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September 1, 2010

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

RE: Docket No. D2010.5.50
Electric Supply Tracker
PSC Set 2 Data Requests (026-027)

Dear Ms. Whitney

Enclosed for filing is one copy of NorthWestern Energy's response to PSC Set 2 Data Requests. These data request responses will be efiled at the PSC website. The hard copy will be mailed to the service list in this Docket this date.

Should you have questions please contact Joe Schwartzberger at 406 497-3362.

Sincerely,

A handwritten signature in cursive script that reads "Nedra Chase".

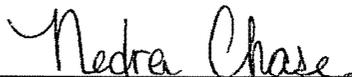
Nedra Chase
Administrative Assistant
Regulatory Affairs

NC/nc
CC: Service List

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's response to PSC Set 2 Data Requests in Docket D2010.5.50 Electric Supply tracker has been efiled with PSC and has been served on the most recent service list by mailing a copy thereof by first class mail, postage prepaid.

Date: September 1, 2010



Nedra Chase
Administrative Assistant
Regulatory Affairs

A. Service List D2010.5.50

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Butte MT 59701**

**Robert Nelson
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Helena MT 59620-1703**

**Joe Schwartzenberger
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1701 Prospect Box 202601
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**Jason B. Williams
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**John W. Wilson
JW Wilson & Associates
1601 N. Kent Ste 1104
Arlington VA 22209**

NorthWestern Energy
Docket D2010.5.50
Electric Supply Deferred Cost Account Balance
and
Projected Electric Supply Cost

Montana Public Service Commission (PSC)
Set 2 (026-027)

Data Requests received August 19, 2010

PSC-026

Regarding: 2010 – 2011 Tracker Period

Witness: Kevin Markovich

- a. Is NWE asking the PSC to approve financial hedging program in this Docket?
- b. Please discuss whether financial hedging, with its associated credit requirements, would noticeably constrain NWE's capital, making it unavailable for other uses.
- c. If financial hedging would noticeably constrain NWE's capital, please explain how the costs of such capital constraints are incorporated into the cost benefit analysis?

RESPONSE:

- a. NWE is asking for approval to enter into financial swaps for hedging purposes in this Docket.
- b. Financial swaps would not impose any additional financial constraints on NWE's capital beyond that of physical swaps.
- c. N/A

NorthWestern Energy
Docket D2010.5.50
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Montana Public Service Commission (PSC)
Set 2 (026-027)

Data Requests received August 19, 2010

PSC-027

Regarding: 2010 – 2011 Tracker Period

Witness: Dave Fine (a); Frank Bennett (b) (c)

- a. ARM 38.5.8204 encourages NWE to maximize dissemination of information to customers regarding the mix of resources and the corresponding level of emissions and other environmental impacts associated with electricity supply service through itemized labeling and reporting of the portfolio's energy products. Please list and explain any current and/or planned activities that satisfy this objective.
- b. On p. 6 you explain that beginning January 1, 2011, there will be no third party regulation contract and, consequently, beginning January 1, 2011, there are no regulation costs included in the tracker. Please explain why NWE took this approach, rather than estimating some Mill Creek-based regulation cost to include in the tracker beginning January 1, 2011.
- c. Regarding part (b), will the absence of projected regulation costs in the tracker beginning January 1, 2011, result in a large under collection in 2010 – 2011?

RESPONSE:

- a. The 2009 Electric Resource Procurement Plan (2009 Plan) addresses the issues of carbon, mercury, and other emissions associated with electric generation. Chapter 4 of Volume 1 is devoted to a discussion of green house gas emissions, carbon sequestration, and carbon scenarios defined for the 2009 Plan. In addition, discussion is presented for mercury. In Chapter 5 of Volume 1 (Table 23), CO2 emissions for each thermal resource analyzed in the 2009 Plan (including Colstrip Unit 4 and Basin Creek) are presented. The 2009 Plan is available for review at www.northwesternenergy.com. Search on: "2009 Electric Plan".
- b. The regulation contracts expire December 31, 2010. Mill Creek costs will be included as a supply cost component with the Electric Tracker once the Montana Public Service Commission (Commission) issues an interim order in the Mill Creek Docket.

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Set 2 (026-027)

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PSC-027 cont'd

- c. All else equal, there would be an under collection of regulation costs in the electric supply tracker. Also see part (b) above.