

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

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IN THE MATTER Of Northwestern Energy's)
Application for Approval of Deferred Cost)
Account Balance for Electric Supply) UTILITY DIVISION
Costs and Colstrip 4 (CU4) Variable)
Costs/Credits and Projected Electricity) DOCKET NO. D2011.5.38
Supply Cost Rates and CU4 Variable Rates)

**DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL TO
NORTHWESTERN ENERGY**

MCC-1. RE: Dave Gates Generating Station
 Witness: David E. Fine

Please explain in detail the Company's on-going practices and procedures to monitor the market for potential purchasing opportunities of regulation requirements that may be more economical than DGGS operation.

MCC-2. RE: Dave Gates Generating Station
 Witness: David E. Fine

Please identify each opportunity to purchase regulation service in 2010 (for 2011) and in 2011 and all known potential opportunities for future years and explain why each such opportunity has thus far been forgone.

MCC-3. RE: Energy Supply Hedging Strategy
 Witness: Kevin J. Markovich

In your testimony at pages KJM-4, lines 1-4 you state that the Hedging Strategy guided electricity supply procurement activities during the 2010/2011 tracking period. Please provide a detailed description, including terms, quantity, price, etc., of the portfolio of energy supply resources and purchases that was assembled during the 2010/2011 tracking period following NWE's Energy Supply Hedging Strategy. In so doing, please provide a

detailed tabulation and documentation showing the results of each financial and physical hedge, including but not limited to, amounts paid by and to the company in each hedge and the resulting supply cost for each hedge compared to alternative contemporaneous spot purchase costs.

MCC-4. RE: Energy Supply Hedging Strategy
Witness: Kevin J. Markovich

The Energy Supply Hedging Strategy described in Appendix 1 to the 2009 Electric Supply Resource Procurement Plan is intended, among other things, to dampen the effect of market price volatility. Please provide all communications, documents, and workpapers that show how the hedging strategy has reduced market price volatility. Please also identify other alternatives to reduce costs and cost volatility that you believe were not as good as results obtained under the hedging strategy.

MCC-5. RE: Hedging/Procurement Plan
Witness: Kevin J. Markovich

Page 169 (Appendix 1) of the Electric Supply Resource Procurement Plan states that the Company's hedging strategy is intended to dampen price volatility (increase stability) and improve the probability of cost recovery for NorthWestern. No mention is made of reducing costs for customers. Is it NorthWestern's view that customers would prefer stable high prices as opposed to more variable low prices? Please explain your answer and why lower costs for customers is not a goal of NWE's hedging strategy.

MCC-6. RE: Hedging/Procurement Plan
Witness: Kevin J. Markovich

Is NWE seeking Commission authorization to engage in financial hedging for electric supply? If so, please explain why the Commission should grant such authorization in view of the Company's very costly experience with gas supply financial hedging.

MCC-7. RE: Energy Supply Hedging Strategy
Witness: Kevin J. Markovich

In the process of electric supply procurement under the hedging strategy for 2010-2011 and 2011-2012 tracking periods, has NWE "locked-in" or financially hedged material amounts of supply? If so, please identify in detail each of these supplies.

MCC-8. RE: Energy Supply Hedging Strategy
Witness: Kevin J. Markovich

NWE has used financial swaps for natural gas operations for many years. Please describe and quantify the pros and cons that NWE has encountered working with such swaps, and describe the savings and or costs from such practice to NWE customers.

MCC-9. RE: Hedging/Procurement Plan
Witness: Kevin J. Markovich

Does NWE admit that its historic financial hedging for gas supply has added many millions of dollars to gas utility costs and customer bills, as compared to what costs would have been without financial hedges? If denied, please provide a complete explanation.

MCC-10. RE: Systematic and Defined Market Purchases
Witness: Kevin J. Markovich

One of the areas of the Hedging Strategy described in Appendix 1 is entering into systematic and defined market purchases. For each of the quarters and months in the 2011 and 2012 calendar years, please provide a list of the forecasted supply needs that were fixed price hedged, detailing source/supplier, terms, price, quantity, etc.

MCC-11. RE: Systematic and Defined Market Purchases
Witness: Kevin J. Markovich

Page 172 (Appendix 1) of the Electric Supply Resource Procurement Plan states that NorthWestern's intent is to not have an energy portfolio that is greater than 100% of expected needs during hedging periods. Does NWE agree that being long on energy during these periods would involve substantial costs that are punitive to ratepayers? If so, please explain why it is the Company's intent to limit the energy portfolio to 100% of expected needs rather than to some lower and safer percentage, such as 90%.

MCC-12. RE: Physical Exchanges and Shape Swaps
Witness: Kevin J. Markovich

Has NWE procured any energy supply in the 2010-2011 or 2011-2012 tracking periods using physical exchanges and shape swaps as a hedging strategy? If so, please provide details of each of the transactions.

MCC-13. RE: Basin Creek Operations
Witness: Kevin J. Markovich

Has Basin Creek capacity been freed up due to shaped swaps, as Appendix 1 describes as one of the advantages of such hedging products? If so, please provide details of date, hour and the hedging transaction that took place.

MCC-14. RE: Colstrip Unit 4 Operations
Witness: Kevin J. Markovich

In your testimony at pages KJM-4 & KJM-5 you state that during certain months NWE's hedging strategy allowed the Company to take advantage of lower market prices by backing down Colstrip Unit 4 (CU4) and replacing it with market purchases. Please provide comparison data showing the hours during the 2010/2011 tracking period when supply from CU4 was replaced with market supply, and the corresponding costs for that replacement.

MCC-15. RE: Long-term Energy Market Purchases
Witness: Kevin J. Markovich

In your testimony at page KJM-5 you mention two new transactions to supply 25 MW. Please provide a detailed description (including but not limited to price) of these two purchases from separate entities.

MCC-16. RE: 2010/2011 Default Supply Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-1)_10-11, with all links intact, including all workpapers. If actual data for the months of May and June 2011 are available, please provide the updated exhibit.

MCC-17. RE: 2011/2012 Default Supply Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-2)_11-12, with all links intact, including all workpapers.

MCC-18. RE: 2010/2011 Tiber Supply
Witness: Frank V. Bennett

Please explain in detail why Tiber provided energy most of the months in the tracker period 2010/2011, while in the previous tracker filing it was forecasted to provide energy only during the months of November to April.

MCC-19. RE: 2010/2011 Turnbull Hydro Supply
Witness: Frank V. Bennett

Please explain in detail the new contract (terms, price, etc) of Turnbull Hydro and why the cost of \$62.50 per Mwh is considered economical.

MCC-20. RE: 2010/2011 Basin Creek
Witness: Frank V. Bennett

Please explain in detail why Basin Creek supply during the months from October 2010 to April 2011 was much less than expected as forecasted in the previous tracker filing.

MCC-21. RE: 2010/2011 Operating Reserves
Witness: Frank V. Bennett

Please explain in detail why Operating Reserves cost as shown on line 99, page 4 of Exhibit__ (FVB-1)_10-11 was much higher in the last months of the tracker period (e.g., in March 2011 these costs were \$328,630 while in September 2010 they were only \$83,300).

MCC-22. RE: 2010/2011 Transmission Costs
Witness: Frank V. Bennett

Please provide all documents and calculations supporting the transmission cost of \$4,878,139 for the 2010/2011 default supply tracking period. Also, please provide the most updated transmission costs as they become available.

MCC-23. RE: 2010/2011 Fixed Price Transactions
Witness: Frank V. Bennett

Please provide all supporting documents for the net fixed price purchase requirement of 483,280 Mwbs during the 2010/2011 default supply tracking period, indicating quantity and price for each sale and purchase.

MCC-24. RE: 2010/2011 Market Transactions
Witness: Frank V. Bennett

Please provide all supporting documents for the net market purchase requirement of 1,202,364 Mwbs during the 2010/2011 default supply tracking period, indicating quantity and price for each sale and purchase.

MCC-25. RE: 2010/2011 Administrative Expense
Witness: Frank V. Bennett

Please provide all documents supporting the \$293,604 in administration as shown on page 1 of Exhibit__(FVB-1)_10-11, line40.

MCC-26. RE: 2011/2012 Gordon Butte Wind QF
Witness: Frank V. Bennett

Please explain in detail the new contract (terms, price, etc) of the Gordon Butte Wind QF and why the cost of \$69.21 per Mwh is considered economical.

MCC-27. RE: 2011-12 Tracker Year Billing Statistics
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-1)_11-12, including all workpapers.

MCC-28. RE: Deferred Supply Rates
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-2).11-12, including all workpapers.

MCC-29. RE: CU4 Derivation of Rates
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-3).11-12, including all workpapers.

MCC-30. RE: DGGs Derivation of Rates
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-4).11-12, including all workpapers.

MCC-31. RE: Supply Rates
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit__(CAH-5).11-12, including all workpapers.

MCC-32. RE: Electric Supply DSM Program Spending & Budget
Witness: William M. Thomas

Please provide an electronic working copy, with all links intact, of Exhibit__(WMT-2), including all workpapers.

MCC-33. RE: Electric DSM Lost Revenues
Witness: William M. Thomas

Please provide an electronic working copy, with all links intact, of Exhibit__(WMT-3), including all workpapers.

MCC-34. RE: Electric DSM Cost Effectiveness
Witness: William M. Thomas

Please provide an electronic working copy, with all links intact, of Exhibit__(WMT-6), including all workpapers.

MCC-35. RE: Electric DSM Lost Revenues
Witness: William M. Thomas

On page WMT-30, lines 26-30, you state that NorthWestern has consistently developed DSM resources at a cost that is less than the cost of the marginal resources that DSM displaces or defers. Please provide the avoided cost used for DSM planning in the 2010-2011 tracker period and for the 2011-2012 tracker period, along with all supporting documents and calculations.

MCC-36. RE: 2010/2011 CU4 Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-4)_10-11, with all links intact, including all workpapers. If actual data for the months of May and June 2011 are available, please provide the updated exhibit.

MCC-37. RE: 2011/2012 CU4 Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-5)_11-12, with all links intact, including all workpapers.

MCC-38. RE: 2010/2011 DGGGS Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-6)_10-11, with all links intact, including all workpapers. If actual data for the months of May and June 2011 are available, please provide the updated exhibit.

MCC-39. RE: 2011/2012 DGGGS Tracking Period
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit__(FVB-7)_11-12, with all links intact, including all workpapers.

MCC-40. RE: 2010/2011 tracking period hedging
Witness: Kevin J. Markovich

On lines 16-17 of page KJM-4 you state that NWE was able to take advantage of lower market prices, "...in part by moving to the bottom end of the hedge spectrum during certain months..." Please explain exactly what is meant by "moving to the bottom end of the hedge spectrum" and list the months during which NWE did this during the 2010/2011 tracking period.

MCC-41. RE: Administrative Expenses
Witness: Frank V. Bennett

Were any of the administrative expenses that are noted starting on line 20 of page FVB-11 for internal NorthWestern personnel?