>														
41 Storage Working Gas	\$ 230,072	\$ 301,868	\$ 357,296	\$ 349,224	\$ 294,841	\$ 223,650	\$ 147,710	\$ 81,763	\$ 31,695	\$ 56,310	\$ 118,242	\$ 205,953	\$ 2,398,623	
42 Deferred Expense	\$ (2,098)	\$ 1,699	\$ 14,742	\$ 38,069	\$ 54,522	\$ 61,784	\$ 51,195	\$ 38,333	\$ 26,182	\$ 14,548	\$ 583	\$ 7	\$ 299,566	
43 Total Rate Base Expense	\$ 227,974	\$ 303,567	\$ 372,038	\$ 387,293	\$ 349,363	\$ 285,434	\$ 198,904	\$ 120,096	\$ 57,878	\$ 70,858	\$ 118,826	\$ 205,960	\$ 2,698,189	
44														
45 Total Expenses	\$ 2,687,010	\$ 2,820,281	\$ 4,253,852	\$ 8,839,233	\$ 12,664,358	\$ 16,859,986	\$ 16,732,929	\$ 15,179,731	\$ 12,620,050	\$ 9,826,239	\$ 6,353,088	\$ 4,082,090	\$ 112,918,847	
46														
47 Deferred Cost Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
48														
49 Monthly Deferred Cost	\$ 186,759	\$ (516,662)	\$ (1,774,750)	\$ (3,174,093)	\$ (2,238,746)	\$ (988,156)	\$ 1,440,903	\$ 1,750,133	\$ 1,653,329	\$ 1,583,056	\$ 1,900,187	\$ 78,447	\$ (99,593)	
50 Cumulative Deferred Cost	\$ 186,759	\$ (329,903)	\$ (2,104,652)	\$ (5,278,745)	\$ (7,517,491)	\$ (8,505,647)	\$ (7,064,744)	\$ (5,314,611)	\$ (3,661,283)	\$ (2,078,226)	\$ (178,039)	\$ (99,593)		
51														
52														
53														
54														
55														

1 **Natural Gas Default Supply Tracking Mechanism**

	Estimate Jul-10	Estimate Aug-10	Estimate Sep-10	Estimate Oct-10	Estimate Nov-10	Estimate Dec-10	Estimate Jan-11	Estimate Feb-11	Estimate Mar-11	Estimate Apr-11	Estimate May-11	Estimate Jun-11
2 Total Supply Cost Calculations												
3 <u>Rate Base Storage</u>												
4 Beginning Inventory	3,489,719	4,881,776	6,310,316	7,401,226	7,234,016	6,107,497	4,632,810	3,059,743	1,693,683	656,557	1,110,737	2,251,809
5 Net Storage Activity	1,392,057	1,428,540	1,090,911	(167,210)	(1,126,520)	(1,474,687)	(1,573,067)	(1,366,061)	(1,037,126)	454,180	1,141,072	1,582,054
6 Ending Inventory	4,881,776	6,310,316	7,401,226	7,234,016	6,107,497	4,632,810	3,059,743	1,693,683	656,557	1,110,737	2,251,809	3,833,864
7 Beginning Rate Base \$	\$ 15,749,874	\$ 22,519,249	\$ 29,546,635	\$ 34,971,853	\$ 34,181,762	\$ 28,858,796	\$ 21,890,689	\$ 14,457,725	\$ 8,002,894	\$ 3,102,325	\$ 5,511,595	\$ 11,573,471
8 Net Storage Activity \$	\$ 6,769,375	\$ 7,027,386	\$ 5,425,219	\$ (790,091)	\$ (5,322,966)	\$ (6,968,107)	\$ (7,432,964)	\$ (6,454,831)	\$ (4,900,569)	\$ 2,409,270	\$ 6,061,875	\$ 8,585,051
9 Ending Rate Base \$	\$ 22,519,249	\$ 29,546,635	\$ 34,971,853	\$ 34,181,762	\$ 28,858,796	\$ 21,890,689	\$ 14,457,725	\$ 8,002,894	\$ 3,102,325	\$ 5,511,595	\$ 11,573,471	\$ 20,158,522
10 Beginning Unit Cost	\$ 4.5132	\$ 4.6129	\$ 4.6823	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.9621	\$ 5.1396
11 Activity Unit Cost	\$ 4.8629	\$ 4.9193	\$ 4.9731	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 5.3047	\$ 5.3124	\$ 5.4265
12 Ending Unit Cost	\$ 4.6129	\$ 4.6823	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.7251	\$ 4.9621	\$ 5.1396	\$ 5.2580
13 <u>Deferred Supply Cost Expense</u>												
14 Beginning Balance	\$ (98,667)	\$ (285,426)	\$ 231,236	\$ 2,005,985	\$ 5,180,078	\$ 7,418,824	\$ 8,406,980	\$ 6,966,077	\$ 5,215,944	\$ 3,562,616	\$ 1,979,559	\$ 79,372
15 Monthly Activity	\$ (186,759)	\$ 516,662	\$ 1,774,750	\$ 3,174,093	\$ 2,238,746	\$ 988,156	\$ (1,440,903)	\$ (1,750,133)	\$ (1,653,329)	\$ (1,583,056)	\$ (1,900,187)	\$ (78,447)
16 Ending Balance	\$ (285,426)	\$ 231,236	\$ 2,005,985	\$ 5,180,078	\$ 7,418,824	\$ 8,406,980	\$ 6,966,077	\$ 5,215,944	\$ 3,562,616	\$ 1,979,559	\$ 79,372	\$ 926
17 Total Capital	\$ 22,233,822	\$ 29,777,870	\$ 36,977,839	\$ 39,361,841	\$ 36,277,620	\$ 30,297,670	\$ 21,423,802	\$ 13,218,838	\$ 6,664,941	\$ 7,491,155	\$ 11,652,843	\$ 20,159,447
18 <u>Cost of Capital</u>												
19 Equity	10.75%	45.00%	4.84%	7.99%								
20 Preferred	6.40%	6.97%	0.45%	0.74%								
21 Debt	7.13%	40.17%	2.86%	2.86%								
22 QUIPS Preferred	8.54%	7.86%	0.67%	0.67%								
23 Average Cost of Capital			8.82%	12.26%								
24 <u>Interest</u>												
25 Working Gas	Interest Rate											
26 Deferred Account	12.26%											
27 Interim Interest	8.82%											
28 Income Tax	10.75%											
29 State	6.75%											
30 Federal	35.00%											
31 Effective Tax Rate	39.39%											
32 <u>Regulatory Taxes</u>												
33 MCC Rate	0.08%	Oct. 1, 2009	0.03%									
34 MPSC Rate	0.26%		0.21%									

**PREFILED DIRECT TESTIMONY OF PATRICK J. DIFRONZO
ON BEHALF OF NORTHWESTERN ENERGY**

TABLE OF CONTENTS

<u>Description</u>	<u>Starting Page No.</u>
Witness Information	2
Purpose of Testimony	3
Unreflected Gas Cost Account	3
Gas Transportation Adjustment Clause (GTAC)	5
Unit Rate Adjustments/ Proposed Rates	7
<u>Exhibits</u>	
Unreflected Gas Cost Account Balance	Exhibit__(PJD-1)
GTAC Allocation and Rate Calculations	Exhibit__(PJD-2)
Unit Rate Adjustments/Proposed Rates	Exhibit__(PJD-3)
Maximum IT Commodity Rate	Exhibit__(PJD-4)

Witness Information

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Q. Please state your name and business address.

A. Patrick J. DiFronzo, 40 East Broadway, Butte, Montana 59701.

Q. By whom and in what capacity are you employed?

A. I am NorthWestern Energy's (NWE or NorthWestern) Manager of Regulatory Affairs.

Q. Please summarize your education and employment experience.

A. I graduated from Montana State University with a Bachelor of Science Degree in Accounting in 1981. In August 1983, I completed the requirements to become a Certified Public Accountant. I have also attended several rate-related courses since my employment at NorthWestern, which commenced in July 1984. The first position I held was Accountant in the Income Tax Department, from 1984 through 1989. During this time frame I worked on several Montana Public Service Commission (MPSC or Commission) and Federal Energy Regulatory Commission (FERC) rate filings preparing tax statements and exhibits. I then spent a year in the Regulatory Affairs Department as part of cross-training program learning more about cost of service and other regulatory matters. After this, I transferred into Internal Auditing where I spent the next six years working on various financial and information system control audits. In 1996, I transferred into the Financial Resources Department as a Senior Analyst. In the Financial Resources Department I prepared annual and forecasted business plans for NorthWestern and performed various financial analysis. In May of 1999, I was promoted to Manager of Treasury Services. In the Treasury Department, I worked on several MPSC and FERC rate filings preparing cost of capital statements and exhibits. In October of 2000, I accepted a position in the Regulatory Affairs Department as a Senior Analyst. In December of 2003, I was promoted to Manager of Regulatory Affairs.

1 **Q. What are your responsibilities as Manager of Regulatory Affairs?**

2 A. I am the manager in charge of state and federal regulatory activities, for NorthWestern in
3 Montana.

4
5 In my present role, among other things, I participate in the preparation and/or
6 consideration of the testimony, exhibits and work papers in NorthWestern's proceedings
7 before the MPSC and FERC.

8

9 **Purpose of Testimony**

10

11 **Q. What is the purpose of your testimony?**

12 A. My testimony:

- 13 1. Presents the natural gas cost revenues and natural gas cost expenses for the period July 1,
14 2009 to June 30, 2010. This includes the Unreflected Gas Cost Account details. The
15 information is actual through April 2010 and estimated for May and June 2010;
- 16 2. Presents the proposed amortization of the Gas Transportation Adjustment Clause
17 (GTAC) Balance as of April 30, 2010;
- 18 3. Explains the cessation of the prior period Unreflected Gas Cost Account and GTAC
19 Balance amortizations; and
- 20 4. Sponsors the proposed rates resulting from the various natural gas cost and amortization
21 adjustments proposed in this filing.

22

23 **Unreflected Gas Cost Account**

24

25 **Q. What is the Unreflected Gas Cost Account Balance for the 12-month period ending
26 June 2010?**

27 A. The Unreflected Gas Cost Account Balance for the 12-month period ending June 2010,
28 recorded on NWE's books and records, is an over collection of \$(98,478) shown on
29 Exhibit__(PJD-1), page 1. This Exhibit is a summary table that presents, on a monthly
30 basis, the actual natural gas cost revenues and the corresponding natural gas cost
31 expenses commencing July 1, 2009, and ending June 30, 2010. The balance for each

1 month and the total for the 12-month period ending June 2010 are reported in the column
2 titled "Deferred Gas Cost". This table reflects the amounts recorded in the Unreflected
3 Gas Cost Account (Account No. 191) for this period and is a summary of the totals taken
4 from the individual monthly natural gas cost revenue and natural gas cost expense
5 reports NWE files with the Commission. The months of May and June are estimated and
6 will be trued-up as part of the next year's filing.

7
8 **Q. What is the source of natural gas cost revenues and natural gas cost expenses?**

9 A. Natural gas cost revenues are the portion of the booked natural gas revenues associated
10 with natural gas costs. Each month, the recorded consumption provides the source data to
11 which the appropriate unit natural gas cost rate component (as approved in respective
12 rate orders) is applied. The product of this computation is the Total Gas Cost Revenue.
13 The natural gas cost expenses are based on the actual costs recorded on the books and
14 records of NWE.

15
16 **Q. What is the Total Unreflected Gas Cost Account Adjustment proposed for
17 amortization in this filing?**

18 A. The total Unreflected Gas Cost Account Adjustment proposed for amortization in this
19 filing is \$(98,667) as developed on Exhibit__(PJD-1), page 1 and also shown on page 2.
20 The prior period amortization adjustment of \$(189) shown on Exhibit__(PJD-1), page 2
21 is the balance remaining after cessation of the amortization initially approved in Docket
22 D2009.5.63, Order No. 7004. NWE is proposing to cancel this Unreflected Gas Cost
23 Account Balance unit amortization in the current rates upon approval of the rate
24 treatment proposed in this filing. NWE proposes the remaining balance of this
25 amortization be included with the Unreflected Gas Cost Account Balance of \$(98,478)
26 for the period ending June 30, 2010.

27
28 **Total Unreflected Gas Cost Account Balance**

29 2009-2010 Unreflected Gas Account Balance (Exhibit__(PJD-1), page 1)	\$ (98,478)
30 Plus: 2009-2010 Prior Period Deferred Account Balance (Exhibit__(PJD-1), page 2)	\$ (189)
	\$ (98,667)

1 The \$(98,167) is the starting amount for the 2010 amortization as shown on Mr. Smith's
2 workpapers supporting Exhibit __ (JMS-1) and discussed in his testimony. Since the Total
3 Unreflected Gas Account Balance estimated at the end of June 2009 is immaterial, NWE
4 proposes to set the rate at zero. After actuals are recorded for the months of May and June,
5 NWE will review the account balance again and determine if the amount merits a filing
6 proposing a rate adjustment.

7
8 **Gas Transportation Adjustment Clause (GTAC)**

9
10 **Q. Would you briefly describe the purpose of the GTAC mechanism?**

11 A. The purpose of the GTAC mechanism is to track the difference between the actual
12 Interruptible and Off-system transportation sales received and the amount established
13 from the most current general rate filing. The Interruptible and Off-system sales from the
14 latest general rate filing are basically revenue credits in establishing Montana jurisdiction
15 rates. The GTAC mechanism is used to track any differences between actual Interruptible
16 and Off-system transportation sales and the amount established in the general rate filing.
17 If actual Interruptible and Off-system revenues exceed the amounts established in the
18 general rate filing, then customers are given a credit through the GTAC rates and vice
19 versa if actual revenues are less than the amounts established. The GTAC mechanism
20 was implemented pursuant to Order No. 5474c, Docket No. 90.1.1. NWE files for
21 treatment of the GTAC Balance annually, in conjunction with its annual natural gas
22 tracking filing.

23
24 In addition, pursuant to Order No. 6197c, Docket No. 99.8.176, NWE has the flexibility
25 to discount its transmission, storage and/or distribution rates and recover the discounted
26 amounts from its other customers. The discounted amounts are flowed through to
27 customers using the GTAC.

1 **Q. Has NWE revised the Interruptible and Off-system sales used in calculating the**
2 **GTAC rate?**

3 A. Yes, the Interruptible and Off-system transportation sales were reset to reflect the sales
4 amount included in NWE's general rate filing in Docket No. D2007.7.82. The GTAC
5 computation reflects the new sales amounts starting on January 1, 2008 to coincide with
6 implementation of MPSC natural gas delivery services rates adjusted per Interim Order
7 6852b and subsequently affirmed by Final Order 6852f. Prior to this date the amounts
8 were based on Docket No. D2000.8.113, Order 6271c.

9
10 **Q. What are the new Interruptible and Off-system transportation sales amounts**
11 **included in NWE's filing in Docket No. D2007.7.82?**

12 A. Below are the sales amounts reflected in Statement H for the Natural Gas Utility.

13	DBU Interruptible Transportation	\$ 29,773
14	TBU Interruptible Transportation	\$ 702,242
15	Off-System IT	\$ 388,576
16	CMPL Transportation	\$ <u>71,344</u>
17	Total	\$1,191,935

18
19 **Q. What is the most recent GTAC Balance?**

20 A. The GTAC Balance reflected on NWE's books and records as of April 30, 2010 is
21 \$231,270 as shown on Exhibit __ (PJD-2) page 5. This is the actual Interruptible and Off-
22 system transportation revenues of \$912,843 offset by the previously ordered revenues of
23 \$1,191,934 and the Interruptible Transportation (IT) rate discount of \$(47,821).

24
25 **Q. What is the GTAC prior period balance currently being amortized pursuant to**
26 **Docket D2009.5.63, Order No. 7004?**

27 A. Exhibit __ (PJD-2) pages 2 through 4 show the calculation of the remaining estimated
28 GTAC Balance as of April 30, 2010 currently being amortized for the 2009-2010 GTAC
29 adjustment, Order No. 7004, which is comprised of \$(61,855) for Storage, \$(3,139) for
30 Distribution Business Unite (DBU) and \$(160,107) for Transmission Business Unit
31 (TBU) for a total of \$(225,101).

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Q. What is the GTAC net balance being proposed for amortization in this filing?

A. Similar to the adjustment for the prior period made to the Unreflected Gas Cost Account Balance described above, it is necessary to make an adjustment of \$(225,101) to the current GTAC balance as of April 30, 2010, for the prior GTAC amortization approved in Order No. 7004. NWE is proposing cessation of the amortization of this GTAC prior period balance upon approval of the rate treatment proposed in this filing and inclusion of this balance of \$(225,101) with the current balance of \$231,270 for a total GTAC amortization in rates of \$6,169.

Q. Please explain the derivation of the GTAC rates.

A. The amortization is related to three functions on the natural gas system: storage, distribution and transmission. The amortization is first separated into the appropriate functions, and then allocated among the different customer classes that utilize each function. The customer class balances within each function are then divided by each customer class' billing determinants to develop the customer class unit rates. This calculation is provided on Exhibit__(PJD-2), page 1.

Unit Rate Adjustments/Proposed Rates

Q. Have you provided a summary of the unit rate adjustments and resulting rates proposed in this filing?

A. Yes, Exhibit__(PJD-3) includes a table that reflects the rates that result from the adjustments included in this filing. The exhibit reflects the current tariff rates, the proposed rates and the resulting change.

Q. Have you prepared an exhibit for the proposed maximum Interruptible Transmission (IT) commodity rate at transmission level?

A. Yes, Exhibit__(PJD-4) reflects the calculation of the proposed maximum IT commodity rate at transmission level. Pursuant to NWE's approved maximum IT rate design (initially approved in Docket No. 90.1.1) the maximum IT commodity rate at

1 transmission level is based on the 100% load factor Firm Transportation (FT) commodity
2 rate at transmission level. Therefore, it is necessary to recalculate the maximum IT rate
3 at transmission level after deriving the new FT commodity rate.
4

5 **Q. What is NWE's proposal for rate implementation?**

6 A. NWE proposes an interim rate effective date for its proposed rate adjustments and
7 implementation of monthly natural gas cost adjustments for service on and after July 1,
8 2010.
9

10 **Q. Does NWE plan to continue to utilize a monthly tracking procedure?**

11 A. Yes, as proposed and ordered in Docket D2003.6.66, NWE continues to promote the use
12 of monthly trackers.
13

14 **Q. Does this complete your testimony?**

15 A. Yes, it does.

NorthWestern Energy
Unreflected Gas Cost Account Balance
July 2009 - June 2010

Month	Gas Cost Revenues	Gas Cost Expense	Deferred Gas Cost
July-09	\$2,684,183	\$1,836,508	(\$847,676)
August-09	\$2,230,585	\$1,916,538	(\$314,047)
September-09	\$2,194,506	\$3,581,090	\$1,386,584
October-09	\$5,085,767	\$7,839,979	\$2,754,212
November-09	\$9,811,996	\$10,567,065	\$755,069
December-09	\$15,922,511	\$19,000,534	\$3,078,024
January-10	\$17,825,612	\$15,796,448	(\$2,029,163)
February-10	\$15,250,618	\$12,866,228	(\$2,384,390)
March-10	\$12,474,373	\$9,293,845	(\$3,180,528)
April-10	\$9,537,295	\$8,274,620	(\$1,262,675)
May-10 (Estimated)	\$6,346,523	\$6,708,549	\$362,026
June-10 (Estimated)	\$2,773,268	\$4,357,354	\$1,584,086
	\$102,137,237	\$102,038,759	(\$98,478)

NorthWestern Energy
Unreflected Gas Cost Account
Prior Period Deferred Balance (07/01/08 - 06/30/09) & 2010 Amortizations
Docket No. D2009.5.63, Interim Order 7004

Month	Monthly Collection/(Give Back)	Collection to-date	Balance Remaining
Balance			(\$1,635,860)
July-09	\$ (40,208)	(\$40,208)	(\$1,595,652)
August-09	\$ (13,500)	(\$53,709)	(\$1,582,151)
September-09	\$ (35,483)	(\$89,192)	(\$1,546,668)
October-09	\$ (80,975)	(\$170,167)	(\$1,465,693)
November-09	\$ (153,191)	(\$323,358)	(\$1,312,502)
December-09	\$ (238,427)	(\$561,786)	(\$1,074,074)
January-10	\$ (274,954)	(\$836,740)	(\$799,120)
February-10	\$ (234,699)	(\$1,071,439)	(\$564,421)
March-10	\$ (188,793)	(\$1,260,232)	(\$375,628)
April-10	\$ (151,806)	(\$1,412,039)	(\$223,821)
May-10 (Estimated)	\$ (140,169)	(\$1,552,208)	(\$83,652)
June-10 (Estimated)	\$ (83,464)	(\$1,635,672)	(\$189)
Deferred Estimated Balance @ June 30, 2010			<u>(\$98,478)</u> Exhibit_(PJD-1), Page 1
Total Under/(Over) Recovery			(\$98,667)

**NorthWestern Energy
GTAC Allocation and Rate Calculation
2010 Tracker Filing Estimate**

Storage

Current Section 311	\$0.00
Prior Period Balance	(\$61,855.25)
	<u>(\$61,855.25)</u>

	<u>MDDQ</u>	<u>Allocators</u>		<u>July - June Billing Determinant</u>	<u>Rate Estimate</u>	<u>Current Rates</u>	<u>Change</u>
Core	119,439	0.54688	(\$33,827.40)	19,841,829	(\$0.001705)	(\$0.004623)	\$0.002918
Utility	1,487	0.00681	(\$421.23)	1,487	(\$0.023606)	(\$0.066162)	\$0.042556
Transportation	97,475	0.44631	(\$27,606.62)	97,475	(\$0.023601)	(\$0.066203)	\$0.042602
	<u>218,401</u>	<u>1.00000</u>	<u>(\$61,855.25)</u>				

DBU IT

Current Section 311	\$15,980.04
Prior Period Balance	(\$3,139.32)
	<u>\$12,840.72</u>

	<u>MDDQ</u>	<u>Allocators</u>		<u>July - June Billing Determinant</u>	<u>Rate Estimate</u>	<u>Current Rates</u>	<u>Change</u>
Residential	145,703	0.59353	\$7,621.35	13,028,173	\$0.000585	\$0.000525	\$0.000060
General Service	78,455	0.31959	\$4,103.81	6,813,656	\$0.000602	\$0.000535	\$0.000067
DBU	21,327	0.08688	\$1,115.56	21,327	\$0.004359	\$0.004000	\$0.000359
	<u>245,485</u>	<u>1.00000</u>	<u>\$12,840.72</u>				

TBU IT

Current Section 311	\$215,290.48
Prior Period Balance	(\$160,107.13)
	<u>\$55,183.35</u>

	<u>MDDQ</u>	<u>Allocators</u>		<u>July - June Billing Determinant</u>	<u>Rate Estimate</u>	<u>Current Rates</u>	<u>Change</u>
Residential	145,703	0.45105	\$24,890.30	13,028,173	\$0.001910	(\$0.003166)	\$0.005076
General Service	78,455	0.24287	\$13,402.47	6,813,656	\$0.001967	(\$0.003229)	\$0.005196
Utility	2,703	0.00837	\$461.75	206,505	\$0.002236	(\$0.003987)	\$0.006223
TBU	96,171	0.29771	\$16,428.83	17,080,000	\$0.000962	(\$0.001275)	\$0.002237
	<u>323,032</u>	<u>1.00000</u>	<u>\$55,183.35</u>				

Total

Current Section 311	\$231,270.52
Prior Period Balance	(\$225,101.70)
	<u>\$6,168.83</u>

**NorthWestern Energy
Storage GTAC Amortization
Prior Period Deferred Balance (07/01/08 - 06/30/09) & 2010 Amortizations
Docket No. D2009.5.63, Interim Order 7004**

Month	Monthly Collection	Collection to-date	Balance Remaining
Balance			(\$146,294.94)
May-09	\$ 20,297.39	\$20,297.39	(\$166,592.33)
June-09	\$ 14,643.49	\$34,940.88	(\$181,235.82)
July-09	\$ 6,181.34	\$41,122.22	(\$187,417.16)
August-09	\$ (7,155.59)	\$33,966.63	(\$180,261.57)
September-09	\$ (7,240.78)	\$26,725.85	(\$173,020.79)
October-09	\$ (9,837.07)	\$16,888.78	(\$163,183.72)
November-09	\$ (13,877.66)	\$3,011.12	(\$149,306.06)
December-09	\$ (18,713.18)	(\$15,702.06)	(\$130,592.88)
January-10	\$ (20,686.35)	(\$36,388.41)	(\$109,906.53)
February-10	\$ (18,426.28)	(\$54,814.69)	(\$91,480.25)
March-10	\$ (15,850.14)	(\$70,664.83)	(\$75,630.11)
April-10	\$ (13,774.86)	(\$84,439.69)	(\$61,855.25)

**NorthWestern Energy
DBU GTAC Amortization
Prior Period Deferred Balance (07/01/08 - 06/30/09) & 2010 Amortizations
Docket No. D2009.5.63, Interim Order 7004**

Month	Monthly Collection	Collection to-date	Balance Remaining
Balance			\$ 11,994.05
May-09	\$ 3,056.97	\$3,056.97	\$8,937.08
June-09	\$ 1,710.32	\$4,767.29	\$7,226.76
July-09	\$ 591.40	\$5,358.69	\$6,635.36
August-09	\$ 311.89	\$5,670.58	\$6,323.47
September-09	\$ 321.77	\$5,992.35	\$6,001.70
October-09	\$ 618.67	\$6,611.02	\$5,383.03
November-09	\$ 1,074.99	\$7,686.01	\$4,308.04
December-09	\$ 1,628.55	\$9,314.56	\$2,679.49
January-10	\$ 1,854.92	\$11,169.48	\$824.57
February-10	\$ 1,596.71	\$12,766.19	(\$772.14)
March-10	\$ 1,302.25	\$14,068.44	(\$2,074.39)
April-10	\$ 1,064.93	\$15,133.37	(\$3,139.32)

**NorthWestern Energy
TBU GTAC Amortization
Prior Period Deferred Balance (07/01/08 - 06/30/09) & 2010 Amortizations
Docket No. D2009.5.63, Interim Order 7004**

Month	Monthly Collection	Collection to-date	Balance Remaining
Balance			\$ (84,062.99)
May-09	\$ 89,782.49	\$89,782.49	(\$173,845.48)
June-09	\$ 40,762.98	\$130,545.47	(\$214,608.46)
July-09	\$ 12,728.08	\$143,273.55	(\$227,336.54)
August-09	\$ (2,390.08)	\$140,883.47	(\$224,946.46)
September-09	\$ (2,344.25)	\$138,539.22	(\$222,602.21)
October-09	\$ (4,172.43)	\$134,366.79	(\$218,429.78)
November-09	\$ (7,330.93)	\$127,035.86	(\$211,098.85)
December-09	\$ (10,716.70)	\$116,319.16	(\$200,382.15)
January-10	\$ (12,742.85)	\$103,576.31	(\$187,639.30)
February-10	\$ (10,987.96)	\$92,588.35	(\$176,651.34)
March-10	\$ (9,013.85)	\$83,574.50	(\$167,637.49)
April-10	\$ (7,530.36)	\$76,044.14	(\$160,107.13)

**NorthWestern Energy
GTAC Balance
As Of April 30, 2010**

	May 2009 through <u>April 2010</u>
Monthly GTAC Revenues	
DBU IT	\$ 12,876.85
TBU On-System IT	291,070.77
TBU Off-System IT	523,255.09
Off-System Storage	-
CMPL IT	85,640.33
Total GTAC Revenues	<u>\$ 912,843.04</u>
Less Offsets	
(per Order No. 6852f):	
Off-System IT Rev.	\$ 388,575.96
Off-System IS Rev.	-
DBU On-System IT Rev.	29,772.60
TBU On-System IT Rev.	702,241.92
CMPL Trans. Rev.	71,344.08
	<u>\$ 1,191,934.56</u>
FT Rate Discount Shortfall:	
TBU FT Discount Rev. Impact	\$ (46,905.29)
DBU FT Discount Rev. Impact	(915.71)
	<u>\$ (47,821.00)</u>
Total Offsets	\$ 1,144,113.56
NET GTAC Revenues	\$ 231,270.52
Storage	\$ -
Distribution	15,980.04
Transmission	215,290.48
NET GTAC Revenues	<u>\$ 231,270.52</u>

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	<u>Current</u>	<u>Proposed</u>	<u>Rate Change</u>	<u>Percentage Change</u>
Core:				
D-RG-1 Rate Schedule				
Residential				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.841759	\$ 1.841759	\$ -	0.00%
Transmission Charge	\$ 1.090615	\$ 1.090615	\$ -	0.00%
Storage Charge	\$ 0.331926	\$ 0.331926	\$ -	0.00%
Gas Supply Charge	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization	\$ (0.081700)	\$ -	\$ 0.081700	100.00%
DBU GTAC Amortization	\$ 0.000525	\$ 0.000585	\$ 0.000060	11.43%
TBU GTAC Amortization	\$ (0.003166)	\$ 0.001910	\$ 0.005076	160.33%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 5.958836	\$ 8.956690	\$ 2.997854	50.31%
D-RGCA-1 Rate Schedule				
Residential Gas Core Aggregation				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.841759	\$ 1.841759	\$ -	0.00%
Transmission Charge	\$ 1.090615	\$ 1.090615	\$ -	0.00%
Storage Charge	\$ 0.331926	\$ 0.331926	\$ -	0.00%
DBU GTAC Amortization	\$ 0.000525	\$ 0.000585	\$ 0.000060	11.43%
TBU GTAC Amortization	\$ (0.003166)	\$ 0.001910	\$ 0.005076	160.33%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 3.257036	\$ 3.265090	\$ 0.008054	0.25%
D-GSG-1 Rate Schedule				
General Natural Gas Service				
Monthly Service Charge per Meter				
0 to 300	\$ 16.95	\$ 16.95	\$ -	0.00%
301 to 1,000	\$ 22.40	\$ 22.40	\$ -	0.00%
1,001 to 2,000	\$ 36.10	\$ 36.10	\$ -	0.00%
2,001 to 5,000	\$ 60.60	\$ 60.60	\$ -	0.00%
5,001 to 10,000	\$ 74.45	\$ 74.45	\$ -	0.00%
10,001 to 30,000	\$ 117.75	\$ 117.75	\$ -	0.00%
> 30,000	\$ 143.05	\$ 143.05	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.820207	\$ 1.820207	\$ -	0.00%
Transmission Charge	\$ 1.089537	\$ 1.089537	\$ -	0.00%
Storage Charge	\$ 0.330849	\$ 0.330849	\$ -	0.00%
Gas Supply Charge	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization	\$ (0.081700)	\$ -	\$ 0.081700	100.00%
DBU GTAC Amortization	\$ 0.000535	\$ 0.000602	\$ 0.000067	12.52%
TBU GTAC Amortization	\$ (0.003229)	\$ 0.001967	\$ 0.005196	160.92%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 5.935076	\$ 8.933057	\$ 2.997981	50.51%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	<u>Current</u>	<u>Proposed</u>	<u>Rate Change</u>	<u>Percentage Change</u>
D-GSGCA-1 Rate Schedule				
General Natural Gas Service Core Aggregation				
Monthly Service Charge per Meter				
0 to 300	\$ 16.95	\$ 16.95	\$ -	0.00%
301 to 1,000	\$ 22.40	\$ 22.40	\$ -	0.00%
1,001 to 2,000	\$ 36.10	\$ 36.10	\$ -	0.00%
2,001 to 5,000	\$ 60.60	\$ 60.60	\$ -	0.00%
5,001 to 10,000	\$ 74.45	\$ 74.45	\$ -	0.00%
10,001 to 30,000	\$ 117.75	\$ 117.75	\$ -	0.00%
> 30,000	\$ 143.05	\$ 143.05	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.820207	\$ 1.820207	\$ -	0.00%
Transmission Charge	\$ 1.089537	\$ 1.089537	\$ -	0.00%
Storage Charge	\$ 0.330849	\$ 0.330849	\$ -	0.00%
DBU GTAC Amortization	\$ 0.000535	\$ 0.000602	\$ 0.000067	12.52%
TBU GTAC Amortization	\$ (0.003229)	\$ 0.001967	\$ 0.005196	160.92%
Storage GTAC Amortization	\$ (0.004623)	\$ (0.001705)	\$ 0.002918	63.12%
Total Commodity	\$ 3.233276	\$ 3.241457	\$ 0.008181	0.25%
T-FUGC-1 Rate Schedule				
Firm Utility Gas Contract Service				
Monthly Service Charge per Meter				
10,001 to 30,000	\$ 107.75	\$ 107.75	\$ -	0.00%
> 30,000	\$ 277.75	\$ 277.75	\$ -	0.00%
Transmission Charges:				
Reservation Rate (MDDQ)	\$ 5.244006	\$ 5.244006	\$ -	0.00%
Transmission Commodity Rate (Dkt)	\$ 0.062506	\$ 0.062506	\$ -	0.00%
GTAC Amortization (Dkt)	\$ (0.003987)	\$ 0.002236	\$ 0.006223	156.08%
Storage Charges:				
Reservation Rate (MDDQ)	\$ 4.170634	\$ 4.170634	\$ -	0.00%
Storage Commodity Rate (Dkt)	\$ 0.015087	\$ 0.015087	\$ -	0.00%
GTAC Amortization (MDDQ)	\$ (0.066162)	\$ (0.023606)	\$ 0.042556	64.32%
Gas Supply Charge (Dkt)	\$ 2.783500	\$ 5.691600	\$ 2.908100	104.48%
Deferred Gas Cost Amortization (Dkt)	\$ (0.081700)	\$ -	\$ 0.081700	100.00%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2010**

	<u>Current</u>	<u>Proposed</u>	<u>Rate Change</u>	<u>Percentage Change</u>
Non-Core				
Distribution Business Unit				
D-FTG-1 Rate Schedule				
Firm Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 103.15	\$ 103.15	\$ -	0.00%
5,000 to 10,000	\$ 117.90	\$ 117.90	\$ -	0.00%
10,001 to 30,000	\$ 162.10	\$ 162.10	\$ -	0.00%
> 30,000	\$ 188.20	\$ 188.20	\$ -	0.00%
Distribution Charge: (MDDQ)				
Reservation Rate	\$ 6.526449	\$ 6.526449	\$ -	0.00%
GTAC Amortization	\$ 0.004000	\$ 0.004359	\$ 0.000359	8.98%
D-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 103.15	\$ 103.15	\$ -	0.00%
5,000 to 10,000	\$ 117.90	\$ 117.90	\$ -	0.00%
10,001 to 30,000	\$ 162.10	\$ 162.10	\$ -	0.00%
> 30,000	\$ 188.20	\$ 188.20	\$ -	0.00%
Distribution Charge: (Dkt)				
Distribution Commodity Rate	\$ 0.214545	\$ 0.214545	\$ -	0.00%
Transportation Business Unit				
T-FTG-1 Rate Schedule				
Firm Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.85	\$ 100.85	\$ -	0.00%
10,001 to 30,000	\$ 145.05	\$ 145.05	\$ -	0.00%
> 30,000	\$ 321.90	\$ 321.90	\$ -	0.00%
Transmission Reservation Rate (MDDQ)	\$ 8.248586	\$ 8.248586	\$ -	0.00%
Transmission Commodity Rate (Dkt)				
Maximum	\$ 0.062506	\$ 0.062506	\$ -	0.00%
GTAC Amortization	\$ (0.001275)	\$ 0.000962	\$ 0.002237	175.45%
T-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.85	\$ 100.85	\$ -	0.00%
10,001 to 30,000	\$ 145.05	\$ 145.05	\$ -	0.00%
> 30,000	\$ 321.90	\$ 321.90	\$ -	0.00%
Transmission Commodity Rate (Dkt)				
Maximum	\$ 0.332388	\$ 0.334625	\$ 0.002237	0.67%
T-FSG-1 Rate Schedule				
Firm Storage Natural Gas Service				
Monthly Rate:				
Withdrawal Reservation Rate:	\$ 4.170634	\$ 4.170634	\$ -	0.00%
Injection Commodity Rate:	\$ 0.021555	\$ 0.021555	\$ -	0.00%
Withdrawal Commodity Rate:	\$ 0.021555	\$ 0.021555	\$ -	0.00%
Storage Capacity Rate:	\$ 0.020476	\$ 0.020476	\$ -	0.00%
GTAC Amortization	\$ (0.066203)	\$ (0.023601)	\$ 0.042602	64.35%

NorthWestern Energy
Maximum IT Commodity Rate Calculation

Firm TBU Transportation Reservation Rate	\$8.248586
Average number of days per month	<u>30.42</u>
Reservation rate per day (Reservation rate / days)	\$0.271157
plus: Firm TBU Transportation Commodity Rate	\$0.063468
Interruptible TBU Transportation Commodity Rate	\$0.334625 per Dkt

6
7 **PREFILED DIRECT TESTIMONY OF WILLIAM M. THOMAS**
8 **ON BEHALF OF NORTHWESTERN ENERGY**
9

10
11 **TABLE OF CONTENTS**
12

13	<u>Description</u>	<u>Starting Page No.</u>
14	Witness Information	2
15	Purpose of Testimony	3
16	2009-10 Natural Gas DSM Program Results	3
17	DSM Program Activities for 2010-11	12
18	Proposed Costs and Lost Revenues In This 2010-11 Natural Gas	
19	Supply Tracker Filing	16
20		
21	<u>Exhibits:</u>	
22		
23	Natural Gas DSM + USB Reported Savings 2009-10	Exhibit__(WMT-1)
24		
25	Natural Gas DSM Spending and Budget 2009-11	Exhibit__(WMT-2)
26		
27	Natural Gas DSM Lost Revenues 2008-11	Exhibit__(WMT-3)
28		
29	DSM/USB Communications Plan	Exhibit__(WMT-4a)
30		
31	DSM/USB Communications Plan Calendar	Exhibit__(WMT-4b)
32		

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Witness Information

Q. Please state your name and business address.

A. My name is William M. Thomas and my business address is 40 East Broadway, Butte, Montana 59701.

Q. By whom and in what capacity are you employed?

A. I am employed by NorthWestern Energy (NorthWestern) as Manager of Regulatory Support Services in the Regulatory Affairs and Support Services Department.

Q. Please state your educational background, experience and responsibilities.

A. I graduated from Montana State University with a Bachelor of Science Degree in Science and Education. I was employed by The Montana Power Company (MPC) from 1980-1999 in a variety of staff and management positions. During that tenure, I served as program director for MPC Demand Side Management (DSM) Programs for Residential and Commercial customers. I attended the Public Utility Executives Program at the University of Idaho in 1991. I joined NorthWestern in April 2004 in the capacity of DSM Program Coordinator and assumed my present position as Manager of Regulatory Support Services in April 2005. In addition to other departmental activities related to support of regulatory filings and proceedings, I am responsible for providing overall coordination and direction on development, implementation and promotion/education of DSM programs. My duties also include preparing the

1 information supporting NorthWestern's DSM-related activities and proposals in this
2 filing.

3 **Purpose of Testimony**

4
5 **Q. What is the purpose of your testimony?**

6 A. My testimony:

- 7 1. Provides a report on the results of the E+ Natural Gas DSM program operated by
8 NorthWestern for natural gas supply customers during the 2009-10 tracker period.
- 9 2. Describes NorthWestern's plans for continuing this program during the 2010-11
10 tracker period.
- 11 3. Provides updated numbers for the natural gas DSM Lost Revenues associated
12 with the E+ Natural Gas DSM program and certain other programs funded by the
13 Universal System Benefits (USB) charge that also produce natural gas savings
14 that affect Lost Revenues.

15
16 **2009-10 Natural Gas DSM Program Results**

17
18 **Q. Please describe the activity and results of NorthWestern's E+ Natural Gas DSM
19 Program during the 2009-10 natural gas supply tracking period.**

20 A. The E+ Natural Gas DSM Program, introduced in October 2005, has continued
21 throughout the 2009-10 tracker period. NorthWestern renewed its contract with
22 KEMA, Inc. to provide services needed to operate the expanded program during
23 2009 and 2010. Table 1 below summarizes the annual targets, reported savings,

1 spending and budget for the expanded program to date and for the 2010-11 natural
 2 gas supply tracker period.

3 **Table 1: Natural Gas Supply DSM Targets, Reported Savings, Spending and**
 4 **Budget**
 5

Program Period	Installed Annual Natural Gas DSM Capability (Incremental)						Natural Gas Supply Tracker	
	Target (Dkt)			Reported Savings (Dkt)			Budget	Expenses ¹
	USB	DSM	Total	USB	DSM	Total		
2005-06	N/A	96,277	96,277	42,177	128,761	170,938	\$1,125,000	\$1,015,679
2006-07	N/A	114,526	114,526	42,393	70,058	112,450	\$ 800,000	\$ 608,000
2007-08	N/A	114,526	114,526	58,482	74,198	131,078	\$ 698,030	\$ 679,677
2008-09	60,000	115,000	175,000	60,904	76,102	160,262	\$ 738,440	\$1,808,655
2009-10	60,000	150,000	210,000	70,706	107,491	178,197	\$2,300,000	\$2,044,217
2010-11	60,000	150,000	210,000				\$2,435,365	

6
 7 Note 1: Expenses for 2009-10 are 10 months of actual and 2 months of estimates. Reported energy savings for 2009-
 8 10 are 9 months of actual and 3 months of estimates.

9
 10 For Natural Gas Supply DSM Programs, two primary program mechanisms, Home
 11 Energy Expo Events and Mail-in Rebates, were used to encourage customers to install
 12 DSM measures to reduce their consumption of natural gas.

- 13
 14 1. Home Energy Expo Events: Local events to promote natural gas energy
 15 efficiency were scheduled, promoted and conducted during the 2009-10 tracker
 16 period. Events were held throughout NorthWestern's Montana natural gas
 17 service territory. New for this period was a Home Energy Makeover Contest with
 18 prizes to encourage greater customer attendance and participation. Various other
 19 promotional activities, including a direct mail postcard, newspaper advertising,

1 press releases, media events, selective radio, posters, web site information,
2 interaction with customers at trade shows, home energy audits and/or other
3 customer contact opportunities, and billing insert messages were used to notify
4 customers of the events and encourage them to attend. The purpose of the
5 events was to provide customers, at no direct charge, with low-cost
6 weatherization materials they could install to reduce natural gas usage in their
7 homes. Education and instruction on installation and use of the various DSM
8 measures was provided. Event attendees were also given information about
9 other DSM program rebates available for insulation and programmable
10 thermostats. At the events, customer eligibility was verified, then customers were
11 given some or all of the following items:

- 12 a. Low-flow shower heads
- 13 b. Window plastic covering kits
- 14 c. Door weather-stripping
- 15 d. Door threshold sweeps
- 16 e. Outlet foam gaskets
- 17 f. Insulating aerosol foam
- 18 g. Kitchen faucet aerators
- 19 h. Bathroom faucet aerators

20
21 Locations for Home Energy Expo Events included 44 Montana towns and cities
22 throughout the NorthWestern service area during the 2009-10 tracker period.
23 Events were conducted primarily in the late fall and early winter months. Where

1 possible, these events were coordinated with NorthWestern Customer
2 Appreciation events, and 6,604 natural gas customers were provided with various
3 combinations of natural gas weatherization and energy-savings measures.
4

5 2. Mail-in Rebates: NorthWestern offers cash rebates to customers who install
6 approved DSM measures, including insulation (attic/ceiling, basement wall,
7 crawlspace wall, exterior above grade wall) and programmable thermostats.
8 NorthWestern maintains a list of Preferred Contractors who enter into an
9 agreement with NorthWestern to meet certain requirements. Different levels of
10 rebates are paid depending on whether or not customers use Preferred
11 Contractors to install insulation measures. Participating customers are
12 responsible for purchasing and installing approved insulation measures and/or
13 programmable thermostats and applying to NorthWestern for incentives or
14 rebates. Interested customers are provided program information, forms, a
15 schedule of rebate amounts for various measures, and step-by-step instructions
16 on how to participate in the program process. To receive a rebate, customers are
17 required to submit proof-of-purchase (receipts and paid invoices). NorthWestern,
18 or its agent KEMA, verified installations by performing site inspections on a
19 randomly selected sample of projects.
20

21 **Q. What amount of natural gas savings will result from the 2009-10 E+ Natural Gas**
22 **Supply DSM Programs?**

1 A. Reported natural gas savings from operation of Natural Gas DSM Programs for the
2 tracker period 2009-10 total 107,491 Dkt/year. This amount represents annualized
3 natural gas savings that would result if all the program measures were installed and
4 in operation for a full year.

5
6 **Q. Are there other programs that produce natural gas savings that affect Lost**
7 **Revenue calculations?**

8 A. NorthWestern operates other energy efficiency programs, the E+ Free Weatherization
9 Program and the E+ Energy Audit For The Home, that are funded through USB and
10 produce natural gas savings in the residential customer sector. The total amount of
11 additional natural gas DSM savings from these programs is 70,706 Dkt/year for 2009-
12 10 (refer to Table 1 above). Although the expenses associated with operation of
13 these programs are not included in the Natural Gas Supply Tracker, the savings
14 produced contributes to Lost Revenues and is counted toward the total natural gas
15 savings used to calculate Lost Revenues. Exhibit__(WMT-1) presents individual
16 program detail on the 2009-10 amount of natural gas DSM savings produced by
17 these USB programs (70,706 Dkt/year), as well as the Natural Gas Supply DSM
18 Programs (107,491 Dkt/year) funded through natural gas supply. Total savings for
19 the USB and Natural Gas Supply DSM programs equals 178,197 Dkt/year. This
20 amount is used as an input to the calculation of Lost Revenues for the 2009-10
21 period.

22

1 **Q. Please provide details on the costs associated with NorthWestern's 2009-10**
2 **Natural Gas DSM Program.**

3 A. Natural Gas DSM expenses fall into two categories. The first category is program
4 costs for operation of the specific Natural Gas DSM Programs:

- 5 1. Residential Existing Construction Program
- 6 2. Residential New Construction Program
- 7 3. Business Partners Program
- 8 4. Commercial Existing Construction Program
- 9 5. Commercial New Construction Program
- 10 6. Building Blocks Program

11

12 This category includes contractor labor and expenses, equipment and building rental,
13 materials for community events, advertising and promotion, and rebates paid to
14 customers. The total for this category of costs for the 2009-10 tracker period is
15 \$2,020,937.

16

17 The second category is General Expenses in the amount of \$23,280 for all Natural
18 Gas DSM programs. These expenses are incurred during travel, general promotional
19 activities, staff training, and meetings and involving the entire portfolio of natural gas
20 supply DSM programs

21

22 The total for the 2009-10 tracker period is \$2,044,217. This amount does not include
23 NorthWestern labor. Exhibit__(WMT-2) presents monthly spending associated with

1 the Natural Gas Supply DSM programs. The figures include 10 months (July 2009
2 through April 2010) of actual recorded expenses and 2 months (May and June 2010)
3 of estimated expenses. This is the amount included in the Natural Gas Supply
4 Tracker for DSM program costs.

5
6 The annual Dkt targets and reported savings are comprised of amounts of installed
7 annual energy savings capability contributed from measures and actions
8 implemented under both USB Programs and Natural Gas DSM Programs. Although
9 energy savings produced by USB Programs is counted toward the overall annual Dkt
10 target, USB Programs are funded through a separate charge and USB spending is
11 not reported or included in Exhibit___(WMT-2).

12
13 **Q. Are there other supporting activities by NorthWestern to build interest and**
14 **participation in its DSM programs?**

15 A. NorthWestern DSM staff and contractors sponsor many training seminars during the
16 year to increase awareness of energy conservation and energy efficiency opportunities
17 in buildings and facilities. The objectives of these training sessions are to educate and
18 inform building operators, designers, and builders about using electric equipment
19 efficiently and to promote NorthWestern's DSM programs, services, information
20 resources and incentives. A blend of USB and DSM funds covers the cost of these
21 activities. Following is a list of DSM program-related training seminars that
22 NorthWestern sponsored during 2009-10:

1 1. Northwest ENERGY STAR® Verifier Training – A Home Energy Rating System
2 week-long course that includes Northwest Energy Star Homes (NWESH) Program
3 administration, Home Energy Rater System (HERS) administration, performance
4 testing, and use of home analysis software.

5 a. Missoula, September 14-18, 2009

6 b. Missoula, April 12-16, 2010

7
8 2. Northwest ENERGY STAR® Builder and NWESH Builder Training – Three to
9 four-hour long introduction to the ENERGY STAR Homes Program including
10 emphasis on the whole-house system.

11
12 a. Bozeman, October 27, 2009

13 b. Missoula, November 9, 2009

14 c. Missoula, December 29, 2009

15 d. Bozeman, May 18, 2010

16 e. Helena, May 26, 2010

17 f. Missoula, June 2, 2010

18
19 **Q. Were there additional efforts during the 2009-10 tracker period made by**
20 **NorthWestern to promote DSM?**

21 A. To communicate information about DSM and other NorthWestern programs to its
22 customers, NorthWestern sustains a presence in Montana communities through
23 media, events, appearances, meetings, speaking engagements, booth sponsorships,

1 trade fairs and shows, conferences and other special events. Northwestern
2 maintains networks of retailers, distributors and other trade allies and provides a
3 steady stream of information about its DSM programs through print, radio, television,
4 distribution literature, and personal contact. As with the training seminars above, a
5 mix of USB and DSM funding is used. The following list provides examples of the
6 many activities performed by Northwestern during the past year to market its DSM
7 programs:

- 8
- 9 1. Joint Engineers Conference – Presentation and display booth in cooperation with
10 BetterBricks
- 11
- 12 2. Empowering Montana Schools – Presentations and booth in cooperation with the
13 National Center for Appropriate Technology (NCAT)
- 14 3. Montana Society of Health Care Engineers/ASHRAE¹ Conference - Presentations
15 and display booth in cooperation with BetterBricks and NCAT
- 16 4. Montana American Institute of Architects Conference - training and booth
- 17 5. Montana Innkeepers Association Conference - booth
- 18 6. Montana School Board Association Convention - booth
- 19 7. Home Energy Expo Events - 44 events around Montana
 - 20 a. Air infiltration sealing and CFLs
 - 21 b. Direct mail, web, radio, newspaper advertising in advance of events
 - 22 c. Home Energy Makeover Contest
 - 23 d. “How-to-install” DVD

¹ The American Society of Heating, Refrigerating and Air Conditioning Engineers is an international technical society for all individuals and organizations interested in heating, ventilation, air-conditioning, and refrigeration. See www.ashrae.org.

1 e. Saturday events included sessions on NWE programs, ENERGY STAR®,
2 renewable energy, and installing insulation, air-sealing, and window plastic
3 etc., as well as the instant rebate for programmable thermostats

4
5 8. E+ Audit for the Home – direct mail during January 2010

6 9. Act Now Tips and CFL television spots – 3 different TV flights and spot placement
7 during select events

8 10. Home & Garden Improvement Shows

9 a. Fall of 2009 – Missoula

10 b. Spring of 2010 - Hamilton, Missoula (2 shows), Bozeman, Helena and
11 Butte

12 11. Parade of Homes sponsorships - Fall 2009 in Bozeman, Missoula, Helena, and
13 Hamilton

14 12. Display-In-A-Box – used at various events for natural gas rebates (Missoula,
15 Kalispell, and Bozeman)

16 13. Montana Annual Building Code Conference - April 2010 Bozeman

17 14. Other Special Events

18 a. Montana Home Builders Association Annual Meeting

19 b. Southwest Home Builders' Association

20 c. Montana Association of Elementary & Middle School Principals

21
22 **DSM Program Activities for 2010-11**

1 **Q. Does NorthWestern plan to offer this program again in the 2010-11 tracker**
2 **period?**

3 A. Yes, the E+ Natural Gas DSM Program will be continued through the 2010-11 period.
4 NorthWestern will conduct one round of at least 40 Community Events in September-
5 November 2010. Marketing and promotional activities in advance of the events will
6 be similar to the effort made last year. Where possible, NorthWestern will again
7 coordinate these natural gas DSM Community Events with its Customer Appreciation
8 Events in the larger cities in Montana. The Mail-in Rebate portion of the program will
9 continue uninterrupted throughout the tracker period from July 1, 2010 through June
10 30, 2011. The estimated budget for the 2010-11 E+ Natural Gas DSM Program is
11 \$2,435,365. Monthly budget detail is included on Exhibit__(WMT-2).

12
13 NorthWestern will maintain its DSM program rebates and incentives at a level
14 approximately equal to 50% of incremental DSM measure cost. Increased program
15 marketing activity has resulted in higher annual amounts of DSM acquisition over the
16 past few years. In the 2010-11 period, NorthWestern will again increase its
17 marketing effort in support of the natural gas DSM programs and monitor the effect
18 on DSM program participation. This will inform NorthWestern about whether
19 increasing the level of incentives or rebates is needed in the future.

20
21 NorthWestern will continue its contracts with outside service providers and will offer
22 this group of Natural Gas DSM programs during the 2010-11 tracker period. A
23 coordinated and comprehensive marketing and communications effort that integrates

1 USB and DSM funding for marketing and outreach has been developed and
2 employed over the past several years, and many of the methods and techniques that
3 have proven effective in the past will be repeated in the future. More specific details
4 about the techniques, mechanisms, locations, forms of media, and calendar schedule
5 are presented in Exhibit__(WMT-4a), which describes the goals, objectives,
6 audiences, strategies, tactics, methods and tools of the DSM Communications Plan.
7 Exhibit__(WMT-4b) provides a detailed schedule of specific programs and activities
8 that will be implemented during a typical calendar year period. Together, these
9 exhibits present a clear view of the scope and scale of NorthWestern's activities and
10 sustained efforts to support its DSM programs, gain customer participation, and
11 acquire cost-effective DSM resources. The DSM Communication Plan serves as a
12 working plan that can and will be changed and adapted as conditions warrant or new
13 knowledge is gained.

14
15 **Q. Are there other developments during the past DSM program period that impact**
16 **future plans for operation of DSM programs?**

17 A. In 2008, NorthWestern formed a partnership with the city of Missoula to operate a
18 pilot residential DSM program called Green Blocks. This program combined
19 elements of the E+ Energy Audit For The Home, E+ Residential Lighting Program,
20 the E+ Residential Electric Savings Program, and the E+ Natural Gas Savings
21 Rebate Program. The objective of this effort was to provide energy audits and some
22 energy efficiency measures free of charge to targeted and concentrated groups of

1 program participants in the hopes of achieving cost effective electric and natural gas
2 savings. The City of Missoula was responsible for marketing, outreach, recruiting
3 and selection of up to 100 program participants. The City of Missoula secured funds
4 through the 2009 American Recovery and Reinvestment Act (ARRA), and will use a
5 portion of them to again partner with NorthWestern in 2010-11 to conduct a second
6 round of Green Blocks. This round of activity will expand the program to 300
7 additional residential dwellings, and the city of Missoula and NorthWestern will share
8 costs on an approximate 50/50 basis.

9
10 In addition, NorthWestern will conduct an extension of the Green Blocks pilot
11 program in cooperation with the City of Helena at a planned target level of 100
12 residential homes. In the Helena pilot program, there are no ARRA funds available;
13 NorthWestern will provide 100% funding and the City of Helena will assume
14 responsibility for soliciting interest and recruiting participation in the program.

15
16 Building Blocks is a new pilot DSM program NorthWestern introduced in 2009 that is
17 targeted at the Bozeman downtown business district where natural gas is used for
18 space heating, water heating and/or food service. Using qualified and experienced
19 personnel from NCAT, NorthWestern is providing a quality commercial energy audit
20 at no direct cost to building owners and/or occupants of commercial buildings along a
21 3 block strip in the main downtown area. Meetings are then held with the building
22 owners/occupants to discuss the audit results and identify opportunities where
23 behavioral changes can be made to decrease energy costs. These meetings also

1 help NorthWestern identify where energy savings projects can be pursued through its
2 DSM programs. Post-meeting follow up contacts will be made to check on the status
3 of customers' progress toward implementation of recommendations. At this time,
4 NCAT has completed the energy auditing, is compiling reports and data and will
5 submit an interim report to NorthWestern later this year. NorthWestern will consider
6 expansion of the Building Blocks Program following its review of NCAT's results from
7 the Bozeman effort.

8
9 Additional information about all of the DSM programs is available at NorthWestern's
10 website at <http://www.northwesternenergy.com>.

11
12 **Proposed Costs and Lost Revenues In This 2010 Natural Gas Supply Tracker**

13 **Filing**

14
15 **Q. What DSM Program costs are you proposing to include in the 2010-11 Natural**
16 **Gas Supply Tracker Filing?**

17 A. On Exhibit__(WMT-2) the amounts to be included in the 2010 annual Natural Gas
18 Supply Tracker filing are presented on line 13 in the amount of \$2,044,217 for DSM
19 Program Costs for the 2009-10 period and a budgeted amount of \$2,435,365 shown
20 on line 26 for the 2010-11 period.

21
22 **Q. What amounts are you proposing to include for recovery of DSM Lost**
23 **Revenues?**

1 A. Effective January 1, 2008 natural gas transmission and distribution rates were
2 adjusted² based on updated historical test period data that includes the effects on
3 total energy sales of past DSM program activity. Because DSM Lost Revenues are a
4 function of reduced transmission and distribution throughput caused by DSM activity,
5 when the transmission and distribution rates are reset in a general revenue
6 requirements proceeding, it is also necessary to reset the calculation of DSM Lost
7 Revenues to zero at the same time, in this instance, January 1, 2008.

8
9 The natural gas DSM Lost Revenues presented here as Exhibit__(WMT-3) provide
10 updated calculations of Lost Revenues as a result of DSM program activity. The
11 2008-09 tracker period Lost Revenues (forecasted two years ago in the 2008 natural
12 gas Tracker filing) have been updated to reflect actual reported energy savings from
13 a full 12 months of program activity during the period July 2008 - June 2009. The
14 updated amount of natural gas DSM Lost Revenues for the 2008-09 tracker period is
15 shown on Exhibit__(WMT-3) on page 1, line 5 in the amount of \$410,272.

16
17 The updated amount of natural gas DSM Lost Revenues for the 2009-10 tracker
18 period, based on 9 months of actual and 3 months of estimated energy savings is
19 shown on Exhibit__(WMT-3) on page 1, line 6 in the amount of \$791,614.

20
21 In addition, the calculation of natural gas DSM Lost Revenues for the 2009-10 tracker
22 period reflects 9 months of actual reported natural gas energy savings for the period

² Natural Gas DSM Lost Revenues were reset in January 2008 due to newly established transmission and distribution rates; refer to Gas Supply Monthly Tracker D2006.7.102 and General Rate Case D2007.7.82, Interim Order 6852b, Tariff 133-G and MT monthly natural gas cost rate adjustment D2007.7.81 Tariff 132-G.

1 July 2009 through March 2010, and 3 months of estimated energy savings from
2 continued DSM program activity for April-June 2010. The 12-month forecast amount
3 of Lost Revenues for the 2010-11 tracker period is shown on Exhibit__(WMT-3) on
4 page 1, line 7 in the amount of \$1,287,843.

5
6 **Q. Please describe the individual components of the DSM Cost Tracking and Lost**
7 **Revenue Recovery spreadsheet model and the various data inputs used in its**
8 **calculations.**

9 A. The Natural Gas DSM Lost Revenue calculation is performed using a spreadsheet
10 workbook included herein as Exhibit__(WMT-3), that is comprised of 5 separate
11 worksheet tabs (name of tab in bold below) that compile program budgets, costs,
12 natural gas savings estimates, rates, revenues and adjustment factors into a series of
13 calculations that result in estimated Lost Revenues. Input variables used in the Lost
14 Revenue calculations are updated in each annual Natural Gas Supply Tracker filing
15 and are generally based on data collected throughout the year on program costs,
16 levels of customer participation, natural gas savings and numbers of DSM measures
17 installed. The 2007 NEXANT DSM Program Evaluation provided information
18 needed, and used, to update the spreadsheet calculations. Additional notes and
19 explanations are included on the individual spreadsheet tabs, identified as separate
20 pages of Exhibit__(WMT-3).

21
22 **1. LR Summary** (Exhibit__(WMT-3), page 1) presents natural gas actual recorded
23 and booked natural gas Lost Revenues for the January–June 2008, and the July

1 2008–June 2009 Tracker periods. It also includes Lost Revenues for the 2009-10
2 Tracker period based on 9 months of actual activity and 3 months forecasted at
3 the time of preparation of this filing. This tab also presents the result of the
4 forecasted Lost Revenue computations for the upcoming tracker period that are
5 performed on the subsequent tabs.

6
7 **2. Rates** (Exhibit__(WMT-3), page 2) details rates in effect for residential and
8 commercial customers by line item. The Natural Gas DSM Tracker calculations
9 use only transmission, distribution, and storage rates from this worksheet tab as
10 inputs to Tab 5 Calc Lost Revenues. These rates are updated each time the
11 Natural Gas DSM Tracker exhibit is prepared for the annual Natural Gas Supply
12 Tracker filing.

13
14 **3. Res and GS Gas Savings** (Exhibit__(WMT-3), page 3) uses the DSM annualized
15 Dkt targets or reported amounts for the natural gas DSM programs and converts
16 them into cumulative annual residential and/or commercial natural gas savings
17 using a 50% reduction factor. Use of this factor recognizes that first-year realized
18 savings would be less than subsequent years, because natural gas DSM
19 measures are installed throughout the DSM program year and are not in place
20 and operating for a full year.

21
22 **4. Adjustment Factors** (Exhibit__(WMT-3), page 4) develops a factor to be applied
23 to residential reported energy savings for purposes of calculating Lost Revenues.

1 This factor recognizes that actual savings obtained typically differ and are
2 generally less than program savings based solely on engineering calculations.

3 This factor is taken from the final results of the 2007 NEXANT DSM Program
4 Evaluation.

5
6 5. **Calc Lost Revenues** (Exhibit__(WMT-3), page 5) calculates Lost Revenues
7 based on input from Tabs 2, 3 and 4. Results from this tab are used as input to
8 Tab 1.

9
10 **Q. How are amounts used to calculate Lost Revenues corrected or “trued up”**
11 **when reported savings differ from forecasted savings used at the beginning of**
12 **the tracker period to estimate Lost Revenues?**

13 A. This is accomplished in two ways. First, when each annual Natural Gas Supply
14 Tracker is prepared, DSM Lost Revenues are estimated looking forward, using
15 cumulative natural gas DSM savings, and included in the overall Tracker calculations
16 presented in the testimony of John Smith. Each successive year, the cumulative
17 DSM savings is recalculated in the Natural Gas DSM Tracker using reported energy
18 savings from the just-concluded tracker period (2009-10 in this case), and added to
19 the future estimate of additional natural gas DSM savings for the forthcoming tracker
20 period (2010-11 in this case). Thus, previous program year estimates are corrected
21 each year moving forward based on reported DSM savings for that same period. The
22 estimated Lost Revenues use updated DSM savings amounts and updated
23 transmission and distribution rates in effect at the time the calculations are prepared.

1 Over- or under-collection of Lost Revenues that results from differences between
2 forward-looking DSM savings estimates (used to prepare the Tracker) and reported
3 DSM Savings (at the end of that same tracker period) is handled in the Natural Gas
4 Tracker deferred account that nets any DSM over/under collections with other natural
5 gas supply transactions. The deferred account balance is then collected from or
6 returned to customers over the next 12-month period.

7
8 Second, DSM Evaluations like the one performed in 2007 by NEXANT will be used to
9 determine the accuracy of DSM estimates and adjustment factors used in previous
10 Lost Revenue calculations. Depending on the timing of the completion of future DSM
11 Evaluation work and availability of the study results, revised DSM savings estimates
12 and adjustment factors will be applied to past and forward-looking Lost Revenue
13 calculations and a true-up of the calculations will either be included in NorthWestern's
14 annual tracker filings, filed as supplemental testimony in the then-current Docket, or
15 in a subsequent proceeding.

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

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

	A	B	C	D	E	F	G
1	Table A: Reported Savings From 2009-10 Natural Gas USB and DSM Program Activity						
2							
3			Annualized Energy Savings				
4	Programs		USB	Natural Gas Supply DSM	Total		
5			dKt	dKt	dKt		
6	E+ Business Partners Program		-	1,114	1,114		
7	Builder Operator Certification		3,491	-	3,491		
8	Northwest Energy Efficiency Alliance (NEEA)		-	8,148	8,148		
9	E+ Free Weatherization Program & Fuel Switch		27,531	-	27,531		
10	E+ Energy Audit for the Home (NG)		39,684	-	39,684		
11	E+ Natural Gas Savings Rebate Program		-	94,558	94,558		
12	E+ Residential New Construction Gas Rebate Program			72	72		
13	E+ Commercial Existing Construction Gas Rebate Program			2,825	2,825		
14	E+ Commercial New Construction Gas Rebate Program			774	774		
15	Totals		70,706	107,491	178,197		
16							
17	Note 1: Annualized energy savings are based on 9 months of actual reported savings (July - March) and 3 months estimated.						
18							
19							

A B C D E F G H I J K L M N O

Natural Gas Supply DSM Program Spending and Budget

Tracker Year 2009-10

Order	Actual Recorded Spending - from SAP Records												Estimated			Total				
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jun-11	May-11	Apr-11		Mar-11	Feb-11	Jan-11	
Natural Gas DSM Program																				
6	E+	Natural Gas Residential Existing Construction Program	\$ 960	\$ 157,899	\$ 38,787	\$ 326,625	\$ 37,595	\$ 495,329	\$ 2,567	\$ 222,193	\$ 113,950	\$ 111,788	\$ 73,674	\$ 167,329	\$ 1,752,688					
7		General Expenses Related to All Gas DSM Programs	\$ -	\$ -	\$ 1,000	\$ 14,960	\$ -	\$ 2,760	\$ -	\$ -	\$ 3,149	\$ 1,411	\$ -	\$ -	\$ 23,280					
8	E+	Natural Gas Business Partners Program	\$ -	\$ -	\$ 15,000	\$ -	\$ 3,200	\$ -	\$ -	\$ 2,193	\$ -	\$ -	\$ -	\$ -	\$ 20,393					
9	E+	Natural Gas Residential New Construction Program	\$ -	\$ 3,448	\$ 13	\$ 3,772	\$ -	\$ 4,896	\$ 10	\$ 2,661	\$ 1,628	\$ 3,090	\$ 462	\$ 4,036	\$ 24,015					
10	E+	Natural Gas Commercial Existing Construction Program	\$ -	\$ 12,285	\$ 3,323	\$ 37,526	\$ -	\$ 16,153	\$ 10	\$ 13,085	\$ 26,960	\$ 28,546	\$ 336	\$ 7,414	\$ 145,638					
11	E+	Natural Gas Commercial New Construction Program	\$ -	\$ 2,445	\$ -	\$ 4,961	\$ -	\$ 1,449	\$ 10	\$ 966	\$ 484	\$ 5,153	\$ 462	\$ 3,640	\$ 19,569					
12	E+	Natural Gas Building Blocks Program	\$ -	\$ -	\$ -	\$ 32	\$ 72	\$ -	\$ 5,701	\$ 3,550	\$ 9,260	\$ 18,973	\$ 10,533	\$ 10,533	\$ 59,635					
13		Total	\$ 960	\$ 176,076	\$ 58,123	\$ 387,877	\$ 37,657	\$ 527,787	\$ 8,298	\$ 242,435	\$ 157,623	\$ 186,962	\$ 85,467	\$ 192,952	\$ 2,044,217					

Tracker Year 2010-11

Order	Actual Recorded Spending - from SAP Records												Estimated			Total				
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jun-11	May-11	Apr-11		Mar-11	Feb-11	Jan-11	
Natural Gas DSM Program																				
19	E+	Natural Gas Residential Existing Construction Program	\$ 1,152	\$ 189,479	\$ 46,545	\$ 391,950	\$ 45,102	\$ 599,195	\$ 3,081	\$ 266,631	\$ 136,740	\$ 134,146	\$ 88,409	\$ 200,795	\$ 2,103,225					
20		General Expenses Related to All Gas DSM Programs	\$ -	\$ -	\$ 1,200	\$ 17,952	\$ -	\$ 3,312	\$ -	\$ -	\$ 3,779	\$ 1,694	\$ -	\$ -	\$ 27,936					
21	E+	Natural Gas Business Partners Program	\$ -	\$ -	\$ 18,000	\$ -	\$ 3,840	\$ -	\$ -	\$ 2,631	\$ -	\$ -	\$ -	\$ -	\$ 24,471					
22	E+	Natural Gas Residential New Construction Program	\$ -	\$ 4,137	\$ 15	\$ 4,527	\$ -	\$ 5,875	\$ 12	\$ 3,194	\$ 1,953	\$ 3,707	\$ 554	\$ 4,843	\$ 28,618					
23	E+	Natural Gas Commercial Existing Construction Program	\$ -	\$ 14,741	\$ 3,988	\$ 45,031	\$ -	\$ 19,384	\$ 12	\$ 15,702	\$ 32,352	\$ 34,256	\$ 403	\$ 8,897	\$ 174,765					
24	E+	Natural Gas Commercial New Construction Program	\$ -	\$ 2,934	\$ -	\$ 5,953	\$ -	\$ 1,739	\$ 12	\$ 1,159	\$ 581	\$ 6,184	\$ 554	\$ 4,368	\$ 23,483					
25	E+	Natural Gas Building Blocks Program	\$ 10,533	\$ 10,533	\$ 10,533	\$ 10,533	\$ 10,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,667					
26		Total	\$ 11,685	\$ 221,824	\$ 80,281	\$ 475,947	\$ 55,636	\$ 633,345	\$ 3,117	\$ 286,686	\$ 176,035	\$ 179,986	\$ 89,920	\$ 218,903	\$ 2,435,565					

	B	C	D	E	F
1	2008-11 Natural Gas DSM Lost Revenues				
2	Time Period¹	Gas DSM Lost Revenue²			
3					
4	January-June 2008	\$ 92,294			
5	Tracker 2008-09	\$ 410,272			
6	Tracker 2009-10	\$ 791,614			
7	Tracker 2010-11	\$ 1,287,843			
8					
9					
10	Notes:				
11	1. Natural Gas DSM Lost Revenues were reset in January 2008 due to newly established T&D rates;				
12	refer to Gas Supply Monthly Tracker D2006.7.102 and General Rate Case D2007.7.82, Interim				
13	Order 6852b, Tariff 133-G and MT monthly natural gas cost rate adj D2007.7.81 Tariff 132-G.				
14					
15	2. In Docket 2009.5.63 the values reported for natural gas DSM Lost Revenues were based on reported natural gas				
16	savings of 131,078 dKt for the 2008-09 tracker period. This figure was based on 10 months of actual and 2 months				
17	of estimated savings. The updated 12-month actual reported natural gas DSM savings is 160,262 dKt.				

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	2008-11 Natural Gas DSM Lost Revenues																		
2																			
3	January-June 2008				Tracker 2008-09					Tracker 2009-10					Tracker 20010-11				
4	Rates as of January 1, 2008				Rates as of January 1, 2008					Rates as of January 1, 2009					Rates as of January 1, 2010				
5																			
6	Residential:				Residential:					Residential:					Residential:				
7	Gas Distribution	\$ 1.873843	per dKt		Gas Distribution	\$ 1.873843	per dKt		Gas Distribution	\$ 1.839552	per dKt		Gas Distribution	\$ 1.841759	per dKt				
8	Gas Transmission	\$ 1.109614	per dKt		Gas Transmission	\$ 1.109614	per dKt		Gas Transmission	\$ 1.089308	per dKt		Gas Transmission	\$ 1.080615	per dKt				
9	Gas Storage	\$ 0.337708	per dKt		Gas Storage	\$ 0.337708	per dKt		Gas Storage	\$ 0.331528	per dKt		Gas Storage	\$ 0.331926	per dKt				
10																			
11	General Service:				General Service:					General Service:					General Service:				
12	GS Distribution-Commodity	\$ 1.853984	per dKt		Gas Distribution	\$ 1.853984	per dKt		Gas Distribution	\$ 1.818025	per dKt		Gas Distribution	\$ 1.828025	per dKt				
13	GS Transmission-Commodity	\$ 1.156111	per dKt		Gas Transmission	\$ 1.156111	per dKt		Gas Transmission	\$ 1.088231	per dKt		Gas Transmission	\$ 1.089537	per dKt				
14	GS Storage-Commodity	\$ 0.344922	per dKt		Gas Storage	\$ 0.344922	per dKt		Gas Storage	\$ 0.330452	per dKt		Gas Storage	\$ 0.330849	per dKt				
15																			

	A	B	C	D	E	F	G	H	I	J	K
1		2008-11 Natural Gas DSM Lost Revenues									
2											
3		Annual Energy Savings:									
4		Natural Gas DSM Program Gross Savings									
5	1)	Gas DSM Savings – Targets & Reported Savings	January-June 2008		Tracker 2008-09		Tracker 2009-10		Tracker 2010-11		
6			Target	Reported	Target	Reported	Target	Reported	Target	Reported ¹	
7		Annual (dKt)	85,469	65,539	175,000	160,262	210,000	178,197	210,000	210,000	
8		Cumulative (dKt)	85,469	65,539	260,469	225,801	470,469	403,998	680,469	613,998	
9											
10											
11		1. Reported savings in this tracker period is assumed to be the same as the target until year end numbers are available.									
12											
13	2)	Percentage split between Residential & General Service:									
14		Residential	100%	100%	100%	100%	75%	75%	75%	75%	
15		General Service	0%	0%	0%	0%	25%	25%	25%	25%	
16		Total	100%	100%	100%	100%	100%	100%	100%	100%	
17											
18											
19			January-June 2008		Tracker 2008-09		Tracker 2009-10		Tracker 2010-11		
20	3)	Cumulative Annual Gas Savings ²	Target	Reported	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	
21		Residential (dKt)	42,735	32,770	153,039	145,670	248,101	236,175	381,749	381,749	
22		General Service (dKt)	-	-	-	-	58,809	50,500	85,059	76,750	
23		Total	42,735	32,770	153,039	145,670	306,910	286,675	466,807	458,499	
24											
25											
26		2. Savings resulting from the "Increment" in any year (take Year 1 for example) is reduced by 50% in that year as associated projects									
27		are completed and start generating savings at different times throughout the first year. This assumption contemplates that									
28		associated projects start generating savings half way through the year on average. In the second year and									
29		beyond, projects completed in the first year generate savings for the entire year so the "Increment" is credited at 100%									
30		for the second year and each successive year.									
31											
32											

	A	B	C	D	E	F	G
1	2008-11 Natural Gas DSM Lost Revenues						
2							
3							
4	Adjustment Factor						
5	The Adjustment Factor recognizes that, for a number of reasons, actual program savings is likely to vary from reported savings.						
6							
7	The Net Savings Adjustment Ratio for these tracker periods is derived from the results						
8	of NEXANT's DSM Evaluation.						
9							
10							
11							
12							
13							
14							
15							
16							

	Net Savings Adjustment	
	<u>Segment</u>	<u>Ratio</u>
	All	0.848

	A	B	C	D	E	F	G	H	I
1	2008-11 Natural Gas DSM Lost Revenues								
2									
3									
4									
5	January-June 2008								
6	Residential								
7		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
8		(\$ per dkt)							
9	Bill Line Item	\$1.873843	32,770	0.848	27,790	92,073			
10	Gas Distribution	\$1.873843	32,770	0.848	27,790	30,836			
11	Gas Transmission	\$1.109614	32,770	0.848	27,790	9,385			
12	Gas Storage	\$0.337708	32,770	0.848	27,790	9,385			
13									
14									
15									
16	Tracker 2008-09								
17	Residential								
18		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
19		(\$ per dkt)							
20	Bill Line Item	\$1.873843	145,670	0.848	123,533	231,481			
21	Gas Distribution	\$1.873843	145,670	0.848	123,533	137,074			
22	Gas Transmission	\$1.109614	145,670	0.848	123,533	41,718			
23	Gas Storage	\$0.337708	145,670	0.848	123,533	41,718			
24									
25									
26									
27	Tracker 2009-10								
28	Residential								
29		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
30		(\$ per dkt)							
31	Bill Line Item	\$1.839552	236,175	0.848	200,283	388,431			
32	Gas Distribution	\$1.839552	236,175	0.848	200,283	218,170			
33	Gas Transmission	\$1.089308	236,175	0.848	200,283	66,399			
34	Gas Storage	\$0.331528	236,175	0.848	200,283	66,399			
35									
36									
37	General Service								
38		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
39		(\$ per dkt)							
40	Bill Line Item	\$1.818025	50,500	0.848	42,825	77,857			
41	Gas Distribution	\$1.818025	50,500	0.848	42,825	46,604			
42	Gas Transmission	\$1.088231	50,500	0.848	42,825	14,152			
43	Gas Storage	\$0.330452	50,500	0.848	42,825	14,152			
44									
45									
46									
47									
48									
49	Tracker 2010-11								
50	Residential								
51		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
52		(\$ per dkt)							
53	Bill Line Item	\$1.841759	381,749	0.848	323,734	596,240			
54	Gas Distribution	\$1.841759	381,749	0.848	323,734	349,832			
55	Gas Transmission	\$1.080615	381,749	0.848	323,734	107,456			
56	Gas Storage	\$0.331926	381,749	0.848	323,734	107,456			
57									
58									
59	General Service								
60		Rate	Gross Program Savings (dkt)	Adjustment Factor	Net Savings (dkt)	Estimated Lost Revenue (\$)			
61		(\$ per dkt)							
62	Bill Line Item	\$1.828025	85,059	0.848	72,132	131,859			
63	Gas Distribution	\$1.828025	85,059	0.848	72,132	78,591			
64	Gas Transmission	\$1.089537	85,059	0.848	72,132	23,865			
65	Gas Storage	\$0.330849	85,059	0.848	72,132	23,865			
66									
67									
68									
69									

NorthWestern[™] Energy

2010 DSM/USB Communications Plan

NorthWestern Energy offers a broad selection of energy efficiency, renewable energy, and low income programs and services funded by customers through electric and natural gas supply rates and the electric and natural gas Universal System Benefits Charges (USBC). The energy savings resulting from these programs are a key piece of NorthWestern Energy's supply portfolio.

The electric and natural gas resource acquisition targets for these programs are defined in the set forth in the supply portfolio plans filed with the Montana Public Service Commission (MPSC).

Program offerings and participation have been accelerated over the past several years. As findings of the electric DSM assessment and end use survey are integrated into program offerings, this plan will be modified.

Compact Fluorescent Light bulbs (CFLs) continue to contribute a significant portion of the electric savings in recent years while commercial and industrial markets have not grown as rapidly. Natural gas offerings were expanded in 2009 and additional new initiatives are incorporated in 2010 as appropriate.

A comprehensive independent evaluation of all NorthWestern Energy demand side management (DSM) and USB programs was completed in 2007. The evaluation concluded that NorthWestern Energy's programs deliver cost effective natural gas and electric savings, are well-run and follow many best practices. The evaluation provided specific recommendations for program changes, some of which relate to communication, education, and marketing.

Nationally and locally, attention to energy efficiency, renewable energy, and “green” or sustainable is exploding.

The DSM targets and the heightened awareness of “green” help frame the need and opportunities set forth in this communication plan. The plan is intended to be an active, adaptive product--one that can be filed with the MPSC as part of the implementation strategies to achieve the DSM targets and can be modified to meet current needs and opportunities.

The plan is implemented consistent with NorthWestern Energy graphics and image standards and strategies.

When referring to DSM in this plan, both DSM activities funded with supply rates and Universal System Benefits (USB) activities funded with the USBC are included. Generally, DSM refers to both activities but where appropriate, USB has been specifically broken out.

The plan refines and sustains residential, low income, and renewable generation communications strategies and substantially increases the communication of the commercial/industrial programs. The following table lists the programs by customer sector addressed in the plan.

Table 1: DSM Programs

DSM Programs	Customer Sector
E+ Energy Audit for the Home (natural gas and electric)	Residential
E+ Home Lighting Rebate Program (electric)	Residential
E+ Natural Gas Savings for the Home Program (natural gas)	Residential
E+ New Homes Program (electric and natural gas)	Residential
E+ Residential Electric Savings Program (electric)	Residential
E+ Free Weatherization Program (natural gas and electric)	Residential
E+ Commercial Lighting Rebate Program (electric)	Commercial/Industrial
E+ Energy Appraisal for Businesses (electric emphasis)	Commercial
E+ Business Partners Program (natural gas and electric—new and existing facilities)	Commercial/Industrial
E+ Natural Gas Savings Rebates for Commercial Customers—existing facility (natural gas)	Commercial/Industrial
E+ Natural Gas Savings Rebates for Commercial Customers—new construction (natural gas)	Commercial/Industrial
E+ Electric Motor Rebate Program (electric)	Commercial/Industrial
E+ Electric Green Motor Rewind Program (electric)	Commercial/Industrial
E+ Irrigator Program (electric)	Agricultural
E+ Renewable Energy (electric)	All
E+ Green Power (electric)	All
Northwest Energy Efficiency Alliance (NEEA) (primarily electric)	All

The DSM programs are not offered to Large USB Electric Choice customers or to Natural Gas Choice customers so these customers are not targeted in the plan.

The DSM Communications Plan is intended as a guide to identify and direct the communications strategies associated with the implementation of NorthWestern Energy's DSM programs. The plan will be modified as needed to suit changing opportunities and conditions.

The 2009 American Recovery and Reinvestment Act (ARRA) has resulted in some new partnership opportunities for qualifying energy efficiency and renewable projects which are included.

GOAL

Effectively and efficiently market DSM programs to achieve defensible natural gas and electric resource acquisition results for the supply portfolios through NorthWestern Energy employees and its program contractors, and by generating increased public awareness of the programs and the opportunity to save energy.

OBJECTIVES

- Engage trade ally community and public entities to incorporate energy efficiency in their messages and marketing
- Engage customers to demand energy efficiency from service providers
- Build participation with emphasis on commercial/industrial DSM sector projects

AUDIENCES

- NorthWestern Energy Employees
- NorthWestern Energy program contractors
- Commercial and Industrial Sector Customers (electric supply)
- Residential customers (gas and electric supply)

- Trade Allies: Electrical vendors—i.e. Crescent Electric, Grainger, WesCo, CED; Service providers—electricians, refrigeration, HVAC, motors, architects, engineers, insulation; Distributors—lighting, equipment; Retailers—of CFLs, building supplies, appliances, air sealing, and water measures; Building Contractors and general contractors; HVAC and insulation contractors; trade associations—i.e. AIA, ASHRAE, Montana Hospital Association, Innkeepers.
- Public Officials and Government departments
- Media—mass and trades
- Related organizations—Green Build, Community climate change organizations

IMPLEMENTATION STRATEGIES

NorthWestern Energy will engage its employees, program implementation representatives, and program contractors to utilize existing and new methods and tools to cultivate greater customer participation in the DSM programs.

Implementation tactics are targeted by customer sector and directed at defined audiences in most cases. Cross-marketing of programs within the customer sector is incorporated as appropriate. A general calendar of implementation tactics by quarter, sector, program and audience is provided.

TACTICS

Residential Programs

- Update program materials/resources (Web and Brochures)
- Coordinate display materials for Spring Home Shows (Shows run February – May)
- Continue existing natural gas program campaign
- Develop updated program-at-a-glance summary
- Launch yearlong contest on Earth Day in conjunction with instant coupon offerings to increase installation of CFLs, incorporating the educational messages (4L's) and contest into various residential lighting messages for Lighting activities (Direct Mail, Tradeshow, Events)
- Targeted direct mail and limited media for E+ audits with cross marketing of Energy Appraisal
- Continue contacts by program contractors/CRMs
- Update Customer Service Representative (CSR) training for new CSRs
- Messages in Energy Connections and news releases regarding saving energy.
- Meet with Community Relations Managers (CRMs) regarding program changes
- Participate in local events as appropriate
- Contact various program trade allies with updates and solicitations of new trade allies (Preferred Contractors, lighting retailers, homebuilding associations)
- Cultivate "Green Blocks" participation targeted communities
- Promote the State Appliance Rebate program to residential customers
- Target participation in Fall Weatherization events

Commercial/Industrial Programs

- Update existing program materials/resources (web and brochures) to incorporate Program additions and changes.

- Develop new materials (brochure copy, case studies, feature articles, etc.) for expanded Business Partners (natural gas and electric), Motors Program, new commercial natural gas rebate programs
- Finalize new project case studies on Commercial/Industrial Customers
- Integrate Commercial program messages into Tradeshow displays
- Meet with Community Relations Managers (CRMs) regarding program changes
- Continue customer and trade ally contacts by program contractors/CRMs
- Participate in local events where appropriate
- Develop timeline and strategy for Energy Conservation Conference
- Targeted outreach for customer/trade ally training and partnership opportunities
- Review and update trade ally databases
- Update program-at-a-glance summary
- Update Web resources to coincide with program changes and additions

METHODS/TOOLS

Residential Sector

Residential family of Program Brochures that describe individual program and cross-market same sector programs and highlight resources “for more information” (FMI) directing customers to website or program contact phone numbers. GENERAL AUDIENCES

Web Promotion/Applications/descriptions on NorthWestern Energy web site
GENERAL AUDIENCES

Internal Communications throughout the year such as FYI, TEAM, TeamLink, e-mails, CSR trainings, etc. to inform all or targeted groups of employees of programs, featured projects/promotions, training, and events. EMPLOYEES

Billing messages in the message box of the NorthWestern Energy billings statement and in Energy Connections to encourage program participation.
RESIDENTIAL CUSTOMERS

Direct Mail to Trade Allies and targeted customers of individual program offering and related trainings along with cross-marketing of other programs. TARGETED FOR INDIVIDUAL MAILING

One-on-one by Program Reps, Program Contractors, Community Relations Managers(CRMs), and Customer Service Representatives (CSRs) – communicate residential program offerings based upon opportunity and direct to appropriate resources. May include interactions during: E+ Audit for the Home, Tradeshow discussions, Customer Care calls, or normal company interactions with the customer. OPPORTUNITY DRIVEN

One to Many through speakers bureau, service organization presentations by Program Contractors and CRMs to increase awareness of programs and opportunities to save energy. COMPANY OR CUSTOMER INITIATED

Home Improvement Shows, Farmers' Markets, Parade of Homes, Community Events to reach targeted audiences with information about programs and opportunities and, as appropriate, distribute Compact Fluorescent Lightbulbs (CFLs). COMPANY OR ORGANIZATION INITIATED

Trade Association Events, Publications, and Websites to target presentations, displays and messages about opportunities for customers to save energy and the programs that NorthWestern Energy offers. TARGETED TRADE ALLIES OR CUSTOMER GROUP

NorthWestern Energy Weatherization Events to distribute starter weatherization kits, to educate residential customers on low cost ways to save energy, and to inform residential customers of the various programs and services offered by NorthWestern Energy. CFLs are also provided to residential electric customers who have not received free CFLs at a distribution event earlier in the year. TARGETED RESIDENTIAL CUSTOMERS THAT HAVE NOT PARTICIPATED IN THE PAST

Targeted media advertising tied to special campaigns, programs or events. TARGETED TO ELIGIBLE RESIDENTIAL AUDIENCE

Earned Media feature stories on projects and opportunities in trade or mass media. GENERAL AUDIENCE WITH EMPHASIS ON ELIGIBLE AUDIENCE.

Other Resources Coordinate activities and messages with the American Recovery and Reinvestment Act of 2009 (ARRA) initiatives and Montana Tax Credits where possible.

Commercial/Industrial Sector

Commercial/Industrial family of Program Brochures that describe individual program and cross-market same sector programs and highlight resources “for more information” (FMI) directing customers to website or program contact phone numbers. GENERAL AUDIENCES

Web Promotion/Applications/descriptions on NorthWestern Energy web site
GENERAL AUDIENCES

Internal Communications throughout the year such as FYI, TEAM, TeamLink, e-mails, CSR trainings, etc. to inform all or targeted groups of employees of programs, featured projects/promotions, training, and events. EMPLOYEES AND PROGRAM PARTNERS AS APPROPRIATE

Case Studies of E+ Business Partners and substantial E+ Commercial Lighting Rebate Program projects to demonstrate various types of customer participation and customer benefits. TARGETED TRADE ALLIES AND KEY CONTACTS AND TARGETED CUSTOMERS

Billing messages in the message box of the NorthWestern Energy billings statement and in Energy Connections to encourage program participation
COMMERCIAL/INDUSTRIAL CUSTOMERS

Direct Mail to Trade Allies and targeted customers of individual program offering and related trainings along with cross-marketing of other programs. TARGETED FOR INDIVIDUAL MAILING

Customer Care E-Newsletter to key customers will include information about programs, training, and case studies throughout the year

One-on-one by Program Reps, Program Contractors, Community Relations Managers (CRMs), and Customer Service Representatives (CSRs) – communicate commercial and industrial program offerings based upon opportunity and direct to appropriate resources. May include interactions during: E+ Energy Appraisal, informal facility assessment, project completion review, cold calls, trade ally visits, or normal company interactions with the customer.
OPPORTUNITY DRIVEN

One to Many through speakers bureau, service organization presentations by Program Contractors and CRMs to increase awareness of programs and opportunities to save energy. COMPANY OR CUSTOMER INITIATED

Vendor breakfast/Brown Bags/After Hour events/Community Events to reach targeted audiences with information about programs and opportunities.
COMPANY OR ORGANIZATION INITIATED

Trade Association Events, Publications, and Websites to target presentations, displays and messages about opportunities for customers to save energy and the programs that NorthWestern Energy offers. Northwestern Energy Lighting Trade Ally Network is an example of an activity that provides technical training and cultivates trade ally participation in programs. TARGETED TRADE ALLY OR CUSTOMER GROUP

Targeted media advertising tied to events or projects. GENERAL AUDIENCE WITH EMPHASIS ON SPECIFIC PROJECT-RELATED AUDIENCES

Earned Media feature stories on projects and opportunities in trade or mass media. GENERAL AUDIENCE WITH EMPHASIS ON SPECIFIC PROJECT-RELATED AUDIENCES

BUDGET

NorthWestern Energy has defined an overall budget for marketing and communication for the electric and natural gas DSM programs of \$1. This includes mass media development and placement as well as all other marketing expenses.

MEASUREMENT

Measurement of this communications plan will be achieved through program participation in comparison to the resource acquisition goals set forth in the supply plans filed with the MPSC.

The DSM targets are based on a June 1 – May 31 year.

Other supporting measurement will gathered through existing customer and employee survey tools, tracking of participation in comparison to past performance.

	A	B	C	D	E	F	G	H	I	J	K	L	M
		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates			Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1													
2	R0x	Residential											
3	R0x	Tips--electric	Spot media and Campaigns			x		Residential electric customers	Act to save electricity; check out programs	Television; radio		Tips	
4	R0x	Tips--Natural Gas	Spot media and Campaigns				x	Residential natural gas customers	Act to save natural gas; check out programs	Television; radio		Tips	
5	R1x	Residential Audits			On-going	x	x	Residential space or water heating customers whose home has not previously been audit (home 5 yrs old or older), Residential electric baseload customers	Call to Action--Schedule an Audit; follow-up on recommendations	2 Xs /Year Energy Connections--more as needed; news releases as needed; bill statement messages; direct mail to targeted customers	CSR, CRM reminders of qualifications	<i>On-going description, contact, qualifications</i>	Tradeshaw and event handouts/sign-ups/display/brochures of all residential programs/resources in audit packets
6	R1x	Outreach	Targeted Direct Mail	Jan	Jan Feb more as needed		x	Residential natural gas customers who've not previously had an audit	Call to Action--Schedule an Audit; follow-up on recommendations	Direct Mail/ reinforcing press release	E-mail notice of mailing		Direct Mail
7	R1x	Electric Baseload	Targeted Direct Mail		On-going	x		Residential electric baseload customers	Call to Action--Complete Energy Usage survey; follow-up on recommendations	Direct Mail			Direct Mail Non-NWE production
8	R2x	E+ Home Lighting -- CFLs Bright Future Challenge umbrella campaign 4/22/10-4/15/11	<i>Campaign includes Contest throughout year. Focus on Education--opportunities to save electricity</i>		On-going	x		Residential electric customers	Call to Action--Install CFLs in High Use Locations (Educate--4L's)	Multiple Xs Energy Connections; Direct Mail, Radio, Newspaper, billboard, micro-web site, web advertising, events, Spot TV		<i>Mail-in offer, education messages, reinforce special offers/events, list participating retailers</i>	<i>Tradeshaw Display/Retailer support & POP</i>
9	R2x	Mail-in Rebate Offer	Web, Audits, Distribution Events, Energy Connections		On-going	x		Residential electric customers	Call to Action--Install CFLs in High Use Locations (Educate--4L's) offer up to \$2 off for up to 15 CFLs			on-line application	Brochure
10	R2a	Spring Trade Shows a)	CFL distribution (Missoula, Billings, Helena, Great Falls, Butte); Displays; promote all appropriate programs	Feb	Feb - May	x		Residential electric customers	Call to Action--Install CFLs in High Use Locations (Educate--4L's)	Spot Newspaper/TV	local market e-mail	List in events/training/workshops?	Canvas Bags, Brochures/Signage

	A	B	C	D	E	F	G	H	I	J	K	L	M
		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1													
11	R2x	Bright Future Challenge--Earth Day Instant Coupon Offer	Direct Mail to residential electric customers for up to \$2 off on CFLs from Participating Retailers	Apr	Apr 22-Jun 13	x		Residential electric customers	Call to Action--Buy from participating retailers. Ltd time offer. Install CFLs in High Use Locations (Educate--4L's)	Multiple Xs Energy Connections; Direct Mail, Radio, Newspaper, billboard, micro-web site, web advertising, events, Spot TV, Retailer POP/Education	e-mail of mailing and qualifications	Reference, list of participating retailers	see media
12	R2x	Farmers' Market	CFL Distribution Events	Jul	Jul- Aug	x		Residential electric customers who've not rec'd Free CFLs at event earlier in year	Call to Action--Install CFLs in High Use Locations (Educate--4L's)	Newspaper, spot Radio	local market e-mail	List in events/training/work shops?	
13	R2a	Fall Trade Shows a)	Displays, all programs, CFL distribution (Missoula, Billings, Bozeman?, Helena?, Great Falls, Butte)	Sep	Sep - Oct	x		Residential electric customers who've not rec'd Free CFLs at event earlier in year	Call to Action--Install CFLs in High Use Locations (Educate--4L's)	Spot Newspaper	local market e-mail	List in events/training/work shops?	Canvas Bags, Brochures/Signage
14	R2x	Regional Buy downs	Review POP/agreements for Regional efforts	Jan	Jan- Dec	x		Residential electric customers	Call to Action for specialty CFLs	POP/Retailer ed		Info on specialty CFLs and retailers	
15	R2x	Bright Future Challenge--Fall Instant Coupon Offer	Direct Mail to residential electric customers for up to \$2 off on CFLs from Participating Retailers	Oct	Tentative Oct 1 - Nov 15	x		Residential electric customers	Call to Action--Buy from participating retailers. Ltd time offer. Install CFLs in High Use Locations (Educate--4L's)	Multiple Xs Energy Connections; Direct Mail, Radio, Newspaper, billboard, micro-web site, web advertising, events, Spot TV, Retailer POP/Education	e-mail of mailing and qualifications	Reference, list of participating retailers	see media
16	R2b	Weatherization Events b)	CFL Distribution Events in conjunction with Gas/Customer Appreciation	Sep	Sep-Dec 15	x		Residential electric customers who've not rec'd Free CFLs at event earlier in year	Call to Action--Install CFLs in High Use Locations (Educate--4L's)	Direct Mail, Newspaper, Radio, bill insert, participating partners recognition, news release, mass and locals	e-mail of mailing and qualifications, schedule, request for help, i-connect, local e-mails at time of events	Schedule, event descriptions, how-to info	Canvas Bags, how-to DVDs, Brochures/Signage
17	R3x	E+ Gas Savings for the Home	Promote Rebates for homes with natural gas space or water heat		On-going		x	Residential natural gas space and water heating customers (New or Existing Homes)	Call to Action--Install qualifying measures for rebates (Insulation, Programmable Thermostats, High Efficiency heating or water Equipment replacements, heating system retrofit upgrades)	2 Xs /Year Energy Connections--more as needed		Description of Rebate offers, forms, preferred contractor lists (Heating Contractors/Insulation Contractors)	General Brochure, description, application, preferred installers /Display materials / supporting Preferred Contractor advertising

	A	B	C	D	E	F	G	H	I	J	K	L	M
		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1													
18	R3x	Gas Savings Mass Media Campaign 1	Mass Media targeted at residential natural gas customers	Jan	Q 1-2		x	Residential natural gas space or water heating customers	Call to Action—Install qualifying measures for rebates	TV, Billboard, Radio, Newspaper	e-mail of campaign to CSRs, CRMs, key contractors	Call to Action	General Brochure, description, application, preferred installers /Display materials / supporting Preferred Contractor advertising
19	R3x	Gas Savings Mass Media Campaign 2	Expanded messages?	Sep	Q 3-4		x	Residential natural gas space or water heating customers	Call to Action—Install qualifying measures for rebates	TV, Billboard, Radio, Newspaper; direct mail?	e-mail of campaign to CSRs, CRMs, key contractors	Call to Action	General Brochure, description, application, preferred installers /Display materials / supporting Preferred Contractor advertising
20	R3b	Weatherization Events b)	Distribute Air Sealing Measures to qualifying natural gas residential customers, educate on programs	Sep	Sep-Dec 15		x	Residential natural gas space or water heating customers— qualifications around past participation	Call to Action—Receive and Install air-sealing measures; learn about programs and saving energy	Direct Mail, Newspaper, Radio, bill insert, participating partners recognition, news release, mass and locals	e-mail of mailing and qualifications, schedule, request for help, I-connect, local e-mails at time of events;	Schedule, event descriptions, how-to info	Canvas Bags, how-to DVDs, Brochures/Signage
21	R3a	Spring Tradeshows a)	Program Education in Natural Gas markets	Feb	Feb- May		x	Residential natural gas space or water heating customers	Call to Action—Install qualifying measures for rebates	spot newspaper/TV		Call to Action	Displays/brochures program materials
22	R3a	Fall Tradeshows a)	Program Education in Natural Gas markets	Sep	Sep- Oct		x	Residential natural gas space or water heating customers	Call to Action—Install qualifying measures for rebates	Spot newspaper	local market e-mail	Call to Action	Displays/brochures program materials
23	R3x	Green Blocks—Missoula/Helena	Promote natural gas energy efficiency programs in existing homes, partners with local allies, includes installation of qualifying measures,	Jul	Tentative Jul- Sep		x	Residential natural gas space or water heating customers in existing homes; targeted communities; CFLs installed as appropriate	Local partners coordinate participation; NWE provides information in advance; follow-up after event	as needed	CSR and local market e-mail	reports as appropriate	Educational brochures; signage
24	R0x	Special Events—Dust to Dazzle, CSR Training, Bozeman Historic Preservation	Promote natural gas energy efficiency programs in existing homes, partners with local allies,		As needed	x	x	Residential natural gas space or water heating customers in existing homes; targeted Events	Call to Action— Participate in programs; prioritize measures; install qualifying measures for rebates;	Spot newspaper; news releases as appropriate	CSR and local e-mails as appropriate	Schedule on site	Educational brochures; signage; displays; presentations

	A	B	C	D	E	F	G	H	I	J	K	L	M
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/Initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
25	R4x	E+ New Homes	Promote energy efficiency in new homes, rebates for qualifying measures, rebates for Energy Star manufactured homes; Training/promote Northwest Energy Star Homes/builders; new MT Code					Residential customers building new homes		Energy Connections	E-mail of program qualifications and links; Training	Rebate forms, link to all Energy Star builders, Energy Star support	Brochure
26	R4x	E+ New Homes Natural Gas	Promote natural gas energy efficiency in new homes, rebates for qualifying measures, training/promote Northwest Energy Star Homes; new MT Code	Sep	Sep		x	Residential natural gas customers building new homes	Call to Action--install high efficiency heating or water heating measures; Northwest Energy Star manufactured homes	Special Publication, Newspaper at Parade of Homes		Schedule/homes, Rebate forms, link to all Energy Star builders, Energy Star support	Brochures/Signage as needed
27	R4x	E+ New Homes Electric	Rebates for CFLs and Fixtures or Northwest Energy Star electrically heated manufactured homes, and information about Northwest Energy Star Homes; Train/promote NW Energy Star Homes/Builders; new MT Code		Apr Sep		x	Residential Electric Customers building new homes	Call to Action--include ENERGY STAR lighting in new homes; Northwest Energy Star homes/builders	Special Publication, Newspaper at Parade of Homes		Schedule/homes, Rebate forms, link to all Energy Star builders, Energy Star support	Brochures/Signage as needed
28	R4x	E+ Residential Electric Savings	Promote energy efficiency and fuel switching in homes with electric space or water heat		as needed		x	Residential Electric space or water heat customers in existing homes	Call to Action--Install qualifying efficiency measures or switch to natural gas (NWE or other)	Targeted direct mail; trade ally		Description of Rebate offers, forms, preferred contractor lists (Heating Contractors/Insulation Contractors)	forms/application
29	R5	MT Cash for Clunkers Appliance Rebate Program	Promote State Appliance Rebate Offer and Energy Star Appliances	May	As needed		x	Residential Customers buying new Energy Star Appliances	Call to Action--State program and educate on Energy Star Appliances	Newspaper, Web		Description of State Offer/refer to State website	

	A	B	C	D	E	F	G	H	I	J	K	L	M
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
30	R6x	E+ Free Weatherization	Supportive advertising for low income energy assistance--	Sep	Sep - Apr as needed	x	x	Income Qualified space or water heating customers for free Audit and installation of qualifying measures (LIEAP qualified) also receive NWE low income discount; may qualify for Energy Share	Call to Action--Apply for LIEAP as soon as possible to receive LIEAP and heating season discounts; and potentially qualify for free weatherization. Income Guidelines have been relaxed.	Energy Connections; Newspaper; radio , September? news release on NWE programs & funding		Description of program/discount and refer customers to Human Resource Councils to apply.	energy efficiency education materials
31	R7x	Low Income Appliance Replacement	Target LIEAP customers whose homes have been previously Weatherized with Energy Star Refrigerator replacements		Summer/Fall	x		LIEAP Qualified electric customers whose homes have been previously weatherized and who have old, inefficient refrigerators;	Call to Action--respond to survey to replace old, inefficient refrigerators	Direct Mail, Customer Education for on-site, information about programs/recycling included		Updates on actions	Energy efficiency/recycling/ assistance education materials
32													
33	C0	Commercial *											PowerPoint presentation for internal and key contractor use
34	C1	E+ Commercial Lighting Rebates	Promote rebates energy efficient lighting in commercial facilities		on-going	x		Commercial and industrial electric customers and the trade allies who serve them	Call to Action--Install high efficiency lighting products	Special Publications (display ads or articles); Case Studies; Lighting trade ally network; Association/Vendor Events; targeted direct mail; business Solutions E-newsletter; solicit features	e-mail to CRMs and key staff	Description of Rebate offers, forms, Lighting Trade Ally lists, case studies; schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage
35	C1	NWE Lighting Trade Ally Network	Engage Lighting Trade Allies as Partners for program success		Mar - Apr (Fall)	x		Lighting Trade Allies and key facility operators	Call to Action--technical training to improve ability to design, sell, install commercial/industrial energy efficient lighting equipment and to promote NWE Lighting Rebate Program	Newsletters, Direct Mail, e-mail, web	e-mail to CRMs and key staff	Schedule of training; Registration information; session description; "Qualified" List of Trade Ally Network Members for customers	Training invitation, Program brochure, Newsletter

	A	B	C	D	E	F	G	H	I	J	K	L	M
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	F	G	Audience	Message	Media	Internal (Includes employees and key contractors)	Web	Hard Materials
36	C2	E+ Energy Appraisal for Business	Energy audits for commercial facilities under 300kW with emphasis on electric savings		on-going	x		Electric Commercial facilities under 300 kW	Call to Action--Schedule Appraisal and follow-up on recommendations	Energy Connections; Business Solutions E-newsletter; Event Displays; presentations		Description of offer and contact information	Brochure
37	C3	E+ Business Partners	Promote custom incentives for electric or natural gas cost effective energy efficiency measures in new or existing commercial/industrial facilities		on-going May- Jun & Fall emphasis	x	x	Commercial and industrial electric or natural gas customers and the trade allies who serve them	Call to Action--Install energy saving measures	Special Publications (display ads or articles); Case Studies; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter, solicit feature articles		Description of program, application, case studies; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage
38	C3a	E+ Business Partners Natural Gas Measures	Introduce new commercial natural gas offering custom incentives for new or existing facilities		May- Jun & Fall emphasis		x	Commercial and industrial natural gas customers and the trade allies who serve them	Call to Action--Install energy saving measures; explore offer	Special Publications (display ads or articles); Case Studies as they become available; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter		Description of program, application, case studies as become available; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage; presentations
39	C3b	E+ Natural Gas Savings Rebates for Commercial Customers -- Existing Buildings	Promote rebates for qualifying energy efficient equipment and improvements in existing commercial facilities		May-June & Fall emphasis		x	Commercial and industrial natural gas customers and the trade allies who serve them	Call to Action--Install energy saving measures for rebates	Special Publications (display ads or articles); Case Studies as they become available; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter, solicit feature articles	NEED KICK-OFF COMMUNICATION;	Description of program, application, case studies as become available; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage; presentations

	A	B	C	D	E	F	G	H	I	J	K	L	M
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
40	C4a	E+ Natural Gas Savings Rebates for Commercial Customers--New Construction	Promote rebates for qualifying energy efficient equipment and improvements in new construction commercial facilities		May-June & (Fall?)		x	Commercial and industrial natural gas customers and the trade allies who serve them	Call to Action--Install energy saving measures for rebates	Special Publications (display ads or articles); Case Studies as they become available; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter		Description of program, application, case studies as become available; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage presentations
41	C4b	E+ Commercial Gas Program	Engage natural gas Trade Allies as Partners for program success		On-going		x	Commercial and industrial natural gas trade allies and key facility operators	Call to Action--Promote NWE natural gas commercial rebate programs to improve trade allies ability to design, sell, install commercial/industrial qualifying energy efficient natural gas measures.	Multiple site Breakfast/Brown Bag. Direct Mail; e-mail; trade ally newsletters		Schedule of sessions; registration information; preferred contractors as available	Invitation to session; presentation; forms/applications
42	C5a	E+ Motor Rebates	Promote rebates for NEMA Premium motors in commercial/industrial facilities		as needed	x		Commercial and industrial electric customers with motors and the trade allies who serve them	Call to Action--Choose NEMA Premium motors when buying new motors.	Special Publications (display ads or articles); Case Studies as they become available; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter		Description of program, application, case studies; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage; presentations
43	C5b	E+ Green Motor Rewind Rebates	Promote rebates for motors rewound to Green Motors Standards in commercial/industrial facilities		as needed	x		Commercial and industrial electric customers with motors and the trade allies who serve them	Call to Action-- Demand GREEN motor standards when having motors rewind	Special Publications (display ads or articles); Case Studies as they become available; trade ally events; Association/Vendor Events; targeted direct mail; Business Solutions E-Newsletter		Description of program, application, case studies as become available; Schedule of training events; links to other resources as appropriate	Brochure/Case Studies/Display Signage; presentations

	A	B	C	D	E	F	G	H	I	J	K	L	M
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
44	C5	Motor Training	Training/education/ CEU		May (Fall?)	x		Commercial and industrial electric customers with motors and the trade allies who serve them	Education on value of effective motor management techniques; information on NWE programs	Direct Mail; e-mail; trade ally newsletters	e-mail to CSRs, CRMs and key staff	Schedule of training events; course description; registration information	Direct Mail flyer and PDF of same; training manuals
45	C6	E+ Irrigation	Promote custom incentives for cost effective electric irrigation measures		Apr Sept	x		Irrigation customers	Call to Action—submit proposal for custom incentives for cost effective electric irrigation system improvements	Bi-annual mailing to irrigation customers through customer care	e-mail to CSRs, CRMs and key staff	Description of program, application,	Direct mail and Include in Business Partner brochure
46	C7	Lighting Design Lab	Promote energy efficient lighting design through training/education (CEUs)		Apr Sep	x		Architects, Engineers, interested customers with lighting design and installation responsibilities	Improve energy efficiency of lighting with better knowledge; use NWE Rebates	Direct Mail; e-mail; trade ally newsletters;	e-mail to CSRs, CRMs and key staff	Schedule of training events; course description; registration information	
47	C8	Commercial Conference on Energy/BetterBricks Awards	Promote energy efficiency through conference and BetterBricks Awards by recognizing individuals who are energy efficiency champions for commercial facilities Nominations in '09 Awards '10		Q-4	x	x	Architects, Engineers, facility managers, Public Buildings, others with commitment in developing/operating high performance commercial facilities	Encourage energy efficiency and how it can improve bottom line to businesses	Direct Mail, trade ally newsletters, e-mail, event booths	e-mail to CRMs and key staff	Schedule/Registration, Nomination process; BetterBricks Winners winners	
48	C9	Building Operator Certification Training	Training/education/certification for facility managers; emphasis on schools, public buildings, non-profit hospitals		Apr May Late summer	x	x	Facility managers with interest in reducing energy costs through operations and maintenance and incorporating energy efficiency in purchases and practices	Call to Action—enroll; scholarships for tuition and travel for public schools, public buildings, and non-profit hospitals	Direct Mail, trade ally newsletters, e-mail, event booths	e-mail to CSRs, CRMs and key staff	Schedule of training events; course description; registration information	Direct Mail flyer and PDF of same; training manuals
49	C10	Building Blocks	Promote energy efficiency in existing buildings through installation targeted Bozeman businesses	Mar	on-going	x	x	Target downtown Bozeman businesses to increase adoption of energy efficiency improvements	Call to Action—audit, recommendations, standard rebates	Direct contact with targeted businesses			Description for targeted businesses
50	C11	Green Biz	Promote energy efficiency in existing buildings through installation partnership with Missoula		TBD	x	x	Commercial model of Green Blocks for Missoula businesses	Call to Action—audit, recommendations, standard rebates, Missoula ARRA funds	Direct contact with targeted businesses			Description for targeted businesses

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1		DSM Communications Calendar subject to change based upon Need or Opportunity	Campaign/initiative	MO	Implement- ation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
51													
52		Renewables											
53	G1	E+ Renewable Energy	Support education and development of small scale renewable generation			x		Residential and commercial electric customers and the renewable trade allies who support renewable generation	Educate electric customers on small scale renewables and direct them to resources to develop	Special NWE publications; ltd print ads; energy connections; montanagreenpower.com; trade allies & Associations		Description of program; NWE publications; Schedule of training events; List of events where NWE is present with display or speakers; links to other resources as appropriate	NWE publications and Brochures; Signage & presentations
54	G2	E+ Green Power **	Offer premium service option of green power product to electric customers		on-going	x		Residential and commercial electric customers who support renewable generation	Call to Action-- Opportunity to support renewable generation through premium on electric bill	Energy Connections; Public Radio Sponsorships; other events or sites as appropriate and available		Description of program; on-line enrollment	Brochure; signage
55													
56	O	Northwest Energy Efficiency Alliance	Promote		on-going	x		Residential, Commercial, Industrial, and agriculture customers and the trade allies and infrastructure that serve them	Varies with initiative	NWE supporting materials to NEEA messages	AS APPROPRIATE	Training Information; links to other resources	Varies with initiative
57	O	Kidsville News	Promote energy efficiency and renewable energy so K-8 students in monthly publication		thru June	x	x	Students, daycare children	Education on energy efficiency and small scale renewables for youth	Mix of information, activities on selected topic in six editions (other 6 are safety)			Pages available for other activities or events
58													
59		*Large Universal System Benefits Choice (USBC) Customers are not eligible for electric programs. Natural gas commercial programs are not offered to natural gas Choice customers.											
60													
61		**E+ Green is not a DSM program but is part of NWE's renewable offerings.											
62													

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
1		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
51														
52		Renewables E+ Renewable Energy												
53	G1	E+ Green Power **												
54	G2													
55		Northwest Energy Efficiency Alliance												
56	O	Kidsville News												
57	O													
58														
59		*Large Universal System Benefits Choice (USBC) Customers are not eligible for electric programs. Natural gas commercial programs are not offered to natural gas Choice customers.												
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62														