

Service Date: August 31, 2012

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

IN THE MATTER OF NorthWestern Energy's ) REGULATORY DIVISION  
Application for Approval of Unreflected Gas )  
Cost Account Balance and Projected Gas Cost, ) DOCKET NO. D2012.5.48  
and Gas Transportation Adjustment Clause )  
Balance )

**NOTICE OF APPLICATION  
AND INTERVENTION DEADLINE**

On May 30, 2012, NorthWestern Corporation d/b/a NorthWestern Energy (NWE) submitted its annual Natural Gas Cost Tracker filing. NWE is requesting approval of a rate change: (a) reflecting rate treatment for unreflected gas costs for the 12-month period ending June 30, 2012; (b) reflecting gas cost projections for the 12-month period ending June 30, 2013; (c) reflecting rate treatment for amortization of the gas transportation adjustment clause balance as of April 30, 2012; and (d) also seeking approval to continue to collect the costs resulting from its ownership interest in Battle Creek natural gas field on an interim basis as part of future tracker filings until such time a Battle Creek revenue requirement filing is processed before the Commission. The projected natural gas price for the 12-month period starting July 1, 2012, is \$3.9401 per Dkt, compared with the 12-month period starting July 1, 2011, of \$5.1354 per Dkt, a reduction of \$1.1953 per Dkt.

NWE requested approval to extinguish the current Unreflected Gas Cost Account (UGCA) balance amortization approved in Docket D2011.5.36 and to reflect the UGCA balance of \$(326,078) for the 12-month period ending June 30, 2012. NWE is requesting to include the remaining \$48,639 approved in D2011.5.36 in Unreflected Gas Cost balance. The estimated Total Unreflected Gas Cost balance is \$(277,439)<sup>1</sup> at the end of June 2012. NWE is proposing to set the rate at zero until the actual results are recorded for May and June 2012. NWE will review the account balance again and determine if the final amount merits filing a rate adjustment proposal.

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<sup>1</sup> \$(326,078) + \$48,639

NWE also requested to extinguish the current Gas Transportation Adjustment Clause (GTAC) balance approved in D2011.5.36 and to reflect the GTAC balance as of April 30, 2012, in natural gas rates. The proposed GTAC balance is \$(578,989) which is the GTAC booked balance for the period ending April 30, 2012, of \$(481,331) and the current balance approved in D2011.5.36 of \$(97,658). This balance would be reflected in rates over the 12-month period ending June 30, 2013.

The difference between the June 1, 2012, approved rate and the interim July 1, 2012, rate for the typical residential customer using 10 Dkt per month will be \$4.35 per month or \$52.20 per year on the total bill. This is an overall increase of 4.82% on the total bill.

NWE is requesting, pursuant to Order No. 5667a, FOF No. 3, a continuation to reflect accounting treatment through the GTAC mechanism, for certain plant expansions that generate Interruptible Transportation revenues or Interruptible and Firm Transportation revenues. The rationale for this treatment is as follows: 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.

NWE has requested that the Public Service Commission (PSC) grant an interim rate adjustment effective July 1, 2012. The PSC approved the interim rate adjustment requested on June 20, 2012, in Order No. 7218. The PSC may act on NWE's request for an interim rate adjustment prior to the deadline for filing a Petition to Intervene.

A copy of NWE's filing is available for inspection at the business offices of NWE, 40 East Broadway Street, Butte, Montana 59701, the PSC, and the Montana Consumer Counsel (MCC). The MCC, 111 North Last Chance Gulch, Suite 1B, P.O. Box 201703, Helena, Montana 59620-1703, telephone (406) 444-2771, is available and may be contacted to assist and represent the interests of the consuming public in this matter.

Any interested person who is directly affected by NWE's filing before the PSC and who wants to be a party to the docket must file a Petition to Intervene with the PSC, 1701 Prospect Avenue, P.O. Box 202601, Helena, Montana 59620-2601, no later than September 30, 2012. Any Petition to Intervene must be electronically submitted (e-filed) on the PSC's website at <http://psc.mt.gov> ("Account Login/Registration" under "Electronic Documents" tab). The filing party must also deliver or mail the original Petition to Intervene in paper format to the PSC by the filing deadline. The PSC will upload e-filed documents to the PSC's website after the paper

original has been officially received at the PSC office. One copy must be served on NWE and the MCC (addresses above).

Any interested person who does not prefer to formally participate in the matter as an intervenor may submit written public comments on the matter to the PSC at the above address. Public comments may also be submitted to the PSC through the PSC's web-based comment form at <http://psc.mt.gov> (go to "Contact Us," "Comment on Proceedings Online," then complete the form and submit). The PSC will consider all public comments regarding the application, written or electronic, received before it issues a final order in this matter.

The PSC's jurisdiction over this matter is provided at Title 69, MCA. The substantive and procedural law applicable is Title 69, MCA, especially Chapter 3, ARM Title 38, Ch. 5 (utilities), Title 2, Ch. 4, MCA (MAPA), ARM Title 38, Ch. 2 (PSC procedural rules), and any prior orders of the PSC which may bear on the issues presented.

The PSC initially notices proceedings through use of general service lists. Interested persons not intervening, but wishing to remain on the service list to receive notices and orders, must notify the PSC in writing by the date fixed for intervention. Failure to submit notification will result in removal from the service list in this docket.

BY THE MONTANA PUBLIC SERVICE COMMISSION

TRAVIS KAVULLA, Chairman  
GAIL GUTSCHE, Vice Chair  
W. A. (BILL) GALLAGHER, Commissioner  
BRAD MOLNAR, Commissioner  
JOHN VINCENT, Commissioner