



NATURAL GAS TRACKER FILING

Docket No. 2012.5.48

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, 2012 and Projected Gas Cost Tracking for the 12-Month Period Ending June 30, 2013;
- (2) Gas Transportation Adjustment Clause (GTAC) Balance as of April 30, 2012.



May 29, 2012

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

RE: NorthWestern Energy's:

- 1) Unreflected Gas Cost Account Balance as of June 30, 2012, and the Projected Gas Cost for the 12-Month Period July 1, 2012 through June 30, 2013; and**
- 2) Gas Transportation Adjustment Clause Balance as of April 30, 2012.**

Dear Ms. Whitney:

With this letter, NorthWestern Energy ("NWE") submits an original and ten copies of its Application for the 2012 Unreflected Gas Cost Account ("UGCA") Balance, Gas Transportation Adjustment Clause Balance and Rate Adjustment for Natural Gas Supply ("Application") to the Montana Public Service Commission ("MPSC" or "Commission") for approval. The Application is submitted pursuant to Montana law, 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. NWE's Application and supporting testimony and exhibits:

- Reflect rate treatment for the deferred balance in Unreflected Gas Costs, for the 12-month period ending June 30, 2012;
- Reflect rate treatment for amortization of the GTAC Balance as of April 30, 2012;
- Extinguish the unit amortizations in the current rate schedules, approved in Order No. 7152b from Docket D2011.5.36;

- Reflect the projected load, supply, and related natural gas costs for the 12-month tracker period July 1, 2012 through June 30, 2013; and
- Request approval to continue to collect the costs of its interest in Battle Creek natural gas field (Battle Creek), adjusted to reflect the level of costs included in NorthWestern's Battle Creek filing in Docket No. D2012.3.25, on an interim basis in this docket until such time that a final order is approved by the Commission in Docket No. D2012.3.25.

Except for the production from its interest in Battle Creek, 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, 2012 is \$0.39401 per therm, compared with the 12-month period starting July 1, 2011 of \$0.51354 per therm, a decrease of \$0.11953 per therm. It should be noted that the ultimate rates will be a function of hurricane activity, weather, demand, and other fundamental and technical factors. The Prefiled Direct Testimony of John M. Smith provides detailed information pertaining to current market conditions and forecasted prices.

In this filing, NWE also requests approval to extinguish the current deferred UGCA Balance Amortization approved in Final Order No. 7152b in Docket No. D2011.5.36 and to reflect the deferred UGCA Balance of \$(326,077) for the 12-month period ending June 30, 2012. Also, NWE requests that the remaining deferred UGCA balance of \$48,639 approved in Order No. 7152b be included in the Unreflected Gas Cost balance. Thus, the estimated deferred Total UGCA Balance at the end of June 2012 is \$(277,439). NWE proposes to set the rate at zero until actuals are recorded for the months of May and June. NWE will then review the account balance again and determine if the final amount merits a rate adjustment proposal. Any proposed rate adjustment will be included in the August or September 2012 monthly tracker filing.

NWE further requests approval to extinguish the current GTAC Balance Amortization approved in Order No. 7152b, and to reflect the GTAC Balance as of April 30, 2012 in natural gas supply rates. The proposed GTAC balance for this filing is \$(578,989) which is the sum of the GTAC booked balance for the period ending April 30, 2012 of \$(481,331) and the current balance of the amortization approved in Order 7152b of \$(97,659). This balance will be reflected in rates over the 12-month period ending June 30, 2013.

Appendix A to this Application 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 difference between the June 1, 2012 approved rate and the July 1, 2012 proposed rate is an increase for a typical residential customer using 100 therms per month of \$4.35 per month or \$52.20 per year on the total bill. This results in an overall increase of 4.82% 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 Rate Adjustment;
2. Notice of Interim Rate Adjustment Request;
3. Prefiled Testimony and Exhibits of John M. Smith, Glen D. Phelps, and William M. Thomas; and
4. 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, 2012, unless natural gas prices move dramatically in either direction prior to June 15, 2012. If this occurs, NWE will file an amended monthly natural gas cost tracking filing for a July 1, 2012 monthly rate adjustment.

The NWE employee 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

NorthWestern's attorneys in this matter are:

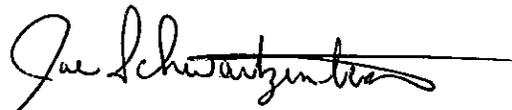
Mr. Al Brogan
NorthWestern Energy
208 N. Montana, Suite 205
Helena, Montana 59601
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Fax (406) 443-8979
al.brogan@northwestern.com

Ms. Sarah Norcott
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208 N. Montana, Suite 205
Helena, Montana 59601
Tel. (406) 443-8996
Fax (406) 443-8979
sarah.norcott@northwestern.com

Along with Joe Schwartzberger, Al Brogan, and Sarah Norcott, 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 that reads "Joe Schwartzberger". The signature is written in a cursive style with a long horizontal line extending to the right.

Joe Schwartzberger
Director of Regulatory Affairs

Enclosures

cc: Montana Consumer Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of NorthWestern Energy's Annual Natural Gas Tracker Filing in Docket No. D2012.5.48 will be e-filed with the PSC. It will also be e-mailed and served upon the following persons by, postage prepaid via first class mail, as follows:

Robert Nelson
Montana Consumer Counsel
Po Box 201703
Helena Mt 59620-1703

Connie Moran
NorthWestern Energy
40 East Broadway
Butte MT 59701

Joe Schwartzenberger
NorthWestern Energy
40 East Broadway
Butte MT 59701

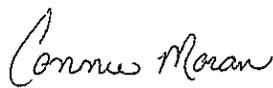
Sarah Norcott
NorthWestern Energy
208 N Montana Ave Suite 205
Helena MT 59601

George Donkin
JW Wilson and Associates
1601 N Kent Street Suite 1104
Arlington VA 22209

Kate Whitney
Public Service Commission
1701 Prospect Ave
Po Box 202601
Helena MT 59620-2601

Al Brogan
NorthWestern Energy
208 N Montana Ave Suite 205
Helena MT 59601

DATED this 29th day of May 2012.



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Attorneys for NorthWestern Energy

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. D2012.5.48
Projected Gas Cost; and (2) Gas Transportation)
Adjustment Clause Balance)

APPLICATION FOR INTERIM AND FINAL
NATURAL GAS RATE ADJUSTMENT

NOW COMES, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern,” “NWE,” or “Applicant”) by and through its undersigned counsel, and respectfully submits this Application for deferred Unreflected Gas Cost Account Balance (“UGCA”) and Gas Transportation Adjustment Clause (GTAC”) Rate Adjustment to the Montana Public Service Commission (“Commission”) in the above-captioned docket. In support thereof, NorthWestern states as follows:

I.

Applicant's full name and Post Office address are:

NorthWestern Energy
40 East Broadway
Butte, MT 59701

II.

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

III.

The following described tariff sheets are the only natural gas sheets impacted by the proposals in this submittal that are presently in effect in the State of Montana and on file with the Commission. All other natural gas tariff sheets remain as previously approved by the Commission:

<u>Schedule</u>	<u>Description</u>	<u>Sheet No.</u>
D-RG-1	Residential Natural Gas Service	10.1
D-GSG-1	General Service Natural Gas	20.1
D-RGCA-1	Residential Natural Gas Aggregation	11.1
D-GSGCA-1	General Service Natural Gas Aggregation	21.1
T-FUGC-1	Firm Utility Gas Contract	30.1
D-FTG-1	Firm Transportation Natural Gas – DBU	25.1
T-FTG-1	Firm Transportation Natural Gas – TBU	80.1
T-ITG-1	Interrupt. Trans. Natural Gas – TBU	85.1
T-FSG-1	Firm Storage Natural Gas – TBU	90.1

The applicable rates for these tariff sheets are summarized and contained in Appendix A (attached hereto).

IV.

Applicant will submit new tariff sheets for natural gas service upon approval of the proposed rates contained in Appendix A. The proposed new rates will replace the present tariff sheets as follows:

<u>Schedule</u>	<u>Description</u>	<u>Sheet No.</u>
D-RG-1	Residential Natural Gas Service	10.1
D-GSG-1	General Service Natural Gas	20.1
D-RGCA-1	Residential Natural Gas Aggregation	11.1
D-GSGCA-1	General Service Natural Gas Aggregation	21.1
T-FUGC-1	Firm Utility Gas Contract	30.1
D-FTG-1	Firm Transportation Natural Gas – DBU	25.1
T-FTG-1	Firm Transportation Natural Gas – TBU	80.1
T-ITG-1	Interrupt. Trans. Natural Gas – TBU	85.1
T-FSG-1	Firm Storage Natural Gas – TBU	90.1

V.

In accordance with the Deferred Accounting Gas Rate Schedule approved by the Commission in Order No. 7152b in Docket No. D2011.5.36, the balance in Account No. 191, Unreflected Gas Costs, for the 12-month period ending June 30, 2012 is an over-collection of \$(326,077). NWE proposes to amortize this balance, together with an adjustment for the actual deferred Unreflected Gas Cost Account Balance of \$48,639 that resulted from cessation of the amount approved for amortization in No. Order 7152b. The total proposed amortization amount is \$(277,439). NWE proposes to set the rate at zero until actuals are recorded for the months of May and June. NWE will then review the account balance and determine if the final amount merits filing a rate adjustment proposal. The tracking market, supply and gas costs for the 12-month period, July 1, 2012 to June 30, 2013, produce a gas cost of \$0.39401/therm.

In addition, NWE proposes to continue to use the monthly tracking methodology in which 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.

VI.

Pursuant to Final Order No. 5474c in Docket No. 90.1.1, NWE is filing for treatment of the Gas Transportation Adjustment Clause (“GTAC”) Balance. For the period ending April 30, 2012, the GTAC Balance is \$(481,331). NWE proposes to amortize this Balance, adjusted for the actual GTAC balance from Order No. 7152b in Docket No. D2011.5.36 of \$(97,659). The resulting GTAC Balance proposed in this filing is \$(578,989).

VII.

Pursuant to Order No. 5667a, Finding of Fact No. 3 in Docket No. 92.11.64, 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, 2012, 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 Natural 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.

VIII.

Natural gas costs and expenses associated with the Battle Creek production properties are not included in the deferred UGCA balance. NWE submitted a separate filing in Docket No. D2012.3.25 requesting rate base treatment for the Battle Creek production properties. Notwithstanding the foregoing, NWE requests approval to continue to collect the cost of its interest in Battle Creek, adjusted to reflect the level of costs included in NorthWestern's Battle Creek filing in Docket No. D2012.3.25, on an interim basis through this docket until such time as a final order is approved by the Commission in Docket No. D2012.3.25.

IX.

The proposed new rates contained in Appendix A reflect:

1. The amortization of the deferred Unreflected Gas Cost Account Balance described in Paragraph No. V;
2. The projected monthly market supply and gas cost described in Paragraph No. V;
3. The amortization of the GTAC Balance described in Paragraph No. VI; and
4. Costs associated with NWE's interest in Battle Creek described in Paragraph No. VIII.

X.

Attached hereto are the following documents that are by this reference made a part hereof:

- Appendix A - Current and proposed rates;
- Appendix B - Typical residential bill computation;
- Notice of Interim Rate Adjustment Request and the Certificate of Service of said notice to the media; and
- Prefiled Direct Testimony, exhibits and supporting workpapers of John M. Smith, Glen D. Phelps, and William M. Thomas.

This application is made in accordance with the provisions of § 69-3-101, MCA, et seq. (2011) and the rules, regulations and orders of the Commission.

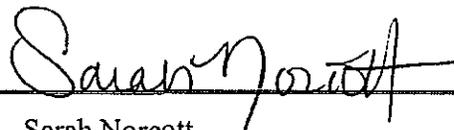
WHEREFORE, Applicant respectfully requests that the Commission:

1. Grant final approval of the rates that have been in effect on an interim basis in Docket No. D2011.5.36 for the July 1, 2011 through June 30, 2012 tracker period, less the costs associated with Applicant's interest in Battle Creek, which are in effect on an interim basis during that time period, and which will be trued-up in a Commission Order resulting from the processing of Docket No. D2012.3.25;
2. Grant interim approval of the proposed rates, included as Appendix A, to be effective on a monthly basis for service on and after July 1, 2012;
3. Approve extension of the accounting treatment for certain expansion projects handled through the GTAC mechanism;
4. Approve the continued collection of the costs of Applicant's interest in Battle Creek on an interim basis, adjusted to reflect the level of costs included in NorthWestern's Battle Creek filing in Docket No. D2012.3.25, as part of this and subsequent tracker filings until such time that Docket No. D2012.3.25 is processed and a final order is issued by the Commission; and
5. Grant such other and additional relief, as the Commission shall deem just and proper.

RESPECTFULLY SUBMITTED this 29th day of May 2012.

NORTHWESTERN ENERGY

By:



Sarah Norcott
NorthWestern Energy
and

Al Brogan
NorthWestern Energy

Attorneys for NorthWestern Corporation
d/b/a NorthWestern Energy

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2012**

	<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 (\$/Therm)				
Distribution Charge	\$ 0.1828771	\$ 0.1828771	\$ -	0.00%
Transmission Charge	\$ 0.1082924	\$ 0.1082924	\$ -	0.00%
Storage Charge	\$ 0.0329584	\$ 0.0329584	\$ -	0.00%
Gas Supply Charge	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization	\$ -	\$ -	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000255)	\$(0.0000584)	\$(0.0000329)	-129.02%
TBU GTAC Amortization	\$(0.0018813)	\$(0.0019604)	\$(0.0000791)	-4.21%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.6724625</u>	<u>\$ 0.7161661</u>	<u>\$ 0.0437036</u>	<u>6.50%</u>
D-RGCA-1 Rate Schedule				
Residential Gas Core Aggregation				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1828771	\$ 0.1828771	\$ -	0.00%
Transmission Charge	\$ 0.1082924	\$ 0.1082924	\$ -	0.00%
Storage Charge	\$ 0.0329584	\$ 0.0329584	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000255)	\$(0.0000584)	\$(0.0000329)	-129.02%
TBU GTAC Amortization	\$(0.0018813)	\$(0.0019604)	\$(0.0000791)	-4.21%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.3222925</u>	<u>\$ 0.3221561</u>	<u>\$(0.0001364)</u>	<u>-0.04%</u>
D-GSG-1 Rate Schedule				
General Natural Gas Service				
Monthly Service Charge per Meter				
0 to 300	\$ 16.85	\$ 16.85	\$ -	0.00%
301 to 1,000	\$ 22.25	\$ 22.25	\$ -	0.00%
1,001 to 2,000	\$ 35.85	\$ 35.85	\$ -	0.00%
2,001 to 5,000	\$ 60.20	\$ 60.20	\$ -	0.00%
5,001 to 10,000	\$ 73.95	\$ 73.95	\$ -	0.00%
10,001 to 30,000	\$ 116.95	\$ 116.95	\$ -	0.00%
> 30,000	\$ 142.10	\$ 142.10	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1808031	\$ 0.1808031	\$ -	0.00%
Transmission Charge	\$ 0.1082248	\$ 0.1082248	\$ -	0.00%
Storage Charge	\$ 0.0328634	\$ 0.0328634	\$ -	0.00%
Gas Supply Charge	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization	\$ -	\$ -	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000247)	\$(0.0000609)	\$(0.0000362)	-146.56%
TBU GTAC Amortization	\$(0.0018236)	\$(0.0020431)	\$(0.0002195)	-12.04%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.6702844</u>	<u>\$ 0.7138443</u>	<u>\$ 0.0435599</u>	<u>6.50%</u>

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2012**

	<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	\$ 16.85	\$ 16.85	\$ -	0.00%
301 to 1,000	\$ 22.25	\$ 22.25	\$ -	0.00%
1,001 to 2,000	\$ 35.85	\$ 35.85	\$ -	0.00%
2,001 to 5,000	\$ 60.20	\$ 60.20	\$ -	0.00%
5,001 to 10,000	\$ 73.95	\$ 73.95	\$ -	0.00%
10,001 to 30,000	\$ 116.95	\$ 116.95	\$ -	0.00%
> 30,000	\$ 142.10	\$ 142.10	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1808031	\$ 0.1808031	\$ -	0.00%
Transmission Charge	\$ 0.1082248	\$ 0.1082248	\$ -	0.00%
Storage Charge	\$ 0.0328634	\$ 0.0328634	\$ -	0.00%
DBU GTAC Amortization	\$ (0.0000247)	\$ (0.0000609)	\$ (0.0000362)	-146.56%
TBU GTAC Amortization	\$ (0.0018236)	\$ (0.0020431)	\$ (0.0002195)	-12.04%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$ (0.0000244)	-34.17%
Total Commodity	\$ 0.3201144	\$ 0.3198343	\$ (0.0002801)	-0.09%
T-FUGC-1 Rate Schedule				
Firm Utility Gas Contract Service				
Monthly Service Charge per Meter				
10,001 to 30,000	\$ 107.00	\$ 107.00	\$ -	0.00%
> 30,000	\$ 275.85	\$ 275.85	\$ -	0.00%
Transmission Charges:				
Reservation Rate (MDDQ)	\$ 0.5208928	\$ 0.5208928	\$ -	0.00%
Transmission Commodity Rate (Therm)	\$ 0.0062088	\$ 0.0062088	\$ -	0.00%
GTAC Amortization (Therm)	\$ (0.0014131)	\$ (0.0020458)	\$ (0.0006327)	-44.77%
Storage Charges:				
Reservation Rate (MDDQ)	\$ 0.4142735	\$ 0.4142735	\$ -	0.00%
Storage Commodity Rate (Therm)	\$ 0.0014986	\$ 0.0014986	\$ -	0.00%
GTAC Amortization (MDDQ)	\$ 0.0009918	\$ 0.0006345	\$ (0.0003573)	-36.03%
Gas Supply Charge (Therm)	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization (Therm)	\$ -	\$ -	\$ -	0.00%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2012**

	<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	\$ 102.45	\$ 102.45	\$ -	0.00%
5,000 to 10,000	\$ 117.10	\$ 117.10	\$ -	0.00%
10,001 to 30,000	\$ 161.00	\$ 161.00	\$ -	0.00%
> 30,000	\$ 186.95	\$ 186.95	\$ -	0.00%
Distribution Charge: (MDDQ)				
Reservation Rate	\$ 0.6482793	\$ 0.6482793	\$ -	0.00%
GTAC Amortization	\$(0.0001942)	\$(0.0004423)	\$(0.0002481)	-127.76%
D-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 102.45	\$ 102.45	\$ -	0.00%
5,000 to 10,000	\$ 117.10	\$ 117.10	\$ -	0.00%
10,001 to 30,000	\$ 161.00	\$ 161.00	\$ -	0.00%
> 30,000	\$ 186.95	\$ 186.95	\$ -	0.00%
Distribution Charge: (Therm)				
Distribution Commodity Rate	\$ 0.0213110	\$ 0.0213110	\$ -	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	\$ 100.20	\$ 100.20	\$ -	0.00%
10,001 to 30,000	\$ 144.10	\$ 144.10	\$ -	0.00%
> 30,000	\$ 319.75	\$ 319.75	\$ -	0.00%
Transmission Reservation Rate (MDDQ)	\$ 0.8193411	\$ 0.8193411	\$ -	0.00%
Transmission Commodity Rate (Therm)				
Maximum	\$ 0.0062088	\$ 0.0062088	\$ -	0.00%
GTAC Amortization	\$(0.0011145)	\$(0.0010312)	\$ 0.0000833	7.47%
T-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.20	\$ 100.20	\$ -	0.00%
10,001 to 30,000	\$ 144.10	\$ 144.10	\$ -	0.00%
> 30,000	\$ 319.75	\$ 319.75	\$ -	0.00%
Transmission Commodity Rate (Therm)				
Maximum	\$ 0.0320286	\$ 0.0321119	\$ 0.0000833	0.26%
T-FSG-1 Rate Schedule				
Firm Storage Natural Gas Service				
Monthly Rate:				
Withdrawal Reservation Rate:	\$ 0.4184743	\$ 0.4184743	\$ -	0.00%
Injection Commodity Rate:	\$ 0.0021627	\$ 0.0021627	\$ -	0.00%
Withdrawal Commodity Rate:	\$ 0.0021627	\$ 0.0021627	\$ -	0.00%
Storage Capacity Rate:	\$ 0.0020545	\$ 0.0020545	\$ -	0.00%
GTAC Amortization	\$ 0.0009916	\$ 0.0006346	\$(0.0003570)	-36.00%



Residential Services - Typical Bill Amount

Usage in therms	100	Current as of June 1, 2012		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 \$/Therm)							
Distribution Charge		\$ 0.1828771	\$ 18.29	\$ 0.1828771	\$ 18.29	\$ -	0.00%
Transmission Charge		\$ 0.1082924	\$ 10.83	\$ 0.1082924	\$ 10.83	\$ -	0.00%
Storage Charge		\$ 0.0329584	\$ 3.30	\$ 0.0329584	\$ 3.30	\$ -	0.00%
Gas Supply Charge		\$ 0.3501700	\$ 35.02	\$ 0.3940100	\$ 39.40	\$ 4.38	12.51%
Deferred Gas Cost Amortization		\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
DBU GTAC Amortization		\$ (0.0000255)	\$ -	\$ (0.0000584)	\$ (0.01)	\$ (0.01)	-100.00%
TBU GTAC Amortization		\$ (0.0018813)	\$ (0.19)	\$ (0.0019604)	\$ (0.20)	\$ (0.01)	-5.26%
Storage GTAC Amortization		\$ 0.0000714	\$ 0.01	\$ 0.0000470	\$ -	\$ (0.01)	-100.00%
USBC		\$ 0.1617040	\$ 16.17	\$ 0.1617040	\$ 16.17	\$ -	0.00%
CTC-RA		\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
CTC-RA Credit		\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
CTC-GP		\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
CTC-GP Credit		\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Total Commodity		\$ 0.8341665	\$ 83.43	\$ 0.8778701	\$ 87.78	\$ 4.35	5.21%
Total Bill (Price per therm Incl. Service Charge)		\$ 0.901800	\$ 90.18	\$ 0.945300	\$ 94.53	\$ 4.35	4.82%

**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. D2012.5.48
Projected Gas Cost; and (2) Gas Transportation)
Adjustment Clause Balance)

NOTICE OF INTERIM RATE ADJUSTMENT REQUEST

NorthWestern Energy (“NorthWestern” or “NWE”) serves notice pursuant to ARM 38.5.503 that it has filed with the Montana Public Service Commission (“MPSC”), via its Application, a request for an interim rate increase for core customers in natural gas rates in this Docket to reflect Forecast Gas Costs and the deferred Unreflected Gas Cost Account (“UGCA”) Balance and an interim rate decrease for core customers and core aggregation customers to reflect the Gas Transportation Adjustment Clause (“GTAC”) Balance. This request also includes an interim rate decrease for non-core Distribution Business Unit (“DBU”) distribution transportation service, an increase for non-core Transmission Business Unit (“TBU”) transportation firm service and a decrease for storage service customers relating to the GTAC adjustment. This interim request includes the use of monthly gas cost adjustments going forward. NorthWestern requests that the proposed rates and monthly cost adjustments become effective for service on and after July 1, 2012.

This Docket commenced on May 29, 2012 when NorthWestern filed testimony, exhibits, and workpapers with the MPSC. NorthWestern requested an interim change in rates effective July 1, 2012 pending a final decision on its Application.

The rate adjustments are required to: 1) reflect an increase in the projected gas costs; 2) amortize the amount in the deferred UGCA Balance for the 12-month period ending June 30, 2012; 3) amortize the GTAC Balance as of April 30, 2012; 4) extinguish the unit amortizations in the current rates; and 5) to continue to reflect the costs of NorthWestern's interest in the Battle Creek natural gas field on an interim basis, adjusted to reflect the level of costs included in NorthWestern's Battle Creek filing in Docket No. D2012.3.25.

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

- An increase in gas costs from \$0.35017 per therm to \$0.39401 per therm.
- The deferred UGCA Balance for the 12-month period ending June 30, 2012 was \$(326,077). NWE requests that the remaining UGCA balance of \$48,639 approved on an interim basis in Order No. 7152b in Docket No. D2011.5.36 be included in the UGCA balance. The estimated Total UGCA Balance at the end of June 2012 is \$(277,439). NWE proposes to set the rate at zero until actuals are recorded for the months of May and June. NWE will review the account balance again and determine if the final amount merits filing a rate adjustment proposal.
- GTAC balance for this filing is \$(578,989), which is the sum of the GTAC booked balance for the period ending April 30, 2012 of \$(481,331) and the current balance of the amortization approved in Order 7152b of \$(97,659) and will be refunded to customers over the 12-month period ending June 30, 2013.

The interim request and supporting documents can be examined 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. The MCC is available to assist in the representation of consumer interests in this matter, and its phone number is 406-444-2771.

Any response which any person wishes to have the MPSC take into consideration in its decision on this matter should be delivered to the MPSC at the above address as soon as possible or mailed to the MPSC at P.O. Box 202601, Helena, MT 59620-2601.

Any portion of the interim adjustment approved by the MPSC pending hearing and final decision would, pursuant to § 69-3-304, MCA (2011), be subject to rebate or surcharge if the final decision in this docket is to approve a final revenue level which is different than the interim level.

DATED: May 29, 2012

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. D2012.5.48
Projected Gas Cost; and (2) Gas Transportation)
Adjustment Clause Balance)

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

The undersigned certifies that a Notice of Interim 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

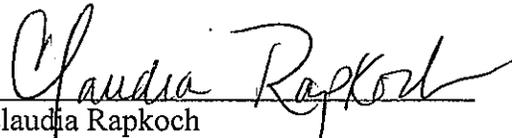
Associated Press Print and Broadcast Services

Television Stations

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

DATED: May 29, 2012

NorthWestern Energy

By: 
Claudia Rapkoch
40 East Broadway
Butte, Montana 59701

9 **PREFILED DIRECT TESTIMONY**

10 **OF JOHN M. SMITH**

11 **ON BEHALF OF NORTHWESTERN ENERGY**

12
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28		

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,
4 Montana 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
8 Manager, Montana Gas Operations, 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
12 Science degree in Business Management. Upon graduation, I went to work
13 for The Montana Power Company ("MPC") in the Revenue Requirements
14 Department. I have worked in various capacities in the Electric and Gas
15 Utilities and assumed the position of Director of Gas Supply in May of 1988,
16 Director of Resource Acquisition in May of 1996 and Manager of Strategic
17 Sourcing in April 1998. I worked on the ConnectMPC project from April
18 1999 to April 2000, when I returned to the Energy Supply Division of MPC.
19 In July 2002, after the acquisition of MPC by NorthWestern Energy, my title
20 was changed to Manager, Energy Supply. Recently, in August 2011, my
21 title was changed to Manager, Montana Gas Operations as part of a
22 reorganization of NWE's Energy Supply Department.

23

1 **Q. What are your responsibilities as Manager, Montana Gas Operations?**

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

12

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

14 **A.** Yes. I have presented testimony addressing natural gas market and supply
15 matters in numerous natural gas cost tracking filings.

16

17

Purpose of Testimony

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

20 **A.** I address the following topics in my testimony:

21 1. An explanation of the 10-months actual and 2-months estimated natural
22 gas market, supply, and cost for the 12 months ended June 30, 2012;

- 1 2. A brief discussion of Battle Creek owned production and the natural gas
2 production unit costs used in each of the tracking periods ending June
3 30, 2012 and June 30, 2013;
- 4 3. A description of the potential customer benefit of NWE's Storage
5 Optimization and other customer benefits provided during the tracking
6 period ending on June 30, 2012; and
- 7 4. A description of the forecast natural gas market, supply, and cost for the
8 12-month period, July 1, 2012 through June 30, 2013.

9

10 **Actual 10-Months Plus 2-Months Estimated Ended June 30, 2012**

11 **Q. Do you sponsor an exhibit which summarizes the actual operations**
12 **during the 12 months ended June 30, 2012, with the last two months**
13 **based on estimated data?**

14 **A.** Yes. Exhibit__(JMS-1) is a detailed comparison of the natural gas market,
15 supply, and cost proposed by NorthWestern in the 2011/2012 Annual
16 Natural Gas Supply Tracker, Docket No. D2011.5.36, and the actual natural
17 gas market, supply, and cost realized for the 10-months actual and 2-
18 months estimated period ending June 30, 2012. Since this filing is being
19 prepared in late May, the May and June 2012 figures are estimates.

20

1 **Q. Please compare the 10-month actual and 2-month estimated natural**
2 **gas cost which NWE experienced on behalf of core customers from**
3 **July 1, 2011 through June 30, 2012 with the natural gas cost estimated**
4 **by NorthWestern for this period in Docket No. D2011.5.36.**

5 **A.** At the time of this filing, the total net natural gas cost on Exhibit__(JMS-1),
6 line 64 is estimated to be \$19,085,000 lower than projected by
7 NorthWestern in Docket No. D2011.5.36.

8

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

11 **A.** Yes. The 12-month cost per dekatherm ("Dkt") that was initially calculated
12 for core customer rates was \$5.1354/Dkt. The 10-month actual cost plus 2-
13 month estimated cost per Dkt is \$4.5224. These costs are presented on
14 Exhibit__(JMS-1), line 67.

15

16 **Q. What is the current estimated balance in the deferred account at the**
17 **end of the tracking year on June 30, 2012?**

18 **A.** The estimated balance in the deferred account as of June 30, 2012, is an
19 over-collection (revenues > expenses) of (\$277,439). This dollar value is
20 also discussed in the Prefiled Direct Testimony of Glen D. Phelps.

21

22 **Q. Why is the estimated ending balance in the deferred account a**
23 **relatively small figure?**

1 **A.** NWE's monthly tracker methodology was revised on July 1, 2006. This
2 method uses the actual data for the current tracking year and progressively
3 balances the remaining estimated months' deferred account to be as close
4 to zero as possible at the end of the tracking year. After actual data is
5 available for May and June, the balance will be different from the amount
6 currently estimated and the final result may be either an under- or over-
7 collection.

8

9 **Q. Is NWE proposing a rate component for a prior-year true up of this**
10 **estimated deferred account balance?**

11 **A.** No. NWE does not propose to establish a rate based on the estimated
12 deferred account balance of \$(277,439) at this time. Once the actual data
13 for May and June 2012 are known and an actual deferred account balance
14 is quantified, NWE will determine whether a deferred account balance true-
15 up is needed and, if necessary, will request the appropriate rate adjustment.
16 This rate adjustment will be an increase if the deferred account is under-
17 collected or a reduction if the deferred account is over-collected. Any such
18 rate adjustment will be implemented in August or September of 2012
19 through the associated monthly tracker filing. The remaining deferred
20 account balance will be divided by the projected sales for the remaining
21 months of the tracker year to calculate the rate adjustment.

22

1 **Q. Are there any other issues to discuss pertaining to the 2011/2012**
2 **10-month actual plus 2-month estimated natural gas cost?**

3 **A.** Yes. "DSM Lost Revenues" for natural gas distribution, transmission, and
4 storage are included in this filing. On page 2, line 15 of the Exhibit__(JMS-
5 1) Work Papers, the lost revenue amount of \$(975,364) is reported as
6 negative revenue. The derivation of this amount is included in the Prefiled
7 Direct Testimony of William M. Thomas ("Thomas Direct Testimony").
8

8

9

Battle Creek Owned Production

10 **Q. Did NWE purchase natural gas production facilities during the 2010-**
11 **2011 natural gas tracking year?**

12 **A.** Yes. NWE purchased the majority working interest in the Battle Creek
13 natural gas field ("Battle Creek") located in Blaine County, Montana. NWE
14 acquired its current interest through two separate transactions in 2010.
15

15

16 **Q. Were Battle Creek costs and revenues included in the computation of**
17 **the 2011/2012 10-month actual plus 2-month estimated gas cost and**
18 **deferred account balance?**

19 **A.** No. For the purpose of calculating the deferred account balance at the end
20 of June 2012, the deferred account revenues have been reduced for actual
21 Battle Creek revenues on page 2, line 14 of the Exhibit__(JMS-1) Work
22 Papers. The Battle Creek costs have also been set to zero in each month
23 on page 2, line 24 of the Exhibit__(JMS-1) Work Papers.
24

24

1 **Q. Were Battle Creek costs included in the annual and monthly natural**
2 **gas tracker filings during the 2011/2012 tracker year?**

3 **A.** Yes. The revenues, costs, and volumes related to both Battle Creek
4 acquisitions were included in the annual natural gas tracker which was filed
5 on May 27, 2011. NWE estimated the Battle Creek costs and revenues in
6 the natural gas tracker filing as part of the "bridging concept." As explained
7 in my testimony from last year's filing (Docket No. D2011.5.36), the bridging
8 concept allowed NWE to recover the Battle Creek cost of service through
9 the natural gas tracker on an interim basis until a separate Battle Creek
10 revenue requirement filing could be made and processed in the future.

11

12 **Q. Did NWE make a Battle Creek revenue requirement filing?**

13 **A.** Yes, that filing was made on March 30, 2012 and is Docket No. D2012.3.25.

14

15 **Q. What \$/Dkt unit cost was used for Battle Creek estimated production in**
16 **the 2011/2012 Annual Natural Gas Tracker filing?**

17 **A.** The second-year unit cost of Battle Creek production was valued at
18 \$5.4587/Dkt in the 2011/2012 natural gas tracker filing.

19

20 **Q. What Battle Creek related rate component is NWE proposing to add to**
21 **the natural gas tracker commodity rate for the 2012/2013 natural gas**
22 **tracker period to produce the all-in natural gas supply rate?**

1 **A.** As shown on line 47 of Exhibit__(JMS-2), NWE is proposing to add
2 \$0.1252/Dkt to reflect the Battle Creek fixed cost revenue requirement. This
3 fixed cost rate comes directly from the Battle Creek filing. The Battle Creek
4 Revenue Adjustment on the Exhibit__(JMS-2) Work Papers, page 2, line 14
5 is set to zero to accommodate the addition of this fixed price rate component
6 to the supply commodity rate. Starting in August 2011, NWE began using
7 therms, rather than Dkt, as the base unit for its rates on customer bills. Ten
8 therms equal one Dkt so this proposed adjustment is equivalent to \$0.01252
9 per therm.

10

11 **Q.** **Are there any other costs related to Battle Creek that are included in**
12 **the 2012/2013 tracker period that will be included in future annual and**
13 **monthly natural gas tracker filings?**

14 **A.** Yes. Consistent with the Battle Creek filing and as further described below,
15 NWE proposes to track the cost of “production-related taxes” and royalties
16 paid on the natural gas produced at Battle Creek. These costs will vary with
17 the market price of gas and, therefore, should be tracked as a variable cost
18 in the tracker filings.

19

20 **Storage Optimization and Other Customer Benefits**

21 **Q.** **NWE saved customers money through both Storage Optimization and**
22 **an Off-Peak System Storage (“OSS”) March/April trade in the**
23 **2010/2011 tracking year. Were these types of transactions that**

1 provided additional value to NWE's customers available during the
2 2011/2012 tracking year?

3 A. No. Price spreads for storage optimization (summer purchase price versus
4 winter sale price) were not available in 2011/2012 that would cover the cost
5 of storing the gas and transporting the gas to the sale market. NWE will only
6 enter into these types of transactions when the transport cost and the
7 storage carrying cost can be recovered while still providing a cost savings for
8 NWE's customers. OSS spreads between March versus April or May were
9 never large enough for NWE to enter into an OSS trade.

10

11 Q. Will NWE attempt to utilize Storage Optimization transactions to the
12 benefit of customers during the 2012/2013 tracking year?

13 A. Yes. NWE will enter into these types of transactions when and if suitable
14 opportunities present themselves. The carrying cost and the transportation
15 cost must be covered before any net revenues are realized that can be
16 returned to customers. NWE will continue to monitor this situation and will
17 enter into this type of transaction if and when there is an economic benefit
18 for NWE's customers.

19

20 Q. Will NWE continue to watch the March to April or May spread and look
21 for opportunities to make optimization trades to create value that can
22 flow back to customers?

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

1 **2012-2013 Expected Natural Gas Market, Supply and Cost**

2 **Q.** **Are you sponsoring an Exhibit that sets forth NWE’s expected natural**
3 **gas market and supply balance for the July 1, 2012 through June 30,**
4 **2013, 12-month tracker period?**

5 **A.** Yes. Exhibit__(JMS-2) sets forth the projected market and natural gas
6 supply.

7

8 **Q.** **What natural gas cost (\$/Dkt) does NWE project for the Core and Firm**
9 **Utility Gas Contract (“FUGC”) customers during the upcoming 12-**
10 **month tracker year?**

11 **A.** The projected natural gas cost for Core and FUGC sales is \$3.8149/Dkt as
12 shown on line 44 of Exhibit__(JMS-2). The therm rate is \$0.38149 as shown
13 on line 45.

14

15 **Q.** **Are there any adjustments to the Core and FUGC rate?**

16 **A.** Yes. As mentioned in the Battle Creek section of my testimony, the
17 additional fixed cost revenue requirement rate component for Battle Creek of
18 \$0.1252/Dkt. This amount has been added to the \$3.8149 for a resulting
19 total combined rate of \$3.9401/Dkt or \$0.39401 per therm.

20

21 **Q.** **Earlier you mentioned tracking “production-related taxes” and**
22 **royalties associated with Battle Creek in the 2012/2013 natural gas**
23 **tracker filing. Where in this filing can these costs be found?**

1 **A.** The annual level of cost for these items is shown on line 25 of
2 Exhibit__(JMS-2), labeled – “NW Energy Owned Production.” The monthly
3 detail is on page 2, line 24 of the Exhibit__(JMS-2) Work Papers.
4

5 **Q. How does the \$3.9401/Dkt compare to the rate in last year’s annual
6 natural gas cost tracker filing?**

7 **A.** Line 67 on Exhibit__(JMS-1) shows that last year’s requested rate was
8 \$5.1354/Dkt. This year’s requested rate is a decrease of \$1.1953/Dkt or
9 \$0.11953 /therm.
10

11 **Q. Do you propose any further adjustments to the projected \$3.9401/Dkt
12 unit gas rate?**

13 **A.** No. NWE proposes \$3.9401/Dkt (\$0.39401/therm) as the rate effective on
14 an interim basis as of July 1, 2012. The next monthly tracker filing will be for
15 an August 1, 2012 rate change. If natural gas prices move dramatically in
16 either direction prior to June 15, 2012, NWE will file an amended monthly
17 natural gas cost tracker filing for a July 1, 2012 monthly rate adjustment.
18

19 **Q. Are there any other items to discuss pertaining to the 2012/2013
20 estimated gas cost?**

21 **A.** Yes. “DSM Lost Revenues” for distribution, transmission, and storage are
22 included in this filing. On page 2, line 15, of the Exhibit__(JMS-2) Work
23 Papers, the lost revenue amount of (\$1,452,810) is reported as negative

1 revenue. The derivation of this amount is included in the Thomas Direct
2 Testimony.

3

4 **Q. Are the DSM Lost Revenues reported on Exhibit__(JMS-1) and**
5 **Exhibit__(JMS-2)?**

6 **A.** Yes. The DSM Lost Revenues are reported on Exhibit__(JMS-1) on line 62,
7 and on Exhibit__(JMS-2) on line 41. On both exhibits, the DSM Lost
8 Revenues are reported as an additional cost rather than as negative
9 revenue. Since both exhibits include only costs, reporting the "Lost DSM
10 Revenues" as a cost was the only way to make both exhibits work
11 mathematically.

12

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

14 **A.** Yes, it does.

ACTUAL OPERATIONS
 10 MONTHS ACTUAL & 2 MONTHS ESTIMATE ENDING June 30, 2012 VERSUS DOCKET No. D2011.5.36

CITY GATE REQUIREMENTS Dkt (000)	Docket No. D2011.5.36 as filed 05/27/11	10 ACT/2 ES1 12 MO.END. 06/30/12	OVER/(UNDER) Docket No. D2011.5.36	OVER/(UNDER) %
1 GAS COST SALES				
2 DBU SALES - BILLED	19,892	18,470	(1,422)	(7.1)
3				
4 DBU SALES - CITY GATE DELIVERIES	19,892	18,470	(1,422)	(7.1)
5 FUGC	334	210	(124)	(37.1)
6				
7 TOTAL CITY GATE REQUIREMENTS	20,226	18,680	(1,546)	(7.6)
8				
9 Cycle Billing Adj.	0	(5)	(5)	
10 CORE FUEL U & UAF	498	459	(39)	(7.8)
11				
12				
13 TOTAL GAS SUPPLY REQUIREMENTS	20,724	19,134	(1,590)	(7.7)
14				
15 GAS SUPPLY (Dkt (000))				
16 -----				
17 CANADIAN PIPELINE	5,550	4,756	(794)	
18				
19 HAVRE PIPELINE	6,193	6,220	27	0.4
20				
21 ENCANA PIPELINE	6,095	6,048	(47)	(0.8)
22				
23 COLORADAO INTERSTATE PIPELINE	0	0	0	
24				
25 INTRA - MONTANA PURCHASES	2,564	1,362	(1,202)	(46.9)
26 BATTLE CREEK (NWE) OWNED PRODUCTION	486	523	37	7.6
27				
28 STORAGE NET (-Inj. / +With.)	(81)	173	254	
29				
30 STORAGE FUEL USE	(83)	(85)	(2)	
31				
32 TOTAL GAS SUPPLY	20,724	18,997	(1,727)	(8.3)
33				
34 COST (\$000)				
35 -----				
36 NOVA CAPACITY	\$ 2,182	\$ 1,446	\$ (736)	
37 TRANS CANADIAN PIPELINE	\$ 34,672	\$ 35,852	\$ 1,180	
38				
39 HAVRE PIPELINE	\$ 23,167	\$ 16,474	\$ (6,693)	(28.9)
40				
41 ENCANA PIPELINE	\$ 24,574	\$ 16,565	\$ (8,009)	(32.6)
42				
43 COLORADAO INTERSTATE PIPELINE	\$ -	\$ -	\$ -	
44				
45 INTRA - MONTANA PURCHASES	\$ 10,580	\$ 3,784	\$ (6,796)	(64.2)
46 BATTLE CREEK OWNED PRODUCTION	\$ 2,651	\$ -		
47				
48 STORAGE	\$ (547)	\$ 3,809	\$ 4,356	
49				
50 TOTAL GAS SUPPLY COST	\$ 97,279	\$ 77,930	\$ (19,349)	(19.9)
51				
52				
53 NET GAS COSTS TO MT MKT	\$ 97,279	\$ 77,930	\$ (19,349)	(19.9)
54				
55 WORKING GAS REVENUE REQUIREMENT	\$ 1,925	\$ 2,449	\$ 524	27.2
56				
57 DEFERRED ACCOUNT INTEREST	\$ 293	\$ 251		
58				
59 ADMINISTRATIVE COSTS	\$ 3,096	\$ 2,873		
60				
61 NET GAS COSTS (INCL. W.G. REV REQ)	\$ 102,593	\$ 83,503	\$ (19,090)	(18.6)
62 D.S.M. Lost Revenues (D,T,& S)	\$ 970	\$ 975		
63 D.S.M. Lost Revenues Adjustment	\$ -	\$ -		
64 TOTAL GAS COST (Incl Lost DSM Rev)	\$ 103,563	\$ 84,478	\$ (19,085)	(18.4)
65 UNIT NET GAS COSTS (\$/DKT)				
66				
67 CORE RATE (\$/Dkt)	\$ 5.1354	\$ 4.5224	\$ (0.6130)	(11.9)

1 **Natural Gas Default Supply Tracking Mechanism**

2	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Total
3	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12		
4														
5	Billed Market (Dekatherms)													
6	Residential	325,122	227,549	252,011	417,133	1,056,634	1,699,529	1,775,125	1,738,021	1,533,655	1,069,571	839,229	532,283	11,465,860
7	LIEAP	21,372	11,869	13,368	22,023	54,434	88,645	96,255	98,536	91,718	69,010	64,128	39,966	671,324
8	Employee	1,036	635	714	1,205	3,022	4,719	5,053	4,572	4,215	3,047	2,868	1,843	32,929
9	Commercial	201,891	155,241	161,658	226,862	524,229	878,675	929,440	896,918	793,852	557,558	438,421	291,207	6,055,952
10	Firm Industrial	4,701	3,714	3,944	5,343	12,001	19,404	21,649	19,242	16,533	10,745	11,550	5,647	134,472
11	Governmental	1,453	604	947	2,355	5,711	9,116	9,344	8,572	7,256	5,223	3,356	2,160	56,096
12	Inter-Department	1,949	1,314	1,408	2,001	5,726	7,337	8,312	7,895	6,479	5,207	3,464	1,861	52,952
13	CNG Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Total Distribution Sales	557,524	400,925	434,049	676,921	1,661,758	2,707,425	2,845,177	2,773,755	2,453,708	1,720,361	1,363,016	874,967	18,469,586
15														
16	Cycle Billing Adjustment	-78,300	16,562	121,436	492,418	522,834	68,876	-35,711	-160,023	-366,674	-178,672	-244,025	-163,695	(4,974)
17														
18	Distribution City Gate Deliveries	479,224	417,487	555,485	1,169,339	2,184,591	2,776,301	2,809,466	2,613,732	2,087,035	1,541,688	1,118,992	711,272	18,464,613
19														
20	Firm Utility Gas Sales (Dekatherms)													
21	Cut Bank	6,344	1,741	1,608	3,159	11,611	23,590	26,232	30,250	25,683	20,740	15,926	11,417	178,301
22	Kevin	143	68	63	105	369	752	896	1,463	1,609	739	449	324	6,980
23	Sunburst	550	211	208	314	1,514	3,402	3,838	4,487	3,723	2,820	2,204	1,527	24,798
24	Total Utility Sales	7,037	2,020	1,879	3,578	13,494	27,744	30,966	36,200	31,015	24,299	18,579	13,268	210,078
25														
26	Total City Gate Deliveries	486,261	419,507	557,364	1,172,917	2,198,085	2,804,045	2,840,432	2,649,932	2,118,050	1,565,987	1,137,570	724,540	18,674,691
27														
28	Transmission U&UAF	11,962	10,320	13,711	28,854	54,073	68,980	69,875	65,188	52,104	38,523	27,984	17,824	459,398
29														
30	Total Supply Requirements	498,223	429,827	571,075	1,201,771	2,252,158	2,873,025	2,910,307	2,715,120	2,170,154	1,604,510	1,165,554	742,364	19,134,089
31														
32	Gas Supply (Dekatherms)													
33	Nova Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
34	Canada Pipeline	1,427,007	1,429,255	990,000	(90,000)	-	-	-	-	-	-	-	-	4,756,262
35	Havre Pipeline	526,145	526,096	528,161	526,178	508,110	525,166	524,428	489,893	523,979	506,557	526,000	509,032	6,219,745
36	EnCana Pipeline	508,182	527,274	505,543	513,550	511,529	504,030	508,639	489,176	505,101	456,025	517,700	501,000	6,047,749
37	Colorado Interstate Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-
38	Battle Creek Owned Production	47,859	46,022	44,680	46,463	43,466	44,982	44,026	40,211	43,413	40,841	40,476	40,476	522,915
39	Intra-Montana Purchases	118,836	127,316	102,829	137,575	114,337	105,136	116,531	100,839	103,561	93,636	121,518	119,518	1,361,632
40														
41	Total Purchases	2,628,029	2,655,963	2,171,213	1,133,766	1,177,442	1,179,314	1,193,624	1,120,119	1,176,054	1,097,059	1,205,694	2,170,026	18,908,303
42														
43														
44														
45	Storage Activity													
46	Storage Supply Activity	2,212,288	2,299,496	1,534,744	(113,383)	(1,320,136)	(1,728,311)	(1,800,980)	(1,488,717)	(748,576)	(402,721)	40,140	1,427,662	(88,494)
47	Storage U&UAF (injection only)	24,936	25,919	17,299	-	-	-	-	-	-	-	452	16,092	84,698
48	Metered Storage Activity	2,187,352	2,273,577	1,517,445	(113,383)	(1,320,136)	(1,728,311)	(1,800,980)	(1,488,717)	(748,576)	(402,721)	39,687	1,411,570	(173,192)
49														
50	Net Difference (delivered vs. supply)	82,482	73,360	(65,394)	(45,378)	(245,420)	(34,600)	(84,297)	106,284	245,524	104,730	(0)	0	
51														
52														

05/22/12

1 **Natural Gas Default Supply Tracking Mechanism**

	Actual Jul-11	Actual Aug-11	Actual Sep-11	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Actual Feb-12	Actual Mar-12	Actual Apr-12	Estimate May-12	Estimate Jun-12	Total
3 Supply Revenue/Cost Calculations													
5 Total Sales													
6 Dekatherms	564,561	402,945	435,928	680,499	1,675,252	2,735,169	2,876,143	2,809,955	2,484,723	1,744,660	1,381,595	868,235	18,679,665
7 Current Year Supply Cost	\$ 5.1354	\$ 5.1640	\$ 5.1075	\$ 4.9948	\$ 4.8949	\$ 4.9279	\$ 4.7904	\$ 4.6185	\$ 4.5024	\$ 3.9603	\$ 3.6336	\$ 3.5017	
8 Prior Year(s) Deferred Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11 Gas Cost Revenues													
12 Current Year Gas Cost	\$ 3,313,001	\$ 2,075,545	\$ 2,243,070	\$ 3,446,096	\$ 8,298,695	\$ 13,418,463	\$ 14,021,601	\$ 13,289,041	\$ 11,369,848	\$ 7,528,977	\$ 5,020,162	\$ 3,110,331	\$ 87,134,831
13 Prior Year(s) Deferred Expense	\$ (25,279)	\$ (149)	\$ 7	\$ 6	\$ 7	\$ (14)	\$ (1)	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ (25,372)
14 Battle Creek Revenue Adjust.	\$ (74,005)	\$ (49,954)	\$ (50,208)	\$ (72,684)	\$ (166,145)	\$ (259,994)	\$ (283,547)	\$ (308,393)	\$ (306,953)	\$ (268,104)	\$ (268,972)	\$ (220,948)	\$ (2,329,907)
15 DSM Lost Revenue (D, T, & S.)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (80,805)	\$ (83,655)	\$ (83,654)	\$ (975,364)
16 Total Revenue	\$ 3,132,911	\$ 1,944,637	\$ 2,112,064	\$ 3,292,613	\$ 8,051,752	\$ 13,077,650	\$ 13,657,247	\$ 12,899,842	\$ 10,982,089	\$ 7,180,118	\$ 4,667,535	\$ 2,805,729	\$ 83,804,187
18 Natural Gas Expenses													
19 NOVA Capacity	\$ 151,562	\$ 148,854	\$ 145,798	\$ 123,237	\$ 100,779	\$ 106,665	\$ 105,841	\$ 72,227	\$ 78,130	\$ 75,496	\$ 168,744	\$ 168,744	\$ 1,446,077
20 Canada Pipeline	\$ 7,124,582	\$ 6,997,553	\$ 5,624,917	\$ 1,568,793	\$ 1,285,397	\$ 1,377,951	\$ 1,490,922	\$ 1,564,841	\$ 1,699,879	\$ 1,740,922	\$ 1,715,661	\$ 3,661,186	\$ 35,852,603
21 Havre Pipeline	\$ 1,946,861	\$ 1,948,673	\$ 1,929,105	\$ 1,704,870	\$ 1,568,571	\$ 1,481,122	\$ 1,250,295	\$ 1,033,892	\$ 926,571	\$ 822,121	\$ 851,356	\$ 1,010,250	\$ 16,473,688
22 EnCana Pipeline	\$ 1,949,968	\$ 1,975,920	\$ 1,814,155	\$ 1,711,454	\$ 1,610,978	\$ 1,547,295	\$ 1,369,256	\$ 1,101,915	\$ 988,350	\$ 789,204	\$ 819,714	\$ 926,688	\$ 16,564,896
23 Colorado Interstate Pipeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24 Battle Creek Owned Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 Intra-Montana Purchases	\$ 456,856	\$ 477,447	\$ 372,008	\$ 462,329	\$ 363,217	\$ 321,697	\$ 308,755	\$ 239,672	\$ 203,193	\$ 156,056	\$ 190,964	\$ 231,579	\$ 3,783,772
26 Storage Injection/Withdrawal	\$ (9,679,699)	\$ (9,885,786)	\$ (6,809,241)	\$ 511,659	\$ 5,957,331	\$ 7,799,288	\$ 8,127,219	\$ 6,718,081	\$ 3,378,073	\$ 1,817,345	\$ (123,320)	\$ (3,901,903)	\$ 3,809,047
27 Total Natural Gas Expenses	\$ 1,950,130	\$ 1,662,660	\$ 2,976,741	\$ 6,082,342	\$ 10,886,273	\$ 12,634,018	\$ 12,652,288	\$ 10,730,627	\$ 7,254,195	\$ 5,381,145	\$ 3,623,119	\$ 2,096,544	\$ 77,930,983
29 Administrative Expenses													
30 MCC Tax Collection	\$ 3,603	\$ 2,276	\$ 2,459	\$ 4,123	\$ 9,924	\$ 16,022	\$ 16,622	\$ 15,734	\$ 13,440	\$ 8,855	\$ 5,801	\$ 3,086	\$ 101,746
31 MPSC Tax Collection	\$ 13,573	\$ 8,645	\$ 9,350	\$ 6,835	\$ 16,408	\$ 26,431	\$ 27,398	\$ 25,876	\$ 22,114	\$ 14,540	\$ 9,052	\$ 11,589	\$ 191,808
32 Labor & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33 DSM Expense	\$ 241,534	\$ 352,570	\$ 101,317	\$ 554,896	\$ 90,836	\$ 290,694	\$ 44,512	\$ 33,951	\$ 323,358	\$ 49,756	\$ 98,912	\$ 320,793	\$ 2,502,930
34 Computer Expense & Support	\$ 3,250	\$ 3,250	\$ 3,250	\$ 5,250	\$ 3,250	\$ 3,250	\$ 4,825	\$ 3,250	\$ 79,675	\$ 3,250	\$ -	\$ -	\$ 112,500
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	\$ 258,960	\$ 363,740	\$ 113,376	\$ 567,905	\$ 117,417	\$ 333,397	\$ 90,358	\$ 75,810	\$ 435,586	\$ 73,402	\$ 110,565	\$ 332,468	\$ 2,872,983
40 Rate Base Expenses													
41 Storage Working Gas	\$ 224,349	\$ 315,958	\$ 379,983	\$ 375,242	\$ 320,037	\$ 247,764	\$ 172,452	\$ 110,197	\$ 78,894	\$ 62,053	\$ 63,196	\$ 99,354	\$ 2,449,479
42 Deferred Expense	\$ (4,493)	\$ (1,880)	\$ 7,130	\$ 31,978	\$ 53,329	\$ 55,201	\$ 50,637	\$ 37,797	\$ 16,699	\$ 5,758	\$ 12	\$ (1,831)	\$ 250,937
43 Total Rate Base Expense	\$ 219,857	\$ 314,078	\$ 387,113	\$ 407,220	\$ 373,366	\$ 302,965	\$ 223,089	\$ 147,995	\$ 95,593	\$ 67,811	\$ 63,208	\$ 97,523	\$ 2,700,416
44 Total Expenses	\$ 2,428,947	\$ 2,340,478	\$ 3,477,231	\$ 7,057,466	\$ 11,377,656	\$ 13,270,380	\$ 12,965,734	\$ 10,954,433	\$ 7,785,374	\$ 5,522,357	\$ 3,796,891	\$ 2,526,595	\$ 83,503,482
46 Deferred Cost Amortization	\$ (25,279)	\$ (149)	\$ 7	\$ 6	\$ 7	\$ (14)	\$ (1)	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ (25,372)
49 Monthly Deferred Cost	\$ 729,244	\$ (395,692)	\$ (1,365,174)	\$ (3,764,860)	\$ (3,325,911)	\$ (192,717)	\$ 691,513	\$ 1,945,410	\$ 3,196,715	\$ 1,657,710	\$ 870,644	\$ 279,194	\$ 326,077
50 Cumulative Deferred Cost	\$ 729,244	\$ 333,552	\$ (1,031,622)	\$ (4,795,482)	\$ (8,122,393)	\$ (6,315,110)	\$ (7,623,597)	\$ (5,678,167)	\$ (2,481,472)	\$ (823,762)	\$ 46,883	\$ 326,077	

05/22/12

1 **Natural Gas Default Supply Tracking Mechanism**

2	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate
3 Total Supply Cost Calculations	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	
4													
5 Rate Base Storage													
6 Beginning Inventory	3,108,360	5,295,712	7,569,289	9,086,734	8,973,351	7,653,215	5,924,904	4,123,924	2,635,207	1,886,631	1,483,910	1,523,597	
7 Net Storage Activity	2,187,352	2,273,577	1,517,445	(113,383)	(1,320,136)	(1,728,311)	(1,800,980)	(1,488,717)	(748,576)	(402,721)	39,687	1,411,570	
8 Ending Inventory	5,295,712	7,569,289	9,086,734	8,973,351	7,653,215	5,924,904	4,123,924	2,635,207	1,886,631	1,483,910	1,523,597	2,935,168	
9													
10 Beginning Rate Base \$	\$ 14,530,658	\$ 24,210,357	\$ 34,096,144	\$ 41,005,385	\$ 40,493,725	\$ 34,536,394	\$ 26,737,106	\$ 18,609,887	\$ 11,891,806	\$ 8,513,733	\$ 6,696,388	\$ 6,819,709	
11 Net Storage Activity \$	\$ 9,679,699	\$ 9,885,786	\$ 6,909,241	\$ (511,659)	\$ (5,957,331)	\$ (7,799,288)	\$ (8,127,219)	\$ (6,718,081)	\$ (3,378,073)	\$ (1,817,345)	\$ 123,320	\$ 3,901,903	
12 Ending Rate Base \$	\$ 24,210,357	\$ 34,096,144	\$ 41,005,385	\$ 40,493,725	\$ 34,536,394	\$ 26,737,106	\$ 18,609,887	\$ 11,891,806	\$ 8,513,733	\$ 6,696,388	\$ 6,819,709	\$ 10,721,611	
13													
14 Beginning Unit Cost	\$ 4.6747	\$ 4.5717	\$ 4.5045	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.4761	
15 Activity Unit Cost	\$ 4.4253	\$ 4.3481	\$ 4.5532	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 2.7642	
16 Ending Unit Cost	\$ 4.5717	\$ 4.5045	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 4.5127	\$ 3.6528	
17													
18													
19 Deferred Supply Cost Expense													
20 Beginning Balance	\$ 23,266	\$ (680,699)	\$ (284,858)	\$ 1,080,309	\$ 4,845,163	\$ 8,171,067	\$ 8,363,798	\$ 7,672,285	\$ 5,726,875	\$ 2,530,160	\$ 872,400	\$ 1,756	
21 Monthly Activity	\$ (703,965)	\$ 395,841	\$ 1,365,167	\$ 3,764,854	\$ 3,325,904	\$ 192,731	\$ (691,512)	\$ (1,945,410)	\$ (3,196,715)	\$ (1,657,760)	\$ (870,644)	\$ (279,194)	
22 Ending Balance	\$ (680,699)	\$ (284,858)	\$ 1,080,309	\$ 4,845,163	\$ 8,171,067	\$ 8,363,798	\$ 7,672,285	\$ 5,726,875	\$ 2,530,160	\$ 872,400	\$ 1,756	\$ (277,439)	
23													
24													
25													
26 Interest	Interest Rate												
27 Working Gas	11.12%												
28 Deferred Account	7.92%												
29 Interim Interest	10.75%												
30													
31 Regulatory Taxes	Oct.1,2010	Oct.1,2011											
32 MCC Rate	0.11%	0.12%											
33 MPSC Rate	0.420%	0.200%											
34													
35													
36													
37													
38													
39													
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43													
44													
45													
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48													
49													
50													

2012/2013 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	19,490	
4	FUGC	239	
5	Subtotal Sales Volumes	19,729	
6	Core Fuel U&UAF	485	
7			
8	Grand Total HER	20,214	
9			
10			
11			
12	GAS SUPPLY		
13			
14			
15	NOVA	16,828	\$ 2,025
16			
17	Trans Canadian Pipeline	6,500	\$ 27,924
18			
19	Havre Pipeline	6,187	\$ 17,003
20			
21	EnCana Pipeline	5,657	\$ 16,325
22			
23	Colorado Interstate Pipeline	0	\$ -
24			
25	NW Energy Owned Production	499	\$ 308
26			
27	Intra-Montana Purchases	1,510	\$ 4,112
28			
29	Storage Net Injection	(47)	\$ 587
30	Storage Fuel Use	(92)	NA
31			
32	Total Gas Supply & Cost	20,214	\$68,284
33			
34			
35	Administrative Expenses	NA	\$ 4,032
36	Working Gas Rate Base	NA	\$ 1,612
37	Deferred Account Interest	NA	\$ 160
38			
39	GAS COST PRIOR TO LOST REV.		\$74,088
40			
41	DSM Lost Revenues (D, T, & S.) (Negative revenue reported here as a cost)		\$ 1,453
42	TOTAL GAS COST (Incl Lost Rev.)		\$ 75,541
43			
44	CORE Unit Gas Cost (\$/Dkt)		\$ 3.8149
45	Thermal Unit Rate (\$/Therm)		\$ 0.38149
46			
47	Battle Creek Revenue Adjustment (\$/Dkt)		\$ 0.1252
48	Battle Creek Revenue Adjustment (\$/Therm))		\$ 0.01252
49			
50	Total Combined Rate (\$/Dkt)		\$ 3.9401
51	Total Combined Rate (\$/Therm)		\$ 0.39401
52			

1 **Natural Gas Default Supply Tracking Mechanism**

	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	Estimate Oct-12	Estimate Nov-12	Estimate Dec-12	Estimate Jan-13	Estimate Feb-13	Estimate Mar-13	Estimate Apr-13	Estimate May-13	Estimate Jun-13	Total
3 Volume Balancing													
4													
5 <u>Billed Market (Dekatherms)</u>													
6 Residential	314,965	229,824	271,341	462,013	1,076,470	1,734,879	1,924,323	1,843,467	1,657,629	1,201,032	847,617	544,787	12,108,347
7 LIEAP	20,280	11,988	14,532	24,424	55,454	90,489	104,385	104,575	99,277	83,178	60,423	38,465	707,470
8 Employee	981	635	767	1,326	3,049	4,770	5,424	4,799	4,510	3,551	2,780	1,772	34,364
9 Commercial	196,521	156,018	166,854	243,299	530,955	892,045	999,520	944,431	850,676	655,944	448,469	298,718	6,383,450
10 Firm Industrial	4,567	3,714	4,101	5,689	12,093	19,598	23,157	20,138	17,589	14,641	9,703	5,661	140,651
11 Governmental	1,336	604	1,181	2,728	5,768	9,221	10,079	9,032	7,804	4,630	3,034	1,983	57,400
12 Inter-Department	1,863	1,314	1,471	2,147	5,775	7,411	8,900	8,275	6,905	6,030	4,521	3,106	57,718
13 CNG Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Total Distribution Sales	540,513	404,097	460,247	741,626	1,689,564	2,758,413	3,075,788	2,934,717	2,644,390	1,969,006	1,376,547	894,492	19,489,400
15													
16 Cycle Billing Adjustment	-68,208	28,075	140,690	473,969	534,425	158,688	-70,536	-145,164	-337,692	-296,230	-241,028	-176,990	-
17													
18 Distribution City Gate Deliveries	472,305	432,172	600,937	1,215,595	2,223,989	2,917,101	3,005,253	2,789,554	2,306,698	1,672,777	1,135,520	717,503	19,489,400
19													
20 <u>Firm Utility Gas Sales (Dekatherms)</u>													
21 Cut Bank	5,558	1,866	1,608	4,469	13,185	23,229	31,961	36,408	27,882	27,837	18,387	12,337	204,727
22 Kevin	130	73	63	140	417	741	1,250	1,347	1,051	1,044	489	261	7,006
23 Sunburst	493	214	208	404	1,720	3,350	4,674	5,466	4,056	3,807	2,170	1,091	27,653
24 Total Utility Sales	6,181	2,153	1,879	5,013	15,322	27,320	37,885	43,221	32,989	32,688	21,046	13,689	239,386
25													
26 Total City Gate Deliveries	478,486	434,325	602,816	1,220,608	2,239,311	2,944,421	3,043,138	2,832,775	2,339,687	1,705,465	1,156,566	731,192	19,728,786
27													
28 Transmission U&UAF	11,771	10,684	14,829	30,027	55,087	72,433	74,861	69,686	57,556	41,954	28,452	17,987	485,327
29													
30 Total Supply Requirements	490,257	445,009	617,645	1,250,635	2,294,398	3,016,854	3,117,999	2,902,461	2,397,243	1,747,419	1,185,018	749,179	20,214,113
31													
32 <u>Gas Supply (Dekatherms)</u>													
33 Nova Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
34 Canada Pipeline	1,100,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	500,000	900,000	1,000,000	6,500,000
35 Havre Pipeline	524,945	524,945	508,945	524,945	508,945	524,945	524,945	476,945	524,945	508,945	524,945	508,945	6,187,340
36 EnCana Pipeline	480,500	480,500	465,000	480,500	465,000	480,500	480,500	434,000	480,500	465,000	480,500	465,000	5,657,500
37 Colorado Interstate Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-
38 NW Energy Owned Production	44,291	43,968	42,594	43,252	41,542	42,280	41,466	37,240	40,638	39,578	41,700	40,145	498,694
39 Intra-Montana Purchases	119,411	119,411	117,411	119,411	135,411	138,011	138,011	130,811	138,011	117,411	119,411	117,411	1,510,132
40													
41 Total Purchases	2,269,147	2,168,824	2,133,950	2,168,108	1,150,898	1,185,736	1,184,922	1,078,996	1,184,094	1,630,934	2,066,556	2,131,501	20,353,666
42													
43													
44													
45 <u>Storage Activity</u>													
46 Storage Supply Activity	1,778,890	1,723,815	1,516,306	917,473	(1,143,500)	(1,831,118)	(1,933,077)	(1,823,465)	(1,213,149)	(116,485)	881,539	1,382,323	139,553
47 Storage U&UAF (injection only)	20,051	19,430	17,091	10,341	-	-	-	-	-	-	9,936	15,581	92,430
48 Metered Storage Activity	1,758,839	1,704,385	1,499,214	907,132	(1,143,500)	(1,831,118)	(1,933,077)	(1,823,465)	(1,213,149)	(116,485)	871,602	1,366,742	47,123
49													
50 Net Difference (delivered vs. supply)	0	0	(0)	(0)	-	-	-	-	-	-	(0)	0	
51													
52													

05/22/12

1 **Natural Gas Default Supply Tracking Mechanism**

2	Estimate	Estimate	Total												
3 Supply Revenue/Cost Calculations	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13			
4															
5 Total Sales															
6 Dekatherms	546,694	406,250	462,126	746,639	1,704,886	2,785,733	3,113,673	2,977,938	2,677,379	2,001,694	1,397,593	908,181		19,728,786	
7 Current Year Supply Cost	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149	\$ 3,8149		
8 Prior Year(s) Deferred Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
9 Current Year Deferred Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
11 Gas Cost Revenues															
12 Current Year Gas Cost	\$ 2,085,583	\$ 1,549,803	\$ 1,762,964	\$ 2,848,353	\$ 6,503,970	\$ 10,627,293	\$ 11,876,351	\$ 11,360,536	\$ 10,213,933	\$ 7,636,262	\$ 5,331,678	\$ 3,464,620	\$ 75,263,346		
13 Prior Year(s) Deferred Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
14 Battle Creek Revenue Adjust.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
15 DSM Lost Revenue (D, T, & S.)	\$ (121,067)	\$ (121,067)	\$ (121,067)	\$ (121,067)	\$ (121,067)	\$ (121,067)	\$ (121,068)	\$ (121,068)	\$ (121,068)	\$ (121,068)	\$ (121,068)	\$ (121,068)	\$ (1,452,810)		
16 Total Revenue	\$ 1,964,516	\$ 1,428,736	\$ 1,641,897	\$ 2,727,286	\$ 6,382,903	\$ 10,506,226	\$ 11,757,283	\$ 11,239,468	\$ 10,092,865	\$ 7,515,194	\$ 5,210,610	\$ 3,343,552	\$ 73,810,536		
17															
18 Natural Gas Expenses															
19 NOVA Capacity	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 168,744	\$ 2,024,928		
20 Canada Pipeline	\$ 4,012,993	\$ 3,852,913	\$ 3,881,175	\$ 3,981,659	\$ 595,251	\$ 564,129	\$ 633,758	\$ 591,680	\$ 631,634	\$ 2,095,330	\$ 3,396,896	\$ 3,688,648	\$ 27,924,166		
21 Havre Pipeline	\$ 1,081,252	\$ 1,121,935	\$ 1,125,866	\$ 1,224,299	\$ 1,362,525	\$ 1,562,889	\$ 1,624,570	\$ 1,479,467	\$ 1,631,132	\$ 1,567,376	\$ 1,639,006	\$ 1,582,644	\$ 17,002,961		
22 EnCana Pipeline	\$ 1,033,114	\$ 1,072,755	\$ 1,075,275	\$ 1,172,498	\$ 1,305,450	\$ 1,504,895	\$ 1,564,956	\$ 1,417,010	\$ 1,571,390	\$ 1,507,088	\$ 1,579,063	\$ 1,521,938	\$ 16,325,472		
23 Colorado Interstate Pipeline	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
24 NW Energy Owned Production	\$ 20,339	\$ 20,726	\$ 20,855	\$ 21,853	\$ 24,534	\$ 29,323	\$ 29,881	\$ 26,811	\$ 29,120	\$ 27,851	\$ 29,429	\$ 27,462	\$ 307,984		
25 Intra-Montana Purchases	\$ 240,322	\$ 249,576	\$ 254,202	\$ 272,861	\$ 357,939	\$ 406,239	\$ 422,456	\$ 401,374	\$ 424,180	\$ 356,057	\$ 367,195	\$ 359,578	\$ 4,111,979		
26 Storage Injection/Withdrawal	\$ (5,082,215)	\$ (5,097,577)	\$ (4,584,807)	\$ (2,862,642)	\$ 3,681,756	\$ 5,895,698	\$ 6,223,978	\$ 5,871,058	\$ 3,906,008	\$ 375,048	\$ (3,028,460)	\$ (4,710,985)	\$ 586,861		
27 Total Natural Gas Expenses	\$ 1,474,549	\$ 1,389,072	\$ 1,941,110	\$ 3,979,272	\$ 7,496,199	\$ 10,131,917	\$ 10,668,384	\$ 9,956,144	\$ 8,362,208	\$ 6,097,494	\$ 4,151,973	\$ 2,636,029	\$ 68,284,351		
28															
29 Administrative Expenses															
30 MCC Tax Collection	\$ 2,333	\$ 1,690	\$ 1,945	\$ 3,247	\$ 7,630	\$ 12,572	\$ 14,073	\$ 13,455	\$ 12,076	\$ 8,985	\$ 6,217	\$ 3,979	\$ 88,203		
31 MPSC Tax Collection	\$ 3,841	\$ 2,800	\$ 3,228	\$ 5,373	\$ 12,600	\$ 20,745	\$ 23,166	\$ 22,096	\$ 19,876	\$ 14,725	\$ 10,202	\$ 6,528	\$ 145,179		
32 Labor & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
33 DSM Expense	\$ 316,539	\$ 439,081	\$ 169,767	\$ 646,996	\$ 158,593	\$ 368,720	\$ 110,622	\$ 97,844	\$ 456,728	\$ 501,225	\$ 165,535	\$ 402,710	\$ 3,834,360		
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	\$ 319,713	\$ 440,570	\$ 171,940	\$ 652,615	\$ 175,823	\$ 399,037	\$ 144,861	\$ 130,394	\$ 485,680	\$ 521,936	\$ 178,955	\$ 410,217	\$ 4,031,741		
39															
40 Rate Base Expenses															
41 Storage Working Gas	\$ 146,449	\$ 193,686	\$ 236,172	\$ 262,699	\$ 228,582	\$ 173,948	\$ 116,273	\$ 61,868	\$ 25,672	\$ 22,197	\$ 50,260	\$ 93,915	\$ 1,611,721		
42 Deferred Expense	\$ (2,001)	\$ 1,936	\$ 6,648	\$ 21,091	\$ 31,315	\$ 32,843	\$ 27,561	\$ 20,496	\$ 12,531	\$ 6,810	\$ 1,345	\$ 3	\$ 160,577		
43 Total Rate Base Expense	\$ 144,447	\$ 195,622	\$ 242,820	\$ 283,791	\$ 259,897	\$ 206,791	\$ 143,834	\$ 82,363	\$ 38,203	\$ 29,007	\$ 51,605	\$ 93,918	\$ 1,772,299		
44															
45 Total Expenses	\$ 1,936,709	\$ 2,025,264	\$ 2,355,870	\$ 4,915,678	\$ 7,931,919	\$ 10,737,745	\$ 10,957,079	\$ 10,168,901	\$ 8,886,091	\$ 6,648,437	\$ 4,382,533	\$ 3,140,163	\$ 74,088,391		
46															
47 Deferred Cost Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
48															
49 Monthly Deferred Cost	\$ 25,807	\$ (596,528)	\$ (713,973)	\$ (2,188,392)	\$ (1,549,016)	\$ (231,520)	\$ 800,204	\$ 1,070,566	\$ 1,206,774	\$ 866,758	\$ 828,076	\$ 203,388	\$ (277,855)		
50 Cumulative Deferred Cost	\$ 25,807	\$ (570,721)	\$ (1,284,694)	\$ (3,473,086)	\$ (5,022,102)	\$ (5,253,621)	\$ (4,453,417)	\$ (3,382,851)	\$ (2,176,077)	\$ (1,309,319)	\$ (481,243)	\$ (277,855)			
51															
52															
53															
54															
55															

05/22/12

1 **Natural Gas Default Supply Tracking Mechanism**

2	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
3 Total Supply Cost Calculations	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	
4													
5 Rate Base Storage													
6 Beginning Inventory	2,935,168	4,694,007	6,398,392	7,897,607	8,804,738	7,661,239	5,830,121	3,897,045	2,073,580	860,431	743,947	1,615,549	
7 Net Storage Activity	1,758,839	1,704,385	1,499,214	907,132	(1,143,500)	(1,831,118)	(1,933,077)	(1,823,465)	(1,213,149)	(116,485)	871,602	1,366,742	
8 Ending Inventory	4,694,007	6,398,392	7,897,607	8,804,738	7,661,239	5,830,121	3,897,045	2,073,580	860,431	743,947	1,615,549	2,982,291	
9													
10 Beginning Rate Base \$	\$ 10,721,611	\$ 15,803,826	\$ 20,901,403	\$ 25,486,210	\$ 28,348,853	\$ 24,667,097	\$ 18,771,398	\$ 12,547,420	\$ 6,676,362	\$ 2,770,354	\$ 2,395,306	\$ 5,423,765	
11 Net Storage Activity \$	\$ 5,082,215	\$ 5,097,577	\$ 4,584,807	\$ 2,862,642	\$ (3,681,756)	\$ (5,895,698)	\$ (6,223,978)	\$ (5,871,058)	\$ (3,906,008)	\$ (375,048)	\$ 3,028,460	\$ 4,710,985	
12 Ending Rate Base \$	\$ 15,803,826	\$ 20,901,403	\$ 25,486,210	\$ 28,348,853	\$ 24,667,097	\$ 18,771,398	\$ 12,547,420	\$ 6,676,362	\$ 2,770,354	\$ 2,395,306	\$ 5,423,765	\$ 10,134,751	
13													
14 Beginning Unit Cost	\$ 3.6528	\$ 3.3668	\$ 3.2667	\$ 3.2271	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.3572
15 Activity Unit Cost	\$ 2.8895	\$ 2.9909	\$ 3.0581	\$ 3.1557	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.4746	\$ 3.4469
16 Ending Unit Cost	\$ 3.3668	\$ 3.2667	\$ 3.2271	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.2197	\$ 3.3572	\$ 3.3983
17													
18													
19 Deferred Supply Cost Expense													
20 Beginning Balance	\$ (277,439)	\$ (303,246)	\$ 293,282	\$ 1,007,255	\$ 3,195,647	\$ 4,744,663	\$ 4,976,182	\$ 4,175,978	\$ 3,105,412	\$ 1,898,638	\$ 1,031,880	\$ 203,804	
21 Monthly Activity	\$ (25,807)	\$ 596,528	\$ 713,973	\$ 2,188,392	\$ 1,549,016	\$ 231,520	\$ (800,204)	\$ (1,070,566)	\$ (1,206,774)	\$ (866,758)	\$ (828,076)	\$ (203,388)	
22 Ending Balance	\$ (303,246)	\$ 293,282	\$ 1,007,255	\$ 3,195,647	\$ 4,744,663	\$ 4,976,182	\$ 4,175,978	\$ 3,105,412	\$ 1,898,638	\$ 1,031,880	\$ 203,804	\$ 416	
23													
24													
25													
26 Interest	Interest Rate												
27 Working Gas	11.12%												
28 Deferred Account	7.92%												
29													
30													
31 Regulatory Taxes	Oct. 1, 2011												
32 MCC Rate	0.12%												
33 MPSC Rate	0.200%												
34													
35													
36													
37													
38													
39													
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49													
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05/22/12

9 **PREFILED DIRECT TESTIMONY**

10 **OF GLEN D. PHELPS**

11 **ON BEHALF OF NORTHWESTERN ENERGY**

12
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19	Unit Rate Adjustments/Proposed Rates	12
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21		
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Witness Information

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23

Q. Please state your name and business address.

A. My name is Glen D. Phelps 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 as a Regulatory Analyst by NorthWestern Energy ("NWE" or "NorthWestern").

Q. Please summarize your education and employment experience.

A. I graduated from Montana State University with a Bachelor of Science degree in Animal Science in 1987. I joined the Montana Power Company as a mechanic's assistant in the Bozeman Division in 1989 and worked as an Energy Services Rep from August 1991 through May 1993. I joined the Energy Services Department in the General Office as Manager of the Residential Audit and Free Weatherization programs in June 1993. My position was moved to the Regulatory Affairs Department in 2002, and my title was changed to Regulatory Analyst. I oversaw the redesign of the Free Weatherization Program in 1995-1996 and remained manager of that program through 2005. I served as Universal System Benefits Accounting Analyst from 1999 through 2005 and was NWE's witness before the Montana Public Service Commission ("MPSC" or "Commission") in USB Docket No. D2005.6.106. I have attended

1 regulatory workshops put on by the Center for Public Utilities and the
2 Institute of Public Utilities and have worked on a number of MPSC filings.

3
4 **Q. What are your responsibilities as a Regulatory Analyst?**

5 **A.** Since 2006, I have focused on preparing supporting data and cost
6 allocation models and assisting with the preparation of testimony, exhibits,
7 and workpapers for NWE's allocated cost of service filings in MPSC
8 Docket Nos. D2006.10.141, D2007.7.82 and D2009.9.129. I prepare
9 NWE's monthly and deferred gas cost filings to the MPSC and prepare a
10 number of monthly and annual natural gas utility reports for various
11 internal and external purposes. I sponsored NWE's Unreflected Gas Cost
12 Account ("UGCA") and Gas Transportation Adjustment Clause ("GTAC")
13 testimony and exhibits in the previous Annual Natural Gas Tracker filing,
14 Docket No. D2011.5.36.

15
16 **Purpose of Testimony**

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

18 **A.** I testify to the following:

- 19 1. The natural gas cost revenues and natural gas cost expenses for
20 the period July 1, 2011 to June 30, 2012, including the computation
21 of the deferred UGCA balance, also referred to as the deferred
22 account balance. The information is actual through April 2012 and
23 estimated for May and June 2012;

- 1 2. The proposed amortization of the GTAC balance as of April 30,
2 2012;
- 3 3. An explanation of the prior period UGCA and GTAC balance
4 amortizations; and,
- 5 4. The proposed rates resulting from the natural gas cost and
6 amortization adjustments proposed in this filing.
- 7

8 **Unreflected Gas Cost Account Balance**

9 **Q. What is the net deferred UGCA balance for the 12-month period**
10 **ending June 2012?**

11 **A.** The net deferred UGCA balance for the 12-month period ending June
12 2012 is \$(277,439) as presented on page 1, line 54 of Exhibit__(GDP-1).
13 This amount includes the prior period balance for the 2010-2011 tracking
14 period and the current period balance for the 2011-2012 tracking period as
15 discussed below.

16

17 **Q. Describe the status of the deferred UGCA balance associated with**
18 **the 2010-2011 tracking period.**

19 **A.** The present balance of the prior period deferred account is \$48,639. The
20 deferred account balance approved in Docket No. D2011.5.36, Final
21 Order No. 7152b, was \$307,931, as shown on Exhibit__(GDP-1) page 1,
22 line 9, which included estimates for the months of May and June 2011.
23 The estimates have been trued-up to actual collections, revenues and
24 expenses, as shown in Exhibit__(GDP-1) page 1, lines 11 through 31.

1 The true-up reduced the initial balance by \$284,664, leaving an actual
2 balance of \$23,266. This amount is the actual deferred account beginning
3 balance for the 2011-2012 tracking period. Current year monthly activity
4 increased the balance to \$48,639.

5
6 **Q. Describe the deferred UGCA balance associated with the 2011-2012**
7 **tracking period.**

8 **A.** Exhibit__(GDP-1), page 2 presents a summary of the monthly actual
9 natural gas cost revenues and corresponding natural gas cost expenses
10 recorded on NWE's books for the current period commencing July 1, 2011
11 and ending June 30, 2012. The difference between revenues and
12 expenses for each month and the total for the 12-month period ending
13 June 2012 are reported in the column titled "Deferred Gas Cost." This
14 table reflects the amounts recorded in the UGCA (Account No. 191) for
15 this period and is a summary of the totals taken from the individual
16 monthly natural gas cost revenue and natural gas cost expense reports
17 NWE files with the Commission. The current period deferred UGCA
18 balance for the 12-month period ending June 2012 is \$(326,077) shown
19 on page 2, line 32.

20
21 **Q. What is the source of natural gas cost revenues and natural gas cost**
22 **expenses?**

23 **A.** Natural gas cost revenues are the portion of the booked natural gas
24 revenues associated with natural gas costs. Each month, the recorded

1 consumption provides the source data to which the appropriate unit
2 natural gas cost rate component (as approved in respective rate orders) is
3 applied. The product of this computation is the Total Gas Cost Revenue.
4 The natural gas cost expenses are based on the actual costs recorded on
5 the books and records of NWE.

6
7 **Q. Were any adjustments made in determining the UGCA Balance at**
8 **June 30, 2012?**

9 **A.** Yes. Natural gas cost revenues and expenses associated with Battle
10 Creek production from July 2011 through April 2012 were eliminated from
11 the Deferred UGCA Balance. Because NorthWestern made a separate
12 filing in Docket No. D2012.3.25 requesting rate base treatment of the
13 Battle Creek production properties, the related revenues and expenses
14 are not considered part of the deferred gas cost computation in this
15 docket. The eliminated Battle Creek revenues are shown on
16 Exhibit__(JMS-1) Work Papers, page 2, line 14, attached to the Prefiled
17 Direct Testimony of John M. Smith ("Smith Direct Testimony") and the
18 expenses are zero as shown on line 24 of that Exhibit.

19
20 **Q. How were Battle Creek gas cost revenues determined?**

21 **A.** NWE used a variable monthly rate calculation to determine Battle Creek
22 revenues. The variable monthly rate calculation takes the sum of the
23 monthly revenue requirement through the end of the tracker period (June
24 2012) divided by the sum of forecasted loads in dekatherms ("Dkt") for the

1 same period. This rate is then applied to the actual monthly sales in Dkt
2 to determine the actual Battle Creek revenues for each month. The unit
3 rate is recomputed each month using the sum of the remaining monthly
4 revenue requirement divided by the sum of the remaining forecasted
5 loads, through the end of the tracker period. NWE is proposing to add
6 \$.01252/Dkt to reflect the Battle Creek fixed cost revenue requirement for
7 the 2012/2013 tracker period. This fixed cost rate comes directly from the
8 Battle Creek filing. This is also described in the Smith Direct Testimony.

9
10 **Q. Does NWE propose a UGCA Adjustment for amortization in this**
11 **filing?**

12 **A.** Yes. NWE proposes a net UGCA Adjustment for amortization of
13 \$(277,439), as shown on Exhibit__(GDP-1), page 1. The Adjustment
14 includes the prior period deferred account balance of \$48,639, plus the
15 current period deferred account balance of \$(326,077), as described
16 previously and summarized below.

17 **Total UGCA Balance**

18	Remaining 2010-2011 Prior Period UGCA Balance ¹	\$ 48,639
19	Plus: 2011-2012 Current Period UGCA Balance ²	<u>(326,077)</u>
20		\$(277,438) ³

21
22 **Q. Does the UGCA Adjustment require additional money to be collected**
23 **from customers?**

¹ Exhibit__(GDP-1), page 1

² Exhibit__(GDP-1), page 2

³ This total is one dollar different than Exhibit__(GDP-1), page 1 because of rounding.

1 **A.** No. The proposed net UGCA Adjustment results in a refund to customers.

2

3 **Q.** **Is NWE proposing to adjust the deferred natural gas supply rate at**
4 **this time?**

5 **A.** No. The \$(277,439) balance is the starting amount for the 2012
6 amortization of the deferred account balance as shown on Exhibit__(JMS-
7 2) Workpapers, page 3, line 20, attached to the Smith Direct Testimony
8 and discussed in his testimony. NWE proposes to set the rate at zero until
9 actuals are recorded for the months of May and June. After the actual
10 amounts for May and June are known, NWE will review the account
11 balance and determine if the final amount merits filing a rate adjustment
12 proposal.

13

14 **Gas Transportation Adjustment Clause**

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

16 **A.** The purpose of the GTAC mechanism is to track the difference between
17 the actual Interruptible and Off-system transportation sales received and
18 the amount established in the most current general rate filing. The
19 Interruptible and Off-system sales from the latest natural gas general rate
20 filing are basically revenue credits in establishing Montana jurisdiction
21 rates. If actual Interruptible and Off-system revenues exceed the amounts
22 established in the general rate filing, then customers are given an
23 additional credit through the GTAC rates and if actual revenues are less
24 than the amounts established the credit is reduced accordingly. The

1 GTAC mechanism was implemented pursuant to MPSC Order No. 5474c
2 in Docket No. 90.1.1. NWE files for treatment of the GTAC Balance
3 annually, in conjunction with its Annual Natural Gas Tracker filing.
4

5 In addition, pursuant to Order No. 6197c in Docket No. D99.8.176, NWE
6 has the flexibility to discount its transmission, storage, and/or distribution
7 rates to avoid uneconomic bypass and, where approved by the MPSC,
8 recover the discounted amounts from its other customers. The discounted
9 amounts are flowed through to customers using the GTAC.
10

11 **Q. Has NWE used the most current approved Interruptible and Off-**
12 **system sales data in calculating the GTAC rate?**

13 **A.** Yes, NWE used the Interruptible and Off-system transportation sales data
14 approved in NWE's last general rate filing, Docket No. D2009.9.129. The
15 GTAC computation coincides with implementation of MPSC natural gas
16 delivery services rates adjusted on January 1, 2011 by Final Order No.
17 7046h.

18
19 **Q. What are the Interruptible and Off-system transportation sales**
20 **amounts that were approved in NWE's filing in Docket No.**
21 **D2009.9.129?**

22
23 **A.** Below are the sales amounts reflected in Statement H for the Natural Gas
24 Utility:
25

1	DBU ⁴ Interruptible Transportation	\$ 14,940
2	TBU ⁵ Interruptible Transportation	\$ 363,998
3	Off-System Interruptible Transportation	\$ 765,888
4	Canadian Montana Pipeline	<u>\$ 77,847</u>
5	Total	\$1,222,673

6

7 **Q. What is the prior period GTAC balance currently being amortized**
8 **pursuant to Final Order No. 7152b in NWE's 2011 Annual Natural Gas**
9 **Tracker filing, Docket No. D2011.5.36?**

10 **A.** The present balance of the prior period GTAC is \$(97,659).
11 Exhibit__(GDP-2), pages 2 through 4 shows the calculation of the
12 remaining GTAC balance by business function as of April 30, 2012,
13 currently being amortized for the 2010-2011 tracker period GTAC
14 adjustment, per Order No. 7152b. The prior period balance of the Storage
15 GTAC is \$16,044. The prior period balance of the DBU is \$(2,753) and
16 \$(110,950) for the TBU.

17

18 **Q. What is the current period GTAC balance?**

19 **A.** The current period GTAC balance reflected on NWE's books and records
20 as of April 30, 2012 is \$(481,331) as shown on Exhibit__(GDP-2), page 5.
21 This amount is comprised of actual Interruptible and Off-system
22 transportation revenues for May 2011 through April 2012 of \$1,703,360,

⁴ Distribution Business Unit

⁵ Transmission Business Unit

1 less the previously ordered revenues of \$1,222,673 plus the Interruptible
2 DBU rate discount impact of \$(645).

3
4 **Q. What is the GTAC net balance being proposed for amortization in
5 this filing?**

6 **A.** NWE proposes a net GTAC balance of \$(578,989) for amortization in
7 rates during the May 2012 through April 2013 tracker year. The proposed
8 balance includes the prior period GTAC balance of \$(97,659), plus the
9 current period GTAC balance of \$(481,331), as described previously and
10 summarized below.

11 **Total GTAC Balance**

12	Remaining 2010-2011 Prior Period GTAC Balance ⁶	\$ (97,659)
13	Plus: 2011-2012 Current Period GTAC Balance ⁷	<u>(481,331)</u>
14		\$ (578,989)

15
16 **Q. Please explain the derivation of the GTAC rates.**

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

⁶ Exhibit__(GDP-2), page 1

⁷ Exhibit__(GDP-2), pages 1 and 5

Unit Rate Adjustments/Proposed Rates

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

A. Yes, Exhibit__(GDP-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 commodity rate at transmission level?

A. Yes, Exhibit__(GDP-4) reflects the calculation of the proposed maximum Interruptible TBU commodity rate. Pursuant to NWE’s approved maximum Interruptible TBU rate design (initially approved in Docket No. 90.1.1), the maximum Interruptible TBU commodity rate is based on the 100% load factor Firm TBU commodity rate. Therefore, it is necessary to recalculate the maximum Interruptible TBU rate after deriving the new Firm TBU commodity rate.

Q. What is NWE’s proposal for rate implementation?

A. NWE proposes an interim rate effective date for its proposed rate adjustments and implementation of monthly natural gas cost adjustments for service on and after July 1, 2012.

Q. Does this complete your testimony?

A. Yes, it does.

	B	C	D	E
1	NorthWestern Energy			
2	Unreflected Gas Cost Account			
3	Prior Period Deferred Balance (07/01/10 - 06/30/11) & 2012 Amortizations			
4	Docket No. D2011.5.36, Final Order 7152b			
5				
6		Estimates /		True-up
7		Actuals	Variance	Balance
8				
9	Jul10 - Jun11 Under-Collected Balance filed in D2011.5.36			\$ 307,931
10				
11	True-up of D2011.5.36 Prior Period Deferred UGCA Balance			
12	May11: Estimated Collection - D2011.5.36	\$ (104,148)		
13	May11: Actual Collection	\$ (106,775)		\$ 2,628
14				
15	Jun11: Estimated Collection - D2011.5.36	\$ (53,165)		
16	Jun11: Actual Collection	\$ (68,366)		\$ 15,202
17				
18	True-up of D2011.5.36 Current Period Deferred UGCA Balance			
19	May11: Estimated Revenue - D2011.5.36	\$ 7,648,589		
20	May11: Estimated Expense - D2011.5.36	\$ 5,217,868	\$ 2,430,721	
21				
22	May11: Actual Revenue	\$ 7,783,699		
23	May11: Actual Expense	\$ 5,646,047	\$ 2,137,652	\$ 293,069
24				
25	Jun11: Estimated Revenue - D2011.5.36	\$ 4,397,056		
26	Jun11: Estimated Expense - D2011.5.36	\$ 3,248,329	\$ 1,148,727	
27				
28	Jun11: Actual Revenue	\$ 5,068,220		
29	Jun11: Actual Expense	\$ 3,323,931	\$ 1,744,289	\$ (595,563)
30				
31	Jul10 - Jun11 Under-Collected Balance with True-up			\$ 23,266
32				
33				
34		Monthly	Collection	Remaining
35	Jul11 - Jun12 Monthly Activity	Collection	to-date	Balance
36	Beginning Balance			\$ 23,266
37	July-11	\$ (25,279)	\$ (25,279)	\$ 48,546
38	August-11	\$ (149)	\$ (25,428)	\$ 48,695
39	September-11	\$ 7	\$ (25,421)	\$ 48,687
40	October-11	\$ 6	\$ (25,415)	\$ 48,681
41	November-11	\$ 7	\$ (25,408)	\$ 48,675
42	December-11	\$ (14)	\$ (25,422)	\$ 48,688
43	January-12	\$ (1)	\$ (25,423)	\$ 48,689
44	February-12	\$ -	\$ (25,423)	\$ 48,689
45	March-12	\$ -	\$ (25,423)	\$ 48,689
46	April-12	\$ 50	\$ (25,372)	\$ 48,639
47	May-12 (Estimated)	\$ -	\$ (25,372)	\$ 48,639
48	June-12 (Estimated)	\$ -	\$ (25,372)	\$ 48,639
49				
50	Prior Period Deferred UGCA Balance			\$ 48,639
51				
52	Current Deferred UGCA Balance			\$ (326,077)
53				
54	Total Deferred UGCA Balance (Initial balance for Jul12 - Jun13 Tracker)			\$ (277,439)

	A	B	C	D
1	NorthWestern Energy			
2	Current Period Unreflected Gas Cost Account Balance			
3	July 2011 - June 2012			
4				
5				
6		Gas Cost	Gas Cost	Deferred
7	Month	Revenues	Expense	Gas Cost
8				
9	July-11	\$ 3,158,191	\$ 2,428,947	\$ (729,244)
10				
11	August-11	\$ 1,944,786	\$ 2,340,478	\$ 395,692
12				
13	September-11	\$ 2,112,057	\$ 3,477,230	\$ 1,365,174
14				
15	October-11	\$ 3,292,607	\$ 7,057,466	\$ 3,764,859
16				
17	November-11	\$ 8,051,745	\$ 11,377,656	\$ 3,325,911
18				
19	December-11	\$ 13,077,663	\$ 13,270,380	\$ 192,717
20				
21	January-12	\$ 13,657,247	\$ 12,965,734	\$ (691,513)
22				
23	February-12	\$ 12,899,842	\$ 10,954,432	\$ (1,945,410)
24				
25	March-12	\$ 10,982,089	\$ 7,785,374	\$ (3,196,715)
26				
27	April-12	\$ 7,180,067	\$ 5,522,357	\$ (1,657,710)
28				
29	May-12 (Estimated)	\$ 4,667,535	\$ 3,796,891	\$ (870,644)
30				
31	June-12 (Estimated)	\$ 2,805,729	\$ 2,526,535	\$ (279,194)
32		\$ 83,829,559	\$ 83,503,482	\$ (326,077)

	A	B	C	D	E	F	G	H	I
1	NorthWestern Energy								
2	GTAC Allocation and Rate Calculation								
3	2012 Tracker Filing Estimate								
4									
5									
6									
7	Storage								
8	Current Section 311	\$0.00							
9	Prior Period Balance	\$16,044.27							
10		\$16,044.27							
11					July - June				
12				GTAC	Billing				
13		MDDQ	Allocators	Allocation	Determinant	Proposed	Current		
14	Core	120,296	0.57100	\$9,161.28	19,489,400	Dkt/yr	\$0.0000470	\$0.0000714	(\$0.0000244)
15	Firm Utility	1,513	0.00718	\$115.20	1,513	MDDQ/mnth	\$0.0006345	\$0.0009918	(\$0.0003573)
16	Transportation	88,866	0.42182	\$6,767.79	88,866	MDDQ/mnth	\$0.0006346	\$0.0009916	(\$0.0003570)
17		210,675	1.00000	\$16,044.27					
18									
19	DBU IT								
20	Current Section 311	(\$9,945.85)							
21	Prior Period Balance	(\$2,753.24)							
22		(\$12,699.09)							
23					July - June				
24				GTAC	Billing				
25		MDDQ	Allocators	Allocation	Determinant	Proposed	Current		
26	Residential	141,509	0.59145	(\$7,510.86)	12,850,181	Dkt/yr	(\$0.0000584)	(\$0.0000255)	(\$0.0000329)
27	General Service	76,197	0.31847	(\$4,044.31)	6,639,219	Dkt/yr	(\$0.0000609)	(\$0.0000247)	(\$0.0000362)
28	DBU Transportation	21,552	0.09008	(\$1,143.92)	21,552	MDDQ/mnth	(\$0.0004423)	(\$0.0001942)	(\$0.0002481)
29		239,258	1.00000	(\$12,699.09)					
30									
31	TBU IT								
32	Current Section 311	(\$471,384.70)							
33	Prior Period Balance	(\$110,949.65)							
34		(\$582,334.35)							
35					July - June				
36				GTAC	Billing				
37		MDDQ	Allocators	Allocation	Determinant	Proposed	Current		
38	Residential	141,509	0.43260	(\$251,916.73)	12,850,181	Dkt/yr	(\$0.0019604)	(\$0.0018813)	(\$0.0000791)
39	General Service	76,197	0.23294	(\$135,647.45)	6,639,219	Dkt/yr	(\$0.0020431)	(\$0.0018236)	(\$0.0002195)
40	Firm Utility	2,751	0.00841	(\$4,897.37)	239,386	Dkt/yr	(\$0.0020458)	(\$0.0014131)	(\$0.0006327)
41	TBU Transportation	106,657	0.32605	(\$189,872.73)	18,412,250	Dkt/yr	(\$0.0010312)	(\$0.0011145)	\$0.0000833
42		327,114	1.00000	(\$582,334.28)					
43	Total								
44	Current Section 311	(\$481,330.55)							
45	Prior Period Balance	(\$97,658.62)							
46		(\$578,989.17)							

	B	C	D	E
4	Docket No. D2011.5.36, Final Order 7152b			
5				
6		Monthly	Collection /	
7		Collection /	Giveback	Balance
8	Month	Giveback	to-date	Remaining
9				
10				
11	Balance			\$ 24,803
12				
13	May-11	\$ (4,652)	\$ (4,652)	\$ 29,455
14				
15	June-11	\$ (3,737)	\$ (8,389)	\$ 33,192
16				
17	July-11	\$ (1,702)	\$ (10,090)	\$ 34,893
18				
19	August-11	\$ 1,174	\$ (8,917)	\$ 33,720
20				
21	September-11	\$ 1,198	\$ (7,719)	\$ 32,522
22				
23	October-11	\$ 1,337	\$ (6,381)	\$ 31,185
24				
25	November-11	\$ 2,046	\$ (4,336)	\$ 29,139
26				
27	December-11	\$ 2,798	\$ (1,538)	\$ 26,341
28				
29	January-12	\$ 2,902	\$ 1,364	\$ 23,439
30				
31	February-12	\$ 2,851	\$ 4,215	\$ 20,588
32				
33	March-12	\$ 2,546	\$ 6,761	\$ 18,042
34				
35	April-12	\$ 1,998	\$ 8,759	\$ 16,044

	A	B	C	D	E	F
1	NorthWestern Energy					
2	DBU GTAC Amortization					
3	Prior Period Deferred Balance (07/01/10 - 06/30/11) & 2012 Amortizations					
4	Docket No. D2011.5.36, Final Order 7152b					
5						
6			Monthly	Collection /		
7			Collection /	Giveback		Balance
8			Giveback	to-date		Remaining
9						
10						
11		Balance			\$	(5,532)
12						
13		May-11	\$ 979	\$ 979	\$	(6,511)
14						
15		June-11	\$ 662	\$ 1,641	\$	(7,173)
16						
17		July-11	\$ (46)	\$ 1,595	\$	(7,127)
18						
19		August-11	\$ (145)	\$ 1,450	\$	(6,982)
20						
21		September-11	\$ (154)	\$ 1,296	\$	(6,828)
22						
23		October-11	\$ (215)	\$ 1,081	\$	(6,613)
24						
25		November-11	\$ (465)	\$ 616	\$	(6,148)
26						
27		December-11	\$ (730)	\$ (114)	\$	(5,418)
28						
29		January-12	\$ (767)	\$ (881)	\$	(4,651)
30						
31		February-12	\$ (749)	\$ (1,630)	\$	(3,902)
32						
33		March-12	\$ (668)	\$ (2,298)	\$	(3,234)
34						
35		April-12	\$ (481)	\$ (2,779)	\$	(2,753)

	A	B	C	D	E	F
1	NorthWestern Energy					
2	TBU GTAC Amortization					
3	Prior Period Deferred Balance (07/01/10 - 06/30/11) & 2012 Amortizations					
4	Docket No. D2011.5.36, Final Order 7152b					
5						
6			Monthly	Collection /		
7			Collection /	Giveback		Balance
8		Month	Giveback	to-date		Remaining
9						
10						
11		Balance			\$	(554,289)
12						
13		May-11	\$ 4,237	\$ 4,237	\$	(558,526)
14						
15		June-11	\$ 2,959	\$ 7,196	\$	(561,485)
16						
17		July-11	\$ (9,556)	\$ (2,359)	\$	(551,930)
18						
19		August-11	\$ (18,094)	\$ (20,453)	\$	(533,836)
20						
21		September-11	\$ (19,079)	\$ (39,532)	\$	(514,757)
22						
23		October-11	\$ (23,412)	\$ (62,944)	\$	(491,345)
24						
25		November-11	\$ (44,870)	\$ (107,814)	\$	(446,475)
26						
27		December-11	\$ (69,164)	\$ (176,978)	\$	(377,311)
28						
29		January-12	\$ (74,846)	\$ (251,824)	\$	(302,465)
30						
31		February-12	\$ (74,373)	\$ (326,197)	\$	(228,092)
32						
33		March-12	\$ (66,421)	\$ (392,617)	\$	(161,671)
34						
35		April-12	\$ (50,722)	\$ (443,339)	\$	(110,950)

	A	B	C	D
1	NorthWestern Energy			
2	GTAC Balance			
3	As Of April 30, 2012			
4				
5				
6				
7				May 2011 through
8	Monthly GTAC Revenues			<u>April 2012</u>
9	DBU IT			\$ 24,242
10	TBU On-System IT			\$ 1,347,262
11	TBU Off-System IT			\$ 201,294
12	Off-System Storage			\$ -
13	CMPL IT			\$ 130,562
14	Total GTAC Revenues			<u>\$ 1,703,360</u>
15				
16	Less Offsets			
17	(per Orders 7046g & 7046h):			
18	Off-System IT Rev.			\$ 765,888
19	Off-System IS Rev.			\$ -
20	DBU On-System IT Rev.			\$ 14,940
21	TBU On-System IT Rev.			\$ 363,998
22	CMPL Trans. Rev.			\$ 77,847
23				<u>\$ 1,222,674</u>
24	FT Rate Discount Shortfall:			
25	TBU FT Discount Rev. Impact			\$ -
26	DBU FT Discount Rev. Impact			\$ (645)
27				<u>\$ (645)</u>
28				
29	Total Offsets			\$ 1,222,029
30				
31	NET GTAC Revenues			\$ (481,331)
32				
33	Storage			\$ -
34	Distribution			\$ (9,946)
35	Transmission			\$ (471,385)
36	NET GTAC Revenues			<u>\$ (481,331)</u>
37				
38				
39				

**NorthWestern Energy
 Natural Gas Utility
 Unit Rate Adjustments/Proposed Rates
 July 1, 2012**

	<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 (\$/Therm)				
Distribution Charge	\$ 0.1828771	\$ 0.1828771	\$ -	0.00%
Transmission Charge	\$ 0.1082924	\$ 0.1082924	\$ -	0.00%
Storage Charge	\$ 0.0329584	\$ 0.0329584	\$ -	0.00%
Gas Supply Charge	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization	\$ -	\$ -	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000255)	\$(0.0000584)	\$(0.0000329)	-129.02%
TBU GTAC Amortization	\$(0.0018813)	\$(0.0019604)	\$(0.0000791)	-4.21%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.6724625</u>	<u>\$ 0.7161661</u>	<u>\$ 0.0437036</u>	<u>6.50%</u>
D-RGCA-1 Rate Schedule				
Residential Gas Core Aggregation				
Monthly Service Charge per Meter	\$ 6.75	\$ 6.75	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1828771	\$ 0.1828771	\$ -	0.00%
Transmission Charge	\$ 0.1082924	\$ 0.1082924	\$ -	0.00%
Storage Charge	\$ 0.0329584	\$ 0.0329584	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000255)	\$(0.0000584)	\$(0.0000329)	-129.02%
TBU GTAC Amortization	\$(0.0018813)	\$(0.0019604)	\$(0.0000791)	-4.21%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.3222925</u>	<u>\$ 0.3221561</u>	<u>\$(0.0001364)</u>	<u>-0.04%</u>
D-GSG-1 Rate Schedule				
General Natural Gas Service				
Monthly Service Charge per Meter				
0 to 300	\$ 16.85	\$ 16.85	\$ -	0.00%
301 to 1,000	\$ 22.25	\$ 22.25	\$ -	0.00%
1,001 to 2,000	\$ 35.85	\$ 35.85	\$ -	0.00%
2,001 to 5,000	\$ 60.20	\$ 60.20	\$ -	0.00%
5,001 to 10,000	\$ 73.95	\$ 73.95	\$ -	0.00%
10,001 to 30,000	\$ 116.95	\$ 116.95	\$ -	0.00%
> 30,000	\$ 142.10	\$ 142.10	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1808031	\$ 0.1808031	\$ -	0.00%
Transmission Charge	\$ 0.1082248	\$ 0.1082248	\$ -	0.00%
Storage Charge	\$ 0.0328634	\$ 0.0328634	\$ -	0.00%
Gas Supply Charge	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization	\$ -	\$ -	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000247)	\$(0.0000609)	\$(0.0000362)	-146.56%
TBU GTAC Amortization	\$(0.0018236)	\$(0.0020431)	\$(0.0002195)	-12.04%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	<u>\$ 0.6702844</u>	<u>\$ 0.7138443</u>	<u>\$ 0.0435599</u>	<u>6.50%</u>

**NorthWestern Energy
 Natural Gas Utility
 Unit Rate Adjustments/Proposed Rates
 July 1, 2012**

	<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	\$ 16.85	\$ 16.85	\$ -	0.00%
301 to 1,000	\$ 22.25	\$ 22.25	\$ -	0.00%
1,001 to 2,000	\$ 35.85	\$ 35.85	\$ -	0.00%
2,001 to 5,000	\$ 60.20	\$ 60.20	\$ -	0.00%
5,001 to 10,000	\$ 73.95	\$ 73.95	\$ -	0.00%
10,001 to 30,000	\$ 116.95	\$ 116.95	\$ -	0.00%
> 30,000	\$ 142.10	\$ 142.10	\$ -	0.00%
Commodity Charges (\$/Therm)				
Distribution Charge	\$ 0.1808031	\$ 0.1808031	\$ -	0.00%
Transmission Charge	\$ 0.1082248	\$ 0.1082248	\$ -	0.00%
Storage Charge	\$ 0.0328634	\$ 0.0328634	\$ -	0.00%
DBU GTAC Amortization	\$(0.0000247)	\$(0.0000609)	\$(0.0000362)	-146.56%
TBU GTAC Amortization	\$(0.0018236)	\$(0.0020431)	\$(0.0002195)	-12.04%
Storage GTAC Amortization	\$ 0.0000714	\$ 0.0000470	\$(0.0000244)	-34.17%
Total Commodity	\$ 0.3201144	\$ 0.3198343	\$(0.0002801)	-0.09%
T-FUGC-1 Rate Schedule				
Firm Utility Gas Contract Service				
Monthly Service Charge per Meter				
10,001 to 30,000	\$ 107.00	\$ 107.00	\$ -	0.00%
> 30,000	\$ 275.85	\$ 275.85	\$ -	0.00%
Transmission Charges:				
Reservation Rate (MDDQ)	\$ 0.5208928	\$ 0.5208928	\$ -	0.00%
Transmission Commodity Rate (Therm)	\$ 0.0062088	\$ 0.0062088	\$ -	0.00%
GTAC Amortization (Therm)	\$(0.0014131)	\$(0.0020458)	\$(0.0006327)	-44.77%
Storage Charges:				
Reservation Rate (MDDQ)	\$ 0.4142735	\$ 0.4142735	\$ -	0.00%
Storage Commodity Rate (Therm)	\$ 0.0014986	\$ 0.0014986	\$ -	0.00%
GTAC Amortization (MDDQ)	\$ 0.0009918	\$ 0.0006345	\$(0.0003573)	-36.03%
Gas Supply Charge (Therm)	\$ 0.3501700	\$ 0.3940100	\$ 0.0438400	12.52%
Deferred Gas Cost Amortization (Therm)	\$ -	\$ -	\$ -	0.00%

NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
July 1, 2012

	<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	\$ 102.45	\$ 102.45	\$ -	0.00%
5,000 to 10,000	\$ 117.10	\$ 117.10	\$ -	0.00%
10,001 to 30,000	\$ 161.00	\$ 161.00	\$ -	0.00%
> 30,000	\$ 186.95	\$ 186.95	\$ -	0.00%
Distribution Charge: (MDDQ)				
Reservation Rate	\$ 0.6482793	\$ 0.6482793	\$ -	0.00%
GTAC Amortization	\$(0.0001942)	\$(0.0004423)	\$(0.0002481)	-127.76%
D-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
2,000 to 5,000	\$ 102.45	\$ 102.45	\$ -	0.00%
5,000 to 10,000	\$ 117.10	\$ 117.10	\$ -	0.00%
10,001 to 30,000	\$ 161.00	\$ 161.00	\$ -	0.00%
> 30,000	\$ 186.95	\$ 186.95	\$ -	0.00%
Distribution Charge: (Therm)				
Distribution Commodity Rate	\$ 0.0213110	\$ 0.0213110	\$ -	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	\$ 100.20	\$ 100.20	\$ -	0.00%
10,001 to 30,000	\$ 144.10	\$ 144.10	\$ -	0.00%
> 30,000	\$ 319.75	\$ 319.75	\$ -	0.00%
Transmission Reservation Rate (MDDQ)				
	\$ 0.8193411	\$ 0.8193411	\$ -	0.00%
Transmission Commodity Rate (Therm)				
Maximum	\$ 0.0062088	\$ 0.0062088	\$ -	0.00%
GTAC Amortization	\$(0.0011145)	\$(0.0010312)	\$ 0.0000833	7.47%
T-ITG-1 Rate Schedule				
Interruptible Transportation Natural Gas Service				
Monthly Service Charge per Meter				
5,001 to 10,000	\$ 100.20	\$ 100.20	\$ -	0.00%
10,001 to 30,000	\$ 144.10	\$ 144.10	\$ -	0.00%
> 30,000	\$ 319.75	\$ 319.75	\$ -	0.00%
Transmission Commodity Rate (Therm)				
Maximum	\$ 0.0320286	\$ 0.0321119	\$ 0.0000833	0.26%
T-FSG-1 Rate Schedule				
Firm Storage Natural Gas Service				
Monthly Rate:				
Withdrawal Reservation Rate:	\$ 0.4184743	\$ 0.4184743	\$ -	0.00%
Injection Commodity Rate:	\$ 0.0021627	\$ 0.0021627	\$ -	0.00%
Withdrawal Commodity Rate:	\$ 0.0021627	\$ 0.0021627	\$ -	0.00%
Storage Capacity Rate:	\$ 0.0020545	\$ 0.0020545	\$ -	0.00%
GTAC Amortization	\$ 0.0009916	\$ 0.0006346	\$(0.0003570)	-36.00%

	A	B	C	D	I
1	NorthWestern Energy				
2	Maximum IT Commodity Rate Calculation				
3					
4					
5					
6	Firm TBU Transportation Reservation Rate		\$ 0.8193411		
7					
8	Average number of days per month		<u>30.42</u>		
9					
10	Reservation rate per day (Reservation rate / days)		\$ 0.0269343		
11					
12	plus: Firm TBU Transportation Commodity Rate ¹		\$ 0.0051776		
13					
14	Interruptible TBU Transportation Commodity Rate		\$ 0.0321119 per Therm		
15					
16					
17					
18	¹ The TBU commodity rate amount includes the TBU GTAC rate proposed in this filing.				
19					
20	TBU Transportation Commodity Rate		\$ 0.0062088		
21	GTAC Amortization Rate		<u>\$ (0.0010312)</u>		
22	Net Rate		<u><u>\$ 0.0051776</u></u>		
23					

PREFILED DIRECT TESTIMONY

OF WILLIAM M. THOMAS

ON BEHALF OF NORTHWESTERN ENERGY

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Witness Information

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23

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" or "NWE") 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

1 and direction on development, implementation and promotion/education of
2 DSM programs. My duties also include preparing the information
3 supporting NorthWestern's DSM-related activities and proposals in this
4 filing.

5
6 **Purpose of Testimony**

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

8 **A.** I testify to the following:

- 9 1. Results from Universal System Benefit ("USB") and Natural Gas
10 Supply DSM energy efficiency programs conducted by NorthWestern for
11 Tracker Year 2011-2012 and a description of the status of and plans for
12 DSM Programs and related activities in the forthcoming tracker period;
- 13 2. Updated numbers for Tracker Year 2011-2012 and forecasted
14 numbers for Tracker Year 2012-2013 for DSM program costs and the lost
15 revenues associated with DSM and USB program activities; and
- 16 3. Updated status of the work in progress by SBW, Inc., an
17 independent third-party evaluation firm, to perform a comprehensive
18 review of NorthWestern's entire portfolio of DSM Programs.

19
20 **2011-2012 Natural Gas DSM Program Results**

21 **Q. Please describe the activity and results of NorthWestern's E+ Natural**
22 **Gas DSM Program during the 2011-2012 natural gas supply tracking**
23 **period.**

1 **A.** The E+ Natural Gas DSM Program, introduced in October 2005, has
 2 continued throughout the 2011-2012 tracker period. NorthWestern
 3 renewed its contract with KEMA, Inc. ("KEMA") to provide services needed
 4 to operate the expanded program during 2012 and 2013. Table 1 below
 5 summarizes the annual targets, reported savings, spending, and budget
 6 for the program to date and for the 2005-2013 natural gas supply tracker
 7 periods.

Table 1: Natural Gas Supply DSM Targets, Reported Savings, Spending and Budget

Program Period	Installed Annual Natural Gas DSM Capability (Incremental)						Natural Gas Supply Tracker	
	Target (Dkt)			Reported Savings (Dkt) ²			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	\$2,202,948
2010-11	60,000	150,000	210,000	79,371	186,310	265,682	\$2,435,365	\$2,857,253
2011-12	60,000	150,000	210,000	60,447	100,695	161,141	\$2,606,266	\$2,502,930
2012-13	60,000	150,000	210,000				\$3,834,360	

Note 1: Expenses for 2011-12 are 10 months of actual and 2 months of estimates.

Note 2: Reported energy savings for 2011-12 are 9 months of actual and 3 months of estimates.

8 **Q.** What amount of natural gas savings will result from the 2011-2012 E+
 9 Natural Gas Supply DSM Programs?

1 **A.** Reported natural gas savings from operation of the Natural Gas Supply
2 DSM Programs for the tracker period 2011-2012 total 100,695
3 Dekatherms (“Dkt”)/year. This amount represents annualized natural gas
4 savings that would result if all the program measures were installed and in
5 operation for a full year.

6

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

9 **A.** Yes. NorthWestern operates other energy efficiency programs – the E+
10 Free Weatherization Program and the E+ Energy Audit for The Home –
11 that are funded through USB and produce natural gas savings in the
12 residential customer sector. The total amount of additional natural gas
13 DSM savings from these programs is 60,447 Dkt/year for the 2011-2012
14 tracker year (refer to Table 1 above). Although the expenses associated
15 with operation of these programs are not included in the Natural Gas
16 Supply Tracker, the savings produced contributes to Lost Revenues and is
17 counted toward the total natural gas savings used to calculate Lost
18 Revenues. Exhibit__(WMT-1) presents individual program detail on the
19 amount of natural gas DSM savings capability produced by these USB
20 programs (60,447 Dkt/year), as well as by the Natural Gas Supply DSM
21 Programs (100,695 Dkt/year) funded through natural gas supply for the
22 2011-2012 tracker year. Total savings for the USB and Natural Gas
23 Supply DSM programs equals 161,141 Dkt/year. This amount is used as

1 an input to the calculation of Lost Revenues for the 2011-2012 tracker
2 period.

3
4 **Q. Please provide details on the costs associated with NorthWestern's**
5 **2011-2012 Natural Gas DSM Program.**

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

- 8 1. E+ Residential Existing Construction Program
- 9 2. E+ Residential New Construction Program
- 10 3. E+ Business Partners Program
- 11 4. E+ Commercial Existing Construction Program
- 12 5. E+ Commercial New Construction Program

13
14 This category includes contractor labor and expenses, equipment and
15 building rental, materials for community events, advertising and promotion,
16 and rebates paid to customers. The total cost for this category for the
17 2011-2012 tracker period is \$2,278,352.

18
19 The second category is General Expenses in the amount of \$224,578 for
20 all Natural Gas DSM programs. These expenses are incurred for travel,
21 general promotional activities, staff training, and meetings involving the
22 entire portfolio of natural gas supply DSM programs. This category also
23 captures costs associated with DSM Program Evaluation (see below).

24
25 The total cost for the 2011-2012 tracker period is \$2,502,930. This
26 amount does not include NorthWestern labor. Exhibit__(WMT-2) presents

1 monthly spending associated with the Natural Gas Supply DSM programs.
2 The figures include 10 months (July 2011 through April 2012) of actual
3 recorded expenses and 2 months (May and June 2012) of estimated
4 expenses. This is the amount included in the Natural Gas Supply Tracker
5 for DSM program costs. See Exhibit__(JMS-1) workpapers attached to
6 the Prefiled Direct Testimony of John M. Smith ("Smith Direct Testimony").
7

8 The annual Dkt targets and reported savings are comprised of amounts of
9 installed annual energy savings capability contributed from measures and
10 actions implemented under both USB Programs and Natural Gas DSM
11 Programs. Although energy savings produced by USB Programs is
12 counted toward the overall annual Dkt target, USB Programs are funded
13 through a separate charge and USB spending is not reported or included
14 in Exhibit__(WMT-2).
15

16 DSM Program Status Report

17 **Q. What is the current status of natural gas supply DSM Programs and**
18 **what actions are planned for the 2012-2013 tracker year?**

19 **A.** The process of preparing the 2011 Electricity Supply Resource
20 Procurement Plan produced updated electric and natural gas avoided
21 costs used for analysis of DSM cost-effectiveness. The new DSM natural
22 gas avoided costs are slightly higher than the previous avoided costs
23 NorthWestern had been using. The new avoided costs were used to

1 screen the list of possible natural gas DSM measures for cost-
2 effectiveness and review and revise the various rebates and incentives
3 that are offered in NorthWestern's natural gas DSM Programs. Because
4 the change in avoided costs was small, this analysis resulted in no change
5 in the number of natural gas DSM measures that qualified as cost
6 effective measures to be included in natural gas DSM Programs.

7
8 As discussed in the last section, Exhibit__(WMT-2) presents DSM
9 spending by program for 2011-2012 (actual through April 2012, estimates
10 for May-June 2012) and estimated spending for Tracker Year 2012-2013.
11 The following is an update of DSM Program activity and future plans:

12
13 E+ Residential Rebate Programs (existing and new construction):

14 NorthWestern offers cash rebates as a primary technique to encourage its
15 customers to install approved DSM measures, including insulation
16 (attic/ceiling, basement wall, crawlspace wall, exterior above grade wall)
17 and programmable thermostats. NorthWestern maintains a list of
18 Preferred Contractors who enter into an agreement with NorthWestern to
19 meet certain requirements.¹ Different levels of rebates are paid
20 depending on whether or not customers use Preferred Contractors to
21 install insulation measures.

¹ The list of Preferred Contractors can be found on the NorthWestern Energy web site at <http://www.northwesternenergy.com/documents/E+Programs/HVACContractors.pdf>.

1 Participating customers are responsible for purchasing and installing
2 approved insulation measures and/or programmable thermostats and
3 applying to NorthWestern for incentives or rebates. Interested customers
4 are provided program information, forms, a schedule of rebate amounts
5 for various measures, and step-by-step instructions on how to participate
6 in the program process. To receive a rebate, customers are required to
7 submit proof-of-purchase (receipts and paid invoices). NorthWestern, or
8 its agent KEMA, verified installations by performing site inspections on a
9 randomly selected sample of projects.

10
11 E+ Commercial DSM Programs and Contractors. NorthWestern has taken
12 additional steps to increase its capability to acquire commercial sector
13 DSM. Two additional firms have been contracted to provide services in
14 support of the E+ Business Partners Program, the E+ Natural Gas
15 Commercial New Construction Program, and the E+ Natural Gas
16 Commercial Existing Construction Program. This brings the total number
17 of firms concentrating on the commercial and small industrial sectors to
18 six:

- 19 1. National Center for Appropriate Technology ("NCAT")
- 20 2. ECOVA
- 21 3. McKinstry Essention
- 22 4. Portland Energy Conservation, Inc.
- 23 5. CTA Associates, Inc. (new in 2011)
- 24 6. Energy Resource Management, Inc. (new in 2011)

1 All participating contractors are compensated by NorthWestern on a
2 performance basis similar to the existing arrangement in place with NCAT
3 for the last several years. Payment is based on a percentage of the
4 energy conservation resource value of each individual DSM project that is
5 completed with the contractor's involvement.

6
7 These contractors are supported by a new four-member team of KEMA
8 employees who have been given responsibility for direct contact, face-to-
9 face marketing of DSM programs to commercial/small industrial customers
10 in an effort to identify, qualify, and cultivate DSM projects for follow-up by
11 the contractors listed above. Services provided by these contractors
12 include marketing to architect/engineering firms and trade/industry
13 associations in Montana, direct contact with candidate businesses with
14 DSM potential, surveys and assessments of buildings and facilities,
15 technical assistance for building owners, assistance with required
16 engineering analysis and modeling, and assistance to customers with
17 forms, contracts, and other paperwork used in and necessary for
18 participation in these programs. Additional details regarding these
19 contractors and their accomplishments to date are as follows:

20 CTA Architects & Engineers (new in 2011)

- 21 • First year of a two-year performance contract.

22
23 McKinstry Essention

- 24 • Second year of a two-year performance contract.

1 Energy Resource Management Inc. (new in 2011)

- 2 • First year of a two-year performance contract.
- 3 • 2012 projects completed or in progress to date: 1,060 Dkt of
- 4 conservation; three commercial custom incentive natural gas
- 5 conservation projects.

6

7 ECOVA

- 8 • Second year of a two-year performance contract.
- 9 • 2012 projects completed or in progress to date: 1,027 Dkt of
- 10 conservation; two commercial gas rebate projects.

11

12 Portland Energy Conservation Inc (PECI)

- 13 • Second year of a two-year performance contract.

14

15 National Center for Appropriate Technology (NCAT)

- 16 • Second year of a two-year performance contract.
- 17 • 2012 projects completed or in progress to date: 3,534 Dkt of
- 18 conservation; three commercial custom incentive natural gas
- 19 conservation projects; six commercial natural gas rebate
- 20 projects.

21

22 NorthWestern also belongs to the Northwest Energy Efficiency Alliance

23 ("NEEA"), a regional non-profit organization supported by electric utilities,

24 public benefits administrators, state governments, public interest groups,

25 and energy efficiency industry representatives. Through regional

26 leveraging, NEEA encourages "market transformation" or the development

27 and adoption of energy efficient products and services in Montana,

28 Washington, Idaho, and Oregon. NEEA's regional market transformation

29 activities target the residential, commercial, industrial, and agricultural

30 sectors. NorthWestern is in Year Three of a five-year commitment that will

1 continue its funding of and participation in NEEA activities and initiatives
2 during the 2010-2014 time period. NEEA activities are primarily directed
3 to electricity end uses, and NorthWestern's membership in NEEA is
4 funded through electric supply, but some natural gas savings result from
5 NEEA activities. NorthWestern reported energy savings from NEEA
6 activities totaling 17,782 Dkt during the 2011-2012 tracker period.
7 Information on NEEA's numerous projects and initiatives that were in
8 progress during 2011-2012 and are continuing into the future can be found
9 at <http://www.nwalliance.org/>.

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

13
14 **Q. Does NorthWestern conduct other activities to build customer interest
15 and participation in its DSM programs?**

16 **A.** Yes. NorthWestern DSM staff and contractors sponsor many training
17 seminars during the year to increase awareness of energy conservation and
18 energy efficiency opportunities in buildings and facilities. The objectives are
19 to educate and inform building operators, designers, builders, and trade
20 allies about using electric equipment efficiently and to promote the E+
21 programs, services, information resources, and incentives. A blend of USB
22 and DSM funds covers the cost of these activities. The following is a list of

1 DSM and USB program-related training seminars that NorthWestern
2 sponsored during 2011-2012:

3 1. Preferred Contractor Training – Each year NorthWestern provides
4 training to various contractors that install energy savings measures in the
5 residential homes of consumers who participate in its DSM programs.
6 Training locations during the 2011-2012 period included:

- 7 a. Missoula
- 8 b. Helena
- 9 c. Billings
- 10 d. Bozeman
- 11 e. Butte

12
13 2. Building Operator Certification – This is targeted at public schools,
14 non-profit hospitals, state and local government with funding provided for
15 tuition and travel.

- 16 a. Level II Training & Certification: November 14-18, 2011 in Helena with
17 15 attendees.
- 18 b. Level I Training & Certification: June 4-8, 2012 in Helena with 15
19 attendees expected.

20
21 3. Montana Energy Management Conference – March 27-29, 2012
22 Helena

- 23 a. This event was co-organized with the Montana Department of
24 Environmental Quality and NEEA's BetterBricks initiative targeting
25 commercial facilities and trade allies. Approximately 170 persons
26 attended.
- 27 b. This event included the 2012 Montana BetterBricks Awards banquet
28 recognizing "Montana Energy Champions." Continuing Education
29 Units ("CEUs") were offered. In its third year, this event continues to
30 grow and has been very well-received by trade allies and customers.
31 Details are online at www.montanaenergymanagement.com.

32
33 4. Northwest ENERGY STAR® Verifier Training – A Home Energy
34 Rating System week-long course that includes Northwest Energy Star
35 Homes ("NWESH") Program administration, Home Energy Rater System
36 ("HERS") administration, performance testing, and use of home analysis

1 software. Three two-day workshops for NWESH verifiers were conducted
2 in Billings, Bozeman, and Missoula in May with 23 total attendees.

3
4 5. Northwest ENERGY STAR® Builder Training – Three types of
5 training were conducted in 2011. Five four-hour NWESH version 3.0
6 workshops were conducted in Helena, Great Falls, Billings, Bozeman, and
7 Missoula. The Helena workshop was conducted on May 10 (3 attendees);
8 Great Falls May 11 (7 attendees); Bozeman May 17 (17 attendees);
9 Billings May 19 (7 attendees); and Missoula May 12 (23 attendees).
10 Sessions targeted builders, trade allies, lenders, and realtors interested in
11 the details of how to build ENERGY STAR® homes with an emphasis on
12 the whole-house system.

13
14 6. Performance Testing – Five day-long workshops were conducted.
15 The following sessions targeted at builders, trade allies, lenders, industry
16 allies, and local city building officials and provided instruction on blower
17 door testing and heating duct blaster testing for Energy Star® Homes:

- 18 a. Bozeman - November 9 (5 attendees)
- 19 b. Billings - November 10 (5 attendees)
- 20 c. Helena - November 15 (7 attendees)
- 21 d. Great Falls - November 16 (13 attendees)
- 22 e. Missoula - November 18 (4 attendees)

23
24 7. Energy Data Analysis – Introduction to Key Performance Indicators
25 co-sponsored training was held November 10, 2011 in Helena. This
26 session provided training on how to obtain and interpret energy use data
27 and gain basic analytical tools for understanding energy performance.
28 CEUs were offered.

29
30 8. Industrial Customer Cohort – NorthWestern joined with NEEA to
31 pilot test a year-long training and networking process with five non-
32 competing industrial customers to encourage customers to incorporate
33 energy management into their business culture and operating practices.
34 Participating customers commit to attending/hosting sessions,
35 participating in “homework,” and reporting to the cohort of actions,
36 including participation in other NWE training and E+ programs. A second
37 cohort is scheduled for the second half of 2012.

1 **Q. Did NorthWestern make additional efforts during the 2011-2012 tracker**
2 **period to promote DSM?**

3 **A.** Yes. To communicate information about DSM and other NorthWestern
4 programs to its customers, NorthWestern sustains a presence in Montana
5 communities through media, events, appearances, meetings, speaking
6 engagements, booth sponsorships, trade fairs and shows, conferences, and
7 other special events. NorthWestern maintains networks of retailers,
8 distributors, and other trade allies and provides a steady stream of
9 information about its DSM programs through print, radio, television,
10 distribution literature, and personal contact. As with the training seminars
11 described above, a mix of USB and DSM funding is used. The following list
12 provides examples of the many activities NorthWestern performed during
13 the past year to market its DSM programs:

14
15 1. Trade Shows - In fall 2011 and spring 2012, NWE staffed exhibits
16 and educational display booths at eight home improvement trade shows
17 around Montana providing educational materials and distributing four free
18 CFLs per account to NWE's residential electric customers.

19
20 2. "Game Day" Exhibits - In September and October of 2011, NWE
21 sponsored and staffed educational exhibits about its DSM programs at
22 University of Montana, Montana State University, Montana Tech, and
23 Carroll College football games.

24
25 3. Montana Lodging and Hospitality Association Conference -
26 November 2011, display booth.

27
28 4. Montana Joint Engineers Conference – November 2011, training
29 and display booth in cooperation with NEEA's BetterBricks.

30

- 1 5. Montana School Association – February 2012, display booth.
- 2
- 3 6. Montana Building Code Education Conference – April 2012,
- 4 Bozeman, display booth.
- 5
- 6 7. Montana Hospital Association Conference – April 2012, display
- 7 booth.
- 8
- 9 8. Montana American Institute of Architects Conference – April 2012,
- 10 training and booth in partnership with BetterBricks.
- 11
- 12 9. Montana Society of Health Care Engineers/ASHRAE² Conference –
- 13 May 2012, training and display booth in cooperation with BetterBricks.
- 14
- 15 10. Home Energy Weatherization Distribution Events – Fall of 2011 -
- 16 39 events around Montana with a focus on:
- 17 a. Air infiltration sealing.
- 18 b. Direct mail to targeted customers, with web and bill insert promotion.
- 19 c. “How-to-install” DVD was distributed with each weatherization kit.
- 20

21 **Table 2: 2011 Home Energy Events Schedule and Participants**

Date	Location	Participants
01-Oct-11	Butte	345
01-Oct-11	Helena	173
30-Sep-11	Anaconda	144
30-Sep-11	East Helena	94
30-Sep-11	Deer Lodge	93
29-Sep-11	Twin Bridges	28
29-Sep-11	Three Forks	49
29-Sep-11	Sheridan	56
29-Sep-11	Belgrade	107
28-Sep-11	Livingston	115
28-Sep-11	Dillon	125
24-Sep-11	Kalispell	204
24-Sep-11	Missoula	476

² 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.

23-Sep-11	Columbia Falls	88
23-Sep-11	Florence	53
23-Sep-11	Whitefish	84
23-Sep-11	Stevensville	126
22-Sep-11	Hamilton	166
22-Sep-11	Corvallis	69
22-Sep-11	Big Fork	43
21-Sep-11	Clancy	20
21-Sep-11	Montana City	55
21-Sep-11	Drummond	20
21-Sep-11	Clinton	35
17-Sep-11	Bozeman	290
17-Sep-11	Havre	84
16-Sep-11	Joplin	15
16-Sep-11	Hingham	11
16-Sep-11	Harlowton	31
16-Sep-11	Big Timber	37
15-Sep-11	Vaughn	57
15-Sep-11	Sun River	16
15-Sep-11	Columbus	55
15-Sep-11	Absarokee	35
14-Sep-11	Simms	16
14-Sep-11	Fort Shaw	23
14-Sep-11	Roberts	12
14-Sep-11	Red Lodge	51
13-Sep-11	Augusta	26
	TOTALS	3527

- 1 11. E+ Audit for the Home – Direct mail in fall 2011 and spring of 2012.
- 2 Spot placement of television, radio, and newspaper promotion.
- 3
- 4 12. Home & Garden Improvement Shows
- 5 a. Fall 2011 – Billings.
- 6 b. Spring 2012 - Hamilton, Missoula (2 shows), Billings, Great Falls,
- 7 Helena, and Butte.
- 8
- 9 13. Farmers Markets - CFL distribution.
- 10
- 11 14. Parade of Homes Sponsorships (Fall 2011) - Billings, Bozeman,
- 12 Great Falls, Missoula, Helena, Hamilton.
- 13

1 15. Display-In-A-Box – An informational and educational tool used at
2 various events for CFLs or natural gas rebates (Missoula, Kalispell,
3 Bozeman, and Great Falls).
4

5 16. Other Special Events:

6 a. Montana Manufacturers Energy Conference -- sponsorship, speaker
7 and display booth.

8 b. NCAT grant-writing seminars -- providing sponsorships and speakers
9 for three sessions.

10 c. Laurel Aviation Youth Event – display booth.
11

12 More specific details about the techniques, mechanisms, locations, forms
13 of media, and calendar schedule are presented in Exhibit__(WMT-4a)
14 which describes the goals, objectives, audiences, strategies, tactics,
15 methods, and tools of the DSM Communications Plan. Exhibit__(WMT-
16 4b) provides a detailed schedule of specific programs and activities that
17 will be implemented during a typical calendar year period. Together,
18 these exhibits present a clear view of the scope and scale of
19 NorthWestern's communications activities and sustained efforts to support
20 its DSM programs, gain customer participation, and acquire cost-effective
21 DSM resources. The DSM Communications Plan serves as a working
22 plan that can and will be changed and adapted as conditions warrant or
23 new knowledge is gained.

1 DSM Program Activities for 2012-2013

2 **Q. Does NorthWestern plan to offer natural gas DSM programs in the**
3 **2012-2013 tracker period?**

4 **A.** Yes, the portfolio of E+ Natural Gas DSM Programs will be continued
5 through the 2012-2013 period. NorthWestern will conduct Home Energy
6 Events during September-November 2012. Marketing and promotional
7 activities in advance of the events will be similar to the efforts made last
8 year. The Mail-in Rebate portion of the program will continue
9 uninterrupted throughout the tracker period from July 1, 2012 through
10 June 30, 2013. The estimated budget for the 2012-2013 E+ Natural Gas
11 DSM Program is \$3,834,360. Monthly budget detail is included on
12 Exhibit__(WMT-2).

13
14 NorthWestern will continue its contracts with outside service providers and
15 will maintain its DSM program rebates and incentives at a level
16 approximately equal to 50% of incremental DSM measure cost.

17
18 A coordinated and comprehensive marketing and communications effort
19 that integrates USB and DSM funding for marketing and outreach has
20 been developed and employed over the past several years, and many of
21 the methods and techniques that have proven effective in the past will be
22 repeated in the future (refer to Exhibit__(WMT-4a) and Exhibit__(WMT-
23 4b)).

1 **Q. What is the status of NorthWestern's efforts to secure cost-effective**
2 **DSM in NorthWestern's own buildings and facilities?**

3 **A.** In 2010, NorthWestern DSM and Facilities Department staff acted on a
4 suggestion from other employees to investigate costs and benefits of
5 NWE buildings in Montana becoming as energy efficient as cost-
6 effectively possible, as a means to reduce the corporation's overall future
7 operating costs. The DSM/Facilities work team forwarded a proposal to
8 NorthWestern management to examine the existing level of energy
9 efficiency of NorthWestern's buildings and facilities in the Montana service
10 territory and look for additional cost-effective DSM opportunities.
11 NorthWestern management approved the project proposal and directed
12 the work team to proceed with implementation of the measures and
13 actions identified by NCAT. As of this writing, approximately 35% of the
14 retrofit work has been completed.

15
16 Additional information about all of the DSM programs is available at
17 NorthWestern's website at <http://www.northwesternenergy.com>.

18
19 **Recovery of DSM Program Costs and Lost Revenues**

20 **Q. What DSM program cost is NWE proposing to include in the 2012**
21 **Annual Natural Gas Supply Tracker Filing?**

22 **A.** The amounts to be included in the 2012 Annual Natural Gas Supply
23 Tracker filing are presented on Exhibit__(WMT-2), line 13 in the amount of

1 \$2,502,930 for DSM Program Costs for the 2011-2012 period and a
2 budgeted amount of \$3,834,360 shown on line 28 for the 2012-2013
3 period.

4
5 **Q. What amount is NWE proposing to include for recovery of DSM Lost**
6 **Revenues?**

7 **A.** Effective July 8, 2010 natural gas rates were revised³ based on updated
8 historical test period data that includes the effects on total energy sales of
9 past DSM program activity. Because DSM Lost Revenues are a function
10 of reduced transmission, distribution, and storage throughput caused by
11 DSM activity, when the transmission and distribution rates are reset in a
12 general revenue requirements proceeding it is also necessary to reset the
13 energy savings used for calculation of DSM Lost Revenues to a zero
14 starting point at the same time – in this instance, July 8, 2010. From that
15 point in time, additional DSM has been acquired and thus, increased Lost
16 Revenues caused by the occurrence of accumulating energy savings.
17 The updated amount of natural gas DSM Lost Revenues for the 2011-
18 2012 tracker period, based on 9 months of actual and 3 months of
19 estimated energy savings, is shown on Exhibit__(WMT-3) on page 1, line
20 13 in the amount of \$975,364.

21

³ Refer to General Rate Case Docket No. D2009.9.129, Interim Order No. 7046g and Final Order No. 7046h.

1 The 12-month forecasted amount of Lost Revenues for the 2012-2013
2 tracker period is shown on Exhibit__(WMT-3) on page 1, line 15 in the
3 amount of \$1,452,810.

4
5 **Q. Please describe the individual components of the DSM Cost Tracking**
6 **and Lost Revenue Recovery spreadsheet model and the various data**
7 **inputs used in its calculations.**

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

20
21 **1. LR Summary** (Exhibit__(WMT-3), page 1) presents Lost Revenues
22 for the 2011-2012 tracker period based on 9 months of actual activity and
23 3 months of forecasted activity at the time of preparation of this filing. This
24 tab also presents the result of the forecasted Lost Revenue computations
25 for the upcoming tracker period. The computations are performed on the
26 subsequent tabs.

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

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

17 **4. Adjustment Factors** (Exhibit__(WMT-3), page 4) develops a factor
18 to be applied to reported energy savings for purposes of calculating Lost
19 Revenues. This factor recognizes that actual savings obtained typically
20 differ and are generally less than program savings based solely on
21 engineering calculations. This factor is taken from the final results of the
22 2007 NEXANT DSM Program Evaluation.
23

24 **5. Calc Lost Revenues** (Exhibit__(WMT-3), page 5) calculates Lost
25 Revenues based on input from Tabs 2, 3 and 4. Results from this tab are
26 used as input to Tab 1.
27

28 **Q. How are amounts used to calculate Lost Revenues corrected or**
29 **“trued up” when reported savings differ from forecasted savings**
30 **used at the beginning of the tracker period to estimate Lost**
31 **Revenues?**

32 **A.** This is accomplished in two ways. First, when each Annual Natural Gas
33 Supply Tracker filing is prepared, DSM Lost Revenues are estimated
34 looking forward, using cumulative natural gas DSM savings, and included

1 in the overall tracker calculations presented in the Smith Direct Testimony.
2 Each successive year, the cumulative DSM savings is recalculated in the
3 Natural Gas DSM Tracker using reported energy savings from the just-
4 concluded tracker period (2011-2012 in this case) and added to the future
5 estimate of additional natural gas DSM savings for the forthcoming tracker
6 period (2012-2013 in this case). Thus, previous program year estimates
7 are corrected each year moving forward based on reported DSM savings
8 for that same period. Normally, the natural gas reported energy savings
9 can be updated to reflect 12 months of actual information in response to
10 discovery or in rebuttal testimony in the current docket.

11
12 The estimated Lost Revenues use updated DSM savings amounts and
13 updated transmission, distribution, and storage rates in effect at the time
14 the calculations are prepared. Over- or under-collection of Lost Revenues
15 that results from differences between forward-looking DSM savings
16 estimates (used to prepare the tracker) and reported DSM Savings (at the
17 end of that same tracker period) flow through the Natural Gas Tracker
18 deferred account, thereby netting any DSM over/under collections with the
19 difference between costs and revenues associated with other natural gas
20 supply transactions. The deferred account balance is then collected from
21 or returned to customers over the next 12-month period.

22 Second, when the final results of the DSM Evaluation that is now under
23 way are available (see below), NorthWestern will have updated

1 Adjustment Factors. At that time, NorthWestern will recalculate the Lost
2 Revenues for each of the relevant past trackers using the new Adjustment
3 Factors and true-up those previous Lost Revenues (for the time period
4 covered by the evaluation) and determine an overall adjustment amount.
5 Depending on the timing of the completion of the current DSM Evaluation
6 work and availability of the study results, revised DSM savings estimates
7 and adjustment factors will also be applied to relevant past and forward-
8 looking Lost Revenue calculations and a true-up of the calculations will
9 either be filed as supplemental testimony in this docket or filed in
10 NorthWestern's 2013 Annual Natural Gas Supply Tracker filing.

11
12 Exhibit__(WMT-3) provides updated calculations of natural gas DSM Lost
13 Revenues for prior tracker periods.

14
15 **Q. What is the status of the independent evaluation of NorthWestern's**
16 **portfolio of DSM programs?**

17 **A.** Following a competitive bidding process administered by an independent
18 administrator, NorthWestern selected SBW, Inc. to conduct a
19 comprehensive DSM Program Evaluation. A services agreement was
20 negotiated and executed for an extensive scope of work, with final results
21 due at the end of October 2012. This work will result in a thorough
22 quantitative and qualitative evaluation of processes used in and the

1 impacts of NorthWestern's DSM programs and provide recommendations
2 for changes that might improve future results.

3
4 Results of the evaluation will be used to refine energy savings estimates
5 for DSM programs and measures and adjust the factors used in the DSM
6 tracking mechanism to determine net energy savings and associated Lost
7 Revenues. An important part of the work is the economic evaluation of
8 individual DSM programs and the overall portfolio of programs using
9 industry-standard cost-effectiveness tests.

10
11 Since the last DSM evaluation was performed, NorthWestern compiled a
12 multi-volume set of detailed documentation on DSM program activity over
13 the previous time period (2007-2011) and met with representatives of
14 SBW early in 2012 to familiarize SBW with the information and answer
15 questions. This documentation included program records, calculations
16 performed by NWE, assumptions and databases used, marketing
17 materials and informational literature used in promoting the programs,
18 spending records, energy savings calculations, previous testimony in
19 regulatory proceedings, individual project files, and any and all other DSM
20 program data and information maintained by NorthWestern in the course
21 of its work. A copy of the voluminous set of materials provided to SBW is
22 available for inspection in NorthWestern's offices in Butte, Montana.

1 Since the initial kick-off meeting, SBW and NorthWestern have engaged in
2 regular phone calls and interaction to provide additional information,
3 explanation, and clarification on data and information assembled by
4 NorthWestern DSM staff and also to supply additional information and
5 data as requested by SBW and make decisions regarding work activities
6 about which SBW sought guidance. Telephone interviewing of samples of
7 program participants is under way, and on-site inspections of a sample of
8 projects are being completed. This field data collection work will continue
9 through the summer months.

10
11 At this time, SBW has indicated that there are no issues that merit
12 discussion. Project file reviews, participant surveys and other activities
13 are under way as needed to complete the project in a timely fashion. The
14 final report detailing the results, findings, and recommendations will be
15 provided to the Commission.

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 2011-12 Natural Gas USB and DSM Program Activity						
2							
3	Annualized Energy Savings						
4	Programs	USB	Natural Gas				
5		dKt	Supply DSM	Total			
6	E+ Energy Audit for the Home or Business (NG)	30,996	-	30,996			
7	E+ Business Partners Program	-	3,843	3,843			
8	Builder Operator Certification	1,388	-	1,388			
9	Northwest Energy Efficiency Alliance (NEEA)	-	17,782	17,782			
10	E+ Free Weatherization Program & Fuel Switch	28,062	-	28,062			
11	E+ Resid NC Gas Rebate Program	-	254	254			
12	E+ Resid Existing Gas Rebate Program	-	58,716	58,716			
13	E+ Comm NC Gas Rebate Program	-	1,748	1,748			
14	E+ Comm Existing Gas Rebate Program	-	18,352	18,352			
15	Totals	60,447	100,695	161,141			
16	Note: Annualized energy savings are based on 9 months of actual reported savings (July - March) and 3 months estimated.						
17							
18							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Natural Gas Supply DSM Program Spending and Budget													
2	Tracker Year 2011-12													
3	Actual Recorded Spending - from SAP Records											Estimated		
4	Natural Gas DSM Program	Order	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
5	E+ Natural Gas Residential Existing Construction Program	17066	\$ 199,800	\$ 190,041	\$ 64,894	\$ 479,742	\$ 60,382	\$ 246,493	\$ 685	\$ 23,882	\$ 192,816	\$ 1,917	\$ 97,250	\$ 220,874
6	General Expenses Related to All Gas DSM Programs	17068	\$ 2,661	\$ 1,050	\$ 10,125	\$ 1,847	\$ 3,025	\$ 14	\$ 43,726	\$ 726	\$ 35,973	\$ 45,432	\$ -	\$ 80,000
7	E+ Natural Gas Business Partners Program	17070	\$ 3,251	\$ 124,921	\$ 13,852	\$ 116	\$ 5,819	\$ -	\$ 21	\$ 394	\$ -	\$ -	\$ -	\$ -
8	E+ Natural Gas Residential New Construction Program	17071	\$ 4,513	\$ 3,295	\$ 1,620	\$ 4,460	\$ -	\$ 3,450	\$ -	\$ -	\$ 4,144	\$ -	\$ 610	\$ 5,327
9	E+ Natural Gas Commercial Existing Construction Program	17072	\$ 25,193	\$ 24,856	\$ 10,727	\$ 62,057	\$ 21,611	\$ 39,047	\$ 100	\$ 8,949	\$ 82,175	\$ 2,407	\$ 443	\$ 9,786
10	E+ Natural Gas Commercial New Construction Program	17073	\$ 6,116	\$ 8,408	\$ -	\$ 6,475	\$ -	\$ 1,690	\$ -	\$ -	\$ 8,251	\$ -	\$ 610	\$ 4,805
11	Monthly Total Spending		\$ 241,534	\$ 352,570	\$ 101,317	\$ 554,696	\$ 90,836	\$ 290,694	\$ 44,512	\$ 33,951	\$ 323,358	\$ 49,756	\$ 98,912	\$ 320,793
12														
13	Cumulative Total Spending (for 2011-12 Tracker Year 10+2)		\$ 241,534	\$ 594,104	\$ 695,421	\$ 1,250,117	\$ 1,340,954	\$ 1,631,648	\$ 1,676,160	\$ 1,710,111	\$ 2,033,469	\$ 2,083,225	\$ 2,182,137	\$ 2,502,930
14														
15	Note: Actual Program Expenses through April 30, 2012 as of May 11, 2012													
16														
17	Tracker Year 2012-13													
18	Estimated													
19	Natural Gas DSM Program	Order	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
20	E+ Natural Gas Residential Existing Construction Program	17066	\$ 209,790	\$ 199,543	\$ 68,138	\$ 503,729	\$ 63,401	\$ 258,818	\$ 698	\$ 25,076	\$ 202,457	\$ 353,937	\$ 102,112	\$ 231,918
21	General Expenses Related to All Gas DSM Programs	17068	\$ 64,619	\$ 62,847	\$ 72,829	\$ 63,724	\$ 65,019	\$ 61,708	\$ 109,791	\$ 62,491	\$ 151,237	\$ 75,790	\$ 61,692	\$ 149,892
22	E+ Natural Gas Business Partners Program	17070	\$ 3,576	\$ 137,413	\$ 15,347	\$ 128	\$ 6,401	\$ -	\$ 23	\$ 433	\$ -	\$ -	\$ -	\$ -
23	E+ Natural Gas Residential New Construction Program	17071	\$ 4,603	\$ 3,361	\$ 1,652	\$ 4,549	\$ -	\$ 3,519	\$ -	\$ -	\$ 4,226	\$ 6,536	\$ 622	\$ 5,434
24	E+ Natural Gas Commercial Existing Construction Program	17072	\$ 27,713	\$ 27,341	\$ 11,799	\$ 68,282	\$ 23,772	\$ 42,952	\$ 110	\$ 9,844	\$ 90,392	\$ 62,673	\$ 487	\$ 10,765
25	E+ Natural Gas Commercial New Construction Program	17073	\$ 6,239	\$ 8,576	\$ -	\$ 6,604	\$ -	\$ 1,724	\$ -	\$ -	\$ 8,416	\$ 2,289	\$ 622	\$ 4,901
26	Monthly Total Spending		\$ 316,539	\$ 439,081	\$ 169,767	\$ 646,996	\$ 158,593	\$ 368,720	\$ 110,622	\$ 97,844	\$ 458,728	\$ 501,225	\$ 165,535	\$ 402,710
27														
28	Estimated Total Spending (for 2012-13 Tracker Year)		\$ 316,539	\$ 755,620	\$ 925,386	\$ 1,572,382	\$ 1,730,975	\$ 2,099,695	\$ 2,210,317	\$ 2,308,161	\$ 2,764,889	\$ 3,266,115	\$ 3,431,650	\$ 3,834,360
29														

	A	B	C
1	2008-13 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			
8	Tracker 2010-11:		
9	July-December 2010	\$ 180,291	
10	January-June 2011	\$ 373,537	
11	Total Tracker 2010-2011	\$ 553,828	
12			
13	Tracker 2011-12	\$ 975,364	
14			
15	Tracker 2012-13	\$ 1,452,810	
16			
17	Notes:		
18			
19	1. MPSC Final Order 7004c authorizes DSM Lost Revenues in the amount of \$791,614 for the 2009-10 period.		
20			
21	Natural Gas DSM Lost Revenues were reset again on Jan. 1, 2011 due to newly established T&D rates		
22	Refer to Docket D2009.9.129, Final Order No. 7046h		
23			
24			
25	2. MPSC Final Order 7152b authorizes DSM Lost Revenues in the amount of \$553,828 for the 2010-11 period.		
26			
27	Lost Revenues for the 2011-12 period are based on 9 months of actual reported energy savings and 3 months		
28	of estimated energy savings.		
29			
30	Lost Revenues for the 2012-13 period are based on the natural gas DSM energy savings goal of 210,000 dKt.		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	
1	2008-13 Natural Gas DSM Lost Revenues																	
2																		
3	Annual Energy Savings:																	
4																		
5	Tracker 2010-11¹																	
6	1) Gas DSM Savings -- Targets & Reported Savings	January-June 2008		Tracker 2008-09		Tracker 2009-10		July-December 2010		January-June 2011		Tracker 2011-12		Tracker 2012-13				
7		Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	Target	Reported	
8		Annual (dkt)	85,469	65,539	175,000	160,262	210,000	178,197	105,000	130,293	105,000	132,841	210,000	161,141	210,000	210,000	210,000	
9		Cumulative (dkt)	85,469	65,539	260,469	225,801	470,469	403,998	105,000	130,293	210,000	263,134	420,000	424,275	630,000	634,275	634,275	
10		1. Different T&D rates were in effect for each 6-month period, so Total Reported DSM Savings (265,682) was divided between the two periods. New rates went into effect on July 8, 2010, which is one week later than the beginning of the 2010-11 Tracker Period, so Reported Energy Savings has been "ds-rated" by 7 days for the July-December 2010 period.																
11																		
12																		
13																		
14																		
15	2) Percentage split between Residential & General Service:																	
16	Residential	100%	100%	100%	100%	75%	75%	75%	89%	75%	89%	75%	82%	80%	80%	80%	80%	
17	General Service	0%	0%	0%	0%	25%	25%	25%	11%	25%	11%	25%	18%	20%	20%	20%	20%	
18	Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
19																		
20	Tracker 2010-11																	
21	January-June 2008		Tracker 2008-09		Tracker 2009-10		July-December 2010		January-June 2011		Tracker 2011-12		Tracker 2012-13					
22	3) Cumulative Annual Gas Savings ²	Target	Reported	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	Target	Reported ¹	
23	Residential (dkt)	42,735	32,770	153,039	145,670	248,101	236,175	39,375	57,893	88,235	116,918	276,100	281,838	423,420	423,420	423,420	423,420	
24	General Service (dkt)	-	-	-	-	58,809	50,500	13,125	7,253	29,412	14,649	92,033	61,867	105,855	105,855	105,855	105,855	
25	Total	42,735	32,770	153,039	145,670	306,910	286,675	52,500	65,147	117,647	131,567	368,134	343,705	529,275	529,275	529,275	529,275	
26																		
27																		
28	2. Savings resulting from the "Increment" in any year (take Year 1 for example) is reduced by 50% in that year as associated projects are completed and start generating savings at different times throughout the first year. This assumption contemplates that associated projects start generating savings half way through the year on average. In the second year and beyond, projects completed in the first year generate savings for the entire year so the "Increment" is credited at 100% for the second year and each successive year.																	
29																		
30																		
31																		
32																		
33																		
34																		

	A	B	C	D	E	F				
1	2008-13 Natural Gas DSM Lost Revenues									
2										
3	Adjustment Factor The Adjustment Factor recognizes that, for a number of reasons, actual program savings is likely to vary from reported savings.									
4										
5	The Net Savings Adjustment Ratio for these tracker periods is derived from the results of NEXANT's DSM Evaluation.									
6										
7	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"><u>Segment</u></th> <th style="text-align: center;"><u>Net Savings Adjustment Ratio</u></th> </tr> </thead> <tbody> <tr> <td>All</td> <td style="text-align: center;">0.848</td> </tr> </tbody> </table>						<u>Segment</u>	<u>Net Savings Adjustment Ratio</u>	All	0.848
<u>Segment</u>							<u>Net Savings Adjustment Ratio</u>			
All	0.848									
8										
9										
10										
11										
12										
13										
14										
15										
16										

	A	B	C	D	E	F	G	H	I
1	2008-13 Natural Gas DSM Lost Revenues								
2									
3	January-June 2008								
4				Gross					Estimated
5	Residential			Program			Net		Lost
6		Rate		Savings		Adjustment	Savings		Revenue
7	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
8	Gas Distribution	\$ 1.873843		32,770		0.848	27,790		52,073
9	Gas Transmission	\$ 1.109614		32,770		0.848	27,790		30,836
10	Gas Storage	\$ 0.337708		32,770		0.848	27,790		9,385
11						Sub Total Residential:	27,790		\$ 92,294
12									
13									
14	Tracker 2008-09								
15				Gross					Estimated
16	Residential			Program			Net		Lost
17		Rate		Savings		Adjustment	Savings		Revenue
18	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
19	Gas Distribution	\$ 1.873843		145,670		0.848	123,533		231,481
20	Gas Transmission	\$ 1.109614		145,670		0.848	123,533		137,074
21	Gas Storage	\$ 0.337708		145,670		0.848	123,533		41,718
22						Sub Total Residential:	123,533		\$ 410,272
23									
24									

	A	B	C	D	E	F	G	H	I
25	Tracker 2009-10								
26				Gross					Estimated
27	Residential			Program			Net		Lost
28		Rate		Savings		Adjustment	Savings		Revenue
29	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
30	Gas Distribution	\$ 1.839552		236,175		0.848	200,283		368,431
31	Gas Transmission	\$ 1.089308		236,175		0.848	200,283		218,170
32	Gas Storage	\$ 0.331528		236,175		0.848	200,283		66,399
33						Sub Total Residential:	200,283		\$ 653,001
34									
35				Gross					Estimated
36	General Service			Program			Net		Lost
37		Rate		Savings		Adjustment	Savings		Revenue
38	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
39	Gas Distribution	\$ 1.818025		50,500		0.848	42,825		77,857
40	Gas Transmission	\$ 1.088231		50,500		0.848	42,825		46,604
41	Gas Storage	\$ 0.330452		50,500		0.848	42,825		14,152
42						Sub Total General Service:	42,825		\$ 138,613
43									
44						Total Tracker 2009-10			\$ 791,614
45									
46									

	A	B	C	D	E	F	G	H	I
47	Tracker 2010-11: July-December 2010								
48				Gross					Estimated
49	Residential			Program			Net		Lost
50		Rate		Savings		Adjustment	Savings		Revenue
51	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
52	Gas Distribution	\$ 1.842673		57,893		0.848	49,095		90,466
53	Gas Transmission	\$ 1.091156		57,893		0.848	49,095		53,570
54	Gas Storage	\$ 0.332090		57,893		0.848	49,095		16,304
55						Sub Total Residential:	49,095		\$ 160,340
56									
57									Estimated
58	General Service			Program			Net		Lost
59		Rate		Savings		Adjustment	Savings		Revenue
60	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
61	Gas Distribution	\$ 1.821775		7,253		0.848	6,151		11,206
62	Gas Transmission	\$ 1.090475		7,253		0.848	6,151		6,708
63	Gas Storage	\$ 0.331133		7,253		0.848	6,151		2,037
64						Sub Total General Service:	6,151		\$ 19,951
65									
66				Total Tracker 2010-11: July-December 2010					\$ 180,291
67									
68									

	A	B	C	D	E	F	G	H	I
69	Tracker 2010-11: January-June 2011								
70				Gross					Estimated
71	Residential			Program			Net		Lost
72		Rate		Savings		Adjustment	Savings		Revenue
73	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
74	Gas Distribution	\$ 1.890398		116,918		0.848	99,150		187,433
75	Gas Transmission	\$ 1.119417		116,918		0.848	99,150		110,990
76	Gas Storage	\$ 0.340691		116,918		0.848	99,150		33,779
77						Sub Total Residential:	99,150		\$ 332,203
78									
79									Estimated
80	General Service			Program			Net		Lost
81		Rate		Savings		Adjustment	Savings		Revenue
82	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
83	Gas Distribution	\$ 1.868959		14,649		0.848	12,423		23,217
84	Gas Transmission	\$ 1.118718		14,649		0.848	12,423		13,897
85	Gas Storage	\$ 0.339709		14,649		0.848	12,423		4,220
86						Sub Total General Service:	12,423		\$ 41,335
87									
88				Total Tracker 2010-11: January-June 2011					\$ 373,537
89									
90									

	A	B	C	D	E	F	G	H	I
91	Tracker 2011-12								
92				Gross					Estimated
93	Residential			Program			Net		Lost
94		Rate		Savings		Adjustment	Savings		Revenue
95	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
96	Gas Distribution	\$ 1.890398		281,838		0.848	239,007		451,818
97	Gas Transmission	\$ 1.119417		281,838		0.848	239,007		267,548
98	Gas Storage	\$ 0.340691		281,838		0.848	239,007		81,427
99						Sub Total Residential:	239,007		\$ 800,793
100									
101									Estimated
102	General Service			Program			Net		Lost
103		Rate		Savings		Adjustment	Savings		Revenue
104	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
105	Gas Distribution	\$ 1.868959		61,867		0.848	52,465		98,055
106	Gas Transmission	\$ 1.118718		61,867		0.848	52,465		58,693
107	Gas Storage	\$ 0.339709		61,867		0.848	52,465		17,823
108						Sub Total General Service:	52,465		\$ 174,571
109									
110						Total Tracker 2011-12:			\$ 975,364
111									
112									

	A	B	C	D	E	F	G	H	I
113	Tracker 2012-13			TARGET					
114				Gross					Estimated
115	Residential			Program			Net		Lost
116		Rate		Savings		Adjustment	Savings		Revenue
117	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
118	Gas Distribution	\$ 1.828771		423,420		0.848	359,073		656,662
119	Gas Transmission	\$ 1.082924		423,420		0.848	359,073		388,848
120	Gas Storage	\$ 0.329584		423,420		0.848	359,073		118,345
121						Sub Total Residential:	359,073		\$ 1,163,854
122									
123				TARGET					Estimated
124	General Service			Program			Net		Lost
125		Rate		Savings		Adjustment	Savings		Revenue
126	Bill Line Item	(\$ per dKt)		(dKt)		Factor	(dKt)		(\$)
127	Gas Distribution	\$ 1.808031		105,855		0.848	89,768		162,304
128	Gas Transmission	\$ 1.082248		105,855		0.848	89,768		97,151
129	Gas Storage	\$ 0.328634		105,855		0.848	89,768		29,501
130						Sub Total General Service:	89,768		\$ 288,956
131									
132						Total Tracker 2012-13			\$ 1,452,810
133									

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
	2008-13 Gas Tracker: Monthly Gas DSM Lost Revenues																					
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NorthWestern[™] Energy

2012 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 set forth in the supply portfolio plans filed with the Montana Public Service Commission (MPSC).

Program offerings have accelerated over the past several years. Findings of the electric DSM assessment and end use survey have been integrated into program offerings and this plan..

Compact Fluorescent Lights (CFLs) continue to contribute a significant portion of the electric savings in recent years. Savings from the commercial and industrial markets have not grown as rapidly.

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. In 2012, such an independent evaluation will be conducted again. Results will be incorporated into future communication plans.

Nationally and locally, attention to energy efficiency, renewable energy, and “green” or sustainable has continued.

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 E+ 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

EFFICIENCY PLUS (E+) PROGRAM		
ELECTRIC PROGRAMS	NATURAL GAS PROGRAMS	CUSTOMER SECTOR
E+ Audit for the Home	E+ Audit for the Home	Residential
E+ Residential Lighting		Residential
E+ Residential Rebates Program—Existing Homes	E+ Residential Rebates Program—Existing Homes	Residential
E+ Residential New Homes Program	E+ Residential New Homes Program	Residential
E+ Free Weatherization/Fuel Switch	E+ Free Weatherization	Residential
E+ Appraisal for Small Business		Commercial
E+ Commercial Lighting Rebate		Commercial/Industrial

E+ Business Partners Electric	E+ Business Partners Natural Gas	Commercial/Industrial
E+ Business Partners –Irrigation		Agriculture
E+ Commercial Savings-New Construction	E+ Commercial Savings-New Construction	Commercial /Industrial
E+ Commercial Savings-Existing Facilities	E+ Commercial Savings-Existing Facilities	Commercial /Industrial
E+ Green Motor Rewind Instant Rebate		Commercial/Industrial /Agriculture
E+ Renewable Generation		All
E+ Green Power (Communications, not resource)		All
Northwest Energy Efficiency Alliance		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 and partner contractors
- Commercial and industrial sector customers (electric and natural gas 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/partner 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 Home Shows (Spring Shows run February – May; selected Fall Shows run September-October)
- Update and execute natural gas program campaign
- Develop updated program-at-a-glance summary
- CFL 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)
- Target direct mail and limited media for E+ Audits for the Home with cross marketing of Energy Appraisal
- Continue contacts by program contractors/community relations managers (CRMs)
- Update Customer Service Representative (CSR) training for new CSRs
- Messages in Energy Connections and news releases regarding saving energy.
- 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)
- Complete "Green Blocks" participation in targeted communities
- 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 targeted sectors—healthcare, grocery, and office. Execute new project case studies on commercial/industrial customers
- Integrate commercial program messages into tradeshow displays
- Continue customer and trade ally contacts by program/partner contractors and CRMs
- Participate in local events where appropriate
- Lead organization and coordination of the energy efficiency conference for commercial customers and energy service providers
- 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 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 directing customers to website or program contact phone numbers. GENERAL AUDIENCES

Web/interactive media tools— Efficiency Plus (E+) web section of www.northwesternenergy.com, Facebook, and Search Engine Marketing (SEM), GENERAL AUDIENCES

Internal Communications throughout the year such as FYI, TEAM, iConnect, emails, employee training sessions, 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 billing 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 representatives, program contractors, CRMs, 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 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 Fall Home Energy 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.

Customer contests provide customer awards tied to energy efficient products such as most efficient ENERGY STAR televisions for customer care contests.

Other Resources Coordinate activities and messages with remaining American Recovery and Reinvestment Act of 2009 (ARRA) initiatives and Montana Tax Credits where possible—i.e. Missoula Green Blocks, Tri-County Business Program.

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 directing customers to website or program contact phone numbers. GENERAL AUDIENCES

Web/interactive media tools— Efficiency Plus (E+) web section of www.northwesternenergy.com, SEM, microsites as appropriate. GENERAL AUDIENCES

Internal Communications throughout the year such as FYI, TEAM, I-Connect, 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 billing 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 representatives, program contractors, CRMs, and 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

Commercial Conference on Energy Efficiency partner with others to offer conference to commercial customers, trade allies, and service providers to provide training and education conference in conjunction with the Montana BetterBricks Awards.

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, projects, or programs. Continuing E+ Commercial Lighting Rebate program advertising through television and radio to promote lighting as a universal way for businesses to save energy. GENERAL AUDIENCE WITH EMPHASIS ON COMMERCIAL LIGHTING OR OTHER 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

Supporting commercial program contractors with consistent marketing materials to describe working relationship with NorthWestern Energy. GENERAL COMMERCIAL CUSTOMERS AND TRADE ALLIES AS IDENTIFIED BY PROGRAM CONTRACTORS.

Other Resources Coordinate activities and messages with the American Recovery and Reinvestment Act of 2009 (ARRA) initiatives and Montana Tax Credits where possible—i.e. Tri-County Small Business Program and International Code Council (ICC) training. .

NorthWestern Energy has defined an overall budget for marketing and communication for the electric and natural gas DSM programs of \$1M. 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. USB programs operate on Calendar year.

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

Attached is a calendar for 2012 which will be modified based upon opportunities and needs.

DSM Program Communications Calendar

Exhibit __ (WMT-4b)

	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	Implementation Dates			Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1													
2	R0x	Residential											
3	R0x	Tips--electric (update)	Spot media and Campaigns			x		Residential electric customers	Act to save electricity; check out programs	Television; radio		Tips	Brochure
4	R0x	Tips--Natural Gas (update)	Spot media and Campaigns				x	Residential natural gas customers	Act to save natural gas; check out programs	Television; radio		Tips	Brochure
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>	Tradeshow and event handouts/sign-ups/display/brochures of all residential programs/resources in audit packets
6	R1x	Outreach	Targeted Direct Mail	Jan	Jan, Feb, May 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	<i>Campaign 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>Tradeshow 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

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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													
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
11	R2x	E+ Home Lighting -- CFLs Spring 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/workshops?	
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/workshops?	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	E+ Home Lighting -- CFLs 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

DSM Program Communications Calendar

Exhibit __ (WMT-4b)

	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													
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
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	spot TV, Radio,		Call to Action	General description, application, preferred installers, 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	Update General Brochure, description, application, preferred installers / supporting Preferred Contractor advertising
20	R3b	Weatherization Events b)	Distribute Air Sealing Measures to qualifying natural gas residential customers, educate on programs	Sep	Sep-Oct		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, bill insert, news release, wrap truck(s)	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

DSM Program Communications Calendar

Exhibit __ (WMT-4b)

	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	Implementation Dates	E	G	Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1													
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		local market e-mail	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		local market e-mail	Call to Action	Displays/brochures program materials
23	R0x	Special Events--CSR Training, Game Days	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
24	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			x	x	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; training events	Brochure
25	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

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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													
26	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	Sep	Sep and as approp.	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
27	R4x	E+ Residential Electric Savings	Promote energy efficiency in homes with electric space or water heat; efficient appliances; electronics		as needed	x		Residential Electric customers in existing homes	Call to Action--Install qualifying efficiency measures	trade ally		Description of Rebate offers, forms, preferred contractor lists (Heating Contractors/Insulation Contractors)	Brochure/forms/appliation as needed
28	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

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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													
29													
30	C0	Commercial*											PowerPoint presentation for internal and key contractor use; Messages for Commercial Cust/Trade Allies
31	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
32	C1	NWE Lighting Trade Ally Network	Engage Lighting Trade Allies as Partners for program success		on-going	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	Qtrly Newsletters, e- mail Direct 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
33	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	Targeted Direct Mail; Energy Connections; Business Solutions E-newsletter; Event Displays; presentations		Description of offer and contact information	Brochure

DSM Program Communications Calendar

Exhibit (WMT-4b)

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	Implementation Dates			Audience	Message	Media	Internal (includes employees and key contractors)	Web	Hard Materials
1	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
34	C3	E+ Business Partners Natural Gas Measures		May- Jun & Fall emphasis	x	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
35	C3a	E+ Natural Gas Savings Rebates for Commercial Customers -- Existing Buildings		May-June & Fall emphasis	x	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		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
36	C3b											

DSM Program Communications Calendar

Exhibit __ (WMT-4b)

	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													
37	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
38	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
39	C5b	E+ Green Motor Rewind Rebates	Promote instant rebates for motors rewind 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
40	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

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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													
41	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
42	C7	Lighting Design Lab	Promote energy efficient lighting design through training/education (CEUs)		Mar(Conferen ce) 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	
43	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/winners		Q-1	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, newspaper, on-line, trade ally newsletters, e-mail, event booths	e-mail to CRMs and key staff	Schedule/Registration, Nomination process; BetterBricks Winners winners	
44	C9	Building Operator Certification Training	Training/education/certification for facility managers; emphasis on schools, public buildings, non-profit hospitals		Apr maybe Fall as well	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
45	C10	Tri-county Commercial Project	Promote energy efficiency in existing buildings in partnership with L & C, Broadwater, Jefferson Counties	Mar	3 yr project	x	x	Target small businesses to increase adoption of energy efficiency improvements	Call to Action—Appraisal, recommendations, standard rebates (Fed. Grants)	Direct contact with targeted businesses			Description for targeted businesses

DSM Program Communications Calendar

Exhibit__(WMT-4b)

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												
46	C11	New E+ Commercial Electric Rebates	Promote prescriptive rebates for expanded commercial /industrial/irrigation energy efficiency opportunities in existing facilities and new construction			x	Promote opportunities to commercial/industrial/irrigation customers -- Target audiences as appropriate	Call to Action-- install qualifying measures, add to bottom line	Mix	e-mail to CSRs, CRMs and key staff;	Description of program; Add Program contractors; on-line forms; list of events/training; resources	Mix
47		Renewables										
48	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
49	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
50												
51	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
52												
53		*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.										
54												
55		**E+ Green Power is not a DSM program but is part of NWE's renewable offerings.										
56												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity												
1			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2	R0x	Residential												
		Tips--electric (update)												
3	R0x													
		Tips--Natural Gas (update)												
4	R0x													
		Residential Audits												
5	R1x													
		Outreach												
6	R1x													
		Electric Baseload												
7	R1x													
		E+ Home Lighting -- CFLs												
8	R2x													
		Mail-in Rebate Offer												
9	R2x													

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1														
10	R2a	Spring Trade Shows a)												
11	R2x	E+ Home Lighting – CFLs Spring Instant Coupon Offer												
12	R2x	Farmers' Market												
13	R2a	Fall Trade Shows a)												
14	R2x	Regional Buy downs												
15	R2x	E+ Home Lighting – CFLs Fall Instant Coupon Offer												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1														
16	R2b	Weatherization Events b)												
17	R3x	E+ Gas Savings for the Home												
18	R3x	Gas Savings Mass Media Campaign 1												
19	R3x	Gas Savings Mass Media Campaign 2												
20	R3b	Weatherization Events b)												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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
21	R3a	Spring Tradeshow a)												
22	R3a	Fall Tradeshow a)												
23	R0x	Special Events—CSR Training, Game Days												
24	R4x	E+ New Homes												
25	R4x	E+ New Homes Natural Gas												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity												
1			Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
26	R4x	E+ NewHomes Electric												
27	R4x	E+ Residential Electric Savings												
28	R6x	E+ Free Weatherization												

DSM Program Communications Calendar

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1		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
29														
30	C0	Commercial *												
31	C1	E+ Commercial Lighting Rebates												
32	C1	NWE Lighting Trade Ally Network												
33	C2	E+ Energy Appraisal for Business												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

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1		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
34	C3	E+ Business Partners												
35	C3a	E+ Business Partners Natural Gas Measures												
36	C3b	E+ Natural Gas Savings Rebates for Commercial Customers -- Existing Buildings												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1														
37	C4a	E+ Natural Gas Savings Rebates for Commercial Customers--New Construction												
38	C4b	E+ Commercial Gas Program												
39	C5b	E+ Green Motor Rewind Rebates												
40	C5	Motor Training												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	A	B	P	Q	R	S	T	U	V	W	X	Y	Z	AA
		DSM Communications Calendar subject to change based upon Need or Opportunity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1														
41	C6	E+ Irrigation												
42	C7	Lighting Design Lab												
43	C8	Commercial Conference on Energy/BetterBricks Awards												
44	C9	Building Operator Certification Training												
45	C10	Tri--county Commercial Project												

DSM Program Communications Calendar

Exhibit__(WMT-4b)

	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.
46	C11	New E+ Commercial Electric Rebates												
47		Renewables												
48	G1	E+ Renewable Energy												
49	G2	E+ Green Power **												
50														
51	O	Northwest Energy Efficiency Alliance												
52														
53		*Large Universal System Benefits Choice (USE gas commercial programs are not offered to na **E+ Green Power is not a DSM program but is												
54														
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56														