



September 6, 2012

Ms. Kate Whitney  
Utility Division  
Montana Public Service Commission  
1701 Prospect Avenue  
PO Box 2022601  
Helena, Montana 59620-2601

**Re: Docket No. D2012.5.49 Electric Tracker  
NorthWestern Energy's Responses to MCC Set 1 (001-043) Data Requests**

Dear Ms. Whitney:

Enclosed for filing is a copy of NorthWestern Energy's response to MCC Set 1 (001-043) data requests. This set of data request responses has been mailed to the service list in this docket and hand delivered to the PSC and MCC. They have been efiled with the PSC.

Should you have questions please contact Joe Schwanzenberger at (406) 497-3362.

Sincerely,

Nedra Chase  
Administrative Assistant

Enclosures

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of NorthWestern Energy's responses to MCC Set 1 Data Requests (001-043) in Docket D2012.5.49 Electric Tracker has been served by mailing a copy thereof by first class mail, postage prepaid to the service list in this Docket and hand delivered to the PSC and MCC. These responses have also been efiled with the PSC.

Date: September 6, 2012



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Nedra Chase  
Administrative Assistant  
Regulatory Affairs

A. Service List  
D2012.5.49

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**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-001** RE: Alternatives for Resource Additions  
Witness: David E. Fine

In your testimony at page DEF-5, lines 10-13, you state that NWE is evaluating alternatives for resource additions to the portfolio. Please provide a list, including a brief description, of those alternatives.

RESPONSE:

Some of the information requested by this data request may be subject to the attorney/client privilege, the work product doctrine, and/or confidentiality requirements or agreements. NorthWestern objects to this data request to the extent that it requests any such documentation. NorthWestern will provide a privilege log of documents, if any, that it withholds based on attorney/client privilege or work product doctrine.

Without waiving said objection, the resources referred to include:

- A new-build natural gas combined cycle combustion turbine to be located within NorthWestern's Montana service territory;
- Opportunity resources potentially available for acquisition from electric generation resource owners;
- Market purchases for unfulfilled future load serving needs are evaluated on an ongoing basis. When considering market purchases, factors including price, term of delivery, and volume are factored into the analysis.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-002** RE: Supplying Regulation Service  
Witness: David E. Fine

In reference to your testimony at page DEF-8, lines 17-18: Is there a distinction between supplying regulation service to the NWE transmission control area and supplying it to retail customers? If so explain. Or, do retail customers simply share in the regulation service supplied to the transmission control area just like all other control area customers receiving transmission service?

RESPONSE:

The statement concerning DGGS in my testimony was made to simply recognize the return to service of the resource following an outage and to direct readers to the pre-filed testimony of Michael Cashell for matters related to DGGS. No distinction between services provided by DGGS to customers within the control area was intended.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-003** RE: 2011/2012 Tracker Period Activities  
Witness: Kevin J. Markovich

In reference to your testimony at page KJM-4, lines 7-11:

- (a) Appendix 1 (Energy Supply Hedging Strategy) does not specify reducing the total cost of supply as an intended hedging objective. Please explain why reducing the total cost of supply is not an objective of hedging.
- (b) Were annual total supply costs less in 2009, 2010, and 2011 with hedging than they would have been without hedging? Please provide complete analyses (and all underlying data) showing the net cost of hedging (positive or negative) in each of these years.
- (c) Using the data provided in response to (b), demonstrate that during the past three years NWE did “take advantage of downturns in the market by allowing for the procurement of larger volumes of supply when the market is viewed as being favorable.” (Appendix 1 at 196)
- (d) For each month in this 3-year time period provide the percentage of the forecasted supply that was fixed price hedged.
- (e) Were annual supply costs less volatile in 2009, 2010 and 2011 with hedging than they would have been without hedging? Please provide complete analyses (and all underlying data) showing supply cost volatility with and without hedging.

RESPONSE:

- (a) Reducing the cost of supply is not an objective of hedging because hedging is intended to reduce risk, not increase it. Using the risk and reward tradeoff, an objective to reduce the total cost of supply would increase risk to levels beyond what NWE believes ratepayers and the Commission desire.

Hedging should be thought of similarly to buying car or home insurance: the objective is to protect against catastrophic events. When either a home or automobile insurance policy expires, the value of the insurance was realized over the entire term, regardless of whether or not the home or auto was destroyed and an insurance claim was made. The Energy Supply Hedging Strategy is intended to protect against events such as the 2000 California energy crisis.

**NorthWestern Energy**  
**Docket D2012.5.49**  
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Data Requests served August 16, 2012

MCC-003 cont'd

- (b) It is impractical to attempt to answer this question given the assumptions and interpretations that would need to be made to perform an adequate study. For example, questions such as “is CU4 considered a hedge” or “what would have been the actual market price for all supply needs to replace hedge volumes” would have to be addressed and determined. During the periods in question there were no elongated market spikes (such as occurred during the 2000 California energy crisis) and there was an overall decline in market prices which indicate that the cost of the hedge “insurance” increased total supply costs over what they would have been had no “insurance” been in place.
- (c) See the response to part b, above. Nonetheless, the quote that is referred to in this question refers to the Hard Target portion of the Hedging Strategy. During the 2011/2012 tracker period, market prices did not reach levels sufficient to warrant Hard Target purchases.
- (d) See attached – line 52 in Docket D2010.5.50, line 53 in Docket D2011.5.38, and line 56 in Docket D2012.5.49. These values are based on actual figures as opposed to forecasted, but they serve as a close approximation of the forecasted values.
- (e) Having 85% to 100% of monthly volumes and prices “locked in” and not subject to change regardless of actual market prices results in less volatility than having 100% of volumes subjected to changing hourly prices. NorthWestern has not conducted the requested analyses.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	<b>Electric Supply Tracker</b>														
2	<b>Tracker Projection Excluding Colstrip Unit 4</b>														
3															
4			Jul-09 Actual	Aug-09 Actual	Sep-09 Actual	Oct-09 Actual	Nov-09 Actual	Dec-09 Actual	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	Total
5	<b>Non-Base Transactions</b>														
6			174,000	159,151	125,481	99,000	128,455	124,200	28,600	67,200	55,725	17,975	18,600	18,000	1,016,387
7			52,894	59,385	(24,452)	41,671	(5,987)	68,078	163,424	107,175	59,605	71,352	96,792	115,385	805,322
8															
9			226,894	218,536	101,029	140,671	122,468	192,278	192,024	174,375	115,330	89,327	115,392	133,385	1,821,709
10															
11															
12															
13			59,243	39,205	42,233	41,063	69,388	87,509	88,912	83,952	88,107	80,911	85,225	46,460	812,228
14															
15															
16															
17															
18															
19															
20															
21															
22															
23	<b>Net Base Fixed Contracts</b>														
24			192,600	192,600	188,000	195,000	183,600	192,600	190,200	175,200	195,000	188,400	190,200	188,400	2,269,800
25			71,756	69,043	69,270	66,435	52,859	75,360	72,861	68,514	76,271	69,781	77,659	38,614	808,423
26			0	0	0	0	0	0	0	0	0	0	0	24,128	24,128
27			1,723	1,519	399	419	651	682	724	433	392	769	824	2,369	10,904
28			-	-	-	-	-	-	-	-	-	-	-	-	-
29			4,719	5,346	4,441	4,528	4,251	4,370	4,299	3,831	3,853	3,262	3,066	3,906	49,882
30			21,118	24,748	26,355	45,396	49,095	45,166	41,297	27,576	41,661	42,841	37,477	25,853	428,583
31			0	-	-	-	-	-	-	-	-	-	-	-	-
32			257	190	353	316	424	578	440	34	-	-	318	200	3,110
33			4,000	4,000	4,000	3,200	4,800	4,000	4,800	3,200	3,200	3,200	4,800	3,200	46,400
34			8,200	8,200	8,000	7,800	8,400	8,200	8,600	7,200	7,800	7,600	8,800	7,600	96,200
35	<b>Net Base Market Contracts</b>														
36			5,874	10,301	13,137	13,174	544	5,080	612	597	522	2,834	413	1,246	54,334
37			-	-	-	-	-	-	-	-	-	-	-	-	-
38			-	-	-	-	-	-	-	-	-	-	-	-	-
39			-	-	-	-	-	-	-	-	-	-	-	-	-
40			-	-	-	-	-	-	-	-	-	-	-	-	-
41			-	-	-	-	-	-	-	-	-	-	-	-	-
42			-	-	-	-	-	-	-	-	-	-	-	-	-
43			-	-	-	-	-	-	-	-	-	-	-	-	-
44			-	-	-	-	-	-	-	-	-	-	-	-	-
45			-	-	-	-	-	-	-	-	-	-	-	-	-
46			-	-	-	-	-	-	-	-	-	-	-	-	-
47			-	-	-	-	-	-	-	-	-	-	-	-	-
48			310,247	315,947	311,955	336,268	304,624	336,036	323,833	286,585	328,709	318,687	323,357	295,516	3,791,764
49															
50			596,384	673,688	455,217	518,002	496,480	615,823	604,769	544,912	532,146	488,925	523,974	475,381	6,425,701
51															
52			90.10%	87.82%	102.41%	89.35%	101.01%	88.03%	72.80%	80.22%	88.70%	84.83%	81.39%	70.35%	86.20%
53															13.80%

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	<b>Electric Supply Cost Tracker</b>															
2	<b>Electric Tracker Projection</b>															
3																
4	<b>Generation in MWh</b>		<b>Jul-10</b>	<b>Aug-10</b>	<b>Sep-10</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>Jan-11</b>	<b>Feb-11</b>	<b>Mar-11</b>	<b>Apr-11</b>	<b>May-11</b>	<b>Jun-11</b>	<b>Total</b>	
5			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual		
6	<b>Non-Base Transactions</b>															
7			Net Fixed Price Transactions	102,480	87,000	46,000	20,800	40,000	84,800	40,000	9,600	10,800	20,800	10,000	75,328	547,608
8			Net Market Transactions	51,054	93,007	100,528	99,036	127,886	136,633	140,523	140,210	97,516	95,356	117,067	33,691	1,232,507
9																
10			<b>Total Non-Base Transactions</b>	<b>153,534</b>	<b>180,007</b>	<b>146,528</b>	<b>119,836</b>	<b>167,886</b>	<b>221,433</b>	<b>180,523</b>	<b>149,810</b>	<b>108,316</b>	<b>116,156</b>	<b>127,067</b>	<b>109,019</b>	<b>1,780,115</b>
11																
12																
13																
14	<b>Rate Based Assets</b>															
15			Colstrip Unit 4	78,589	86,076	87,430	83,476	81,182	77,502	131,531	119,848	137,540	57,818	53,293	50,072	1,044,357
16			Dave Gates Generating Station	0	0	0	0	0	0	5,208	4,704	5,201	26,981	5,208	5,040	52,342
17																
18			<b>Total Rate Based Assets</b>	<b>78,589</b>	<b>86,076</b>	<b>87,430</b>	<b>83,476</b>	<b>81,182</b>	<b>77,502</b>	<b>136,739</b>	<b>124,552</b>	<b>142,741</b>	<b>84,799</b>	<b>58,501</b>	<b>55,112</b>	<b>1,096,699</b>
19																
20																
21																
22																
23																
24	<b>Net Base Fixed Contracts</b>															
25			PPL 7 Year Contract	163,600	163,600	158,000	163,600	158,000	163,600	161,600	148,800	165,600	160,000	161,600	160,000	1,928,000
26			PPL 09 RFP	10,400	10,400	10,000	10,400	10,000	10,400	10,000	9,600	10,800	10,400	10,000	10,400	122,800
27			QF Tier II	75,877	40,858	33,464	67,601	73,930	76,824	54,295	67,640	62,392	74,352	71,245	109,331	807,609
28			QF Tier II Adjustment	-	-	-	-	-	-	-	-	-	-	-	(48,178)	(48,178)
29			QF-1 Tariff	1,868	1,885	553	426	640	795	1,556	1,008	520	511	884	2,580	13,226
30			Tiber	4,460	4,411	3,994	4,025	20	3,259	3,720	3,593	4,510	4,657	4,828	5,512	46,989
31			Turnbull	-	-	-	-	-	-	-	-	-	-	-	985	985
32			Judith Gap Energy	26,936	25,521	24,859	35,447	47,714	36,919	66,855	47,622	37,661	44,721	42,238	31,259	467,751
33			Wind Ancillary	-	-	-	-	-	-	-	-	-	-	-	-	-
34			Wind Other	-	-	-	-	-	-	-	-	-	-	-	-	-
35			Clitgroup 08 RFP	18,600	18,600	18,000	18,600	18,000	18,600	18,600	16,800	18,600	18,000	18,600	18,000	219,000
36																
37																
38	<b>Net Base Market Contracts</b>															
39			Basin Creek Fixed Capacity	2,775	3,404	1,097	639	576	824	1,247	196	222	715	1,361	844	13,900
40			Basin Creek Operating Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
41			Basin Creek Wind Firming	362	337	255	437	244	320	415	-	-	-	-	-	2,370
42			Basin Creek Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
43			Basin Creek Variable O & M	-	-	-	-	-	-	-	-	-	-	-	-	-
44			Basin Creek Gas Storage Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
45			Operating Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
46			DSM Program & Labor Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
47			DSM Lost T & D Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
48			Imbalance	-	-	-	-	-	-	-	-	-	-	-	-	-
49			<b>Total Base Contract Transactions</b>	<b>304,878</b>	<b>268,816</b>	<b>250,222</b>	<b>301,175</b>	<b>309,124</b>	<b>311,541</b>	<b>318,288</b>	<b>295,259</b>	<b>300,305</b>	<b>313,356</b>	<b>310,756</b>	<b>290,733</b>	<b>3,574,459</b>
50																
51			<b>Total Delivered Supply</b>	<b>537,001</b>	<b>534,899</b>	<b>484,180</b>	<b>504,487</b>	<b>558,192</b>	<b>610,476</b>	<b>635,550</b>	<b>569,621</b>	<b>551,362</b>	<b>514,311</b>	<b>496,324</b>	<b>454,864</b>	<b>6,451,269</b>
52																
53			<b>Percent Of Fixed Contracts</b>	<b>89.91%</b>	<b>81.91%</b>	<b>78.96%</b>	<b>80.16%</b>	<b>76.94%</b>	<b>77.43%</b>	<b>77.63%</b>	<b>75.35%</b>	<b>82.27%</b>	<b>81.32%</b>	<b>76.14%</b>	<b>92.41%</b>	<b>81.39%</b>
54																<b>18.61%</b>

Attachment  
 Docket D2012.5.49  
 Data Request MCC-003d

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Electric Supply Cost Tracker													
2	Electric Tracker Projection													
3														
4	Generation in MWh	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total
5		Actual	Actual	Actual	Actual	Actual	Actual							
6	Non-Base Transactions													
7	Net Fixed Price Transactions	60,000	64,800	10,000	10,416	10,000	52,000	60,000	20,000	21,600	20,000	31,216	20,800	380,832
8	Net Market Transactions	98,064	58,059	36,537	5,028	48,584	37,252	35,290	68,380	34,009	76,777	101,543	113,605	711,128
9	Total Non-Base Transactions	158,064	122,859	46,537	15,444	58,584	89,252	95,290	88,380	55,609	96,777	132,759	134,405	1,091,960
10														
11														
12	Rate Based Assets													
13	Colstrip Unit 4 MWh	101,915	143,318	137,169	156,328	146,791	154,634	147,724	149,866	125,253	72,069	40,450	64,840	1,440,357
14	Mill Creek Generating Station	5,208	5,208	5,040	5,208	5,047	5,208	5,201	0	5,194	5,040	5,208	5,040	56,602
15	Total Rate Based Assets	107,123	148,526	142,209	161,536	151,838	159,842	152,925	149,866	130,447	77,109	45,658	69,880	1,496,959
16														
17														
18														
19														
20														
21														
22														
23	Net Base Fixed Price Contracts													
24	PPL 7 Year Contract	161,600	165,600	158,000	163,600	158,000	163,600	161,600	154,400	165,600	158,000	163,600	160,000	1,933,600
25	PPL 09 RFP	10,000	10,800	10,000	10,400	10,000	10,400	10,000	10,000	10,800	10,000	10,400	10,400	123,200
26	QF Tier II	44,296	53,845	70,056	58,217	74,815	77,001	71,321	71,227	73,805	75,027	79,132	52,867	801,809
27	QF Tier II Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(7,798)
28	QF-1 Tariff Contracts	2,346	1,555	805	551	703	856	842	628	654	620	1,086	3,227	13,853
29	Gordon Butte Wind QF	-	-	-	-	-	-	5,926	3,501	4,525	3,055	3,094	3,242	23,345
30	Tiber	6,666	5,794	5,760	3,720	4,736	3,720	4,502	4,150	4,174	4,286	4,783	4,787	57,078
31	Turnbull	6,825	7,966	5,643	840	-	-	-	-	-	-	-	4,812	8,541
32	Judith Gap Energy	24,609	24,633	23,516	44,792	53,496	69,959	61,881	34,979	48,500	35,386	30,965	40,798	493,534
33														
34	Wind Ancillary	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Wind Other	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Cillgroup 08 RFP	18,600	18,600	18,000	18,600	18,000	18,600	18,600	17,400	18,600	18,000	18,600	18,000	219,600
37														
38														
39	Net Base Market Contracts													
40	Basin Creek Fixed Capacity	1,341	1,609	153	21	703	1,325	1,546	1,219	540	684	1,795	2,146	13,083
41	Basin Creek Operating Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
42	Basin Creek Wind Firming	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Basin Creek Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Basin Creek Variable O & M	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Basin Creek Gas Storage Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Operating Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
47	DSM Program & Labor Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
48	DSM Lost T & D Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
49	Imbalance Current Month Estimate	33,360	37,198	18,369	12,280	18,779	14,785	21,666	10,934	9,822	7,306	4,324	30,248	219,071
50	Imbalance Prior Months True-up	(3,491)	14,645	(1,925)	(9,969)	7,197	5,734	(12,145)	(1,248)	(5,211)	10,090	5,991	7,305	16,972
51	Imbalance, Accounting & BA Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
52	Total Base Contract Transactions	306,153	342,244	308,576	303,052	346,430	365,980	345,739	307,191	331,809	322,454	326,593	333,763	3,941,975
53														
54	Total Delivered Supply	569,340	613,629	497,322	480,032	556,852	615,074	593,954	545,437	517,865	496,340	507,000	538,048	6,530,894
55														
56	Fixed price contracts (% of total)	77.23%	81.57%	89.15%	98.35%	86.36%	90.25%	92.05%	85.35%	92.31%	80.76%	77.37%	72.36%	85.20%
57														14.80%

Docket D2012.5.49  
 Data Request MCC-003d  
 Attachment  
 Page 3 of 3

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-004** RE: Appendix 1 of the 2011 Plan  
Witness: Kevin J. Markovich

In reference to Appendix 1, page 197:

- (a) Please explain why some fixed amount of forecasted supply “*must*” be fixed price hedged at times when short term prices are temporarily at unsustainably high levels.
- (b) Please explain procedures that can be used to reduce hedging below these specified minimum levels at times when short term prices are temporarily at unsustainably high levels.
- (c) Please list and fully describe each instance when variance from specified minimum hedging levels has been sought during the past five years.
- (d) If no such variance is ever permitted, please provide all economic justification for this policy.

RESPONSE:

- (a) A fundamental key to having a hedging strategy is having the discipline to follow it. The data request is vague. To attempt to determine what are “unsustainably high levels” is speculative and would undermine the value of the hedging strategy.
- (b) See the response to part a, above.
- (c) NorthWestern objects to this question on the basis that it is vague and ambiguous. It is unclear what is meant by “specified minimum hedging levels” or “has been sought.” Also, the question references the 2011 Electricity Supply Resource Procurement Plan, but asks for data from years prior to the plan years.
- (d) See the response to part c, above.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-005** RE: Hedging Strategy  
Witness: Kevin J. Markovich

Please update the responses to MCC-10 and MCC-12 in Docket D2011.5.38 that were submitted in that case on August 23, 2011.

RESPONSE:

See attached.

**D2012.5.49 - MCC - 005 (Update to MCC-010 in Docket D2011.5.38)**

Deal Numb	Transaction T	Counterparty	Trade				Pricing		
			Date	Start Date	End Date	Term	MW	Type	Price
36	Purchase	EPLU-E	7/5/2006	10/1/2011	12/31/2011	6*16	275	Fixed	\$ 51.75
37	Purchase	EPLU-E	7/5/2006	1/1/2012	3/31/2012	6*16	275	Fixed	\$ 52.15
35	Purchase	EPLU-E	7/5/2006	7/1/2011	9/30/2011	6*16	275	Fixed	\$ 51.35
38	Purchase	EPLU-E	7/5/2006	4/1/2012	6/30/2012	6*16	275	Fixed	\$ 52.55
62	Purchase	EPLU-E	7/5/2006	10/1/2011	12/31/2011	6*8 1*24	150	Fixed	\$ 51.75
63	Purchase	EPLU-E	7/5/2006	1/1/2012	3/31/2012	6*8 1*24	150	Fixed	\$ 52.15
61	Purchase	EPLU-E	7/5/2006	7/1/2011	9/30/2011	6*8 1*24	150	Fixed	\$ 51.35
64	Purchase	EPLU-E	7/5/2006	4/1/2012	6/30/2012	6*8 1*24	150	Fixed	\$ 52.55
33	Purchase	EPLU-E	7/5/2006	1/1/2011	3/31/2011	6*16	275	Fixed	\$ 50.55
34	Purchase	EPLU-E	7/5/2006	4/1/2011	6/30/2011	6*16	275	Fixed	\$ 50.95
59	Purchase	EPLU-E	7/5/2006	1/1/2011	3/31/2011	6*8 1*24	150	Fixed	\$ 50.55
60	Purchase	EPLU-E	7/5/2006	4/1/2011	6/30/2011	6*8 1*24	150	Fixed	\$ 50.95
8798	Purchase	CEI-E	10/24/2008	7/1/2010	6/30/2020	1*24	25	Fixed	\$ 62.40
13070	Purchase	EPLU-E	5/21/2009	7/1/2010	6/30/2017	6*16	25	Fixed	\$ 60.30
15677	Purchase	TBUL-E	11/11/2009	4/1/2011	12/31/2030	1*24	13	Fixed	\$ 65.25
19666	Purchase	BPEC-E	3/10/2010	1/1/2011	12/31/2011	6*16	25	Fixed	\$ 48.00
20960	Purchase	BPEC-E	11/30/2010	1/1/2011	1/31/2011	6*16	25	Fixed	\$ 35.85
21186	Purchase	MSCG-E	12/14/2010	1/1/2011	1/31/2011	6*16	25	Fixed	\$ 36.25
21203	Purchase	CEI-E	12/17/2010	1/1/2011	1/31/2011	6*16	25	Fixed	\$ 33.00
21959	Purchase	CORP-E	2/11/2011	7/1/2011	7/31/2011	6*16	50	Fixed	\$ 33.00
22142	Purchase	AVWP-E	2/25/2011	7/1/2011	7/31/2011	6*16	25	Fixed	\$ 29.50
22206	Purchase	MSCG-E	3/2/2011	4/1/2011	4/30/2011	6*16	25	Fixed	\$ 23.00
22602	Purchase	GORWIND-E	3/31/2011	10/31/2011	10/30/2036	1*24	4	Fixed	\$ 69.21
22788	Purchase	PWX-E	4/19/2011	7/1/2011	7/31/2011	6*16	25	Fixed	\$ 24.65
23032	Purchase	CORP-E	5/10/2011	6/1/2011	6/30/2011	6*8 1*24	100	Fixed	\$ 0.35
23272	Purchase	UMGF-E	5/27/2011	6/1/2011	8/31/2011	1*24	2	Fixed	\$ 51.15
23319	Purchase	BHPL-E	5/31/2011	6/1/2011	6/30/2011	6*16	83	Fixed	\$ 16.35
23692	Purchase	CEI-E	6/28/2011	7/1/2011	7/31/2011	6*16	25	Fixed	\$ 30.10
23722	Purchase	CEI-E	6/30/2011	8/1/2011	8/31/2011	6*16	25	Fixed	\$ 37.00
23814	Purchase	CEI-E	7/7/2011	8/1/2011	8/31/2011	6*16	25	Fixed	\$ 36.00
24079	Purchase	CEI-E	7/26/2011	8/1/2011	8/31/2011	6*16	25	Fixed	\$ 38.50
24084	Purchase	CEI-E	7/26/2011	8/1/2011	8/31/2011	6*16	25	Fixed	\$ 38.00
24098	Purchase	AVWP-E	7/27/2011	8/1/2011	8/31/2011	6*16	25	Fixed	\$ 38.00
24165	Purchase	BPEC-E	8/2/2011	1/1/2012	12/31/2012	6*16	25	Fixed	\$ 36.75
24242	Purchase	BARC-E	8/8/2011	1/1/2012	12/31/2012	6*16	25	Fixed	\$ 35.10

**Updated Information**

24855	Purchase	CORP-E	10/5/2011	1/1/2012	1/31/2012	6*16	50	Fixed	\$ 33.35
24853	Purchase	CORP-E	10/5/2011	12/1/2011	12/31/2011	6*16	50	Fixed	\$ 35.70
24870	Purchase	CORP-E	10/7/2011	12/1/2011	12/31/2011	6*16	50	Fixed	\$ 34.25
24872	Purchase	CORP-E	10/7/2011	1/1/2012	1/31/2012	6*16	50	Fixed	\$ 32.00
28202	Purchase	LOWERSF-E	1/16/2012	6/25/2012	1/15/2037	1*24	0	Fixed	\$ -
26531	Purchase	GORWIND-E	2/24/2012	2/24/2012	2/25/2012	1*24	4	Fixed	\$ 69.21
27306	Purchase	BPAP-E	5/1/2012	5/7/2012	5/31/2012	6*16	70	Fixed	\$ 4.50
27732	Purchase	UMGF-E	5/30/2012	6/1/2012	8/31/2012	1*24	2	Fixed	\$ 54.64



**CONFIRMATION BETWEEN  
 Powerex Corp. \* and Northwestern Corp. (Energy Supply Division)  
 Deal No. CCW 866, 867**

This document ("Confirmation ") confirms the verbal agreement reached on June 22, 2009 between Powerex Corp.\* ("Powerex") and Northwestern Corp. ("NWE") regarding the sale and purchase of energy in accordance with the EEL Master Power Purchase & Sale Agreement ("Master Agreement") dated August 1, 2005 in force and effect between the Parties under the following terms and conditions. Consistent with Section 2.2 of the Master Agreement, this Transaction, together with all other Confirmations and the Master Agreement, form a single integrated agreement and are not separate contracts.

**Product Description:** Powerex shall sell and deliver Energy to NWE at Delivery Point 1 and NWE shall sell and deliver Energy to Powerex at Delivery Point 2

**Buyer:** NWE ✓

**Seller:** Powerex ✓

**Term:** July 1, 2009 through December 31, 2010 ✓

**Delivery Hours:** Hour Ending ("HE") 0100 PPT through HE 2400 PPT all days (7x24) ✓

**Product:** WSPP Schedule C Firm Energy ✓

**Quantity:**

Contract Month	Quantity (MW)
July 2009	100
August 2009	100
September 2009	25
October 2009	25
November 2009	75
December 2009	100
January 2010	100
February 2010	100
March 2010	75
July 2010	100
August 2010	100
September 2010	25
October 2010	25
November 2010	75
December 2010	100

**Delivery Point 1:** Any unconstrained interconnection point to the NorthWestern transmission system ✓

**Delivery Point 2:** Mid-C ✓

**Price:** Powerex shall pay NWE: Mid-C index ✓  
 NWE shall pay Powerex: Mid-C index less \$3.00 ✓

All settlement amounts shall be netted. ✓

**Index:** Dow Jones HLH Index and Dow Jones LLH Index as applicable. Should the index cease to exist, Buyer and Seller shall mutually agree on a replacement.

Heavy Load Hours (HLH) shall be defined as Hour Ending (HE) 0700 through HE 2200 (16 hours per day) Pacific Prevailing Time (PPT), Monday through Saturday, excluding NERC Holidays

Light Load Hours (LLH) shall be defined as hours means Mondays through Saturdays HE 0100-0600 and HE 2300-2400 PPT, and all day Sundays and including holidays defined by the NERC or any successor organization.

**Delivery Point 1 Scheduling:** Powerex shall arrange for deliveries on a pre-schedule and/or real time basis in accordance with WECC guidelines. Powerex shall be responsible for all scheduling and etagging.

**Delivery Point 2 Scheduling:** Energy shall be prescheduled in accordance with WECC standard prescheduling practices.

~~**Other:** The transaction constitutes a single transaction and in the event of a default by a Party, the non defaulting Party shall be relieved of all obligations after the event of default.~~

This Confirmation is being provided pursuant to and in accordance with the Master Agreement in force and effect between the Parties and constitutes part of and is subject to the terms and provisions of such Master Agreement.

Please confirm that the terms stated in this Confirmation accurately reflects the agreement between NWE and Powerex by returning an executed copy of this Confirmation by fax to Powerex at (604) 891-5045.

**ACKNOWLEDGED AND AGREED TO:**

Powerex Corp. \*

Northwestern Corp. dba Northwest Energy

By: [Signature]  
 Name: Terese Conway

By: [Signature]  
 Name: DAWN PETRITZ

Title: CEO

Title: DIRECTOR-ENERGY RISK MGMT

Date: June 22/09

Date: 7/9/09

\* Powerex Corp., doing business in California as Powerex Energy Corp.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-006** RE: Hedging Strategy  
Witness: Kevin J. Markovich

Does NWE believe that being long on energy (i.e., being greater than 100% hedged) could result in substantial costs to ratepayers? Please fully explain your answer.

RESPONSE:

Being long on energy when there is no need to be given the makeup of the current electric portfolio would be speculative and would subject ratepayers to risks beyond what NWE believes ratepayers desire. There is no need to go long so it does not make sense to introduce this additional risk to ratepayers.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-007** RE: CU4 Dispatch during 2011/2012 Tracker Period  
Witness: Kevin J. Markovich

During the 2011/2012 tracker period when NWE schedulers backed down NWE's share of the output from CU4 and replaced the energy with market purchases (page KJM-5, lines 9-15).

- (a) Please list the periods during the 2011/2012 tracker period when market prices fell below the variable cost to operate CU4.
- (b) Please state the quantity and price of energy that was purchased during each of these periods and the variable cost of operating CU4.
- (c) To the extent that NWE's share of CU4 was not fully backed down in each period, please state the reason why that did not occur in each period.
- (d) Please state the value realized from this practice during each of these periods.

RESPONSE:

- (a) See the folder named "PSC-019a" on the CD provided in response to Data Request PSC-014a.
- (b) See the folder named "PSC-019a" on the CD provided in response to Data Request PSC-014a.
- (c) If CU4 was not fully backed down during a given period, there was insufficient energy available in the market below the variable cost of CU4, not allowing CU4 to go to minimum generation levels.
- (d) See summary information below. For a complete analysis see the folder named "PSC-019a" on the CD provided in response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

MCC-007 cont'd

<b>2011</b>		
	MWh's	\$ Value
July	38,844	\$276,782
Aug.	6,821	\$23,047
Oct.	1,275	\$1,642
<b>Total 2011</b>	<b><u>46,940</u></b>	<b><u>\$301,471</u></b>

<b>2012</b>		
	MWh's	\$ Value
Jan.	87	\$1,044
March	31,554	\$191,659
April	82,418	\$726,619
May	49,196	\$436,943
June	61,264	\$727,642
<b>Total 2012</b>	<b><u>224,519</u></b>	<b><u>\$2,083,908</u></b>
<b>Total 2011-12</b>	<b><u>271,459</u></b>	<b><u>\$2,385,379</u></b>

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-008** RE: Electric DSM Avoided Cost.  
Witness: William M. Thomas parts a and c / Dave Fine part b

- (a) What DSM electric avoided costs are being used at the present time?
- (b) Please fully describe the methods, time frames and procedures followed by NWE to update DSM electric avoided costs.
- (c) For the years 2010-2012 please list the electric avoided costs that were used in each time period and the dates on which the avoided cost amounts were changed.

**RESPONSE:**

- (a) The 20-year levelized DSM electric avoided cost now being used is \$53.85/MWH or \$0.05385/kWh. This current level of DSM electric avoided costs is 23% lower than the previous electric DSM avoided costs of \$70.12. More detail is provided on the Attachment.
- (b) DSM avoided electric costs are determined at the time each Electricity Supply Resource Procurement Plan is filed. The 2011 Electricity Supply Resource Procurement Plan ("Plan") is the source for resource costs, price forecasts, escalation rates, and cost of capital used in the blended market-combined cycle gas plant approach. The 2011 Plan highlights six top performing resource portfolios. Four of those portfolios include the addition of a 300-MW Combined Cycle Combustion Turbine ("CCCT") in 2018. Consistent with the blended market-combined cycle gas approach, NWE's avoided cost is calculated using the cost of a CCCT for the period 2018 through 2036. For the years 2012 through 2017, NWE uses the 2011 Plan wholesale electric market price forecast to determine avoided cost.

The levelized capital cost of a CCCT placed into service in 2018 is \$150.12/kW-year. Fixed and variable Operation and Maintenance ("O&M") expense from the 2011 Plan are escalated at 2.5 percent, consistent with the 2011 Plan, and included in the cost calculation. The natural gas price forecast from the 2011 Plan is converted from dollars per MMBtu to dollars per kilowatt-hour and used to calculate fuel costs for the CCCT at a heat rate of 6800 Btu/kWh. Total costs of the CCCT are calculated for each year from 2018 through 2036 on a per kilowatt-hour basis assuming a 90 percent availability factor. Avoided cost for the first six years (2012-2017) is measured using the wholesale price forecast from the 2011 Plan.

**NorthWestern Energy  
Docket D2012.5.49  
Electric Tracker  
Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

MCC-008 cont'd

(c) Please refer to the Attachment provided in response to part a, above.

(a)

20 Year Analysis	1	2	3	4	5	6	7	8	9	10	11
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Price	0.03094	0.03403	0.03588	0.04179	0.04409	0.04664	0.06226	0.06321	0.06418	0.06517	0.06619

20 Year Analysis	12	13	14	15	16	17	18	19	20
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031
Price	0.06722	0.06828	0.06936	0.07047	0.07160	0.07276	0.07394	0.07514	0.07638
20 Year NPV (\$)	0.53182								
Levelized Price (\$/kWh)	0.05385								

(c)

2010 electric avoided costs final on 09/11/09 and became effective on 01/01/10

20 Year Analysis	1	2	3	4	5	6	7	8	9	10	11
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Price (\$/MWh)	43.61	47.75	53.89	56.22	59.49	62.52	65.43	68.73	72.37	76.13	80.04

20 Year Analysis	12	13	14	15	16	17	18	19	20
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
Price (\$/MWh)	83.98	88.26	92.83	97.14	101.78	106.13	110.77	115.83	119.92
20 Year NPV (\$)	665.47								
Levelized Price (\$/MWh)	70.12								

2011 electric avoided costs final on 09/11/09 and became effective on 01/01/10

20 Year Analysis	1	2	3	4	5	6	7	8	9	10	11
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Price (\$/MWh)	43.61	47.75	53.89	56.22	59.49	62.52	65.43	68.73	72.37	76.13	80.04

20 Year Analysis	12	13	14	15	16	17	18	19	20
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029
Price (\$/MWh)	83.98	88.26	92.83	97.14	101.78	106.13	110.77	115.83	119.92
20 Year NPV (\$)	665.47								
Levelized Price (\$/MWh)	70.12								

2012 electric avoided costs final on 01/18/12 and became effective on 01/23/12

20 Year Analysis	1	2	3	4	5	6	7	8	9	10	11
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Price (\$/kWh)	0.03094	0.03403	0.03588	0.04179	0.04409	0.04664	0.06226	0.06321	0.06418	0.06517	0.06619

20 Year Analysis	12	13	14	15	16	17	18	19	20
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031
Price (\$/kWh)	0.06722	0.06828	0.06936	0.07047	0.07160	0.07276	0.07394	0.07514	0.07638
20 Year NPV (\$)	0.53182								
Levelized Price (\$/kWh)	0.05385								

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-009** RE: E+ Commercial DSM Programs and Contractors.  
Witness: William M. Thomas

Please provide any cost/benefit analysis that was done to determine that the increase in contractors and KEMA employees was economically justified.

RESPONSE:

The 2007 DSM Program Evaluation performed by Nexant, Inc. demonstrated that NorthWestern's E+ Business Partners Program was cost-effective. The Nexant Final Report is provided on the attached CD.

Also included on the attached CD is the spreadsheet file *NWE CE Analysis 120507 incl Vending Miser*. This workbook presents the results of the cost effectiveness analysis performed by Nexant. On the second worksheet Tab, Cost Effectiveness Tables, the Business Partners Program results appear on line 8. In cell F8, the benefit cost ratio for the E+ Business partners program is 1.10. Additional detail on the results of the cost effectiveness analysis for the E+ Business Partners Program is presented on the Tab Summary Cost-Effectiveness on line 13. NorthWestern concluded from Nexant's work that its approach and compensation mechanism used for the E+ Business Partners Program produces cost effective DSM resources.

No additional specific cost/benefit analysis was performed by NorthWestern to determine that the increase in contractors and KEMA employees was economically justified. NorthWestern followed the logic that additional contractors working under the same performance-based compensation mechanism that led to Nexant's finding of cost-effectiveness for the E+ Business Partners Program, and supported by additional effort by KEMA employees to market NorthWestern's DSM Program, should produce additional cost-effective DSM from the commercial sector.

The DSM Evaluation now underway by SBW, Inc. will again analyze the E+ Business Partners Program as part of its scope of work, and will render its findings, conclusions and recommendations for this program along with the many other research items it has been tasked with.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-010** RE: Electric Supply DSM Program Spending & Budget.  
Witness: William M. Thomas

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

RESPONSE:

See the response to Data Request PSC-014a for both the original and updated exhibits.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-011** RE: Electric Supply DSM Program Spending.  
Witness: William M. Thomas

During the eight year period (2004-2012), Electric Supply DSM Program Expenditures have been a total of \$37,111,756 and the sum of Reported Program Results over the same period has been 38.77 aMW. Please specify any additional expected Program Results attributable to these specific Program Expenditures, by year for the next ten years.

RESPONSE:

The 38.77 aMW of Reported Program Results represents gross installed DSM capacity that results from NorthWestern's DSM Program efforts. When DSM measures/equipment fails or is retired it is assumed to be replaced with new measures or equipment that is either the same or better (e.g., more energy efficient). Therefore, the installed DSM capacity of 38.77 aMW continues producing energy savings each year, every year, for the next ten years and beyond.

NorthWestern notes that gross installed DSM capacity is de-rated using net-to-gross factors, also called Adjustment Factors, when calculating DSM lost revenues. Currently, these net-to-gross factors are 0.872 for residential and 0.824 for commercial/industrial. These factors will be updated by SBW, Inc. when the results of its DSM Evaluation are completed.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-012** RE: Electric DSM Lost Revenues.  
Witness: William M. Thomas

Please provide a revised version of Exhibit\_\_ (WMT-3), with most current information available, replacing the estimated three months of actual data in the tracker period 2011-2012. Please provide this updated exhibit in electronic working copy, with all links intact, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a for both the original and updated exhibits.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-013** RE: 2011/2012 Default Supply Tracking Period.  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-1)11-12, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

RESPONSE:

See the response to Data Request PSC-014a for both the original and updated exhibits.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-014** RE: 2011/2012 QF-1 Tariff Contracts.  
Witness: Frank V. Bennett

In the previous tracker filing, QF-1 Tariff Contracts were forecasted at about the same amount of energy for every month during the 2011-2012 tracker period. Please explain in detail why these contracts provided less energy in the months from September 2011 to April 2012 than in the other months during the 2011-2012 tracker period.

RESPONSE:

The annual historical contributions of the projected facilities with known and projected changes were input into the forecast model on an average MWh basis. The months from September 2011 to April 2012 reflect actual generation, which was lower than the forecast average.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-015** RE: 2011/2012 DSM Program & Labor Costs.  
Witness: Frank V. Bennett

Please reconcile the amount you show for DSM Program & Labor Costs (\$8,771,493) on your table at page FVB-15 with the spending amount for 2011-12 (\$8,765,487) shown in the testimony of Mr. Thomas, Table 1, line 8, page WMT-5. If the amounts shown are correct, please explain the difference.

RESPONSE:

The amount for DSM Program & Labor Costs in the testimony of Mr. Thomas is the result of an update to the 10-month actual, two-month forecast developed just prior to filing. Mr. Bennett's testimony inadvertently included a previous forecast. Refer to the response to Data Request PSC-014a for the Thomas and Bennett Exhibits updated to reflect 12-month actuals.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-016** RE: 2011/2012 Transmission Cost.  
Witness: Frank V. Bennett

Please provide all documents and calculations supporting the transmission cost of \$682,976 for the 2011/2012 default supply tracking period, including the most updated transmission costs as they become available. Also, please explain why this cost is almost twice what it was forecasted to be in the previous tracker filing for the 2011/12 period.

RESPONSE:

See the response to Data Request PSC-014a for the updated amount of \$583,047, including supporting invoices. The forecast is based on the premise that you match load to projected resources, which does not reflect the actually incurred variability of wind and in balancing the portfolio each hour.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-017** RE: 2011/2012 Fixed Price Transactions.  
Witness: Frank V. Bennett

Please provide all supporting documents for the net fixed price purchase requirement of 390,912 MWhs during the 2011/2012 default supply tracking period, indicating quantity and price for each sale and purchase.

RESPONSE:

See the response to Data Request PSC-014a for the updated amount of 380,832 MWh, including supporting invoices.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-018** RE: 2011/2012 Market Transactions.  
Witness: Frank V. Bennett

Please provide all supporting documents for the net market purchase requirement of 499,457 MWhs during the 2011/2012 default supply tracking period, indicating quantity and price for each sale and purchase.

RESPONSE:

See the response to Data Request PSC-014a for the updated amount of 711,128 MWh, including supporting invoices.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-019** RE: 2011/2012 Administrative Expense.  
Witness: Frank V. Bennett

Please provide all documents supporting the \$199,993 in administration as shown on page 1 of Exhibit\_\_(FVB-1)11-12, line 39.

RESPONSE:

See the response to Data Request PSC-014a for the updated amount of \$179,659. Refer also to the invoices included on the CD attached to the response to Data Request PSC-010b.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-020** RE: 2012/2013 Default Supply Tracking Period.  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-2)12-13, with all links intact, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a for both the original and updated exhibits.  
See also the response to Data Request PSC-025.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-021** RE: 2012/2013 Off System Transactions.  
Witness: Kevin J. Markovich

Please explain in detail why in every month of forecasted volumes during the 2012-2013 tracker period Fixed Price Purchase Transactions are exactly offset by Index Price Sale Transactions at a different price resulting in a net transaction cost of \$14,932,708.

**RESPONSE:**

This value is the difference between the fixed price market hedges that are in place and the current forward prices. It is a snapshot in time and the value changes every day. See also the response to Data Request MCC-003a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-022** RE: 2012-13 Tracker Year Billing Statistics.  
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit\_\_(CAH-1)\_12-13, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-023** RE: Deferred Supply Rates.  
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit\_\_(CAH-2)\_12-13, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-024** RE: CU4 Derivation of Rates.  
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit\_\_(CAH-3)\_12-13, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-025** RE: DGGS Derivation of Rates.  
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit\_\_(CAH-4)\_12-13, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-026** RE: Supply Rates  
Witness: Cheryl A. Hansen

Please provide an electronic working copy, with all links intact, of Exhibit\_\_(CAH-5)\_12-13, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-027** RE: 2011/2012 CU4 Tracking Period  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-4)11-12, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

RESPONSE:

See the response to Data Request PSC-014a for the original and updated exhibits.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-028** RE: 2012/2013 CU4 Tracking Period  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-5)12-13, with all links intact, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a for the original and updated exhibits. See also the response to Data Request MCC-035.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-029** RE: 2011/2012 DGGS Tracking Period  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-6)10-11, with all links intact, including all workpapers. If actual data for the months of May and June 2012 are available, please provide the updated exhibit.

RESPONSE:

NorthWestern believes this data request is referring to the current Docket exhibit for the 2011/2012 contract year and not to the 2010/2011 contract year. See the response to Data Request PSC-014a for both the original and updated exhibits.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-030** RE: 2011/2012 DGGGS Tracking Period  
Witness: Frank V. Bennett

Please provide detailed description of each of the monthly entries of the DGGGS Fuel Cost shown on lines 49-57 of your Exhibit\_\_(FVB-6)11-12, including quantity, price, and any other supporting materials.

RESPONSE:

See the response to Data Request PSC-014a for both the original and updated exhibits, including supporting invoices. Below is a detailed description of each of the entries:

- Line 49 shows fuel cost that would include the total of natural gas, diesel, storage, and transportation charges.
- Line 50 shows fuel adjustment which removes the previously entered regulation contracts capacity charges from the fuel cost.
- Line 51 shows energy supply cost removal for the first 7 MWh each hour that are dedicated to electric supply.
- Line 52 shows the subtotal of lines 49 through 51.
- Line 53 shows the transmission service 20% allocated to FERC customers.
- Line 54 shows the MPSC related supply cost of the remaining 80%.
- Line 55 shows the inclusion of the first 7 MWh each hour dedicated to electric supply.
- Line 56 shows the subtotal of the MPSC related fuel costs.
- Line 57 is blank for presentation.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-031** RE: 2011/2012 DGGGS Tracking Period  
Witness: Frank V. Bennett / Michael R. Cashell

Please provide a detailed narrative and supporting materials of the DGGGS fuel adjustment of \$2,392,728 in the month of May 2012.

RESPONSE:

**Frank V. Bennett response:** Refer to Exhibit\_\_(MRC-1) page 3, line 15 attached to the Prefiled Direct Testimony of Michael R. Cashell for the source of this number. The adjustment on line 50 of Exhibit\_\_(FVB-6)11\_12 page 2 attached to the DGGGS Prefiled Direct Testimony of Frank Bennett removes the regulation capacity costs that were included in the fuel cost on line 49. These costs are now shown in the separate Regulation Contracts section on line 61.

**Michael R. Cashell response:** See the response to Data Request MCC-032.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-032** RE: 2011/2012 DGGGS Tracking Period  
Witness: Frank V. Bennett / Michael R. Cashell

Please provide a detailed description and supporting materials for each of the Regulation Contracts (Exhibit\_\_(FVB-6)11-12, lines 61-63) that make up the total cost of \$3,683,607, estimated for the month of May 2012; if actual information is available, please provide your response based on actuals.

RESPONSE:

**Frank V. Bennett response:** Refer to the Cashell Prefiled Direct Testimony, Exhibit\_\_(MRC-1) page 3, line 17 for the actual cost.

**Michael R. Cashell response:** See the attached invoices. The total cost of \$3,683,607 includes \$2,392,728 for the capacity associated with the replacement contracts and \$1,290,880 associated with the energy related to the actual provision of regulation service. In each of the contracts a capacity fee is required in order to reserve the regulation service. This fee is paid whether the service is used or not and is based upon the maximum monthly contracted service. During the regulation process, NWE calls on the capacity and energy is delivered in order to balance the system. On each hour this energy delivery is valued at an index rate, according to the agreements, and the cost each hour to NWE is recorded. Also refer to the response to Data Request PSC-007b for a copy of the replacement contracts.

**Cunningham, Sylvia**

---

**From:** Lubick, Amy  
**Sent:** Wednesday, April 04, 2012 4:50 PM  
**To:** Cunningham, Sylvia  
**Subject:** RE: Avista LF numbers for March 2012

Here's Feb:

**POWEREX - Load Following**  
February 2012

Capacity Charge	\$15.00 kW-mo	70 MW	\$ 977,586.02
Regulation Energy Purchases		24934 MWh	\$ 636,254.92
Balancing Energy Sales		22673 MWh	\$ (243,526.16)
			<b>\$ 1,370,314.78</b>

**AVISTA - Load Following**  
February 2012

Capacity Charge		15 MW	\$ 135,491.74
Regulation Energy Purchases		5408 MWh	\$ 131,920.97
			<b>\$ 267,412.71</b>
			<b>\$ 1,637,727.49</b>

**From:** Cunningham, Sylvia  
**Sent:** Wednesday, April 04, 2012 4:47 PM  
**To:** Lubick, Amy  
**Subject:** RE: Avista LF numbers for March 2012

Could i get February's please ?

**From:** Lubick, Amy  
**Sent:** Wednesday, April 04, 2012 4:46 PM  
**To:** Cunningham, Sylvia  
**Subject:** RE: Avista LF numbers for March 2012

Here are the numbers for March:

# TRANSMISSION

Docket D2012.5.49  
Data Request MCC-032  
Attachment  
Page 2 of 10

today's date      current month      production month  
March 2 2012      March-12      February-12

Payment Terms      Payment due on or before the 25th of month following service . If the 25th is a Saturday or a non Monday Bank holiday  
If the due date is a Sunday or a Monday bank holiday then pay the next business day



FAX TO:		FROM:	
Amy Lubick		Cheryl Kettner	
NWMT		Avista Corporation	
Phone #:	406-497-4208	Phone #:	509-495-2902
Fax #:	406-497-2054	Fax #:	509-495-4914

P.O. BOX 3727  
SPOKANE, WASHINGTON 99220-3727  
TELEPHONE: 509-489-0500

March 2, 2012

NorthWestern Corporation  
40 E Broadway  
Butte MT 59701

*Due 3/23*

Energy Transactions  
Month of: February-12

Terms: Payment due on or before the 25th day of the month following the month of service.  
If the 25th is a holiday or weekend, payment is due the last workday prior to the 25th.

				Amount
Balance Forward:				\$0.00
Current Transactions:				
Dynamic Capacity and Energy Service	2/3/2012-2/29/2012	7.62	Kw-mo	\$106,417.24
Deviation Energy Sales		5,408	MWh	\$127,910.94
Deviation Energy Purchases		0	MWh	\$0.00
Deviation Energy Purchase Reduction - Noxon Spill Hours			MWh	
Financially Settled Transmission Losses		162	MWh	\$4,010.03
Point to Point Transmission Service	2/3/2012-2/23/2012	\$ 0.4615	Weekly Rate	\$20,767.50
Point to Point Transmission Service	2/24/2012-2/29/2012	\$ 0.0923	Daily Rate	\$8,307.00

Balance at 03/01/2012	✓	\$267,412.71
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Please pay from fax. Original will not be mailed.

If you have questions regarding this invoice please direct inquiries to:  
Cheryl Kettner      509-495-2902 (phone) .  
509-495-4914 (fax)

*AC*  
*3-2-12*  
*Mr. Tom [unclear]*  
*03/02/2012*  
*checked*  
*March*  
*3/4/12*

WIRE INFORMATION: Please note new instructions  
WELLS FARGO BANK  
ABA # 121 000 248  
Avista receivables Acct # 41688 14770

*MTU 258750*

# TRANSMISSION

Docket D2012.5.49  
Data Request MCC-032  
Attachment  
Page 3 of 10

## powerex.

Supply, Wholesale, Commitment

Invoice Number: 50400003

Billing inquiries:  
powerex.finance@powerex.com  
Settlement inquiries:  
energy.settlements@powerex.com

NORTHWESTERN CORPORATION DBA NORTHWESTERN ENERGY  
(TX)  
40 EAST BROADWAY  
BUTTE MT 59701  
USA  
Counterparty ID: NWDS4

Invoice Date:	Mar 2, 2012
Master Agreement:	CUSTOM 03
Payment Terms:	20 Net 10
Due Date:	Mar 20, 2012

Attn: Amy Lubick  
amy.lubick@northwestern.com  
Tel: 406-497-4517  
Fax: 406-497-2054

*Due 3/20*

### Transactions for the Period of February 2012

Commodity	Unit	Volume	Amount
PHYSICAL ELECTRICITY SALES	MWH	24,925	\$636,254.92
ANCILLARY SERVICES SALES	EA	45,430	\$977,586.02
PHYSICAL ELECTRICITY PURCHASES	MWH	22,673	(\$243,526.16)
		Subtotal	\$1,370,314.78

Total Amount Receivable by Powerex	USD	\$1,370,314.78
------------------------------------	-----	----------------

*MTU 258 250*

Payment accepted by wire transfer only.

Please use the following wire transfer instructions to remit payment:

#### United States Dollars

Intermediary Bank: Wells Fargo Bank  
Intermediary ABA #: 026005092  
Intermediary SWIFT Code: PNBPU33NNYC

#### Canadian Dollars

Beneficiary Bank: Bank of Montreal  
Beneficiary Bank Code: 001  
Beneficiary Transit #: 0004  
Beneficiary Account #: 00041610788  
Beneficiary SWIFT Code: BOFMCAM2  
Beneficiary: Powerex Corp.

#### For further credit to:

Beneficiary Bank: Bank of Montreal  
Beneficiary Bank Code: 001  
Beneficiary Transit #: 0004  
Beneficiary Account #: 00044625335  
Beneficiary SWIFT Code: BOFMCAM2  
Beneficiary: Powerex Corp.

*AL*  
*3-5-12*  
*3/4/12*  
*Checked -*  
*3/6/12*

**Cunningham, Sylvia**

---

**From:** McLaughlin, Kathryn B (Kathy)  
**Sent:** Wednesday, April 04, 2012 1:54 PM  
**To:** Lewis, Michael E (Mike); Cunningham, Sylvia  
**Subject:** FW: Powerex load following for March 2012

---

**From:** Lubick, Amy  
**Sent:** Wednesday, April 04, 2012 1:49 PM  
**To:** McLaughlin, Kathryn B (Kathy)  
**Subject:** Powerex load following

Here's Powerex:

**POWEREX - Load Following**  
March 2012

Capacity Charge	50 MW	\$ 744,527.98
Regulation Energy Purchases	17965 MWh	\$ 311,151.82
Balancing Energy Sales	18317 MWh	\$ (83,888.38)
		\$ 971,791.42

Invoice Number: 50404831

Billing inquiries:  
powerex.finance@powerex.com  
Settlement inquiries:  
energy.settlements@powerex.com

NORTHWESTERN CORPORATION DBA NORTHWESTERN ENERGY  
(TX)  
40 EAST BROADWAY  
BUTTE MT 59701  
USA  
Counterparty ID: NWDS4

Invoice Date:	Apr 3, 2012
Master Agreement:	CUSTOM 03
Payment Terms:	20 Net 10
Due Date:	Apr 20, 2012

Attn: Amy Lubick  
amy.lubick@northwestern.com  
Tel: 406-497-4517  
Fax: 406-497-2054

Transactions for the Period of March 2012

Commodity	Unit	Volume	Amount
PHYSICAL ELECTRICITY SALES	MWH	17,965	\$311,151.82
PHYSICAL ELECTRICITY PURCHASES	MWH	18,317	(\$83,888.38)
ANCILLARY SERVICES SALES	EA	37,150	\$744,527.98
Subtotal			\$971,791.42

Total Amount Receivable by Powerex	USD	\$971,791.42
------------------------------------	-----	--------------

MTU 258750

AC  
4-4-12  
2715  
2/1/12/2012

Payment accepted by wire transfer only.

Please use the following wire transfer instructions to remit payment:

<b>United States Dollars</b>		<b>Canadian Dollars</b>	
Intermediary Bank	Wells Fargo Bank	Beneficiary Bank	Bank of Montreal
Intermediary ABA #	026005092	Beneficiary Bank Code	001
Intermediary SWIFT Code	PNBPUS3NNYC	Beneficiary Transit #	0004
		Beneficiary Account #	00041610788
		Beneficiary SWIFT Code	BOFMCAM2
		Beneficiary	Powerex Corp.
<b>For further credit to:</b>			
Beneficiary Bank	Bank of Montreal		
Beneficiary Bank Code	001		
Beneficiary Transit #	0004		
Beneficiary Account #	00044625335		
Beneficiary SWIFT Code	BOFMCAM2		
Beneficiary	Powerex Corp.		

checked -  
4/4/12

**Cunningham, Sylvia**

---

**From:** McLaughlin, Kathryn B (Kathy)  
**Sent:** Wednesday, April 04, 2012 1:55 PM  
**To:** Lewis, Michael E (Mike); Cunningham, Sylvia  
**Subject:** FW: Avista LF numbers for March 2012

---

**From:** Lubick, Amy  
**Sent:** Tuesday, April 03, 2012 1:28 PM  
**To:** McLaughlin, Kathryn B (Kathy)  
**Subject:** Avista LF numbers

Here are the Avista load following numbers. Still waiting on Powerex.

**AVISTA - Load Following**  
March 2012

Capacity Charge	\$ 7.62 kW-mo	15 MW	\$ 114,300.00
Regulation Energy Purchases		5386 MWh	\$ 87,335.12
Transmission Losses		162 MWh	\$ 2,755.35
Point-to-Point Transmission	\$ 2.00 kW-mo		\$ 30,000.00
			\$ 234,390.47

# TRANSMISSION

Docket D2012.5.49  
Data Request MCC-032  
Attachment  
Page 7 of 10



FAX TO:		FROM:	
Amy Lubick		Cheryl Kettner	
NWMT		Avista Corporation	
Phone #	406-497-4208	Phone #	509-495-2902
Fax #:	406-497-2054	Fax #	509-495-4914

P O BOX 3727  
SPOKANE WASHINGTON 99220-3727  
TELEPHONE 509-469-0500

April 3, 2012

NorthWestern Corporation  
40 E Broadway  
Butte MT 59701

Energy Transactions  
Month of: March-12

Terms: Payment due on or before the 25th day of the month following the month of service.  
If the 25th is a holiday or weekend, payment is due the last workday prior to the 25th.

			Amount
Balance Forward:			\$0.00
Current Transactions:			
Dynamic Capacity and Energy Service	7.62	Kw-mo	\$114,300.00
Deviation Energy Sales	5,386	MWh	\$87,335.12
Deviation Energy Purchases	0	MWh	\$0.00
Deviation Energy Purchase Reduction - Noxon Spill Hours		MWh	
Financially Settled Transmission Losses	162	MWh	\$2,755.35
Point to Point Transmission Service	03/01/2012-03/31/2012	Monthly Rate	\$30,000.00

Balance at 04/01/2012 \$234,390.47

Please pay from fax. Original will not be mailed.

If you have questions regarding this invoice please direct inquiries to:  
Cheryl Kettner 509-495-2902 (phone)  
509-495-4914 (fax)

WIRE INFORMATION: Please note new instructions  
WELLS FARGO BANK  
ABA # 121 000 248  
Avista receivables Acct # 41688 14770

(\$234 390 47) 142610 ZZ ZZ Accounts Receivable  
50 00 232110 ZZ ZZ Accounts Payable

*ACH  
Due  
4/25*

*AC  
4-4-12  
[Signature]  
4/6/12*

*MTU 258750*

*Checked  
Mick 4/6/12*

**Struznik, Andrea (Andi)**

---

**From:** McLaughlin, Kathryn B (Kathy)  
**Sent:** Thursday, May 03, 2012 2:46 PM  
**To:** Lewis, Michael E (Mike); Struznik, Andrea (Andi)  
**Subject:** RE: MCGS Tracker Entry\_Apr.xlsx

**Powerex Capacity for April \$246,521.96**  
**AVISTA Capacity for April \$144,300.00**

---

**From:** Lewis, Michael E (Mike)  
**Sent:** Thursday, May 03, 2012 2:19 PM  
**To:** Struznik, Andrea (Andi)  
**Cc:** McLaughlin, Kathryn B (Kathy)  
**Subject:** FW: MCGS Tracker Entry\_Apr.xlsx

Andi – so far so good – the lost revenue computation looks good!

Kathy – when you have them all.. can you please send Andi the exact \$ to include for each contract.

Thanks!

Mike

---

**From:** Struznik, Andrea (Andi)  
**Sent:** Thursday, May 03, 2012 1:25 PM  
**To:** Lewis, Michael E (Mike)  
**Subject:** MCGS Tracker Entry\_Apr.xlsx

Hi Mike –

Attached is the preliminary MCGS tracker. This file needs to be updated with the load following contract amounts for April. Can you please let me know what those numbers were? If you can take a look at the rest of the work and make sure it is ok, I would be **very** appreciative! ☺

Have a great day!

Andi

# Transmission

## powerex.

Supply Fidelity Commitment

Docket D2012.5.49  
Data Request MCC-032  
Attachment  
Page 9 of 10

Invoice Number: 50409203

Billing inquiries:  
powerex.finance@powerex.com  
Settlement inquiries:  
energy.settlements@powerex.com

NORTHWESTERN CORPORATION DBA NORTHWESTERN ENERGY  
(TX)  
40 EAST BROADWAY  
BUTTE MT 59701  
USA  
Counterparty ID: NWDS4

Invoice Date:	May 2, 2012
Master Agreement:	CUSTOM 04
Payment Terms:	20 Net 10
Due Date:	May 20, 2012 <i>- Sunset day</i>

Attn: Amy Lubick  
amy.lubick@northwestern.com  
Tel: 406-497-4517  
Fax: 406-497-2054

Due Date 5/18/12

Transactions for the Period of April 2012

Commodity	Unit	Volume	Amount
PHYSICAL ELECTRICITY SALES	MWH	6,115	\$67,029.88
ANCILLARY SERVICES SALES	EA	11,904	\$246,521.96
PHYSICAL ELECTRICITY PURCHASES	MWH	5,838	\$8,030.58
		Subtotal	\$321,582.42

Total Amount Receivable by Powerex USD \$321,582.42 ✓

MTU 258750

Payment accepted by wire transfer only.

Please use the following wire transfer instructions to remit payment:

United States Dollars

Intermediary Bank: Wells Fargo Bank  
Intermediary ABA #: 026005092  
Intermediary SWIFT Code: PNBPUS3NYYC

Canadian Dollars

Beneficiary Bank: Bank of Montreal  
Beneficiary Bank Code: 001  
Beneficiary Transit #: 0004  
Beneficiary Account #: 00041610788  
Beneficiary SWIFT Code: BOFMCAM2  
Beneficiary: Powerex Corp.

For further credit to:

Beneficiary Bank: Bank of Montreal  
Beneficiary Bank Code: 001  
Beneficiary Transit #: 0004  
Beneficiary Account #: 00044625335  
Beneficiary SWIFT Code: BOFMCAM2  
Beneficiary: Powerex Corp.

*M. 211 [Signature]  
05/01/2012  
5-3-12  
Checked -  
Muel [Signature]  
5/4/12*



FAX TO:		FROM:	
Amy Lubick		Cheryl Kettner	
NWAT		Avista Corporation	
Phone #	406-497-4200	Phone #	509-495-2902
Fax #	406-497-2054	Fax #	509-495-4914

ACH

P O BOX 3727  
 SPOKANE WASHINGTON 99220-3727  
 TEL FPHONE 509-489-3500

May 3 2012

NorthWestern Corporation  
 40 E Broadway  
 Butte MT 59701

Due 5/25/12

Energy Transactions  
 Month of: April-12

Terms: Payment due on or before the 25th day of the month following the month of service.  
 If the 25th is a holiday or weekend, payment is due the last workday prior to the 25th.

	<u>Amount</u>
Balance Forward:	\$0.00
Current Transactions:	
Dynamic Capacity and Energy Service	7.62 Kw-mo \$114,300.00
Deviation Energy Sales	5,257 MWh \$52,671.49
Deviation Energy Purchases	0 MWh \$0.00
Deviation Energy Purchase Reduction - Noxon Spill Hours	MWh
Financially Settled Transmission Losses	158 MWh \$1,760.01
Point to Point Transmission Service	04/01/2012-04/30/2012 Monthly Rate \$30,000.00

Balance at 05/01/2012	\$198,731.50
-----------------------	--------------

Please pay from fax. Original will not be mailed.

If you have questions regarding this invoice please direct inquiries to  
 Cheryl Kettner 509-495-2902 (phone)  
 509-495-4914 (fax)

WIRE INFORMATION: Please note new instructions  
 WELLS FARGO BANK  
 ABA # 121 000 246  
 Avista receivables Acct # 41688 4770

{ \$198,731.50 }      142810 ZZ ZZ      Accounts Receivable  
 \$0.00              232110 ZZ ZZ      Accounts Payable

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MTU 258750

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-033** RE: 2011/2012 DGGGS Tracking Period  
Witness: Frank V. Bennett / Michael R. Cashell

Please provide a detailed description and supporting materials for the Regulation Contracts Revenue Credits (Exhibit\_\_ (FVB-6)11-12, line 75) that make up the total credit of \$1,032,704, estimated for the month of May 2012; if actual information is available, please provide your response based on actuals.

RESPONSE:

**Frank V. Bennett response:** Refer to the Cashell Prefiled Direct Testimony, Exhibit\_\_(MRC-1) page 3, line 36 for the actual revenue credit.

**Michael R. Cashell response:** As noted above in response to Data Request MCC-032, energy is delivered to NWE in the regulation process. In addition, NWE delivers energy back to the providers each hour in order to allow the contracts to provide both “up regulation” and “down regulation.” The energy that is delivered back to the third-party suppliers is also valued at an index rate each hour. This planned delivery of energy back to the providers to provide up and down regulation results in “energy credits” (which are shown as contract revenue credits) that offset the total cost of the service.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-034** RE: 2012/2013 DGGGS Tracking Period  
Witness: Frank V. Bennett

Please provide an electronic working copy of Exhibit\_\_(FVB-7)12-13, with all links intact, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a for the original and updated exhibits. See also the response to Data Request MCC-035.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-035** RE: 2012/13 Tracker Sales Mwh for CU4 and DGGs  
Witness: Frank V. Bennett

Please explain in detail why, although the total annual sales Mwh are the same, the monthly 2012/13 Tracker Sales Mwh for CU4 and DGGs (Exhibit\_\_(FVB5)12-13, line 36 for CU4 and Exhibit\_\_(FVB6)12-13, line 39 for DGGs) differs from the monthly sales Mwh shown on the Electric Tracker Projection excluding generation assets cost of service (Exhibit\_\_(FVB2)12-13, line 7). If this is an error, please provide the corrected exhibits in electronic format.

RESPONSE:

The corrected updated exhibits are included on the CD attached to Data Request PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-036** RE: Availability of Sources of Regulation other than DGGS  
Witness: Michael R. Cashell

In your testimony, page MRC-4, lines 17-21, you state that pursuant to Order No. 6943a, ¶ 262, NorthWestern is obligated to test the market for available alternatives for regulation services. Please provide a detailed list of each effort that NorthWestern has made to comply with the Order that were not related to the recent outage at DGGS; if the effort was not pursued, please explain the reasons for not doing so.

RESPONSE:

NorthWestern issued RFPs for regulation services in 2009 and 2011. They are provided as Attachment 1 and Attachment 2.



40 East Broadway St.  
Butte, MT 59701  
Telephone: 406-497-3126  
Facsimile: 406-497-2054  
www.northwesternenergy.com

September 14, 2009

**SUBJECT:** REQUEST FOR PROPOSAL ("RFP")  
Regulation service to be used to optimize the operation of the Mill Creek  
Generation Station ("MCGS")

Interested Parties:

NorthWestern Energy ("NWE") operations consist of regulated electric and natural gas distribution, transmission and energy supply. In addition, NWE is pursuing electric transmission and generation opportunities. NorthWestern Energy operates its balancing authority without the benefit of owning generation capable of satisfying control performance criteria. As a result, NWE conducts RFPs to fill its needs for regulating reserves. Regulating reserves are an amount of reserve responsive to Automatic Generation Control, which is sufficient to provide normal regulation margin to meet NERC Control Performance Criteria. Failure to obtain the needed regulating reserves would prevent NWE from complying with mandatory reliability standards.

There are two applicable load/resource balancing performance criteria, Control Performance Standard 1 ("CPS1") and Control Performance Standard 2 ("CPS2"). CPS1 is an annual measurement and CPS2 measures the load/resource balance over each 10-minute period of each month. In order to comply with the CPS2 standard, a balancing authority area operator, such as NWE, must "pass" this measurement in at least 90 percent of the 10-minute periods in every one-month period.

On May 20, 2009, the Montana Public Service Commission ("PSC") issued a Final Order approving NorthWestern Energy's Application for Approval to Construct and Operate the Mill Creek Generation Station to Supply Regulation Service for NWE's Montana Electric Operations and Montana Transmission Control Area. The MCGS project will enable NWE to continue to provide adequate services and facilities at reasonable and just rates. However, NWE will continue to pursue market alternatives that may be cost-effective compared to dispatching MCGS. This is a balanced approach under which NWE will construct and operate MCGS, but will continue to evaluate market and technology alternatives and economically optimize the operation of MCGS which would improve the cost-effectiveness of NWE's approach to satisfying control performance criteria.

This RFP is to solicit proposals to meet our needs for regulation service. These proposals must satisfy our requirements for price and ability to perform the regulation service offered.

*Other potential within-hour services will be considered in conjunction with regulating reserve capacity and/ or the operation of the MCGS. Other potential within-hour services are any product which is commercially available and sufficient to be used to provide normal regulation margin to meet NERC Control Performance Criteria.*

Instructions for submitting responses to the RFP are included in Attachment 1. In addition, an outline of the information NWE seeks under this RFP is included in Attachment 1.

**Responses due:** November 2, 2009

NWE has retained the services of Brown, Williams, Moorhead & Quinn Inc., Energy Consultants, ("BWMQ") to perform the duties of Independent Monitor for the RFP process. NWE will release RFP information to BWMQ as needed to enable BWMQ to perform these duties. Please call Jonathan D. Ogur or Edward C. Gallick at 202-775-8994, if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Casey S. Johnston". The signature is written in dark ink and is positioned above the typed name and title.

Casey Johnston  
Director, SOCC Operations and Transmission Services

Attachment 1 - Request For Proposal  
For  
Regulating Reserve Service  
To  
NorthWestern Energy  
Transmission Services  
September 14, 2009

With this Request for Proposal ("RFP"), NorthWestern Energy ("NWE") Transmission Services invites your proposal to provide regulating reserve service and other potential within-hour services in order to meet its control performance standards and to optimize the operation of the Mill Creek Generation Station ("MCGS"). Generally, respondents to this RFP must be able to provide firm regulating reserve service to NWE that will be used to respond to NWE's continuous need to balance instantaneous resources with instantaneous load.

NWE will evaluate the proposals based on the following criteria:

a) Price of service

Respondents should provide a clear description of its pricing basis, and respondents are strongly encouraged to follow the suggested pricing concepts outlined in the "Requirements" section below

and

b) Ability to perform service

The respondent must provide documentation to support its ability to provide this type of service as required within this RFP. This documentation should include reference lists from parties that have utilized these, or similar, services in the past from the respondent.

The respondents must also satisfy the specific requirements listed in this RFP document.

**Requirements:**

**Regulating Reserve Concepts That Must Be Included in Proposals**

Respondents to this RFP must provide the following:

1. Term - Respondents must include a term that would start January 1, 2011. Any length of term will be considered by NWE; however, a minimum of 1 year is required.
2. NWE is seeking up to 102 MW of regulating reserve capacity. That is, at any given time, NWE must have an available range of unloaded Automatic Generation Control ("AGC") responsive capacity of zero to up to 102 MW at any moment of any hour allowing delivery to or from the service provider. Other capacity and energy arrangements that

offer the same or better service may be considered as well. Bidders may submit proposals for any portion up to 102 MW. Any period when service may not be available or is reduced must be clearly described in responses.

3. The regulating reserve service must be firm and must be provided to NWE's balancing authority area. Any transmission required to deliver the service to or receive from NWE's balancing authority must be firm and arranged and paid for by the respondent. NWE will work with respondents to identify potential points of delivery where transmission capacity exists on the NWE system to accept and deliver regulating reserve capacity and energy. Respondents are encouraged to contact NWE in advance of the deadline noted below to discuss Point of Receipt/Point of Delivery options.
4. Proposals must specify the minimum contractual ramp rate of the generating equipment that will be used to provide the regulating reserve service.

*Other potential within-hour services will be considered in conjunction with regulating reserve capacity and/ or the operation of the MCGS. Other potential within-hour services are any product which is commercially available and sufficient to be used to provide normal regulation margin to meet NERC Control Performance Criteria.*

#### **Hardware, Software and Communications**

The respondent's proposal must provide for the procurement and cost of the computer interface, hardware and software, from the NWE interface, installed at the successful service provider's location, to the provider's computer system. NWE Energy Management System ("EMS") personnel will provide required hardware and protocol and technical information to the successful bidder. A dedicated communication path must be acquired from the successful provider's equipment to NWE's EMS.

#### **RFP Responses**

##### **1. Response Development and Presentation**

In addition to the required information requested above, a respondent should provide as a minimum the following information and provisions:

- a) Term and Renewal Options of a Proposed Agreement
- b) Point of Delivery/Point of Receipt to/with NWE's Transmission System
- c) Intervening Transmission Systems and/or Balancing Authorities
- d) Description of Service to be Provided
- e) Regulating reserve service must be dynamically scheduled capacity, which is available at all times to NWE and capable of being integrated into NWE's AGC system.

- f) Pricing Terms and Conditions - NWE suggests that respondents structure bids with a capacity charge for the regulating reserve service along with a cash settlement for the hourly energy that flows between the supplier and NWE as a result of the service. Other pricing arrangements suggested by bidders may also be considered.
- g) Assignment and Termination Provision
- h) Ramp Rate - MW/minute
- i) Contact Person (mailing address, fax, phone, e-mail)

2. Responses

Respondents must reply by package delivery, fax or e-mail on or before the deadline. **All prices must be valid until negotiations are concluded.**

3. Deadline to Respond

NorthWestern Energy must receive responses on or before November 2, 2009. All responses will be acknowledged with an email message.

4. Commencement

Respondents must be capable of beginning service on January 1, 2011.

## Timeline

This is an estimate only and may vary for a variety of reasons.

The proposed procurement and selection process will be carried out in accordance with the following schedule:

<u>Activity</u>	<u>Date:</u>
RFP posted on NWE OASIS Website	09/14/2009
Electronic Solicitation for Request for Proposal	09/14/2009
Pre-Bid Conference	09/28/2009
Deadline to Respond	11/02/2009
Evaluate RFP/Negotiations	11/02/2009 to 01/01/2010
Execution and Filing of Agreements with FERC	Early 2010

NWE, in its sole discretion, reserves the right to modify the Timeline if required.

## Selection

Pricing, flexibility, contract term, and diversity will all be considered in selecting the winning bid(s). Any generation facility that is intended to supply firm regulating reserve service to NWE must be fully operational by January 1, 2011 and capable of providing the required service, as determined by NWE in its sole discretion. NWE reserves the right to select any combination or none of the proposals. This is an RFP and no binding legal obligation will be entered into unless and until the successful bidder and NWE negotiate and execute a definitive agreement. Please

note, the successful bidder may be required to provide and file with FERC a Market Power Study to evaluate possible market power concerns in the sale of regulating reserve service into the NorthWestern balancing authority to comply with the Federal Energy Regulatory Commission's filing requirements of the final agreement. Any cost associated with this study will be the responsibility of the successful bidder.

### **Confidentiality**

All responses will be kept confidential by NWE Transmission Services and its Independent Monitor. Because NWE is regulated, NWE may be required to release RFP information to the appropriate regulatory authorities and other intervening parties during the course of regulatory proceedings associated with this process or other regulatory proceedings. NWE has retained the services of Brown, Williams, Moorhead & Quinn Inc., Energy Consultants, ("BWMQ") to perform the duties of Independent Monitor for the RFP process. NWE will release RFP information to BWMQ as needed to enable BWMQ to perform these duties.

### **Contact**

Questions and Individual to Receive Proposals:

Jonathan D. Ogur, Associate  
Brown, Williams, Moorhead & Quinn, Inc.  
1155 15<sup>th</sup> Street, N.W., Suite 400  
Washington, DC 20005

Phone: 202-775-8994  
Fax: 202-223-9159  
[ogur@bwmq.com](mailto:ogur@bwmq.com)

or

Edward C. Gallick, Vice President  
Brown, Williams, Moorhead & Quinn, Inc.  
1155 15<sup>th</sup> Street, N.W., Suite 400  
Washington, DC 20005  
Phone: 202-775-8994  
Fax: 202-223-9159  
[gallick@bwmq.com](mailto:gallick@bwmq.com)



40 East Broadway St.  
Butte, MT 59701  
Telephone: 406-497-3126  
Facsimile: 406-497-2054  
[www.northwesternenergy.com](http://www.northwesternenergy.com)

October 3, 2011

**SUBJECT:** REQUEST FOR PROPOSAL ("RFP")  
Regulation service to be used to optimize the operation of the Dave Gates  
Generating Station at Mill Creek ("DGGS")

Interested Parties:

On May 20, 2009, the Montana Public Service Commission ("PSC") issued a Final Order approving NorthWestern Energy's Application for Approval to Construct and Operate the DGGS to Supply Regulation Service for NorthWestern Energy's ("NWE's") Montana Electric Operations and Montana Transmission Balancing Authority Area. NorthWestern has constructed DGGS and it has been in operation since January 2011. This RFP solicits proposals to provide regulating reserve service and other potential within-hour services that may be used to optimize the operation of the DGGS and to meet NWE's control performance standards.

Regulating reserves are an amount of reserve responsive to Automatic Generation Control, which is sufficient to provide normal regulation margin to meet NERC Control Performance Criteria. Failure to obtain the needed regulating reserves would prevent NWE from complying with mandatory reliability standards. There are two applicable load/resource balancing performance criteria, Control Performance Standard 1 ("CPS1") and Control Performance Standard 2 ("CPS2"). CPS1 is an annual measurement and CPS2 measures the load/resource balance over each 10-minute period of each month. In order to comply with the CPS2 standard, a balancing authority area operator, such as NWE, must "pass" this measurement in at least 90 percent of the 10-minute periods in every one-month period. The DGGS currently enables NWE to continue to provide adequate services and facilities at reasonable and just rates. However, NWE will continue to test the market for alternatives that may be cost-effective compared to dispatching DGGS.

*Other potential within-hour services will be considered in conjunction with regulating reserve capacity and/ or the operation of the DGGS. Other potential within-hour services are any product which is sufficient to provide normal regulation margin to meet NERC Control Performance Criteria.*

Instructions for submitting responses to the RFP are included in Attachment 1. In addition, an outline of the information NWE seeks under this RFP is included in Attachment 1.

**Responses due:** November 22, 2011

**Anticipated Start of Service:** January 1, 2013

NWE has retained the services of Brown, Williams, Moorhead & Quinn Inc., Energy Consultants, ("BWMQ") to perform the duties of Independent Monitor for the RFP process. NWE will release RFP information to BWMQ as needed to enable BWMQ to perform these duties. Please call Jonathan D. Ogur at 202-775-8994, if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Casey Johnston". The signature is written in black ink and is positioned above the printed name and title.

Casey Johnston  
Director, SOCC Operations and Transmission Services

Attachment 1 - Request For Proposal  
For  
Regulating Reserve Service  
To  
NorthWestern Energy  
Electric Transmission Services  
October 3, 2011

With this Request for Proposal ("RFP"), NorthWestern Energy ("NWE") Transmission Services invites your proposal to provide regulating reserve service and other potential within-hour services in order to meet its control performance standards and to optimize the operation of the Dave Gates Generating Station at Mill Creek ("DGGS") which has been operational since January 2011. Generally, respondents to this RFP must be able to provide firm regulating reserve service to NWE that will be used to respond to NWE's continuous need to balance instantaneous resources with instantaneous load.

NWE will evaluate the proposals based on the following criteria:

- a) Price of service

Respondents should provide a clear description of its pricing basis, and respondents are strongly encouraged to follow the suggested pricing concepts outlined in the "Requirements" section below

and

- b) Ability to perform service

The respondent must provide documentation to support its ability to provide this type of service as required within this RFP. This documentation should include reference lists from parties that have utilized these, or similar, services in the past from the respondent.

The respondents must also satisfy the specific requirements listed in this RFP document.

Requirements:

Regulating Reserve Concepts That Must Be Included in Proposals

Respondents to this RFP must provide the following:

1. Term - Respondents must include a term that would anticipate a start date of January 1, 2013. Any length of term will be considered by NWE; however, a minimum of 1 year is required.
2. NWE is seeking up to 105 MW of regulating reserve capacity. That is, at any given time, NWE must have an available range of unloaded Automatic Generation Control ("AGC")

responsive capacity of zero to up to 105 MW at any moment of any hour allowing delivery to or from the service provider. Other capacity and energy arrangements that offer the same or better service may be considered as well. Bidders may submit proposals for any portion up to 105 MW. Any period when service may not be available or is reduced must be clearly described in responses.

3. The regulating reserve service must be firm and must be provided to NWE's balancing authority area. Any transmission required to deliver the service to or receive from NWE's balancing authority must be firm and arranged and paid for by the respondent. NWE will work with respondents to identify potential points of delivery where transmission capacity exists on the NWE system to accept and deliver regulating reserve capacity and energy. Respondents are encouraged to contact NWE in advance of the deadline noted below to discuss Point of Receipt/Point of Delivery options.
4. Proposals must specify the minimum contractual ramp rate of the generating equipment that will be used to provide the regulating reserve service.

*Other potential within-hour services will be considered in conjunction with regulating reserve capacity and/ or the operation of the DGGS. Other potential within-hour services are any product which is commercially available and sufficient to be used to provide normal regulation margin to meet NERC Control Performance Criteria.*

#### Hardware, Software and Communications

The respondent's proposal must provide for the procurement and cost of the computer interface, hardware and software, from the NWE interface, installed at the successful service provider's location, to the provider's computer system. NWE Energy Management System ("EMS") personnel will provide required technical information on hardware and software protocol to the successful bidder. A dedicated communication path must be acquired from the successful provider's equipment to NWE's EMS.

#### RFP Responses

##### 1. Response Development and Presentation

In addition to the required information requested above, a respondent should provide as a minimum the following information and provisions:

- a) Term and Renewal Options of a Proposed Agreement
- b) Point of Delivery/Point of Receipt to with NWE's Transmission System
- c) Intervening Transmission Systems and/or Balancing Authorities
- d) Description of Service to be Provided

- e) Regulating reserve service must be dynamically scheduled capacity, which is available at all times to NWE and capable of being integrated into NWE's AGC system.
- f) Pricing Terms and Conditions - NWE suggests that respondents structure bids with a capacity charge for the regulating reserve service along with a cash settlement for the hourly energy that flows between the supplier and NWE as a result of the service. Other pricing arrangements suggested by bidders may also be considered.
- g) Assignment and Termination Provision
- h) Ramp Rate - MW/minute
- i) Contact Person (mailing address, fax, phone, e-mail)

2. Responses

Respondents must reply by package delivery, fax or e-mail on or before the deadline. All prices must be valid until negotiations are concluded.

3. Deadline to Respond

NorthWestern Energy must receive responses on or before November 22, 2011. All responses will be acknowledged with an email message.

4. Commencement

Respondents must be capable of beginning service on January 1, 2013.

## Timeline

This is an estimate only and may vary for a variety of reasons.

The proposed procurement and selection process will be carried out in accordance with the following schedule:

<u>Activity</u>	<u>Date:</u>
RFP posted on NWE OASIS Website	10/03/2011
Electronic Solicitation for Request for Proposal	10/03/2011
Pre-Bid Conference	10/18/2011
Deadline to Respond	11/22/2011
Evaluate RFP/Negotiations	11/23/2011 to 01/31/2012
Filing of Agreements with FERC	no later than 60 days before service commences

NWE, in its sole discretion, reserves the right to modify the Timeline if required.

## Selection

Pricing, flexibility, contract term, and diversity will all be considered in selecting the winning bid(s). Any generation facility that is intended to supply firm regulating reserve service to NWE must be fully operational by January 1, 2013 and capable of providing the required service, as determined by NWE in its sole discretion. NWE reserves the right to select any combination or none of the proposals. This is an RFP and no binding legal obligation will be entered into unless and until the successful bidder and NWE negotiate and execute a definitive agreement. Please note, the successful bidder may be required to provide and file with FERC a Market Power Study to evaluate possible market power concerns in the sale of regulating reserve service into the NorthWestern balancing authority to comply with the Federal Energy Regulatory Commission's filing requirements of the final agreement. Any cost associated with this study will be the responsibility of the successful bidder.

## Confidentiality

All responses will be kept confidential by NWE Transmission Services and its Independent Monitor. Because NWE is regulated, NWE may be required to release RFP information to the appropriate regulatory authorities and other intervening parties during the course of regulatory proceedings associated with this process or other regulatory proceedings. NWE has retained the services of Brown, Williams, Moorhead & Quinn Inc., Energy Consultants, ("BWMQ") to perform the duties of Independent Monitor for the RFP process. NWE will release RFP information to BWMQ as needed to enable BWMQ to perform these duties.

## Contact

Questions and Individual to Receive Proposals:

Jonathan D. Ogur, Associate  
Brown, Williams, Moorhead & Quinn, Inc.  
1155 15<sup>th</sup> Street, N.W., Suite 400  
Washington, DC 20005

Phone: 202-775-8994  
Fax: 202-223-9159  
[ogur@bwmq.com](mailto:ogur@bwmq.com)

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-037** RE: DGGs Turbine Outage  
Witness: Michael R. Cashell

In reference to your testimony at page MRC-5, lines 13-15: Please specify the amount of DGGs capacity that was out of service on each day during this period.

**RESPONSE:**

See Attachment 1, provided in response to Data Request PSC-017a. It provides details on the DGGs outages for each unit, and the amount of capacity that was out of service on each day can be calculated from this information.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-038** RE: DGGGS Turbine Outage  
Witness: Michael R. Cashell

Please describe all efforts (if any) that have been made to obtain compensation from PWPS (or others who may be liable) for the cost of the 2012 DGGGS outage. If such efforts have not been made, please fully explain why that is the case. If efforts have been made, please describe the outcome or status of each effort.

RESPONSE:

NorthWestern objects to this data request to the extent that it asks for information that is subject to the attorney/client privilege, the work product doctrine, or the Montana Rules of Evidence.

Without waiving said objection, NorthWestern represents that it has been and is pursuing all possible avenues of compensation from PWPS and all other potentially responsible parties and that if it succeeds in recovering compensation it will credit the compensation received to electric ratepayers in a future electric tracker. At this time, NorthWestern cannot provide further detail about the efforts it is undertaking.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-039** RE: DGGGS Turbine Outage  
Witness: Michael R. Cashell

For the months of February, March and April 2012 that DGGGS experienced a forced outage, please provide a comparison table by month of the variable cost of DGGGS that would have been incurred if DGGGS were fully in service, the monthly cost of the third party contracts that NorthWestern arranged for regulation service during the outage, and the monthly variable cost of the partial operation of DGGGS as it was brought back online.

**RESPONSE:**

Please see the folder named "MCC-039" on the CD attached to Data Request MCC-009. Exhibit\_\_(MRC-1 Rev) compares DGGGS variable costs and revenue credits that would have been incurred if DGGGS were fully in service (Lines 7 – 48) to the monthly cost with the third-party replacement contracts that NWE entered into for regulation service during the outage (Lines 51 – 103).

In the DGGGS computation with no outage, the revised exhibit uses the market price for the 7MW energy supply instead of the fixed price as reflected in the original exhibit. The revised exhibit also shows the variable energy 7MW revenues included with the fuel cost revenues as shown on lines 10 and 54. In addition, the revised exhibit provides more detail than the original exhibit. The revised exhibit has also been included on the CD provided in response to PSC-014a.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-040** RE: NWE's Actions to Reduce Impact of the DGGS Outage  
Witness: Michael R. Cashell

In reference to your testimony at page MRC-6, lines 16-18: Please fully explain how it was determined that 91 MW of purchased regulating reserve was sufficient to replace full DGGS capacity.

RESPONSE:

Prior to DGGS going into service on January 1, 2011, NWE had been procuring 91 MW of regulation service with the expectation of growing into its estimated need of 105 MW as additional wind generation was added to the Energy Supply portfolio. As of the DGGS outage date (1/31/12), NWE had not significantly added wind generation to the Energy Supply portfolio. As a result, and also considering the short time in which NWE had to procure the replacement regulation service, NWE elected to secure the minimum amount of regulation service it felt would be required to meet reliability criteria in the short term. In February 2012, only 85 MW could be procured. After that 91 MW was procured. It was also recognized that if the outage was to continue, it was possible that more regulation would be required as additional wind generation was brought into the supply portfolio – perhaps up to 105 MW.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-041** RE: DGGS True-up  
Witness: Michael R. Cashell

Please provide an electronic working copy of Exhibit\_\_(MRC-1), with all links intact, including all workpapers.

RESPONSE:

See the response to Data Request PSC-014a. See also the response to Data Request MCC-039.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-042** RE: DGGS Revenue Credits  
Witness: Michael R. Cashell

In reference to your testimony at page MRC-9, lines 14-20: Please confirm that this DGGS energy is in addition to the 7 MW of DGGS energy output in the tracker that is used to serve retail load. If not, please explain fully.

RESPONSE:

Yes.

**NorthWestern Energy**  
**Docket D2012.5.49**  
**Electric Tracker**  
**Montana Consumer Counsel (MCC)**

**MCC Set 1 (001-043)**

Data Requests served August 16, 2012

**MCC-043** RE: DGGGS Third Party Contracts  
Witness: Michael R. Cashell

On page MRC-10 starting at line 15 you state, "However, as described above, Order No. 6943a contemplated that NorthWestern may at some time enter into third-party contracts if the comparison of economic alternatives to the operation of DGGGS showed that option to be a more cost-effective source of regulation services."

Please explain how the necessity of third party contracts due to the outage of DGGGS is similar to the use of third party contracts because they represent a more cost-effective source of regulation services. How were these contracts more cost effective than if DGGGS had been operating as expected?

RESPONSE:

When the DGGGS facility had to be taken offline, third-party contracts were required in order to meet mandatory NERC reliability standards. The contracts for the DGGGS outage were procured to deal with the emergency situation. NorthWestern used results from the 2011 RFP to start the search for replacement regulation contracts resulting from the emergency DGGGS outage. The similarity is that it was contemplated that at some times, third-party contracts may be utilized and therefore a mechanism to recover the costs of both the economic purchases and emergency purchases of regulation service exists.