



December 9, 2015

Mr. Will Rosquist
Interim Regulatory Division Chief
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

**RE: Docket No. D2013.12.85, Order No. 7323k
Hydroelectric Facilities (“Hydros”) Purchase Compliance Filing – December
2015**

Dear Mr. Rosquist:

In compliance with Final Order No. 7323k (“Order”), NorthWestern Energy (“NorthWestern”) submits an original and ten copies of its December 2015 Hydroelectric Facilities (“Hydros”) Purchase Compliance Filing to the Montana Public Service Commission (“Commission”) for approval. Paragraph 190 of the Order states: “NorthWestern shall make a final compliance filing in December 2015 to reflect post-closing adjustments, the future conveyance of Kerr to the CSKT, and the actual property tax expense for the Hydroelectric Facilities”.

Enclosed with this letter are the following:

- 1) Fact Sheet discussing each component of the compliance filing
- 2) Attachment A – Revised Fixed Cost Revenue Requirement and Supporting Workpapers/Revenue Credit Forecast
- 3) Attachment B – Net Financial Benefit to Customers of Short-term Ownership of Kerr
- 4) Attachment C – Fixed Cost Revenue Requirement True-up
- 5) Attachment D – Revenue Credit True-up
- 6) Attachment E – Derivation of Rates and Customer Bill Impacts

NorthWestern requests that the proposed Electric Supply rates be established for the respective customer rate classes to become effective on January 1, 2015 on an interim and final basis.

The Electric Supply rates proposed in this filing result in an increase to the electric rate by customer class as shown in Attachment E. Rate schedules reflecting the revised rates will be filed with the Commission as part of the January 1, 2016 Monthly Electric Supply Cost Rate Adjustment.

The increase for a typical residential customer using 750 kWh of electricity per month is \$3.97 per month or \$47.64 per year resulting in a 4.67 percent increase on their total bill. The actual increase will depend on each customer's type and usage.

Three copies of this letter and documents submitted herewith will be delivered to the Montana Consumer Counsel.

NorthWestern's employee responsible for answering questions concerning this rate change request or for inquiries to the appropriate members of the Utility Staff is:

Mr. Joe Schwartzenberger
NorthWestern Energy
40 East Broadway
Butte, MT 59701
(406) 497-3362
joe.schwartzenberger@northwestern.com

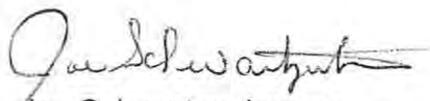
NorthWestern's attorney in this matter is:

Mr. Al Brogan
NorthWestern Energy
208 N. Montana Ave. Ste 205
Helena, MT 59601
Tel. (406) 443-8903
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NorthWestern also requests that all electronic correspondence related to this filing be sent to Tracy.Killooy@northwestern.com.

If there are any questions, I can be reached at (406) 497-3362.

Sincerely,


Joe Schwartzenberger
Director of Regulatory Affairs

Enclosures
cc: Montana Consumer Counsel



**Hydro Assets
2015 Compliance Filing
Docket No. D2013.12.85
Fact Sheet**

INTRODUCTION

On September 25, 2014, the Montana Public Service Commission (“MPSC”) issued Final Order No. 7323k (“Order”) in Docket No. D2013.12.85 relating to NorthWestern Energy’s (“NorthWestern”) purchase of hydroelectric generating facilities (“Hydro Assets” or “Hydros”) from PPL Montana, LLC (“PPLM”). The MPSC approved an initial net revenue requirement amount for these assets of \$116,865,355. On November 18, 2014, NorthWestern incorporated the Hydros’ fixed cost revenue requirement of \$160,176,668 and related revenue credits of (\$43,311,313) into its electricity supply rates.

This compliance filing is made in accordance with Order ¶ 190 which requires NorthWestern to reflect post-closing adjustments, the conveyance of Kerr to the Confederated Salish and Kootenai Tribes (“CSKT”), and the actual property tax expense for the Hydros. Attachment A includes the computation of a revised fixed cost revenue requirement including supporting workpapers, as well as the revenue credits forecast for the calendar year ending December 2016. This computation begins with the initial approved fixed cost revenue requirement and shows the ordered adjustments to derive a revised revenue requirement. The revised net revenue requirement amount is \$141,331,037 as shown on Page 1, Column P. This amount consists of a fixed cost revenue requirement of \$143,138,159 and related revenue credits of (\$1,807,122). Order ¶ 191 states that revenue credits shall be tracked on a portfolio basis through the electricity supply cost tracker. The fixed cost revenue requirement as well as the revenue credit component of the tracker, shown on Lines 51 and 52, will be included in rates effective January 1, 2016. This compliance filing also demonstrates that the ownership of Kerr by NorthWestern resulted in a net positive financial benefit for NorthWestern customers per ¶ 148 of the Order. Attachment B illustrates this financial benefit.

Removal of Kerr Expenses

The elimination of expenses associated with Kerr results in a reduction of the Hydro revenue requirement of (\$20,604,912) as shown on Attachment A, Page 1, Column H.

\$19,869,135 of operation and maintenance (“O&M”) expenses were eliminated as shown on Line 38; the O&M detail is shown in the table below.

Kerr Rent	\$	19,877,348
Fish and Wildlife License		2,101,200
Labor		516,600
Other Operating Costs		25,000
Headwater Benefit (Revenue)		<u>(2,651,013)</u>
Total	\$	19,869,135

\$1,365,563 of Kerr-related property and other taxes were eliminated as shown on Line 41. The detail of these taxes is shown in the table below and the computation of the Electrical Energy Producer’s License Tax (“EELT”) and Wholesale Energy Transaction Tax (“WET”) is reflected on Page 12.

Property Taxes	\$	1,018,332
EELT		202,762
WET		<u>144,468</u>
Total	\$	1,365,563

Current income taxes in the test period revenue requirement are adjusted to remove the amount of Production Tax Credits (“PTC”) relating to Kerr that was reflected in the initial revenue requirement computation. \$393,230 of Kerr PTCs was removed as shown on Page 2, Line 71, which results in an increase to current income taxes. Detail of the PTC computation relating to Kerr is shown on Page 11.

The O&M, property and other taxes, and PTC adjustments described above have a direct impact on the adjustments reflected in the rate base, MPSC and Montana Consumer Counsel (“MCC”) revenue taxes, and deferred income taxes in the revenue requirement computation.

Revenue Credits

The revenue credits are reduced by \$41,504,191 to reflect the lower 2016 forecasted sale of excess generation as shown on Attachment A, Page 1, Column J, Line 43. This adjustment results in a revised test period level of forecasted revenue credits of (\$1,807,122) as shown in Column P; additional supporting detail is provided on Page 19 of Attachment A. The revenue credit adjustment also has a direct impact on the rate base, MPSC and MCC revenue taxes, and deferred income taxes in the revenue requirement computation. The impact of this revenue credit reduction is an increase of \$41,820,651 to the total revenue requirement.

The adjustment to forecasted revenue credits is driven by lower forecasted sales volumes and lower forecasted market prices. The revenue credit amount included in current rates of (\$43,311,313) was based on the forecasted on-system wholesale sales volume for October 2014 through September 2015 (approximately 1.6 million

MWh). The current revenue credit forecast is based on forecasted on-system wholesale sales for January 2016 through December 2016 (approximately 150,000 MWh). The decrease in expected sales volumes is driven primarily by the removal of Kerr generation (1.1 million MWh annually) from the supply portfolio.

Post-Closing Adjustments

The post-closing adjustments include \$243,273 of material and supplies purchased from PPLM for use in the utility hydro business and \$19,130 for reimbursement of O&M expenses paid by PPLM on behalf of NorthWestern. These adjustments are shown on Attachment A, Column L, Lines 28 and 38. These adjustments also directly impact the rate base, MPSC and MCC revenue taxes, and deferred income taxes in the revenue requirement computation. The post-closing adjustments increase the revenue requirement by \$41,142.

2015 Actual Property Taxes

According to ¶ 138 of the Order, NorthWestern was allowed to include “\$12,386,568 for property taxes in the initial revenue requirement” which was the property tax amount that PPLM paid for tax year 2013 on the Hydro Assets. Paragraph 190 requires NorthWestern to include the actual property tax expense for the Hydros in this compliance filing.

The amount of property tax expense in the initial revenue requirement excluding Kerr was \$11,368,235 as shown on Attachment A, Page 12. The 2015 actual hydro property tax expense excluding Kerr is \$14,586,742. The difference between these two amounts is \$3,218,507, which is the property tax adjustment shown on Attachment A, Page 1, Column N, Line 41. This adjustment also directly impacts the rate base, MPSC and MCC revenue taxes, and deferred income taxes in the revenue requirement computation. The property tax adjustment increases the revenue requirement by \$3,208,800.

The 2015 actual property tax expense of \$14,586,742 will be used as the Hydro property tax base in the tax tracker filing in 2016. There will be no Hydro-related tax true-up in NorthWestern’s tax tracker filing in 2015. This fulfills NorthWestern’s commitment during the Hydro hearing to forego a tax true-up for the first year revenue requirement. This tax true-up would have resulted in collection of approximately \$1.9 million (60% of the property tax increase to reach the level of 2015 actual tax expense) from customers. NorthWestern also would have included \$14.6 million as estimated 2016 taxes in the tracker.

Kerr Financial Benefit

Paragraph 148 of the Order states “A compliance filing shall be made upon completion of the subsequent transfer of Kerr to demonstrate that the ownership of Kerr by

NorthWestern resulted in a zero or net positive financial benefit for NorthWestern customers.” The ownership of Kerr from November 18, 2014 through September 4, 2015 resulted in net benefit to customers of approximately \$2.7 million. This benefit was calculated by valuing the energy and operating reserves produced by Kerr and subtracting the portion of the Hydro Revenue Requirement attributable to Kerr for the partial year.

For purposes of this calculation, energy from Kerr was valued at the ICE Mid-C day-ahead price less a basis adjustment. The basis adjustment was calculated using the same methodology that was used to estimate wholesale sales in NorthWestern’s pre-approval filing in this docket. Operating reserves provided by Kerr were valued at \$11/MWh, which represents the average market price of operating reserves during this period.

The cost of Kerr for this analysis was defined as the revenue requirement attributable to Kerr that was paid by customers from November 18, 2014 through September 4, 2015. The annual revenue requirement for Kerr was \$20,604,912 (See Attachment A, Page 1, Column H). This figure was divided by the test period annual load of 5,998,001 MWh, resulting in a rate of \$3.435 per MWh. This rate was multiplied by the actual load during the period of Kerr ownership, 4,813,753 MWh, to arrive at a total \$16,536,669 Kerr revenue requirement paid by customers.

The benefit calculation is summarized below and detailed in Attachment B.

Energy and Reserve Value	\$ 19,197,242
Kerr Revenue Requirement	<u>(16,536,669)</u>
Benefit to Customers	\$ 2,660,573

Fixed Cost True-Up

Attachment C reflects the estimated (over)-collection of (\$6,491,821) from the difference in Hydro fixed rates with and without Kerr from September 5, 2015 through December 31, 2015. The initial approved Hydro fixed revenue requirement is reduced by \$20,604,912 to eliminate the Kerr costs as shown on Attachment A, Page 1, Column H, Line 48. The (over)-collection is due to the transfer of Kerr to CSKT on September 5, 2015 and the rate change reflecting the transfer effective January 1, 2016. Attachment C also includes the derivation of the fixed cost true-up rate. The amount refunded to customers also includes interest of \$434,013 at 7.92% during this time frame. The total refund to customers is \$6,925,834 with interest. This adjustment will be included as part of the January 2016 monthly electric supply tracker filing and will be refunded to customers over the twelve-month period starting January 1, 2016.

Revenue Credit True-up

As noted in ¶ 191 of the Order, “NorthWestern shall track revenue credits on a portfolio basis through the electricity supply cost tracker.” Attachment D demonstrates the estimated over-credit amount as of December 31, 2015 of approximately \$14.1 million. This over-credit is primarily due to the transfer of Kerr to CSKT on September 5, 2015. The table below summarizes the over-credit amount. This adjustment will also be included as part of the January 2016 monthly electric supply tracker filing and will be recovered from customers over the twelve-month period starting January 1, 2016.

Period	Revenue Credit to Customers	Plus: Interest	Less: On-System Wholesale Sales	Equals: Over Credit
Nov. 18, 2014 through Sept. 4, 2015	\$ 32,223,021	\$ 65,546	\$28,906,995	\$3,381,572
Sept. 5, 2015 through Dec. 31, 2015	13,367,282	247,507	2,893,208	10,721,581
Total	\$ 45,590,303	\$313,053	\$31,800,203	\$14,103,153

Hydro Cost Summary Update

The table below summarizes the components of change in the Hydro revenue requirement including the following: the \$24,465,682 change from the initial approved amount to the revised Total Revenue Requirement, the (\$6,925,834) over-collection of Hydro fixed costs from September 5, 2015 through December 31, 2015, and the \$14,103,153 over-credit of revenue credits from November 18, 2014 through December 31, 2015. The resulting net revenue increase to customers is \$31,643,001, effective January 1, 2016.

	Fixed Costs	Revenue Credits	Total
Initial Rev Req	\$160,176,668	(\$43,311,313)	\$116,865,355
Revised Rev Req	<u>\$143,138,159</u>	<u>(\$1,807,122)</u>	<u>\$141,331,037</u>
Rev. Req. Incr./(Decr.)	(\$17,038,509)	\$41,504,191	\$24,465,682
Less: Fixed Cost Over-Collection Plus Interest			(\$6,925,834)
Plus: Revenue Credit Over-Credited to Customers			<u>\$14,103,153</u>
Total Revenue Incr./(Decr.)			\$31,643,001

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	NorthWestern Energy														
2	PPLM Hydro Assets Purchase														
3	Docket D2013.12.85														
4	Revenue Requirement Analysis														
5	Compliance Filing - Order No. 7323k														
6															
7			Initial Approved				Compliance Filing Adjustments								
8			Revenue Requirement				Eliminate		Adjust		Post Closing		2015 Actual		Revised
9			2014		13-Month Ave		Kerr Expense		Revenue Credits		Adjustments		Property Taxes		Revenue
10	Description		Year End		13-Month Ave		Kerr Expense		Revenue Credits		Adjustments		Property Taxes		Requirement
11	Electric Utility Plant in Service														
12	Electric Plant		\$ 523,078,225	\$ 523,078,225		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 523,078,225	
13	Acquisition Adjustment		346,921,775	346,921,775		-	-	-	-	-	-	-	-	346,921,775	
14	Total Electric Plant		\$ 870,000,000	\$ 870,000,000		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870,000,000	
15															
16	Less:														
17	Accumulated Depreciation		17,318,699	8,659,349		-	-	-	-	-	-	-	-	8,659,349	
18	Total Net Plant		\$ 852,681,301	\$ 861,340,651		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,340,651	
19															
20	Less: Customer Contributed Capital														
21	Deferred Income Taxes														
22	Accelerated Tax Depreciation Deferred Tax Liability		\$ 5,296,176	\$ 2,648,088		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,648,088	
23	NOL Deferred Tax Liability		18,752,965	9,376,483		89,096	49,102	2,581	(200)	9,517,063					
24	Total Customer Contributed Capital		\$ 24,049,141	\$ 12,024,571		\$ 89,096	\$ 49,102	\$ 2,581	\$ (200)	\$ 12,165,151					
25															
26	Plus: Working Capital														
27	Gross Cash Requirements		\$ (9,894,487)	\$ (9,894,487)		\$ 2,514,120	\$ -	\$ -	\$ (381,019)	\$ (7,761,386)					
28	Material and Supplies		-	-		-	-	243,273	-	243,273					
29	Total Working Capital		\$ (9,894,487)	\$ (9,894,487)		\$ 2,514,120	\$ -	\$ 243,273	\$ (381,019)	\$ (7,518,113)					
30															
31	Total Year End Rate Base		\$ 818,737,673	\$ 839,421,593		\$ 2,425,024	\$ (49,102)	\$ 240,692	\$ (380,819)	\$ 841,657,387					
32															
33	Rate of Return			6.91%		6.91%	6.91%	6.91%	6.91%	6.91%					
34															
35	Authorized Return (Avg. Rate Base * Rate of Return)			\$ 58,004,032		\$ 167,569	\$ (3,393)	\$ 16,632	\$ (26,315)	\$ 58,158,525					
36															
37	Cost of Service:														
38	Operation & Maintenance Expense		\$ 41,816,411			\$ (19,869,135)	\$ -	\$ 19,130	\$ -	\$ 21,966,406					
39	Administrative and General Expense		5,807,975			-	-	-	-	5,807,975					
40	Depreciation		17,318,699			-	-	-	-	17,318,699					
41	Property & Other Taxes		13,319,585			(1,365,563)	-	-	3,218,507	15,172,530					
42	MPSC & MCC Revenue Tax	0.53%	619,386			(109,206)	221,649	218	17,007	749,054					
43	Revenue Credits		(43,311,313)			-	41,504,191	-	-	(1,807,122)					
44	Deferred Income Taxes		24,049,141			178,193	98,204	5,162	(399)	24,330,301					
45	Current Income Taxes		(758,561)			393,230	-	-	-	(365,332)					
46	Total Cost of Service			\$ 58,861,323		\$ (20,772,481)	\$ 41,824,044	\$ 24,511	\$ 3,235,114	\$ 83,172,511					
47															
48	Total Revenue Requirement			\$ 116,865,355		\$ (20,604,912)	\$ 41,820,651	\$ 41,142	\$ 3,208,800	\$ 141,331,037					
49															
50	Revenue Components:														
51	Fixed Revenue Requirement			\$ 160,176,668						\$ 143,138,159					
52	Revenue Credits			\$ (43,311,313)						\$ (1,807,122)					
53	Total Revenue Requirement			\$ 116,865,355						\$ 141,331,037					

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
54	Statement - J														
55															
56	<u>Income Tax Computation:</u>	<u>Rate</u>													
57	Revenues		\$ 116,865,355				\$ (20,604,912)		\$ 41,820,651		\$ 41,142		\$ 3,208,800		\$ 141,331,037
58	Operation & Maintenance Expense		41,816,411				(19,869,135)		-		19,130		-		21,966,406
59	Administrative and General Expense		5,807,975				-		-		-		-		5,807,975
60	Property & Other Taxes		13,319,585				-		-		-		-		13,319,585
61	MPSC & MCC Revenue Tax		619,386				(1,365,563)		-		-		3,218,507		2,472,331
62	Revenue Credits		(43,311,313)				-		41,504,191		-		-		(1,807,122)
63	Tax Depreciation		32,450,630				-		-		-		-		32,450,630
64	Montana Corporate Income Tax		3,213,774				178,193		98,204		5,162		(399)		3,494,934
65	Interest Expense (Based on Avg. Rate Base)	2.21%	18,551,217				53,593		(1,085)		5,319		(8,416)		18,600,628
66	Federal Taxable Income		\$ 44,397,689				\$ 398,000		\$ 219,342		\$ 11,531		\$ (892)		\$ 45,025,670
67															
68	Federal Income Tax @ 35%	35.00%	15,539,191				139,300		76,770		4,036		(312)		15,758,984
69	Federal NOL Dfd for Credit Against Current Tax Expense		(15,539,191)				(139,300)		(76,770)		(4,036)		312		(15,758,984)
70	Federal Current Tax Expense before Tax Credits		\$ -				\$ -		\$ -		\$ -		\$ -		\$ -
71	Production Tax Credit		(758,561)				393,230		-		-		-		(365,332)
72	Federal Current Tax Expense With Production Tax Credit		\$ (758,561)				\$ 393,230		\$ -		\$ -		\$ -		\$ (365,332)
73															
74	Federal Taxable Income		\$ 44,397,689				\$ 398,000		\$ 219,342		\$ 11,531		\$ (892)		\$ 45,025,670
75	Montana Corporate Income Tax		3,213,774				178,193		98,204		5,162		(399)		3,494,934
76	Montana Corporate Taxable		\$ 47,611,463				\$ 576,193		\$ 317,546		\$ 16,693		\$ (1,291)		\$ 48,520,604
77															
78	Montana Corporate Income Tax @ 6.75%	6.75%	3,213,774				38,893		21,434		1,127		(87)		3,275,141
79	Montana NOL Dfd for Credit Against Current Tax Expense		(3,213,774)				(38,893)		(21,434)		(1,127)		87		(3,275,141)
80	Montana Current Tax Expense		\$ -				\$ -		\$ -		\$ -		\$ -		\$ -
81															
82	Total Current Income Tax Expense		\$ (758,561)				\$ 393,230		\$ -		\$ -		\$ -		\$ (365,332)
83															
84	<u>Deferred Income Tax Computation:</u>	<u>Rate</u>													
85	<u>Accelerated Tax Depreciation</u>														
86	Tax Depreciation		\$ 32,450,630				\$ -		\$ -		\$ -		\$ -		\$ 32,450,630
87	Less Book Depreciation		(17,318,699)				-		-		-		-		(17,318,699)
88	Net Deferred Taxable Income		\$ 15,131,931				\$ -		\$ -		\$ -		\$ -		\$ 15,131,931
89	Federal Income Tax Rate		35%				35%		35%		35%		35%		35%
90	Federal Deferred Income Tax Expense-Accelerated Tx Deprec		\$ 5,296,176				\$ -		\$ -		\$ -		\$ -		\$ 5,296,176
91															
92	<u>Net Operating Loss ("NOL")</u>														
93	Federal Taxable Income offset by NOL		\$ 44,397,689				\$ 398,000		\$ 219,342		\$ 11,531		\$ (892)		\$ 45,025,670
94	Federal Income Tax Rate		35%				35%		35%		35%		35%		35%
95	Federal Deferred Income Tax Expense-NOL		\$ 15,539,191				\$ 139,300		\$ 76,770		\$ 4,036		\$ (312)		\$ 15,758,984
96															
97	Montana Taxable Income offset by NOL		\$ 47,611,463				\$ 576,193		\$ 317,546		\$ 16,693		\$ (1,291)		\$ 48,520,604
98	Montana Income Tax Rate		6.75%				6.75%		6.75%		6.75%		6.75%		6.75%
99	Montana Deferred Income Tax Expense-NOL		\$ 3,213,774				\$ 38,893		\$ 21,434		\$ 1,127		\$ (87)		\$ 3,275,141
100															
101	Total Deferred Income Tax Expense - NOL		\$ 18,752,965				\$ 178,193		\$ 98,204		\$ 5,162		\$ (399)		\$ 19,034,125
102															
103	Total Deferred Income Tax Expense-Accel Deprec & NOL		\$ 24,049,141				\$ 178,193		\$ 98,204		\$ 5,162		\$ (399)		\$ 24,330,301

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	NorthWestern Energy															
2	PPLM Hydro Assets Purchase															
3	Docket D2013.12.85															
4	Compliance Filing - Order No. 7323k															
5	Rate Base 13-Month Average															
6																
7	Statement C															
8																
9			Electric Plant		Accumulated Depreciation		Acquisition Adjustment		Accelerated Tax Depreciation		NOL Deferred Tax Liability					
10			Net Activity	Ending Balance	Net Activity	Ending Balance	Net Activity	Ending Balance	Net Activity	Ending Balance	Net Activity	Ending Balance	Net Activity	Ending Balance		
11																
12	1	December	2013	0.00	523,078,225	0.00	0.00	0.00	346,921,775	0.00	0.00	0.00	0.00			
13																
14	2	January	2014	0.00	523,078,225	1,443,225	1,443,225	0	346,921,775	441,348	441,348	1,562,747	1,562,747			
15																
16	3	February	2014	0.00	523,078,225	1,443,225	2,886,450	0	346,921,775	441,348	882,696	1,562,747	3,125,494			
17																
18	4	March	2014	0.00	523,078,225	1,443,225	4,329,675	0	346,921,775	441,348	1,324,044	1,562,747	4,688,241			
19																
20	5	April	2014	0.00	523,078,225	1,443,225	5,772,900	0	346,921,775	441,348	1,765,392	1,562,747	6,250,988			
21																
22	6	May	2014	0.00	523,078,225	1,443,225	7,216,125	0	346,921,775	441,348	2,206,740	1,562,747	7,813,735			
23																
24	7	June	2014	0.00	523,078,225	1,443,225	8,659,349	0	346,921,775	441,348	2,648,088	1,562,747	9,376,483			
25																
26	8	July	2014	0.00	523,078,225	1,443,225	10,102,574	0	346,921,775	441,348	3,089,436	1,562,747	10,939,230			
27																
28	9	August	2014	0.00	523,078,225	1,443,225	11,545,799	0	346,921,775	441,348	3,530,784	1,562,747	12,501,977			
29																
30	10	September	2014	0.00	523,078,225	1,443,225	12,989,024	0	346,921,775	441,348	3,972,132	1,562,747	14,064,724			
31																
32	11	October	2014	0.00	523,078,225	1,443,225	14,432,249	0	346,921,775	441,348	4,413,480	1,562,747	15,627,471			
33																
34	12	November	2014	0.00	523,078,225	1,443,225	15,875,474	0	346,921,775	441,348	4,854,828	1,562,747	17,190,218			
35																
36	13	December	2014	0.00	523,078,225	1,443,225	17,318,699	0	346,921,775	441,348	5,296,176	1,562,747	18,752,965			
37																
38																
39		13-Month Average			523,078,225		8,659,349		346,921,775		2,648,088		9,376,483			

	A	B	C	D	E	F	G	H	
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Calculation of Working Capital								
6									
7	Statement - E								
8									
9									
10				12-Month Ended		¹ Net Lag		Cash	
11	<u>Line No.</u>			Expenses		Days		Working Capital	
12	1	Operation & Maintenance Expense		\$ 41,816,411					
13	2	Administrative and General Expense		5,807,975					
14	3	Property & Other Taxes		13,319,585					
15	4	Montana Corporate Income Taxes		0					
16	5	Federal Income Taxes		0					
17	6	Subtotal		\$ 60,943,971		-43.21		\$ (7,214,764)	
18	7								
19	8								
20	9	13-Month Ave. Rate Base without Working Capital	\$ 849,316,080						
21	10								
22	11	² Weighted Cost of Debt	2.21%						
23	12								
24	13	Interest Expense in Return		\$ 18,769,885		-52.11		-2,679,723	
25	14								
26	15	Total Cash Working Capital						\$ (9,894,487)	
27									
28									
29									
30									
31		¹ Net Lag Days from Management Application Corp. 2008 Lead/Lag Update							
32		Per MPSC Final Order No. 7046h Docket No. D2009.9.129							
33									
34		² Weighted Cost of Debt based on ordered capital structure in this filing.							

	A	B	C	D	E	F	G	H
1	NorthWestern Energy							
2	PPLM Hydro Assets Purchase							
3	Docket D2013.12.85							
4	Compliance Filing - Order No. 7323k							
5	Capital Structure							
6								
7	Statement F							
8								
9								
10				Percent	Rate of			
11	<u>Capital Structure</u>	<u>Rate</u>	<u>Capitalization</u>	<u>Return</u>				
12	Equity	9.80%	48.00%	4.70%				
13	¹ Debt	4.25%	52.00%	2.21%				
14								
15	Total		100.00%	6.91%				
16								
17								
18								
19								
20	¹ The debt cost rate was set based on Order No. 7323k, ¶ 133. The 4.25% rate is lower than the actual rate							
21	of 4.353%, as shown in the table below.							
22								
23			Actual					
24		Effective	Issuance					
25		<u>Debt Cost</u>	<u>Debt Costs</u>					
26								
27	Interest rate	3.220%	3.051%					
28								
29	Spread over	1.000%	1.125%					
30								
31	Coupon	4.220%	4.176%					
32								
33	Loss on hedge	0.000%	0.137%					
34	Deal costs	0.030%	0.039%					
35								
36		4.250%	4.353%					
37								

	A	B	C	D	E	F
1	NorthWestern Energy					
2	PPLM Hydro Assets Purchase					
3	Docket D2013.12.85					
4	Annual Operations and Maintenance (O&M) and Administrative and General Expenditures (A&G)					
5	Compliance Filing - Order No. 7323k					
6	Statement G					
7						
8				Eliminate		
9	Account Number & Title		Total Expenses	Kerr Expenses		
10	Hydro Power Generation-Operation					
11	535	Supervision & Engineering	\$ 8,295,450	\$ (516,600)		Kerr Basic Expenses
12	536	Water for Power	-			
13	537	Hydraulic Expenses	621,368	\$ 2,651,013		Kerr Headwater Benefit
14	538	Electric Expenses	1,781,736	\$ (25,000)		Kerr Special Common
15	539	Miscellaneous Hydraulic Power	2,880,114	\$ (2,101,200)		Kerr FWIS
16	540	Rents	21,121,451	\$ (19,877,348)		Kerr Rent
17	Total Operation-Hydro Power Gen.		\$ 34,700,119	\$ (19,869,135)		Total Kerr
18	Hydro Power Generation-Maintenance					
19	541	Supervision & Engineering	\$ 13,353			
20	542	Structures	1,919,858			
21	543	Reservoirs, Dams & Waterways	979,156			
22	544	Electric Plant	1,857,386			
23	545	Miscellaneous Hydro Plant	2,193,214			
24	546	General Operations Supervision & Engineering	153,324			
25	Total Maintenance-Hydro Power Gen.		\$ 7,116,292	\$ -		
26	Other Power Supply Expenses					
27	555	Purchased Power	\$ -			
28	Total Other Power Supply Expenses		\$ -	\$ -		
29	Administrative & General-Operation					
30	920	Admin. & General Salaries	\$ 2,915,464			
31	921	Office Supplies & Expenses	776,215			
32	922	Admin. Expenses Transferred-Cr	-			
33	923	Outside Services Employed	668,315			
34	924	Property Insurance	95,278			
35	925	Injuries & Damages	574,442			
36	926	Employee Pensions & Benefits	220,495			
37	927	Franchise Requirements	-			
38	928	Regulatory Commission Expenses	116,082			
39	929	Duplicate Charges-Cr	-			
40	930	Miscellaneous General Expenses	253,730			
41	931	Rents	187,955			
42	Total Operation-Admin. General		\$ 5,807,975	\$ -		
43	Admin. & General-Maintenance					
44	935	General Plant	\$ -			
45	Total Maintenance-Admin. General		\$ -	\$ -		
46	Total Admin. & General Expenses		\$ 5,807,975	\$ -		
47	Total Oper. & Maint. Expenses		\$ 47,624,386	\$ (19,869,135)		

	A	B	L	M	N	O	P	Q	R	S	T	U	V	W
1	NorthWestern Energy													
2	PPLM Hydro Assets Purchase													
3	Docket D2013.12.85													
4	Statement - H													
5	Revenue Credits													
6	Market Purchases & Sales - Hydro Assets													
7	Volumes in MWh		Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
8	Peak Hours		432	384	416	416	384	416	416	400	416	416	416	400
9	Off-Peak Hours		312	337	328	328	288	327	304	344	304	328	328	320
10	On Peak													
11	April 2013 Update	Supply Load (Incl DSM)	337,286	320,285	378,583	375,813	340,154	337,962	317,286	297,647	335,335	382,605	367,324	315,039
12														
13														
14	Existing Resources													
15	Fixed Price	Colstrip Unit 4	87,264	77,568	84,032	84,032	77,568	84,032	84,032	80,800	84,032	84,032	84,032	80,800
16	Rate Based Assets	Dave Gates Generating Station	3,024	2,688	2,912	2,912	2,688	2,912	2,912	2,800	2,912	2,912	2,912	2,800
17		Spion Kop	8,208	7,680	6,656	9,984	6,144	6,656	6,656	4,800	4,992	4,576	4,576	5,200
18		PPL 7 Year Contract	-	-	-	-	-	-	-	-	-	-	-	-
19		Judith Gap	27,216	27,648	30,368	33,280	25,728	23,712	23,712	21,200	15,808	14,144	14,976	17,200
20		Other Small PPAs	4,752	6,912	7,488	7,488	6,912	7,488	7,488	4,400	4,576	4,576	4,576	4,400
21	Competitive Solicitations	Base Fixed Price Purchases	21,600	19,200	20,800	20,800	19,200	20,800	20,800	20,000	20,800	20,800	20,800	20,000
22		QF Tier II	40,608	35,712	41,600	37,856	37,632	39,104	41,184	41,200	39,520	34,112	30,368	36,000
23		QF-1 Tariff	8,692	9,024	9,776	10,608	8,256	8,528	7,759	7,750	7,489	6,632	7,488	6,775
24		Term Fixed Price Purchases	-	-	-	-	-	-	-	-	-	-	-	-
25	Index Price	Basin Creek	864	384	832	1,248	384	416	832	400	2,912	2,912	3,328	1,200
26	Competitive Solicitations	Base Index Price Purchases	43,200	38,400	41,600	41,600	38,400	41,600	41,600	40,000	41,600	31,200	31,200	30,000
27	Competitive Solicitations	Term Index Price Purchases	-	-	-	-	-	-	-	-	-	-	-	-
28		DSM (included in load forecast)	-	-	-	-	-	-	-	-	-	-	-	-
29		2012 CREP RFP Project	4,803	4,880	7,095	5,915	2,969	5,881	4,727	3,853	4,268	3,641	3,420	3,354
30		RRS/CREP	-	-	-	-	-	-	-	-	-	-	-	-
31		Total Existing Peak Resources	250,231	230,096	253,159	255,723	225,881	241,129	241,702	227,203	228,908	209,536	207,676	207,729
32														
33	New Resources													
34		On Peak Hydro	149,224	148,024	171,093	165,358	157,549	158,772	171,810	194,296	210,176	188,301	152,594	99,714
35														
36														
37														
38		Total New Resources	149,224	148,024	171,093	165,358	157,549	158,772	171,810	194,296	210,176	188,301	152,594	99,714
39														
40		Total Peak Resources	399,455	378,120	424,252	421,081	383,430	399,901	413,512	421,498	439,085	397,837	360,270	307,442
41														
42	Purchases & Sales													
43		Net Long Position	62,169	57,835	45,669	45,268	43,277	61,940	96,226	123,851	103,749	15,232	-	-
44		Net (Short) Position	-	-	-	-	-	-	-	-	-	-	(7,054)	(7,597)
45														
46														
47														
48		On-System Peak Market Forecast	\$36.66	\$36.81	\$39.80	\$39.52	\$37.49	\$35.03	\$27.12	\$27.12	\$26.71	\$40.05	\$40.05	\$40.05
49		Single Basis Peak Market Forecast	\$35.07	\$35.21	\$38.18	\$37.87	\$35.86	\$33.42	\$25.59	\$25.59	\$25.18	\$38.40	\$38.40	\$38.40
50														
51		On-System Peak Market Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$282,490	\$304,234
52		Single Basis Peak Market Sales	\$2,180,028	\$2,036,500	\$1,743,642	\$1,714,453	\$1,552,074	\$2,070,034	\$2,462,504	\$3,169,453	\$2,612,482	\$584,820	\$0	\$0
53														
54														
55														

	A	B	L	M	N	O	P	Q	R	S	T	U	V	W
1	NorthWestern Energy													
2	PPLM Hydro Assets Purchase													
3	Docket D2013.12.85													
4	Statement - H													
5	Revenue Credits													
6	Market Purchases & Sales - Hydro Assets													
7	Volumes in MWh		Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
56														
57	Off Peak													
58	April 2013 Update	Supply Load (Incl DSM)	177,728	215,641	235,667	231,384	196,475	200,996	173,678	191,297	174,548	212,245	203,610	181,899
59														
60														
61	Existing Resources													
62	Fixed Price	Colstrip Unit 4	63,024	67,872	66,256	66,256	58,176	66,256	38,404	45,348	38,404	66,256	66,256	64,640
63	Rate Based Assets	Dave Gates Generating Station	2,184	2,352	2,296	2,296	2,016	2,296	2,128	2,408	2,128	2,296	2,296	2,240
64		Spion Kop	5,928	6,720	5,248	7,872	4,608	5,232	4,864	4,128	3,648	3,608	3,608	4,160
65		PPL 7 Year Contract	-	-	-	-	-	-	-	-	-	-	-	-
66		Judith Gap	16,224	20,832	20,664	22,632	15,840	19,352	15,200	13,416	10,032	8,528	10,824	10,880
67		Other Small PPAs	3,432	6,066	5,904	5,904	5,184	5,886	5,472	3,784	3,344	3,608	3,608	3,520
68	Competitive Solicitations	Base Fixed Price Purchases	-	-	-	-	-	-	-	-	-	-	-	-
69		QF Tier II	29,328	31,248	32,800	29,848	28,224	30,832	30,096	35,432	28,880	26,896	23,944	28,800
70		QF-1 Tariff	6,277	7,900	7,708	8,364	6,192	6,705	5,670	6,665	5,472	5,229	5,904	5,420
71		Term Fixed Price Purchases	-	-	-	-	-	-	-	-	-	-	-	-
72	Index Price	Basin Creek	-	-	-	-	-	-	-	-	-	-	-	-
73	Competitive Solicitations	Base Index Price Purchases	39,000	42,125	41,000	24,600	21,600	24,525	22,800	25,800	22,800	16,400	16,400	16,000
74	Competitive Solicitations	Term Index Price Purchases	-	-	-	-	-	-	-	-	-	-	-	-
75		DSM (included in load forecast)												
76		2012 CREP RFP Project	3,469	4,283	5,594	4,664	2,227	4,623	3,454	3,038	3,414	2,871	2,697	2,683
77		RRS/CREP	-	-	-	-	-	-	-	-	-	-	-	-
78		Total Existing Peak Resources	168,866	189,398	187,470	172,436	144,067	165,706	128,088	140,019	118,123	135,691	135,537	138,343
79														
80	New Resources													
81		Off Peak Hydro	107,773	129,906	134,901	130,378	118,162	124,804	125,554	167,094	153,591	148,468	120,314	79,771
82														
83														
84														
85		Total New Resources	107,773	129,906	134,901	130,378	118,162	124,804	125,554	167,094	153,591	148,468	120,314	79,771
86														
87		Total Off-Peak Resources	276,639	319,304	322,370	302,814	262,229	290,511	253,642	307,113	271,713	284,159	255,851	218,114
88														
89	Purchases & Sales													
90		Net Long Position	98,911	103,663	86,703	71,430	65,754	89,514	79,964	115,816	97,165	71,915	52,241	36,214
91		Net (Short) Position	-	-	-	-	-	-	-	-	-	-	-	-
92														
93														
94														
95		On-System Off-Peak Market Forecast	\$31.01	\$31.16	\$34.16	\$33.46	\$31.73	\$29.62	\$13.56	\$13.56	\$13.33	\$26.89	\$26.89	\$26.89
96		Single Basis Off-Peak Market Forecast	\$29.47	\$29.62	\$32.58	\$31.87	\$30.15	\$28.06	\$12.15	\$12.15	\$11.93	\$25.36	\$25.36	\$25.36
97														
98		On-System Off-Peak Market Purchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
99		Single Basis Peak Market Sales	\$2,915,025	\$3,070,223	\$2,825,216	\$2,276,569	\$1,982,559	\$2,511,710	\$971,530	\$1,407,115	\$1,158,898	\$1,823,530	\$1,324,663	\$918,284
100														
101														
102														
103		Total Monthly Market Purchases	\$0	\$282,490	\$304,234									
104		Total Monthly Market Sales	\$5,095,054	\$5,106,723	\$4,568,858	\$3,991,022	\$3,534,634	\$4,581,744	\$3,434,033	\$4,576,568	\$3,771,380	\$2,408,350	\$1,324,663	\$918,284
105		12-Month Revenue Credits												\$43,311,313

	A	B	C	D	E	F	G	H	I	J	K	L
1	NorthWestern Energy											
2	PPLM Hydro Assets Purchase											
3	Docket D2013.12.85											
4	Plant Balance and Annual Book Depreciation											
5	Compliance Filing - Order No. 7323k											
6	Statement - I											
7												
8				Plant Balance		Less Kerr		Depreciation Base				
9				12/31/2013		12/31/2013		12/31/2013		Accrual %		2014 Accrual
10	E303	Intangible Plant		\$ 63,853,971		\$ 63,853,971		\$ -		0.0000		\$ -
11												
12		Total Intangible		\$ 63,853,971		\$ 63,853,971		\$ -				\$ -
13												
14	E330.1	Land		\$ 5,938,196		\$ 1,301,968		\$ 4,636,228		0.0000		\$ -
15	E330.2	Land Rights		10,939		0		10,939		0.0000		0
16	E331.1	Structures - Generation		147,361,016		3,222,213		144,138,803		0.0200		2,882,776
17	E331.3	Structures - Recreation		639,650		195,082		444,568		0.0200		8,891
18	E332.1	Dams - Generation		157,879,816		9,775,970		148,103,846		0.0200		2,962,077
19	E332.2	Dams - Recreation		39,987		1,259		38,728		0.0200		775
20	E333	Turbines & Generators		129,895,054		16,199,824		113,695,230		0.0200		2,273,905
21	E334	Accessory Equipment		77,919,494		1,697,700		76,221,794		0.0200		1,524,436
22	E335.1	Misc - Generation		48,696,519		20,773,252		27,923,267		0.0200		558,465
23	E335.3	Misc - Recreation		63,033		10,362		52,671		0.0200		1,053
24	E336	Roads & Trails		3,152,861		803,636		2,349,225		0.0200		46,985
25												
26		Total Hydro Generation		\$ 571,596,565		\$ 53,981,266		\$ 517,615,299				\$ 10,259,363
27												
28	E350.1	Land		\$ 1,130		\$ -		\$ 1,130		0.0000		\$ -
29	E350.2	Land Rights		512		0		512		0.0171		9
30	E352	Structures		4,765		0		4,765		0.0202		96
31	E353	Substation Equipment		6,409,221		1,487,785		4,921,436		0.0220		108,272
32	E354.1	Towers		1,629		0		1,629		0.0253		41
33	E355	Poles		204,184		0		204,184		0.0455		9,290
34	E355.2	Clearing Land		3,535		0		3,535		0.0216		76
35	E356	Conductor		165,754		0		165,754		0.0188		3,116
36	E362	Substation Equipment		65,849		0		65,849		0.0231		1,521
37	E389.6	Land		1,055		0		1,055		0.0000		0
38	E397.2	Communication		93,077		0		93,077		0.0667		6,208
39												
40		Total Transmission		\$ 6,950,711		\$ 1,487,785		\$ 5,462,926				\$ 120,901
41												
42		Total Intangible, Hydro & Transmission		\$ 642,401,247		\$ 119,323,022		\$ 523,078,225				\$ 10,380,263
43												
44		Acquisition Adjustment		\$ 257,598,753		\$ (89,323,022)		\$ 346,921,775		50 Years		\$ 6,938,435.50
45												
46		Grand Total		\$ 900,000,000		\$ 30,000,000		\$ 870,000,000				\$ 17,318,699
47												
48		Note - Hydro accounts depreciated over 50 years = 2.0 % rate. Transmission accrual rates are from the 2012 Montana Depreciation Study										

	A	B	C	D	E	F	G
1	NorthWestern Energy						
2	PPLM Hydro Assets Purchase						
3	Docket D2013.12.85						
4	Tax Depreciation Summary						
5	Compliance Filing - Order No. 7323k						
6	Statement - J						
7						Tax Depreciation	
8				Tax		Method - MACRS	
9		Description	Plant Balance	Depreciation		Year	Rate
10	E330.1	Land	\$ 4,636,228	\$ -		1	3.750%
11	E330.2	Land Rights	10,939	-		2	7.219%
12	E331.1	Structures - Generation	144,138,803	5,405,205		3	6.677%
13	E331.3	Structures - Recreation	444,568	16,671		4	6.177%
14	E332.1	Dams - Generation	148,103,846	5,553,894		5	5.713%
15	E332.2	Dams - Recreation	38,728	1,452		6	5.285%
16	E333	Turbines & Generators	113,695,230	4,263,571		7	4.888%
17	E334	Accessory Equipment	76,221,794	2,858,317		8	4.522%
18	E335.1	Misc - Generation	27,923,267	1,047,123		9	4.462%
19	E335.3	Misc - Recreation	52,671	1,975		10	4.461%
20	E336	Roads & Trails	2,349,225	88,096		11	4.462%
21						12	4.461%
22		Total Hydro Generation	\$ 517,615,299	\$ 19,236,305		13	4.462%
23						14	4.461%
24	E350.1	Land	\$ 1,130	\$ -		15	4.462%
25	E350.2	Land Rights	512	-		16	4.461%
26	E352	Structures	4,765	179		17	4.462%
27	E353	Substation Equipment	4,921,436	184,554		18	4.461%
28	E354.1	Towers	1,629	61		19	4.462%
29	E355	Poles	204,184	7,657		20	4.461%
30	E355.2	Clearing Land	3,535	133		21	2.231%
31	E356	Conductor	165,754	6,216			
32	E362	Substation Equipment	65,849	2,469			
33	E389.6	Land	1,055	-			
34	E397.2	Communication	93,077	3,490			
35							
36		Total Transmission	\$ 5,462,926	\$ 204,759			
37							
38		Total Hydro & Transmission	\$ 523,078,225	\$ 19,441,064			
39							
40		Acquisition Adjustment	\$ 346,921,775	\$ 13,009,567			
41							
42		Total	\$ 870,000,000	\$ 32,450,630			

	A	B	I	J	K	L	M	N	O	P	Q	R	S
1	NorthWestern Energy												
2	PPLM Hydroelectric Generating Assets Purchase												
3	Docket D2013.12.85												
4	Production Tax Credit												
5	Compliance Filing - Order No. 7323k												
6	Statement - J												
7													
8	Estimated Production per Plant PPL Hydro												
9			Total	% Related to									
10			Production	Incremental		2013	2014						
11	Hydro Generation Allocation		<u>kWh</u>	<u>Production</u>	<u>Total</u>	<u>PTC Rate</u>	<u>Est. PTC</u>						
12	¹ Kerr		1,078,634,568	3.31%	35,748,163	0.011	\$ 393,230						
16	² Cochrane		310,572,492	0.44%	1,369,191	0.011	\$ 15,061						
17	³ Ryan		444,065,354	6.00%	26,646,351	0.011	\$ 293,110						
20	⁴ Mystic Lake		45,793,383	11.35%	5,196,424	0.011	\$ 57,161						
23	Total Hydro						\$ 758,561						
24													
25													
26													
27													
28													
29	¹ Project No. 5-083 - FERC Order Certifying Incremental Hydro Generation of Production Tax Credit on December 11, 2007. (PTC Yrs: 2007-2017.)												
30	² Project No. 2188-187 - FERC Order Certifying Incremental Hydro Generation of Production Tax Credit on January 27, 2010. (PTC Yrs: 2008-2018.)												
31	³ Project No. 2188-208 - FERC Order Certifying Incremental Hydro Generation of Production Tax Credit on April 11, 2013. (PTC Yrs: 2013-2023.)												
32	⁴ Project No. 2301-029 - FERC Order Certifying Incremental Hydro Generation of Production Tax Credit on April 11, 2013. (PTC Yrs: Unit 1: 2007-2017, Unit 2: 2008-2018.)												

A	B	C	D	E	F	G	H	
1	NorthWestern Energy							
2	PPLM Hydro Assets Purchase							
3	Property & Taxes Other than Income							
4	Compliance Filing - Order No. 7323k							
5	Statement K							
6								
7	<u>Description</u>		<u>Rate</u>					
8					Without	Kerr		
9	<u>Montana Property Tax:</u>			Total	Kerr Prop Tax	Adjustment		
10	Total Plant Value			\$ 900,000,000				
11	Estimated Cost to Market Factor			53.1351%				
12	Taxable Base			\$ 478,215,499				
13	Taxable		6%	\$ 28,692,930				
14	Estimated Mill Levy			0.489679				
15	Total Property Tax			\$ 14,050,317				
16	Property Tax Adjustment to 2013 Actual Tax			(1,663,749)				
17	Adjusted Property Taxes			\$ 12,386,568	\$ 11,368,235	\$ (1,018,332)		
18								
19								
20	<u>Electrical Energy Producers License Tax (EELT):</u>							
21	Net Generation MWh			3,507,627	2,493,816			
22	EELT Tax Rate (Per MWh)			\$ 0.20	\$ 0.20			
23	EELT Total			\$ 701,525	\$ 498,763	\$ (202,762)		
24								
25								
26								
27	<u>Wholesale Energy Transaction Tax (WET):</u>							
28	<u>Distribution Service Provider Delivered in State</u>							
29	Kerr	(MWh)		1,013,811	-	(1,013,811)		
30	All other Hydro			2,493,816	2,493,816	-		
31	Total Production			3,507,627	2,493,816	(1,013,811)		
32								
33	Total Electricity Produced in MT Delivered in MT			1,883,120	1,883,120	-		
34	Excess Generation From Hydro Facilities Del Out of State			1,624,507	610,696	(1,013,811)		
35	¹ Reduce for losses (.05%)			81,225	30,535	(50,691)		
36	Taxable Base	(MWh)		1,543,282	580,161	(963,120)		
37	Tax Rate (Per MWh)			\$ 0.15	\$ 0.15	\$ 0.15		
38	WET Total			\$ 231,492	\$ 87,024	\$ (144,468)		
39								
40								
41	Total Property & Other Taxes			\$ 13,319,585	\$ 11,954,023	\$ (1,365,563)		
42								
43								
44	¹ Per MCA 15-72-104 (b) The amount of kilowatt hours subject to tax must be reduced by 5% to compensate for transmission line losses.							

	A	B	C	D	E	F	G	H	
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Calculation of Working Capital								
6	Kerr Adjustment								
7	Statement - E								
8									
9									
10				12-Month Ended		¹ Net Lag		Cash	
11	<u>Line No.</u>			Expenses		Days		Working Capital	
12	1	Operation & Maintenance Expense		\$ (19,869,135)					
13	2	Administrative and General Expense		0					
14	3	Property & Other Taxes		\$ (1,365,563)					
15	4	Montana Corporate Income Taxes		0					
16	5	Federal Income Taxes		0					
17	6	Subtotal		\$ (21,234,697)		-43.21		\$ 2,513,839	
18	7								
19	8								
20	9	13-Month Ave. Rate Base without Working Capital	\$ (89,096)						
21	10								
22	11	² Weighted Cost of Debt	2.21%						
23	12								
24	13	Interest Expense in Return		\$ (1,969)		-52.11		281	
25	14								
26	15	Total Cash Working Capital						\$ 2,514,120	
27									
28									
29									
30									
31		¹ Net Lag Days from Management Application Corp. 2008 Lead/Lag Update							
32		Per MPSC Final Order No. 7046h Docket No. D2009.9.129							
33									
34		² Weighted Cost of Debt based on ordered capital structure in this filing.							

	A	B	C	D	E	F	G	H	
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Calculation of Working Capital								
6	2015 Actual Property Tax Expense								
7	Statement - E								
8									
9									
10				12-Month Ended		¹ Net Lag		Cash	
11	<u>Line No.</u>			Expenses		Days		Working Capital	
12	1	Operation & Maintenance Expense		\$ -					
13	2	Administrative and General Expense		0					
14	3	Property & Other Taxes		\$ 3,218,507					
15	4	Montana Corporate Income Taxes		0					
16	5	Federal Income Taxes		0					
17	6	Subtotal		\$ 3,218,507		-43.21		\$ (381,018)	
18	7								
19	8								
20	9	13-Month Ave. Rate Base without Working Capital	\$ 200						
21	10								
22	11	² Weighted Cost of Debt	2.21%						
23	12								
24	13	Interest Expense in Return		\$ 4		-52.11		-1	
25	14								
26	15	Total Cash Working Capital						\$ (381,019)	
27									
28									
29									
30									
31		¹ Net Lag Days from Management Application Corp. 2008 Lead/Lag Update							
32		Per MPSC Final Order No. 7046h Docket No. D2009.9.129							
33									
34		² Weighted Cost of Debt based on ordered capital structure in this filing.							

	A	B	C	D	E	F	G	H	I
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Rate Base 13-Month Average								
6									
7	Statement C								
8					Revenue Credit				
9					NOL Deferred Tax Liability				
10					<u>Net Activity</u>	<u>Ending Balance</u>			
11									
12	1	December	2013		0.00	0.00			
13									
14	2	January	2014		8,184	8,184			
15									
16	3	February	2014		8,184	16,367			
17									
18	4	March	2014		8,184	24,551			
19									
20	5	April	2014		8,184	32,735			
21									
22	6	May	2014		8,184	40,918			
23									
24	7	June	2014		8,184	49,102			
25									
26	8	July	2014		8,184	57,286			
27									
28	9	August	2014		8,184	65,469			
29									
30	10	September	2014		8,184	73,653			
31									
32	11	October	2014		8,184	81,837			
33									
34	12	November	2014		8,184	90,020			
35									
36	13	December	2014		8,184	98,204			
37									
38									
39		13-Month Average				49,102			

	A	B	C	D	E	F	G	H	I
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Rate Base 13-Month Average								
6									
7	Statement C								
8					Post-Closing Adjustments				
9					NOL Deferred Tax Liability				
10					<u>Net Activity</u>	<u>Ending Balance</u>			
11									
12	1	December	2013		0.00	0.00			
13									
14	2	January	2014		430	430			
15									
16	3	February	2014		430	860			
17									
18	4	March	2014		430	1,291			
19									
20	5	April	2014		430	1,721			
21									
22	6	May	2014		430	2,151			
23									
24	7	June	2014		430	2,581			
25									
26	8	July	2014		430	3,011			
27									
28	9	August	2014		430	3,442			
29									
30	10	September	2014		430	3,872			
31									
32	11	October	2014		430	4,302			
33									
34	12	November	2014		430	4,732			
35									
36	13	December	2014		430	5,162			
37									
38									
39		13-Month Average				2,581			

	A	B	C	D	E	F	G	H	I
1	NorthWestern Energy								
2	PPLM Hydro Assets Purchase								
3	Docket D2013.12.85								
4	Compliance Filing - Order No. 7323k								
5	Rate Base 13-Month Average								
6									
7	Statement C								
8					2015 Property Tax				
9					NOL Deferred Tax Liability				
10					<u>Net Activity</u>	<u>Ending Balance</u>			
11									
12	1	December	2013		0.00	0.00			
13									
14	2	January	2014		-33	-33			
15									
16	3	February	2014		-33	-67			
17									
18	4	March	2014		-33	-100			
19									
20	5	April	2014		-33	-133			
21									
22	6	May	2014		-33	-166			
23									
24	7	June	2014		-33	-200			
25									
26	8	July	2014		-33	-233			
27									
28	9	August	2014		-33	-266			
29									
30	10	September	2014		-33	-299			
31									
32	11	October	2014		-33	-333			
33									
34	12	November	2014		-33	-366			
35									
36	13	December	2014		-33	-399			
37									
38									
39		13-Month Average				-200			

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Revenue Credits Forecast														
2															
3	12/3/2015														
4			Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total
5	On-Peak Forecasted Volumes														
6	Colstrip Unit 4		80,800	80,800	87,264	84,032	48,480	48,480	80,800	87,264	80,800	84,032	80,800	84,032	927,584
7	Dave Gates Generating Station		2,800	2,703	3,028	2,912	2,800	2,912	2,800	3,024	2,800	2,912	2,796	2,912	34,400
8	Spion Kop		9,600	6,400	6,912	6,656	4,800	4,992	4,400	4,752	5,200	7,904	8,000	6,656	76,272
9	Hydro		87,036	86,800	90,288	103,923	128,800	151,840	118,800	102,865	91,200	99,424	100,400	113,871	1,275,247
10	Judith Gap		31,909	25,702	24,902	23,414	18,914	16,620	12,250	14,626	15,351	23,996	26,690	31,028	265,402
11	Basin Creek		7,012	4,980	4,202	3,903	1,729	1,693	14,408	14,280	11,178	6,745	6,407	10,164	86,699
12	Other Non-QF		2,000	2,000	2,160	2,080	1,692	4,003	3,868	3,248	947	158	2,000	2,080	26,236
13	Base Purchases - Competitive Solicitations		30,000	30,000	32,400	31,200	30,000	31,200	30,000	32,400	30,000	31,200	30,000	31,200	369,600
14	QF Tier II		39,528	37,235	39,244	41,541	37,349	26,858	31,385	40,438	38,734	43,297	40,853	42,273	458,735
15	QF-1 Tariff		9,800	8,200	8,424	10,671	10,550	10,525	11,001	13,997	13,175	13,724	15,792	15,191	141,050
16	Total Resources		300,484	284,820	298,824	310,332	285,114	299,123	309,712	316,894	289,385	313,392	313,739	339,406	3,661,225
17															
18	Forecast On-Peak Load		375,437	341,280	335,071	315,960	299,198	334,510	385,080	365,540	312,995	337,628	322,537	379,444	4,104,680
19															
20	On Peak Net Position		(74,953)	(56,460)	(36,247)	(5,627)	(14,084)	(35,387)	(75,368)	(48,646)	(23,610)	(24,236)	(8,798)	(40,038)	(443,454)
21															
22	Forecast Wholesale On-Peak Sales Price		\$ 19.68	\$ 18.80	\$ 16.43	\$ 15.39	\$ 14.29	\$ 13.69	\$ 21.53	\$ 24.56	\$ 23.46	\$ 20.59	\$ 21.40	\$ 25.96	
23															
24	On Peak Spot Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	On-Peak Term Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total On Peak Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27															
28															
29	Off-Peak Forecasted Volumes														
30	Colstrip Unit 4		69,488	59,792	62,822	61,408	41,208	33,936	69,488	63,024	64,640	66,256	64,640	66,256	722,958
31	Dave Gates Generating Station		2,408	2,001	2,180	2,128	2,408	2,128	2,408	2,184	2,240	2,296	2,244	2,296	26,920
32	Spion Kop		8,256	4,736	4,976	4,864	4,128	3,648	3,784	3,432	4,160	6,232	6,400	5,248	59,864
33	Hydro		74,851	64,232	64,999	75,944	110,768	110,960	102,168	74,291	72,960	78,392	80,571	89,783	999,919
34	Judith Gap		27,442	19,019	17,927	17,110	16,266	12,146	10,535	10,563	12,281	18,920	21,352	24,465	208,026
35	Basin Creek		-	-	-	-	-	-	-	-	-	-	-	-	-
36	Other Non-QF		1,720	1,480	1,555	1,520	1,455	2,925	3,327	2,346	757	124	1,605	1,640	20,454
37	Base Purchases - Competitive Solicitations		-	-	-	-	-	-	-	-	-	-	-	-	-
38	QF Tier II		33,994	27,554	28,252	30,357	32,120	19,627	26,991	29,206	30,987	34,138	32,785	33,330	359,341
39	QF-1 Tariff		8,428	6,068	6,065	7,798	9,073	7,691	9,438	10,109	10,540	10,820	12,638	11,968	110,636
40	Total Resources		226,587	184,881	188,776	201,129	217,426	193,061	228,139	195,155	198,565	217,178	222,235	234,986	2,508,118
41															
42	Forecast Off-Peak Load		231,152	197,125	199,277	172,952	192,293	174,118	213,618	202,621	180,719	178,137	217,219	236,222	2,395,454
43															
44	Off Peak Net Position		(4,566)	(12,244)	(10,501)	28,177	25,133	18,943	14,522	(7,467)	17,846	39,041	5,015	(1,236)	112,664
45															
46	Forecast Wholesale Off-Peak Sales Price		\$ 16.97	\$ 16.06	\$ 13.66	\$ 7.60	\$ 6.96	\$ 6.61	\$ 15.60	\$ 17.90	\$ 17.07	\$ 17.21	\$ 17.90	\$ 21.81	
47															
48	Off Peak Spot Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ 214,149	\$ 174,925	\$ 125,213	\$ 226,536	\$ -	\$ 304,635	\$ 671,888	\$ 89,776	\$ -	\$ 1,807,122
49	Off-Peak Term Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Total Off-Peak Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ 214,149	\$ 174,925	\$ 125,213	\$ 226,536	\$ -	\$ 304,635	\$ 671,888	\$ 89,776	\$ -	\$ 1,807,122
51															
52															
53	Total Revenue Credits Forecast		\$ -	\$ -	\$ -	\$ 214,149	\$ 174,925	\$ 125,213	\$ 226,536	\$ -	\$ 304,635	\$ 671,888	\$ 89,776	\$ -	\$ 1,807,122

	A	B	C	D	E	F	G	H	I
1									
2	Attachment B								
3	Kerr Financial Benefit to Customers								
4									
5		Kerr Total Generation	Market Value of Generation	Kerr Net Operating Reserves Provided	Operating Reserve Value	Col. D + F Total Value of Kerr	Kerr Costs Paid by Customers	Col. G - H Net Benefit to Customers	
6	Nov-14	31,942	\$ 868,245	3,098	\$ 34,075	\$ 902,320	\$ 668,739	\$ 233,581	
7	Dec-14	111,821	\$ 2,553,703	5,836	\$ 64,200	\$ 2,617,903	\$ 1,856,875	\$ 761,028	
8	Jan-15	118,996	\$ 2,072,492	3,433	\$ 37,764	\$ 2,110,256	\$ 2,065,162	\$ 45,094	
9	Feb-15	115,463	\$ 1,313,826	453	\$ 4,984	\$ 1,318,810	\$ 1,769,385	\$ (450,575)	
10	Mar-15	116,254	\$ 1,460,946	(1,855)	\$ (20,401)	\$ 1,440,545	\$ 1,677,152	\$ (236,607)	
11	Apr-15	134,623	\$ 1,979,806	(3,526)	\$ (38,783)	\$ 1,941,023	\$ 1,536,679	\$ 404,345	
12	May-15	114,629	\$ 2,367,011	5,990	\$ 65,891	\$ 2,432,902	\$ 1,538,479	\$ 894,423	
13	Jun-15	126,826	\$ 3,473,430	3,058	\$ 33,640	\$ 3,507,070	\$ 1,574,163	\$ 1,932,907	
14	Jul-15	61,860	\$ 1,993,739	2,402	\$ 26,424	\$ 2,020,163	\$ 1,817,727	\$ 202,436	
15	Aug-15	34,220	\$ 803,700	1,205	\$ 13,259	\$ 816,959	\$ 1,820,419	\$ (1,003,461)	
16	Sep-15	4,384	\$ 87,569	156	\$ 1,721	\$ 89,290	\$ 211,889	\$ (122,599)	
17		971,018	\$ 18,974,465	20,252	\$ 222,777	\$ 19,197,242	\$ 16,536,669	\$ 2,660,573	

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	A	B	C	D	E	F
1	NorthWestern Energy					
2	Hydro Assets					
3	Fixed Revenue Adjustment					9/4/2015
4					Total	87%
5			9/30/2015	¹ Fixed Rate	Fixed Revenue	Prorate
6			Billed Qty	Difference	Difference	Transfer to CSKT
7	MPC/440122	Residential	180,488,543	\$ (0.003449)	\$ (622,504.98)	\$ (539,504.32)
8		Res Emp	224,457	\$ (0.002069)	\$ (464.40)	\$ (402.48)
9						
10	MPC/442122	GS-1 Sec Non	20,684,781	\$ (0.003449)	\$ (71,341.81)	\$ (61,829.57)
11		GS-1 Sec Dmd	211,863,482	\$ (0.003449)	\$ (730,717.15)	\$ (633,288.20)
12						
13		GS-1 Pri Non	63,135	\$ (0.003355)	\$ (211.82)	\$ (183.58)
14		GS-1 Pri Dmd	28,538,331	\$ (0.003355)	\$ (95,746.10)	\$ (82,979.95)
15						
16						
17	MPC/442222	GS-2 Sub	18,598,075	\$ (0.003326)	\$ (61,857.20)	\$ (53,609.57)
18		GS-2 Tran	11,097,315	\$ (0.003307)	\$ (36,698.82)	\$ (31,805.64)
19						
20	MPC/442322	Irrigation	16,659,878	\$ (0.003449)	\$ (57,459.92)	\$ (49,798.60)
21						
22	MPC/444122	Lighting	4,600,424	\$ (0.003449)	\$ (15,866.86)	\$ (13,751.28)
23						
24	MPC/448722	GS-1 Sec Non	101,759	\$ (0.003449)	\$ (350.97)	\$ (304.17)
25		GS-1 Sec Dmd	568,021	\$ (0.003449)	\$ (1,959.10)	\$ (1,697.89)
26		GS-1 Pri Dmd	197,120	\$ (0.003355)	\$ (661.34)	\$ (573.16)
27		GS-2 Sub	1,694	\$ (0.003326)	\$ (5.63)	\$ (4.88)
28		Lighting	2,595	\$ (0.003449)	\$ (8.95)	\$ (7.76)
29						
30		Total	493,689,610		\$ (1,695,855.06)	\$ (1,469,741.05)
31						
32						
33						
34						
35	Summary of Rate Difference With and Without Kerr.					
36		18-Nov-14	5-Sep-15			
37		Initial Approved	Without Kerr	Fixed Rate		
38		Fixed Rate	Fixed Rate	Difference		
39	Residential	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
40	Res Emp	\$ 0.016090	\$ 0.014021	\$ (0.002069)		
41						
42	GS-1 Sec Non	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
43	GS-1 Sec Dmd	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
44						
45	GS-1 Pri Non	\$ 0.026083	\$ 0.022728	\$ (0.003355)		
46	GS-1 Pri Dmd	\$ 0.026083	\$ 0.022728	\$ (0.003355)		
47						
48						
49	GS-2 Sub	\$ 0.025858	\$ 0.022532	\$ (0.003326)		
50	GS-2 Tran	\$ 0.025703	\$ 0.022396	\$ (0.003307)		
51						
52	Irrigation	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
53						
54	Lighting	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
55						
56	GS-1 Sec Non	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
57	GS-1 Sec Dmd	\$ 0.026817	\$ 0.023368	\$ (0.003449)		
58	GS-1 Pri Dmd	\$ 0.026083	\$ 0.022728	\$ (0.003355)		
59	GS-2 Sub	\$ 0.025858	\$ 0.022532	\$ (0.003326)		
60	Lighting	\$ 0.026817	\$ 0.023368	\$ (0.003449)		

¹ The fixed rate difference is based on the initial approved rate on November 18, 2014 and the fixed rate after transfer of Kerr to CSKT on September 5, 2015.

	A	B	C	D	E
1	NorthWestern Energy				
2	Hydro Assets				
3	Estimated Fixed Revenue Adjustment				
4					Total
5			10/31/2015	Fixed Rate	Fixed Revenue
6			<u>Billed Qty</u>	<u>Difference</u>	<u>Difference</u>
7	MPC/440122	Residential	160,025,045	\$ (0.003449)	\$ (551,926.38)
8		Res Emp	204,647	\$ (0.002069)	\$ (423.41)
9					
10	MPC/442122	GS-1 Sec Non	18,631,941	\$ (0.003449)	\$ (64,261.56)
11		GS-1 Sec Dmd	195,595,442	\$ (0.003449)	\$ (674,608.68)
12					
13		GS-1 Pri Non	48,290	\$ (0.003355)	\$ (162.01)
14		GS-1 Pri Dmd	28,664,954	\$ (0.003355)	\$ (96,170.92)
15					
16					
17	MPC/442222	GS-2 Sub	19,308,598	\$ (0.003326)	\$ (64,220.40)
18		GS-2 Tran	10,650,731	\$ (0.003307)	\$ (35,221.97)
19					
20	MPC/442322	Irrigation	7,314,597	\$ (0.003449)	\$ (25,228.05)
21					
22	MPC/444122	Lighting	4,656,184	\$ (0.003449)	\$ (16,059.18)
23					
24	MPC/448722	GS-1 Sec Non	98,826	\$ (0.003449)	\$ (340.85)
25		GS-1 Sec Dmd	537,339	\$ (0.003449)	\$ (1,853.28)
26		GS-1 Pri Dmd	204,560	\$ (0.003355)	\$ (686.30)
27		GS-2 Sub	1,987	\$ (0.003326)	\$ (6.61)
28		Lighting	2,595	\$ (0.003449)	\$ (8.95)
29					
30		Total	445,945,736		\$ (1,531,178.55)

	A	B	C	D	E
1	NorthWestern Energy				
2	Hydro Assets				
3	Estimated Fixed Revenue Adjustment				
4					Total
5			11/30/2015	Fixed Rate	Fixed Revenue
6			<u>Billed Qty</u>	<u>Difference</u>	<u>Difference</u>
7	MPC/440122	Residential	198,605,697	\$ (0.003449)	\$ (684,991.05)
8		Res Emp	278,438	\$ (0.002069)	\$ (576.09)
9					
10	MPC/442122	GS-1 Sec Non	22,406,993	\$ (0.003449)	\$ (77,281.72)
11		GS-1 Sec Dmd	199,005,981	\$ (0.003449)	\$ (686,371.63)
12					
13		GS-1 Pri Non	41,753	\$ (0.003355)	\$ (140.08)
14		GS-1 Pri Dmd	29,781,581	\$ (0.003355)	\$ (99,917.20)
15					
16					
17	MPC/442222	GS-2 Sub	18,063,595	\$ (0.003326)	\$ (60,079.52)
18		GS-2 Tran	11,712,132	\$ (0.003307)	\$ (38,732.02)
19					
20	MPC/442322	Irrigation	954,491	\$ (0.003449)	\$ (3,292.04)
21					
22	MPC/444122	Lighting	5,107,085	\$ (0.003449)	\$ (17,614.33)
23					
24	MPC/448722	GS-1 Sec Non		\$ (0.003449)	\$ -
25		GS-1 Sec Dmd		\$ (0.003449)	\$ -
26		GS-1 Pri Dmd		\$ (0.003355)	\$ -
27		GS-2 Sub		\$ (0.003326)	\$ -
28		Lighting		\$ (0.003449)	\$ -
29					
30		Total	485,957,745		\$ (1,668,995.68)
31			-		

	A	B	C	D	E
1	NorthWestern Energy				
2	Hydro Assets				
3	Estimated Fixed Revenue Adjustment				
4					Total
5			12/31/2015	Fixed Rate	Fixed Revenue
6			<u>Billed Qty</u>	<u>Difference</u>	<u>Difference</u>
7	MPC/440122	Residential	234,810,681	\$ (0.003449)	\$ (809,862.04)
8		Res Emp	329,196	\$ (0.002069)	\$ (681.11)
9					
10	MPC/442122	GS-1 Sec Non	23,342,828	\$ (0.003449)	\$ (80,509.41)
11		GS-1 Sec Dmd	207,317,526	\$ (0.003449)	\$ (715,038.15)
12					
13		GS-1 Pri Non	41,723	\$ (0.003355)	\$ (139.98)
14		GS-1 Pri Dmd	29,761,012	\$ (0.003355)	\$ (99,848.20)
15					
16					
17	MPC/442222	GS-2 Sub	18,227,959	\$ (0.003326)	\$ (60,626.19)
18		GS-2 Tran	11,327,057	\$ (0.003307)	\$ (37,458.58)
19					
20	MPC/442322	Irrigation	37,124	\$ (0.003449)	\$ (128.04)
21					
22	MPC/444122	Lighting	5,107,085	\$ (0.003449)	\$ (17,614.33)
23					
24	MPC/448722	GS-1 Sec Non		\$ (0.003449)	\$ -
25		GS-1 Sec Dmd		\$ (0.003449)	\$ -
26		GS-1 Pri Dmd		\$ (0.003355)	\$ -
27		GS-2 Sub		\$ (0.003326)	\$ -
28		Lighting		\$ (0.003449)	\$ -
29					
30		Total	530,302,191		\$ (1,821,906.03)
31			-		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1														
2														
3														
4														
5		NorthWestern Energy												
6		Electric Utility Derivation of Rates												
7		Hydro Fixed Cost (Over)-Collection - Amortization of Refund												
8		12 Months Ended December 2016												
9														
10														
11						Jan16 to Dec16		Sales Adjusted				Hydro Fixed		Hydro Fixed
12						Loss	Supply Retail	for Employee		Sales Weighted		After Losses		Revenue/Cost
13						Factor	kWh Sales	Discount		by Losses		kWh Charges		Check
14		Customer Rate Class												
15		Residential				8.5100%	2,395,376,856	2,395,376,856		2,599,223,426		\$ (0.001160)		\$ (2,778,637)
16		Residential Employee				8.5100%	3,358,230	2,014,938		2,186,409		\$ (0.000696)		\$ (2,337)
17		GS 1 Secondary NonDemand				8.5100%	279,681,890	279,681,890		303,482,818		\$ (0.001160)		\$ (324,431)
18		GS 1 Secondary Demand				8.5100%	2,483,973,155	2,483,973,155		2,695,359,270		\$ (0.001160)		\$ (2,881,409)
19		GS 1 Primary NonDemand				5.5400%	478,481	478,481		504,989		\$ (0.001128)		\$ (540)
20		GS 1 Primary Demand				5.5400%	341,292,690	341,292,690		360,200,305		\$ (0.001128)		\$ (384,978)
21		General Service Substation				4.6300%	194,734,078	194,734,078		203,750,265		\$ (0.001118)		\$ (217,713)
22		General Service Transmission				4.0000%	134,636,802	134,636,802		140,022,274		\$ (0.001112)		\$ (149,716)
23		Irrigation				8.5100%	96,759,889	96,759,889		104,994,156		\$ (0.001160)		\$ (112,241)
24		Lighting				8.5100%	61,285,015	61,285,015		66,500,369		\$ (0.001160)		\$ (71,091)
25		MPSC System Average				7.5042%	5,991,577,086	5,990,233,794		6,476,224,284		\$ (0.001156)		\$ (6,923,093)
26		YNP Contract					20,691,140						Rounding Adjustment	\$ (2,741)
27		Total Supply Load					6,012,268,226							\$ (6,925,834)
28							-							
29														
30								Hydro Fixed Cost (Over)-Collection		\$ (6,491,821)				
31								Interest		\$ (434,013)				
32								Total (Refer to Attachment C, Page 1, Col. E)		\$ (6,925,834)				
33														
34								Total Hydro Fixed Cost Rate Before Losses		\$ (0.001069)				
35								Total Hydro Fixed Cost Rate After Losses		\$ (0.001155)				

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1		NorthWestern Energy													
2		Electric Utility													
3		Total Hydro Revenue (\$000) Summary													
4		Effective January 1, 2016													
5															
6								Hydro Fixed							
7															
8															
9															
10															
11															
12															
13															
14															
15															
16															
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32															
33															
34															
35															
36															
37															
38															

[1] Source: Fixed rates from Docket No. D2014.7.58 December 1 rate change effective 12/1/2015.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	NorthWestern Energy														
2	Electric Utility														
3	Total Revenue Credits Revenue (\$000) Summary														
4	Effective January 1, 2016														
5															
6							Revenue Credits								
7				Jan16 to Dec16				Current				Proposed		Revenue Diff	
8				Supply Retail				Rate		Proposed		Rate		Proposed	
9				kWh Sales			Rates [1]	Revenue		Rates		Revenue		vs Current	
10															
11				Residential											
12				Residential	2,395,377		(0.007252)	\$ (17,371)		(0.000303)		\$ (726)		\$ 16,645	
13				Residential Employee	3,358		(0.004351)	\$ (15)		(0.000182)		\$ (1)		\$ 14	
14				Total Residential				\$ (17,386)				\$ (726)		\$ 16,659	
15				General Service 1											
16				GS-1 Sec Non Demand	279,682		(0.007252)	\$ (2,028)		(0.000303)		\$ (85)		\$ 1,944	
17				GS-1 Sec Demand	2,483,973		(0.007252)	\$ (18,014)		(0.000303)		\$ (753)		\$ 17,261	
18				GS-1 Pri Non Demand	478		(0.007053)	\$ (3)		(0.000294)		\$ (0)		\$ 3	
19				GS-1 Pri Demand	341,293		(0.007053)	\$ (2,407)		(0.000294)		\$ (100)		\$ 2,307	
20				Total GS-1				\$ (22,453)				\$ (938)		\$ 21,515	
21															
22				General Service 2											
23				GS-2 Substation	194,734		(0.006992)	\$ (1,362)		(0.000292)		\$ (57)		\$ 1,305	
24				GS-2 Transmission	134,637		(0.006950)	\$ (936)		(0.000290)		\$ (39)		\$ 897	
25				Total GS-2				\$ (2,297)				\$ (96)		\$ 2,201	
26															
27				Irrigation											
28				Irrigation	96,760		(0.007252)	\$ (702)		(0.000303)		\$ (29)		\$ 672	
29				Total Irrigation				\$ (702)				\$ (29)		\$ 672	
30															
31				Lighting											
32				Lighting	61,285		(0.007252)	\$ (444)		(0.000303)		\$ (19)		\$ 426	
33				Total Lighting				\$ (444)				\$ (19)		\$ 426	
34															
35				Total Rate Schedule	5,991,577			\$ (43,282)				\$ (1,808)		\$ 41,474	
36															
37															

[1] Source: Revenue Credits rates from Docket No. D2014.7.58 December 1 rate change effective 12/1/2015.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	NorthWestern Energy													
2	Electric Utility Derivation of Rates													
3	Deferred Revenue Credits													
4	Effective January 1, 2016													
5														
6												Deferred	Deferred	
7						Jan16 to Dec16	Sales Adjusted					Revenue Credits	Revenue Credits	
8				Loss		Supply Retail	for Employee					After Losses	Revenue/Cost	
9				Factor		kWh Sales	Discount					kWh Charges	Check	
10		Customer Rate Class												
11		Residential		8.5100%		2,395,376,856	2,395,376,856			2,599,223,426		\$ 0.002363	\$ 5,660,276	
12		Residential Employee		8.5100%		3,358,230	2,014,938			2,186,409		\$ 0.001418	\$ 4,762	
13		GS 1 Secondary NonDemand		8.5100%		279,681,890	279,681,890			303,482,818		\$ 0.002363	\$ 660,888	
14		GS 1 Secondary Demand		8.5100%		2,483,973,155	2,483,973,155			2,695,359,270		\$ 0.002363	\$ 5,869,629	
15		GS 1 Primary NonDemand		5.5400%		478,481	478,481			504,989		\$ 0.002299	\$ 1,100	
16		GS 1 Primary Demand		5.5400%		341,292,690	341,292,690			360,200,305		\$ 0.002299	\$ 784,632	
17		General Service Substation		4.6300%		194,734,078	194,734,078			203,750,265		\$ 0.002279	\$ 443,799	
18		General Service Transmission		4.0000%		134,636,802	134,636,802			140,022,274		\$ 0.002265	\$ 304,952	
19		Irrigation		8.5100%		96,759,889	96,759,889			104,994,156		\$ 0.002363	\$ 228,644	
20		Lighting		8.5100%		61,285,015	61,285,015			66,500,369		\$ 0.002363	\$ 144,816	
21		MPSC System Average		7.5042%		5,991,577,086	5,990,233,794			6,476,224,284		\$ 0.002354	\$ 14,103,498	
22		YNP Contract				20,691,140						Rounding Adjustment	\$ (345)	
23		Total Supply Load				6,012,268,226							\$ 14,103,153	
24						-								
25														
26														
27														
28														
29														
30														

Deferred Revenue Credits \$ 14,103,153
(Refer to Attachment D, Page 1, Col H, Ln 21)

Total Deferred Revenue Credits Rate Before Losses \$ 0.002178
Total Deferred Revenue Credits Rate After Losses \$ 0.002354

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3											
4											
5											
6	<u>Typical Bill Calculation</u>										
7											
8	General Service - Secondary										
9	Non-Demand										
10											
11											
12	kWh per month		3500	<u>Current Rates</u>		<u>¹ Proposed Rates</u>					
13				Date		Date Effective					
14				Effective		Commission					
15				12/1/2015		Approval					
16				Total Bill		Total Bill					
17				Amount		Amount					
18	GS-1 Dist.-Service Charge			\$	7.45	\$	7.45	\$	7.45	\$	7.45
19	Plus:										
20	GS-1 Supply-Energy			\$	0.063493	\$	222.23	\$	0.066429	\$	232.50
21	GS-1 Deferred Supply Costs			\$	0.000960	\$	3.36	\$	0.003323	\$	11.63
22	GS-1 CTC-QF			\$	0.003265	\$	11.43	\$	0.003265	\$	11.43
23	GS-1 Transmission-Energy			\$	0.008012	\$	28.04	\$	0.008012	\$	28.04
24	GS-1 Distribution-Energy			\$	0.037104	\$	129.86	\$	0.037104	\$	129.86
25	GS-1 USBC			\$	0.001143	\$	4.00	\$	0.001143	\$	4.00
26	Total Kwh Charge			\$	0.113977	\$	398.92	\$	0.119276	\$	417.46
27	Total Bill			\$	0.116110	\$	406.37	\$	0.121400	\$	424.91
28				Monthly Increase (Decrease)				\$	18.54		
29				Annual Increase (Decrease)				\$	222.48		
30				Percent Change				4.56%			
31											
32											
33	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.										

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3											
4											
5											
6	<u>Typical Bill Calculation</u>										
7											
8	General Service - Secondary										
9	Demand										
10											
11	Kw	11	<u>Current Rates</u>				<u>¹ Proposed Rates</u>				
12	kWh per month	3500	<u>Date</u>				<u>Date Effective</u>				
13			<u>Effective</u>		<u>Total Bill</u>		<u>Commission</u>		<u>Total Bill</u>		
14			<u>12/1/2015</u>		<u>Amount</u>		<u>Approval</u>		<u>Amount</u>		
15	GS-1 Dist.-Service Charge		\$	9.30	\$	9.30	\$	9.30	\$	9.30	
16	Plus:										
18	GS-1 Supply-Energy		\$	0.065568	\$	229.49	\$	0.068504	\$	239.76	
19	GS-1 Deferred Supply Costs		\$	0.000960	\$	3.36	\$	0.003323	\$	11.63	
20	GS-1 CTC-QF		\$	0.003265	\$	11.43	\$	0.003265	\$	11.43	
21	GS-1 Transmission-Demand		\$	3.061539	\$	33.68	\$	3.061539	\$	33.68	
22	GS-1 Distribution-Demand		\$	6.240882	\$	68.65	\$	6.240882	\$	68.65	
23	GS-1 Distribution-Energy		\$	0.004951	\$	17.33	\$	0.004951	\$	17.33	
24	GS-1 USBC		\$	0.001143	\$	4.00	\$	0.001143	\$	4.00	
25	Subtotal				\$	367.94			\$	386.48	
27	Total Bill		\$	0.107780	\$	377.24	\$	0.113080	\$	395.78	
28											
29											
30											
31											
32											
33											
34	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.										

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3											
4											
5											
6	<u>Typical Bill Calculation</u>										
7											
8	General Service - Primary										
9	Non-Demand										
10											
11											
12	kWh per month		2000		<i>Current Rates</i>		<i>¹ Proposed Rates</i>				
13			Date		Total Bill		Date Effective		Total Bill		
14			Effective		Amount		Upon MPSC		Amount		
15			12/1/2015				Approval				
15	GS-1 Dist.-Service Charge		\$	7.95	\$	7.95	\$	7.95	\$	7.95	
16											
17	Plus:										
18	GS-1 Supply-Energy		\$	0.063772	\$	127.54	\$	0.066629	\$	133.26	
19	GS-1 Deferred Supply Costs		\$	0.000934	\$	1.87	\$	0.003233	\$	6.47	
20	GS-1 CTC-QF		\$	0.003176	\$	6.35	\$	0.003176	\$	6.35	
21	GS-1 Transmission-Energy		\$	0.008382	\$	16.76	\$	0.008382	\$	16.76	
22	GS-1 Distribution-Energy		\$	0.019218	\$	38.44	\$	0.019218	\$	38.44	
23	GS-1 USBC		\$	0.001143	\$	2.29	\$	0.001143	\$	2.29	
24	Total Kwh Charge		\$	0.096625	\$	193.25	\$	0.101781	\$	203.57	
25											
26	Total Bill		\$	0.100600	\$	201.20	\$	0.105760	\$	211.52	
27											
28			Monthly Increase (Decrease)				\$	10.32			
29			Annual Increase (Decrease)				\$	123.84			
30			Percent Change				5.13%				
31											
32											
33	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.										

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3											
4											
5											
6	<u>Typical Bill Calculation</u>										
7											
8	General Service - Primary										
9	Demand										
10											
11		Kw	400	<i>Current Rates</i>			¹ <i>Proposed Rates</i>				
12		kWh per month	200000	Date			Date Effective				
13				Effective		Total Bill		Commission		Total Bill	
14				12/1/2015		Amount		Approval		Amount	
15	GS-1 Dist.-Service Charge			\$	25.00	\$	25.00	\$	25.00	\$	25.00
16											
17	Plus:										
18	GS-1 Supply-Energy			\$	0.061932	\$	12,386.40	\$	0.064789	\$	12,957.80
19	GS-1 Deferred Supply Costs			\$	0.000934	\$	186.80	\$	0.003233	\$	646.60
20	GS-1 CTC-QF			\$	0.003176	\$	635.20	\$	0.003176	\$	635.20
21	GS-1 Transmission-Demand			\$	3.721122	\$	1,488.45	\$	3.721122	\$	1,488.45
22	GS-1 Distribution-Demand			\$	4.086007	\$	1,634.40	\$	4.086007	\$	1,634.40
23	GS-1 Distribution-Energy			\$	0.007158	\$	1,431.60	\$	0.007158	\$	1,431.60
24	GS-1 USBC			\$	0.001143	\$	228.60	\$	0.001143	\$	228.60
25	Subtotal					\$	17,991.45			\$	19,022.65
26											
27	Total Bill			\$	0.090080	\$	18,016.45	\$	0.095240	\$	19,047.65
28											
29											
30											
31											
32											
33											
34	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.										

	A	B	C	D	E	F	G	H	I	J	K
1											
2											
3											
4											
5											
6	<u>Typical Bill Calculation</u>										
7											
8	Irrigation & Sprinkling Service										
9	Non-Demand										
10											
11			Current Rates				¹ Proposed Rates				
12	kWh per month	1342	Date Effective				Date Effective				
13			12/1/2015		Total Bill Amount		Commission Approval		Total Bill Amount		
14											
15	Irr. Dist.-Service Charge		(a) \$	9.05	\$	9.05	\$	9.05	\$	9.05	
16											
17	Plus:										
18	Irr. Supply-Energy		\$	0.063493	\$	85.21	\$	0.066429	\$	89.15	
19	Irr. Deferred Supply Costs		\$	0.000960	\$	1.29	\$	0.003323	\$	4.46	
20	Irr. CTC-QF		\$	0.003265	\$	4.38	\$	0.003265	\$	4.38	
21	Irr. Transmission-Energy		\$	0.011675	\$	15.67	\$	0.011675	\$	15.67	
22	Irr. Distribution-Energy		\$	0.023791	\$	31.93	\$	0.023791	\$	31.93	
23	Irr. USBC		\$	0.001144	\$	1.54	\$	0.001144	\$	1.54	
24	Irr. BPA Credit		\$	(0.002685)	\$	(3.60)	\$	(0.002685)	\$	(3.60)	
25	Total Kwh Charge		\$	0.101643	\$	136.42	\$	0.106942	\$	143.53	
26											
27	Total Bill		\$	0.108400	\$	145.47	\$	0.113700	\$	152.58	
28											
29									Monthly Increase (Decrease)	\$	7.11
30									Season Incr (Decr) (6 Months)	\$	42.66
31									Percent Increase		4.89%
32											
33											
34	(a) The seasonal charge is divided by 6 months to compute a monthly average.										
35											
36	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.										

	A	B	C	D	E	F	G	H	I	J	K	
1												
2												
3												
4												
5												
6	<u>Typical Bill Calculation</u>											
7												
8	Irrigation & Sprinkling Service Demand											
9												
10												
11	Kw	41					<u>Current Rates</u>		<u>¹ Proposed Rates</u>			
12	kWh per month	12260					<u>Date</u>		<u>Date Effective</u>			
13							<u>Effective</u>		<u>Commission</u>		<u>Total Bill</u>	
14							<u>12/1/2015</u>		<u>Approval</u>		<u>Amount</u>	
15	Irr. Dist.-Service Charge		(a)	\$	21.34	\$	21.34	\$	21.34	\$	21.34	
16												
17	Plus:											
18	Irr. Supply-Energy			\$	0.063493	\$	778.42	\$	0.066429	\$	814.42	
19	Irr. Deferred Supply Costs			\$	0.000960	\$	11.77	\$	0.003323	\$	40.74	
20	Irr. CTC-QF			\$	0.003265	\$	40.03	\$	0.003265	\$	40.03	
21	Irr. Transmission-Demand			\$	2.003150	\$	82.13	\$	2.003150	\$	82.13	
22	Irr. Distribution-Demand			\$	7.300009	\$	299.30	\$	7.300009	\$	299.30	
23	Irr. Distribution-Energy			\$	0.003953	\$	48.46	\$	0.003953	\$	48.46	
24	Irr. USBC			\$	0.001144	\$	14.03	\$	0.001144	\$	14.03	
25	Irr. BPA Credit			\$	(0.002685)	\$	(32.92)	\$	(0.002685)	\$	(32.92)	
26	Subtotal					\$	1,241.22			\$	1,306.19	
27												
28	Total Bill			\$	0.102980	\$	1,262.56	\$	0.108280	\$	1,327.53	
29												
30										Monthly Increase	\$	64.97
31										Season Increase (6 Months)	\$	389.82
32										Percent Increase		5.15%
33												
34												
35	(1) The seasonal charge is divided by 6 months to compute a monthly average.											
36												
37	¹ Column H represents the proposed rate change for Overall Electric Supply, which includes the Hydro Fixed and Revenue Credits rates proposed in this filing.											

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's Hydroelectric Facilities ("Hydros") Purchase Compliance Filing – December 2015 in Docket No. D2013.12.85, has been hand delivered to the Montana Public Service Commission and to the Montana Consumer Counsel this date. This Compliance Filing has been e-filed on the PSC website and served on the most recent service list by mailing a copy thereof by first class mail, postage prepaid, and emailed to counsel of record.

Date: December 9, 2015

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

Tracy Lowney Killoy
Administrative Assistant
Regulatory Affairs

**Docket No D2013.12.85
Hydro Assets Purchase
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