



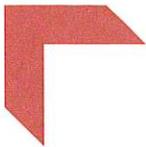
Before The Public Service Commission
Of the State of Montana

DOCKET NO. D2016.4.34

**In the Matter of the Application for
Townsend Propane Supply
Rate Adjustment**

TESTIMONY AND EXHIBITS

April 2016



April 29, 2016

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

RE: Docket No. D2016.4.34 Application for 2016 Propane Supply Cost Account Balance and Rate Adjustment for Townsend Propane Supply

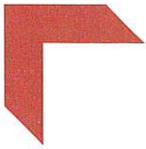
Dear Mr. Rosquist:

With this letter NorthWestern Energy (“NorthWestern”) submits one original and ten copies of its 2016 Application for Propane Supply Cost Account Balance and Rate Adjustment for Townsend Propane Supply (“Application”) to the Montana Public Service Commission (“Commission”) for approval.

NorthWestern seeks to decrease its propane supply rate to reflect the current propane supply contract prices as well as costs associated with propane plant usage and carrying costs. NorthWestern proposes to decrease the summer rate from \$0.719 per therm to \$0.556 per therm and the winter rate from \$0.775 per therm to \$0.685 per therm.

In this filing, NorthWestern also requests approval to extinguish the current Unreflected Propane Supply Cost Account (“UPSCA”) Balance approved in Final Order No. 7412a in Docket No. D2015.4.40, and to reflect in rates the under-collected UPSCA Balance of \$16,909 for the 12-month period ending May 31, 2016 included with an under-collection of \$3,201, which is the balance that results from cessation of the amount approved for amortization in Order No. 7412a. Therefore, the estimated under-collected UPSCA Balance at the end of May 2016 is \$20,110. NorthWestern proposes to amortize and collect this balance from June 1, 2016 through May 31, 2017 at a rate of \$0.04973 per therm based on the 12-month forecasted load.

Appendix A to the Application presents a summary of the current tariff rates and the proposed rates in this filing, as well as the resulting dollar and percentage changes.



Including the adjustments to both the propane supply rate and the rate associated with the amortization of the UPSCA Balance, the decrease for a typical residential customer using 30 therms per month during the summer months and 80 therms per month during the winter months will be, on average, \$4.38 per month. The decrease for the summer months will be \$3.98 per month and for the winter months will be \$4.78 per month. The actual decrease will depend on each customer's usage. Typical bill computations based on the proposed rates are included in Appendix B.

The documents submitted with this filing are:

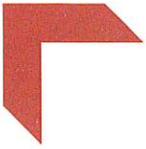
1. The Application, including current and proposed rates as shown in Appendix A and the typical residential bill computation as shown in Appendix B;
2. Notice of Interim Rate Adjustment Request and Certificate of Service of said notice to the media; and
3. Prefiled Direct Testimony and Exhibits of Frank V. Bennett and Prefiled Direct Testimony and Exhibits of Pamela D. Hanson.

NorthWestern requests that the proposed propane rates become effective on an interim basis for service on and after June 1, 2016. Rate schedules reflecting the revised propane rates will be filed with the Commission upon approval.

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

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

Mr. Joe Schwartzberger
NorthWestern Energy
11 East Park
Butte, MT 59701
(406) 497-3362
joe.schwartzberger@northwestern.com



NorthWestern's attorney in this matter is:

Ms. Sarah Norcott
NorthWestern Energy
208 N. Montana Ave. Ste 205
Helena, MT 59601
(406) 443-8996
sarah.norcott@northwestern.com

Along with Sarah Norcott and Joe Schwartzberger, please add Pam LeProwse to the official service list in this docket to receive copies of all documents. NorthWestern also requests that all electronic correspondence related to this filing be sent to pamela.leprowse@northwestern.com. If there are any questions in this regard, I can be reached at (406) 497-3362.

Sincerely,

Joe Schwartzberger
Director of Regulatory Affairs

Enclosures

cc: Montana Consumer Counsel

SARAH NORCOTT
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Helena, Montana 59601
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Attorney for NorthWestern Energy

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

IN THE MATTER OF NorthWestern Energy's)	REGULATORY DIVISION
Application for Propane Supply Cost Account)	
Balance and Rate Adjustment for Townsend)	DOCKET NO. D2016.4.34
Propane Supply)	

**APPLICATION FOR INTERIM AND FINAL
PROPANE SUPPLY RATE ADJUSTMENT**

NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") respectfully submits this *Application for Propane Supply Cost Account Balance and Rate Adjustment for Townsend Propane Supply* ("Application") to the Montana Public Service Commission ("Commission") in the above-captioned docket. In support thereof, NorthWestern states as follows:

I.

NorthWestern's full name and business address are:

NorthWestern Energy
11 East Park Street
Butte, MT 59701

II.

NorthWestern is a Delaware corporation doing business as NorthWestern Energy in

the states of Montana, South Dakota, and Nebraska as a public utility.

III.

The following described tariff sheet is the only propane sheet impacted by the proposals in this submittal that is presently in effect in Montana and on file with the Commission. All other propane tariff sheets remain as previously approved by the Commission:

<u>Schedule</u>	<u>Description</u>	<u>Sheet No.</u>
PS-T-1	Propane Vapor Service - Townsend	10.1

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

IV.

NorthWestern will submit a new tariff sheet for propane supply service upon approval of the proposed rates contained in Appendix A. The proposed new rates will replace the present tariff sheets as follows:

<u>Schedule</u>	<u>Description</u>	<u>Sheet No.</u>
PS-T-1	Propane Vapor Service - Townsend	10.1

V.

In accordance with the Propane Supply Cost and Deferred Accounting Adjustment Clause Rate Schedule initially approved by the Commission in Order No. 6968b in Docket No. D2008.12.142, the balance in Account No. 191, Unreflected Propane Supply Cost Account (“UPSCA”) Balance, for the 12-month period ending May 31, 2016 is an under-collection of \$16,909. NorthWestern proposes to amortize this balance, after including it with the actual prior year UPSCA under-collected balance of \$3,201, which is the balance that results from cessation of the amount approved for amortization in Final Order No.

7412a in Docket No. D2015.4.40. NorthWestern proposes to amortize and collect the \$20,110 under-collected UPSCA Balance from June 1, 2016 through May 31, 2017 at a rate of \$0.04973 per therm based on a 12-month forecasted load.

VI.

With this Application, NorthWestern also seeks to decrease its current propane supply rates to reflect the current propane supply contract prices as well as the costs associated with propane plant usage and carrying costs. NorthWestern proposes to decrease the summer rate from \$0.719 per therm to \$0.556 per therm and the winter rate from \$0.775 per therm to \$0.685 per therm as reflected in Appendix A.

VII.

The proposed new rates contained in Appendix A reflect:

1. The amortization of the UPSCA Balance described in Paragraph V; and
2. The new propane supply contract prices described in Paragraph VI.

VIII.

Attached are the following documents that are hereby incorporated by this reference:

- Appendix A - Current and proposed rates;
- Appendix B - Typical residential bill computation;
- Notice of Interim Rate Adjustment Request and the Certificate of Service of said notice to the media; and
- Prefiled Direct Testimonies and Exhibits of Frank V. Bennett and Pamela D. Hanson.

WHEREFORE, NorthWestern respectfully requests that the Commission:

1. Approve NorthWestern's proposal to amortize and collect from June 1, 2016 through May 31, 2017, the \$20,110 under-collection for the period ending May 31, 2016 at a rate of \$0.04973/therm;
2. Grant interim and final approval of the proposed rates, included in Appendix A, to be effective on a monthly basis for propane supply service on and after June 1, 2016; and
3. Grant such other and additional relief as the Commission shall deem just and proper.

RESPECTFULLY SUBMITTED this 29th day of April 2016.

NORTHWESTERN ENERGY

By:  _____

Sarah Norcott
NorthWestern Energy

Attorney for NorthWestern Energy

	A	B	C	D	E	F
1	NorthWestern Energy					
2	Propane Vapor Service - Townsend					
3	Unit Rate Adjustments/Proposed Rates					
4	June 1, 2016 through May 31, 2017					
5						
6						
7						
8					Rate	Percentage
9	<u>Propane Vapor Service - Townsend</u>		Current	Proposed	Change	Change
10	Schedule No. PS-T-1					
11						
12	Monthly Service Charge per Meter:					
13	Service Size - 1/2 Inch	\$	4.30	\$	4.30	\$ -
14	Service Size - 1 Inch	\$	10.20	\$	10.20	\$ -
15						
16	Commodity Charges: (Monthly \$/Therm)					
17	Delivery Charge	\$	0.38700	\$	0.38700	\$ -
18	<u>Summer:</u>					
19	Propane Supply Charge (Summer Rate)	\$	0.71900	\$	0.55600	\$ (0.16300)
20	Deferred Propane Cost Amortization	\$	0.01951	\$	0.04973	\$ 0.03022
21	Total Summer Rate	\$	1.12551	\$	0.99273	\$ (0.13278)
22						
23	Commodity Charges: (Monthly \$/Therm)					
24	Delivery Charge	\$	0.38700	\$	0.38700	\$ -
25	<u>Winter:</u>					
26	Propane Supply Charge (Winter Rate)	\$	0.77500	\$	0.68500	\$ (0.09000)
27	Deferred Propane Cost Amortization	\$	0.01951	\$	0.04973	\$ 0.03022
28	Total Winter Rate	\$	1.18151	\$	1.12173	\$ (0.05978)

	A	B	C	D	E	F	G	H	I
1									
2	NorthWestern								
3	Energy								
4									
5									
6									
7									
8					Propane Tariffs (Summer Rate)				
9	Residential Services - Typical Bill Amount								
10									
11	Usage in Therms	30			Current	Total Bill		Proposed	Total Bill
12					Rate	Amount		Rate	Amount
13	Monthly Service Charge per Meter				\$ 4.30	\$ 4.30		\$ 4.30	\$ 4.30
14									
15	Commodity Charges: (Monthly \$/Therm)								
16	Delivery Charge				\$ 0.38700	\$ 11.61		\$ 0.38700	\$ 11.61
17	Propane Supply Charge ¹				\$ 0.71900	\$ 21.57		\$ 0.55600	\$ 16.68
18	Deferred Propane Cost Amortization				\$ 0.01951	\$ 0.59		\$ 0.04973	\$ 1.49
19	Total Commodity				\$ 1.12551	\$ 33.77		\$ 0.99273	\$ 29.78
20									
21									
22	Total Bill (Price per Therm Incl. Service Charge)					\$ 38.07			\$ 34.08
23									
24	Total Bill Increase/(Decrease)								\$ (3.98)
25	Percent Change from Current Propane Rates to Proposed								-10.5%
26	Propane Price per Gallon				\$ 0.66			\$ 0.51	
27									
28									
29									
30					Propane Tariffs (Winter Rate)				
31	Residential Services - Typical Bill Amount								
32									
33	Usage in Therms	80			Current	Total Bill		Proposed	Total Bill
34					Rate	Amount		Rate	Amount
35	Monthly Service Charge per Meter				\$ 4.30	\$ 4.30		\$ 4.30	\$ 4.30
36									
37	Commodity Charges: (Monthly \$/Therm)								
38	Delivery Charge				\$ 0.38700	\$ 30.96		\$ 0.38700	\$ 30.96
39	Propane Supply Charge ²				\$ 0.77500	\$ 62.00		\$ 0.68500	\$ 54.80
40	Deferred Propane Cost Amortization				\$ 0.01951	\$ 1.56		\$ 0.04973	\$ 3.98
41	Total Commodity				\$ 1.18151	\$ 94.52		\$ 1.12173	\$ 89.74
42									
43									
44	Total Bill (Price per Therm Incl. Service Charge)					\$ 98.82			\$ 94.04
45									
46	Total Bill Increase/(Decrease)								\$ (4.78)
47	Percent Change from Current Propane Rates to Proposed								-4.8%
48	Propane Price per Gallon				\$ 0.71			\$ 0.63	
49									
50	¹ Summer rates are effective April 1 through September 30.								
51	² Winter rates are effective October 1 through March 31.								

CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of NorthWestern Energy's Application for Townsend Propane Supply Rate Adjustment in Docket No. D2016.4.34 will be hand delivered this date to the Montana Public Service Commission (MPSC) and e-filed on the MPSC's website. Three (3) copies will also be hand delivered to the Montana Consumer Counsel.

Date: April 29, 2016



Pam LeProwse
Administrative Assistant
Regulatory Affairs

Docket Service List
Docket D2016.4.34

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Butte, MT 59701

results from cessation of the amount approved for amortization in Order No. 7412a in Docket No. D2015.4.40. Therefore, the resulting UPSCA Balance proposed for amortization in this filing is \$20,110. NorthWestern proposes to amortize and collect this under-collected balance from June 1, 2016 through May 31, 2017 at a rate of \$0.04973 per therm based on a 12-month forecasted load. This results in a \$0.03022 per therm increase from the current rate of \$0.01951 per therm for the UPSCA.

The interim request and supporting documents can be examined at NorthWestern's General Office, 11 East Park Street, Butte, Montana; at the office of the Montana Consumer Counsel ("MCC"), 111 North Last Chance Gulch, Suite 1B, Helena, Montana; or at the office of the Commission, 1701 Prospect Avenue, Helena, Montana. The MCC is available to assist in the representation of consumer interests in this matter, and its phone number is 406-444-2771.

Any response which any person wishes to make on this interim request should be delivered to the Commission at the above address as soon as possible or mailed to the Commission at P.O. Box 202601, Helena, MT 59620-2601.

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

DATED: April 29, 2016

9 **PREFILED DIRECT TESTIMONY**

10 **OF FRANK V. BENNETT**

11 **ON BEHALF OF NORTHWESTERN ENERGY**

12
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14	<u>Description</u>	<u>Starting Page No.</u>
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17	Status of Tracker Periods in Docket No. D2015.4.40	4
18	Update to the 2014/2015 Propane Supply Tracker Period	5
19	2015/2016 Propane Supply Tracker Period	6
20	RFP Bid Process	8
21	2016/2017 Forecast Propane Supply Tracker Period	9
22		
23	<u>Exhibits</u>	
24	Tracker for the 2014/2015 Period	Exhibit__(FVB-1)14-15
25	Tracker for the 2015/2016 Period	Exhibit__(FVB-2)15-16
26	Propane Supply Agreement for the 2016/2017 Period	Exhibit__(FVB-3)
27	Tracker for the 2016/2017 Period	Exhibit__(FVB-4)16-17

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Witness Information

Q. Please state your name and business address.

A. My name is Frank V. Bennett and my business address is 11 East Park Street, Butte, MT 59701.

Q. By whom and in what capacity are you employed?

A. I am employed by NorthWestern Energy (“NorthWestern”) as a Contract and Regulatory Specialist.

Q. Please describe your employment history.

A. I have been working with NorthWestern’s Energy Supply group since 1996. In this capacity, I administer energy supply contracts of NorthWestern’s Montana utility and assist with various other supply matters. I am a regular participant in the preparation of testimony, exhibits, and work papers in supply-related proceedings before the Montana Public Service Commission (“MPSC” or “Commission”). From 1991 through 1996, I worked as a Landman for The Montana Power Company and North American Resources Company. During this time, I worked on Joint Operation contracts with other corporations and with land and mineral owners in an effort to explore and develop natural resources primarily in Montana, Wyoming, and Colorado. From 1984 through 1991, I worked in various capacities within the mineral industry, mainly for Altana Exploration Company and Roan Resources Ltd., in the Canadian

1 provinces of Alberta and Saskatchewan with additional work in Montana
2 and Colorado.

3

4 **Q. Please describe your educational background.**

5 **A.** I attended Montana Tech of the University of Montana where I received
6 my Bachelor of Science degree in Business and Information Technology.

7

8 **Purpose of Testimony**

9 **Q. Please describe your testimony.**

10 **A.** In my testimony I present the following information:

- 11 ▪ Status of the tracker periods that were previously filed in Docket
12 No. D2015.4.40;
- 13 ▪ Update to the June 1, 2014 through May 31, 2015 tracker period;
- 14 ▪ Ten months of actual data and two months of estimated data for the
15 June 1, 2015 through May 31, 2016 tracker period;
- 16 ▪ Discussion of the Request for Proposal (“RFP”) process used in
17 securing the propane supply for NorthWestern’s Townsend,
18 Montana area operations for the June 1, 2016 through May 31,
19 2017 tracker period; and
- 20 ▪ The forecasted propane supply costs and market, and resulting
21 propane supply rates, for the 12-month tracker period, June 1, 2016
22 through May 31, 2017.

1 **Status of Tracker Periods in Docket No. D2015.4.40**

2 **Q.** **Please provide a summary of the status of the tracker periods filed in**
3 **Docket No. D2015.4.40.**

4 **A.** The 2015 propane tracker filing, Docket No. D2015.4.40, was submitted
5 under cover letter dated April 30, 2015. My Prefiled Direct Testimony in
6 the 2015 filing included information for three propane tracker periods.
7 Actual information was submitted for the first tracker period: June 2013
8 through May 2014. Actual and estimated information was submitted for
9 the second tracker period: June 2014 through May 2015. Within this
10 tracker period, the actual information section was completed for June
11 2014 through March 2015 and estimated information was included for
12 April and May 2015. Forecast information was submitted for the third
13 tracker period: June 2015 through May 2016.

14
15 The tracker period of June 2014 through May 2015 is updated in this filing
16 to reflect actual information for April and May 2015 and is included as
17 Exhibit__(FVB-1)14-15. The forecast information for the June 2015
18 through May 2016 tracker period from the last filing has also been updated
19 in this filing with actual information for June 2015 through March 2016 and
20 is included as Exhibit__(FVB-2)15-16.

21

1 **Update to the 2014/2015 Propane Supply Tracker Period**

2 **Q. Please summarize the results of the 12-month tracker period ended**
3 **May 31, 2015.**

4 **A.** The results of the June 2014 through May 2015 tracker period, revised to
5 include actual information for April and May 2015, are presented in
6 Exhibit__(FVB-1)14-15 and are summarized in the following table
7 (rounded to the nearest whole number):

2014/2015 Propane Tracker Period Summary

Volume Category	Gallons
Beginning Storage Balance	49,899
Total Propane Sales Billed	(453,976)
Total Purchases	478,267
Total Plant Use	(11,990)
Net Difference Delivered vs. Billed	(20,959)
Ending Storage Balance	41,241

Cost Category	Dollars
Beginning Deferred Under Collection Balance	(\$14,117)
Total Revenue	\$664,973
Total Propane Supply Expense	(\$657,680)
Total Carrying Cost	(\$5,584)
Ending Deferred Under Collection Balance	(\$12,409)

8 The ending deferred account under-collection balance of \$12,409
9 represents the beginning deferred account balance for the June 2015
10 through May 2016 tracker period.

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2015/2016 Propane Supply Tracker Period

Q. What is the basis of the supply rates per dekatherm shown on Exhibit__(FVB-2)15-16?

A. The rates of \$7.19 per dekatherm (“Dkt”) or \$0.719 per therm for summer months and \$7.75 per Dkt or \$0.775 per therm for winter months were based on the supply contract price with Gibson Gas Liquids Partnership (“Gibson”) that runs from June 1, 2015 through May 31, 2016. These rates were approved by the Commission in Final Order No. 7412a in Docket No. D2015.4.40.

Q. Please summarize the results of the 12-month tracker period ended May 31, 2016.

A. The results of the June 2015 through May 2016 tracker period which are based on ten months of actual information and estimated information for April and May 2016 are presented in Exhibit__(FVB-2)15-16 and are summarized in the following table (rounded to the nearest whole number):

2015/2016 Propane Tracker Period Summary

Volume Category	Gallons
Beginning Storage Balance	41,241
Total Propane Sales Billed	(446,686)
Total Purchases	485,320
Total Plant Use	(9,836)
Net Difference Delivered vs. Billed	(42,979)
Ending Storage Balance	27,060

Cost Category	Dollars
Beginning Deferred Under Collection Balance	(\$12,409)
Total Revenue	\$329,128
Total Propane Supply Expense	(\$332,132)
Total Carrying Cost	(\$4,697)
Ending Deferred Under Collection Balance	(\$20,110)

1 The current estimated ending deferred account under-collection balance
2 of \$20,110 represents the beginning deferred account balance for the
3 June 2016 through May 2017 forecast tracker period. This amount is
4 discussed further in the Prefiled Direct Testimony of Pamela D. Hanson
5 (“Hanson Direct Testimony”).

6

7 **Q. Is NorthWestern proposing a rate component designed to amortize**
8 **the May 31, 2016 deferred account balance?**

9 **A.** Yes. The deferred account balance under-collection of \$20,110 divided by
10 the forecasted market volume for the June 2016 through May 2017 tracker
11 period of 40,442 Dkt results in a rate of \$0.4973 per Dkt (\$0.04973 per

1 therm). See Exhibit__(FVB-4)16-17, page 1, line 29 and the Hanson
2 Direct Testimony.

3

4 **Request for Proposal (“RFP”) Bid Process**

5 **Q. Please describe the RFP process NorthWestern used to procure**
6 **propane supply for the June 2016 through May 2017 tracker period.**

7 **A.** On March 9, 2016, NorthWestern issued, via email, an RFP to supply
8 liquid propane for NorthWestern’s storage facility located in Townsend,
9 Montana to 10 potential suppliers. The deadline to submit a bid was
10 March 16, 2016.

11

12 NorthWestern received three responses to the RFP. Offers were received
13 from Gibson Energy Inc., Farstad Oil, Inc., and AmeriGas Wholesale
14 (“AmeriGas”).

15

16 NorthWestern’s review of the offers indicated that the low-cost bidder was
17 AmeriGas, who was selected and then notified. The propane supply
18 agreement was fully executed on March 30, 2016. Based on this
19 agreement, the resulting propane cost for June through September 2016,
20 will be \$0.465 per gallon, the cost for October 2016 through March 2017,
21 will be \$0.59 per gallon and the cost for April through May 2017 will be
22 \$0.4925 per gallon for the June 1, 2016 through May 31, 2017 contract

1 term. A copy of the propane supply agreement with AmeriGas is attached
2 as Exhibit__(FVB-3).

3

4 **2016/2017 Forecast Propane Supply Tracker Period**

5 **Q. Do you sponsor an exhibit that sets forth NorthWestern's expected**
6 **propane supply costs for the June 2016 through May 2017 12-month**
7 **tracker period?**

8 **A.** Yes. Exhibit__(FVB-4)16-17 sets forth the projected 12-month market and
9 propane supply costs.

10

11 **Q. Has NorthWestern included costs in addition to propane supply**
12 **costs to compute propane supply rates for the June 2016 through**
13 **May 2017 tracker period?**

14 **A.** Yes, consistent with past propane tracker filings and Commission orders.

15

16 **Q. Please explain these cost items.**

17 **A.** Two minor cost items have been included in costs used as the basis of
18 rates for the tracker period ended May 2017. The Propane Rates
19 proposed for the June 2016 through May 2017 tracker period, shown on
20 Exhibit__(FVB-4)16-17 page 1, line 28, reflect the forecast cost of \$5,976
21 on line 38 for the Storage Plant Use volume of 10,458 gallons on line 15
22 and the Total Carrying Cost expense of \$3,188 on line 55.

23

1 **Q. Please provide an explanation of Storage Plant Use.**

2 **A.** There are two primary plant uses of propane at NorthWestern's
3 Townsend, Montana storage facility.

4 i. First, propane is used in two propane vaporizers. These devices
5 burn propane to heat a water bath that the liquid propane is
6 passed through to convert it from liquid to vapor. This vapor then
7 leaves the plant to serve the distribution system. These two
8 propane vaporizers constitute the bulk of the Storage Plant Use
9 propane consumption.

10 ii. Second, propane is used to heat the control building and to
11 provide fuel for the backup generator. The control building
12 houses the backup generator, air compressor, control, and
13 Supervisory Control and Data Acquisition equipment. The backup
14 generator uses propane fuel during any loss of electric power and
15 during weekly testing.

16

17 All Storage Plant Use consumption is measured through three meters, one
18 for each of the two vaporizers and one for the control building. These
19 meters are generally read weekly and always on the first of each month.

20

21 **Q. Why is it appropriate to include these costs?**

22 **A.** Absent the inclusion of the Storage Plant Use and Total Carrying Cost
23 expenses, the rates do not reflect the full cost of propane supply.

1 **Q. What propane supply rates does NorthWestern propose for**
2 **Townsend customers during the upcoming 12-month tracker period?**

3 **A.** The proposed propane supply rate for the summer months is \$5.56 per
4 Dkt (\$0.556 per therm) and for the winter months is \$6.85 per Dkt (\$0.685
5 per therm), which represents a rate decrease compared to the current
6 rates. The proposed supply rates are separate from the \$0.4973 per Dkt
7 (\$0.04973 per therm) deferred account amortization rate discussed earlier,
8 which will be held constant over the 12-month tracker period.

9

10 **Q. Please summarize the 12-month ended May 2017 forecast tracker**
11 **period.**

12 **A.** The forecast tracker period is summarized in the following table (rounded
13 to the nearest whole number):

2016/2017 Propane Tracker Period Summary

Volume Category	Gallons
Beginning Storage Balance	27,060
Total Propane Sales Billed	(441,628)
Total Purchases	444,023
Total Plant Use	(10,458)
Net Difference Delivered vs. Billed	0
Ending Storage Balance	18,997

Cost Category	Dollars
Beginning Deferred Under Collection Balance	(\$20,110)
Total Revenue	\$282,677
Total Propane Supply Expense	(\$259,380)
Total Carrying Cost	(\$3,188)
Ending Deferred Under Collection Balance	(\$0)

- 1 **Q.** Does this conclude your testimony?
- 2 **A.** Yes, it does.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Townsend Propane Supply Tracking Mechanism													
2		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Total
3		Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	
4	VOLUME													
5	<u>Total Sales Billed in Dekatherm</u>													
6	Residential Sales	995	537	371	475	853	1,452	4,009	4,601	3,816	3,193	2,027	1,812	24,142
7	Employee Sales	1	1	1	0	1	1	5	7	6	5	2	2	30
8	Commercial Sales	846	631	359	423	636	1,215	2,594	3,028	2,393	2,254	1,638	1,384	17,401
9	Total Propane Sales Billed (Dekatherms)	1,843	1,169	730	898	1,490	2,668	6,608	7,636	6,214	5,453	3,668	3,198	41,573
10	Calc Sales in Gallons	20,121	12,765	7,973	9,809	16,269	29,132	72,154	83,380	67,857	59,541	40,051	34,924	453,978
11	<u>Propane Delivered in Gallons</u>													
13	Storage Beginning of Month	49,899	36,896	40,729	41,923	36,302	28,278	38,580	44,501	31,068	29,240	41,101	45,180	
14	Purchase AmeriGas	-	11,515	11,700	10,500	23,404	76,735	93,200	69,179	58,351	57,047	46,252	20,384	478,267
15	Storage Plant Use	604	243	295	1,482	1,472	1,512	1,474	1,551	1,167	912	847	431	11,990
16	Storage End of Month	36,896	40,729	41,923	36,302	28,278	38,580	44,501	31,068	29,240	41,101	45,180	41,241	
17	Total Customer Usage in Gallons	12,399	7,439	10,211	14,639	29,956	64,921	85,805	81,061	59,012	44,274	41,326	23,892	474,935
18	Calc Use (Dekatherms)	1,135	681	935	1,341	2,743	5,945	7,858	7,423	5,404	4,054	3,784	2,188	43,492
19	<u>Billed vs Delivered in Gallons</u>													
21	Total Propane Sales Billed in Gallons	20,121	12,765	7,973	9,809	16,269	29,132	72,154	83,380	67,857	59,541	40,051	34,924	453,976
22	Total Customer Usage in Gallons	12,399	7,439	10,211	14,639	29,956	64,921	85,805	81,061	59,012	44,274	41,326	23,892	474,935
23	Net Difference Delivered vs Billed	7,722	5,326	(2,238)	(4,830)	(13,687)	(35,789)	(13,651)	2,319	8,845	15,267	(1,275)	11,032	(20,959)
24	COST													
26	<u>Propane Revenues</u>													
28	Propane (Dekatherm) Rate	\$ 14.20	\$ 14.20	\$ 14.20	\$ 14.20	\$ 15.31	\$ 15.31	\$ 15.31	\$ 15.31	\$ 15.31	\$ 15.31	\$ 14.20	\$ 14.20	
29	Prior Year(s) Deferred Rate	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	\$ 1,0823	
30	Current Year Propane Cost	\$ 20,547	\$ 16,515	\$ 10,365	\$ 12,754	\$ 21,325	\$ 40,841	\$ 101,140	\$ 116,864	\$ 95,113	\$ 83,457	\$ 55,753	\$ 45,407	\$ 620,081
31	Prior Year(s) Deferred Cost	\$ 1,894	\$ 1,264	\$ 790	\$ 972	\$ 1,612	\$ 2,887	\$ 7,151	\$ 8,264	\$ 6,725	\$ 5,901	\$ 3,970	\$ 3,461	\$ 44,892
32	Total Revenue	\$ 22,441	\$ 17,779	\$ 11,155	\$ 13,727	\$ 22,937	\$ 43,729	\$ 108,291	\$ 125,128	\$ 101,838	\$ 89,358	\$ 59,722	\$ 48,868	\$ 664,973
33	<u>Propane Expenses</u>													
35	Storage, Beginning of Month	\$ 40,239	\$ 27,084	\$ 31,794	\$ 33,262	\$ 26,406	\$ 17,259	\$ 31,424	\$ 39,566	\$ 21,131	\$ 18,617	\$ 34,926	\$ 40,535	
36	Purchase AmeriGas	\$ -	\$ 14,152	\$ 14,379	\$ 12,905	\$ 32,227	\$ 105,511	\$ 128,150	\$ 94,939	\$ 80,233	\$ 78,440	\$ 63,597	\$ 28,028	\$ 652,560
37	Account Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Storage Plant Use	\$ 612	\$ 298	\$ 363	\$ 1,816	\$ 1,936	\$ 2,083	\$ 2,028	\$ 2,131	\$ 1,605	\$ 1,255	\$ 1,166	\$ 592	\$ 15,885
39	Storage, End of Month	\$ 27,084	\$ 31,794	\$ 33,262	\$ 26,406	\$ 17,259	\$ 31,424	\$ 39,566	\$ 21,131	\$ 18,617	\$ 34,926	\$ 40,535	\$ 35,118	
40	Total Propane Supply Expenses	\$ 13,155	\$ 9,441	\$ 12,912	\$ 19,760	\$ 41,375	\$ 91,345	\$ 120,009	\$ 113,375	\$ 82,746	\$ 62,131	\$ 57,988	\$ 33,444	\$ 657,680
41	<u>Administrative Expenses</u>													
43	General Detail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Total Administrative Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	<u>Carrying Cost Expense</u>													
47	Storage Carry Cost	\$ 352	\$ 237	\$ 278	\$ 291	\$ 231	\$ 151	\$ 275	\$ 347	\$ 185	\$ 163	\$ 306	\$ 355	\$ 3,173
48	Carrying Cost	\$ 33	\$ (18)	\$ (5)	\$ 34	\$ 152	\$ 452	\$ 530	\$ 462	\$ 346	\$ 179	\$ 171	\$ 77	\$ 2,412
49	Total Carrying Costs	\$ 385	\$ 219	\$ 273	\$ 326	\$ 383	\$ 603	\$ 805	\$ 808	\$ 531	\$ 342	\$ 477	\$ 432	\$ 5,584
50	<u>Total Expenses</u>													
51		\$ 13,540	\$ 9,660	\$ 13,185	\$ 20,085	\$ 41,757	\$ 91,949	\$ 120,814	\$ 114,183	\$ 83,277	\$ 62,472	\$ 58,465	\$ 33,876	\$ 663,264
52	<u>Tracker Period Deferred Values</u>													
54	Deferred Cost Amortization	\$ 1,894	\$ 1,264	\$ 790	\$ 972	\$ 1,612	\$ 2,887	\$ 7,151	\$ 8,264	\$ 6,725	\$ 5,901	\$ 3,970	\$ 3,461	\$ 44,892
55	Monthly Deferred Cost (under)/over	\$ 7,007	\$ 6,855	\$ (2,820)	\$ (7,331)	\$ (20,433)	\$ (51,108)	\$ (19,674)	\$ 2,681	\$ 11,836	\$ 20,985	\$ (2,712)	\$ 11,530	\$ (43,184)
56	Cumulative Deferred Cost	\$ 7,007	\$ 13,862	\$ 11,042	\$ 3,711	\$ (16,721)	\$ (67,829)	\$ (87,503)	\$ (84,822)	\$ (72,987)	\$ (52,002)	\$ (54,714)	\$ (43,184)	
57														
58	(Gallons * (1/10.92) = Dkt, based on 2500 Btu/cu ft) 04/27/16													

	A	B	C	D	E	F	G	H	I	J	K	L	M	N												
1	Townsend Propane Supply Tracking Mechanism																									
2			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual												
3	Total Supply Cost Calculations		Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15												
4	undercollection/(overcollection)																									
5	<u>Deferred Supply Cost Expense</u>																									
6		\$	14,117	\$	5,216	\$	(2,903)	\$	(873)	\$	5,486	\$	24,306	\$	72,526	\$	85,049	\$	74,104	\$	55,544	\$	28,658	\$	27,400	
7	Beginning Balance																									
8	Monthly Activity		\$	(8,901)	\$	(8,119)	\$	2,030	\$	6,359	\$	18,820	\$	48,220	\$	12,523	\$	(10,945)	\$	(18,561)	\$	(26,886)	\$	(1,258)	\$	(14,991)
9	Ending Balance		\$	5,216	\$	(2,903)	\$	(873)	\$	5,486	\$	24,306	\$	72,526	\$	85,049	\$	74,104	\$	55,544	\$	28,658	\$	27,400	\$	12,409
10																										
11	Total Capital		\$	5,216	\$	(2,903)	\$	(873)	\$	5,486	\$	24,306	\$	72,526	\$	85,049	\$	74,104	\$	55,544	\$	28,658	\$	27,400	\$	12,409
12																										
13																										
14																										
15	Cost of Capital D2012.9.94		<u>% of Cap</u>		<u>Rate</u>		<u>ROR Pre Tax Return</u>																			
16	Long-term Debt		52.35%		5.37%		2.81%		2.81%																	
17	Equity		47.65%		9.80%		4.67%		7.70%																	
18	Average Cost of Capital						<u>7.48%</u>		<u>10.51%</u>																	
19																										
20																										
21																										
22	Metered Storage Activity (Gallons) -withdrawal +injection																									
23																										

04/27/16

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Townsend Propane Supply Tracking Mechanism													
2		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Total
3		Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	
4	VOLUME													
5	<u>Total Sales Billed in Dekatherm</u>													
6	Residential Sales	968	395	358	400	815	1,420	3,992	4,054	4,766	2,823	2,663	1,907	24,560
7	Employee Sales	1	1	1	1	1	2	7	6	10	4	2	1	37
8	Commercial Sales	873	435	312	430	693	1,065	2,720	2,654	3,281	1,942	1,053	852	16,309
9	Total Propane Sales Billed (Dekatherms)	1,841	830	671	831	1,509	2,487	6,719	6,714	8,058	4,769	3,718	2,760	40,905
10	Calc Sales in Gallons	20,107	9,066	7,325	9,070	16,474	27,153	73,367	73,313	87,991	52,080	40,601	30,139	446,686
11	<u>Propane Delivered in Gallons</u>													
12	Storage Beginning of Month	41,241	46,598	46,450	47,532	45,232	43,500	40,918	31,034	36,872	45,598	45,595	36,856	
13	Purchase Gibsons	10,552	10,552	10,002	10,752	28,757	69,373	90,226	80,825	70,270	50,514	32,639	20,858	485,320
14	Storage Plant Use	270	280	263	367	627	1,360	1,888	1,383	1,125	981	777	515	9,836
15	Storage End of Month	46,598	46,450	47,532	45,232	43,500	40,918	31,034	36,872	45,598	45,595	36,856	27,060	
16	Total Customer Usage in Gallons	4,925	10,420	8,657	12,685	29,862	70,595	98,222	73,604	60,419	49,536	40,601	30,139	489,665
17	Calc Use (Dekatherms)	451	954	793	1,162	2,735	6,465	8,995	6,740	5,533	4,536	3,718	2,760	44,841
18	<u>Billed vs Delivered in Gallons</u>													
19	Total Propane Sales Billed in Gallons	20,107	9,066	7,325	9,070	16,474	27,153	73,367	73,313	87,991	52,080	40,601	30,139	446,686
20	Total Customer Usage in Gallons	4,925	10,420	8,657	12,685	29,862	70,595	98,222	73,604	60,419	49,536	40,601	30,139	489,665
21	Net Difference Delivered vs Billed	15,182	(1,354)	(1,332)	(3,615)	(13,388)	(43,442)	(24,855)	(291)	27,572	2,544	-	-	(42,979)
22	COST													
23	<u>Propane Revenues</u>													
24	Propane (Dekatherm) Rate	\$ 7.19	\$ 7.19	\$ 7.19	\$ 7.19	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.75	\$ 7.19	\$ 7.19	
25	Prior Year(s) Deferred Rate	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	\$ 0.1951	
26	Current Year Propane Cost	\$ 24,504	\$ 4,797	\$ 4,779	\$ 5,580	\$ 10,983	\$ 19,270	\$ 52,056	\$ 52,020	\$ 62,427	\$ 36,954	\$ 26,717	\$ 19,833	\$ 319,920
27	Prior Year(s) Deferred Cost	\$ 1,789	\$ 14	\$ 125	\$ 113	\$ 294	\$ 485	\$ 1,311	\$ 1,310	\$ 1,572	\$ 930	\$ 725	\$ 539	\$ 9,208
28	Total Revenue	\$ 26,294	\$ 4,811	\$ 4,905	\$ 5,692	\$ 11,277	\$ 19,755	\$ 53,367	\$ 53,330	\$ 63,999	\$ 37,884	\$ 27,442	\$ 20,371	\$ 329,128
29	<u>Propane Expenses</u>													
30	Storage, Beginning of Month	\$ 35,118	\$ 38,038	\$ 37,957	\$ 38,547	\$ 37,294	\$ 36,350	\$ 34,674	\$ 21,084	\$ 25,054	\$ 30,987	\$ 30,985	\$ 27,071	
31	Purchase Gibsons	\$ 5,751	\$ 5,751	\$ 5,451	\$ 5,860	\$ 19,555	\$ 47,174	\$ 61,354	\$ 54,961	\$ 47,784	\$ 34,350	\$ 17,495	\$ 11,180	\$ 316,663
32	Account Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Storage Plant Use	\$ 147	\$ 153	\$ 143	\$ 200	\$ 422	\$ 923	\$ 1,416	\$ 938	\$ 766	\$ 666	\$ 453	\$ 313	\$ 6,541
34	Storage, End of Month	\$ 38,038	\$ 37,957	\$ 38,547	\$ 37,294	\$ 36,350	\$ 34,674	\$ 21,084	\$ 25,054	\$ 30,987	\$ 30,985	\$ 27,071	\$ 19,649	
35	Total Propane Supply Expenses	\$ 2,831	\$ 5,832	\$ 4,861	\$ 7,113	\$ 20,499	\$ 48,849	\$ 74,944	\$ 50,991	\$ 41,850	\$ 34,352	\$ 21,409	\$ 18,601	\$ 332,132
36	<u>Administrative Expenses</u>													
37	General Detail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Total Administrative Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	<u>Carrying Cost Expense</u>													
40	Storage Carry Cost	\$ 308	\$ 333	\$ 332	\$ 338	\$ 327	\$ 318	\$ 304	\$ 185	\$ 219	\$ 271	\$ 271	\$ 237	\$ 3,443
41	Carrying Cost	\$ (67)	\$ (59)	\$ (58)	\$ (47)	\$ 12	\$ 197	\$ 335	\$ 324	\$ 188	\$ 169	\$ 134	\$ 125	\$ 1,254
42	Total Carrying Costs	\$ 240	\$ 274	\$ 275	\$ 290	\$ 339	\$ 515	\$ 639	\$ 509	\$ 408	\$ 441	\$ 406	\$ 362	\$ 4,697
43	Total Expenses	\$ 3,071	\$ 6,105	\$ 5,136	\$ 7,404	\$ 20,838	\$ 49,364	\$ 75,583	\$ 51,500	\$ 42,258	\$ 34,792	\$ 21,815	\$ 18,964	\$ 336,830
44	<u>Tracker Period Deferred Values</u>													
45	Deferred Cost Amortization	\$ 1,789	\$ 14	\$ 125	\$ 113	\$ 294	\$ 485	\$ 1,311	\$ 1,310	\$ 1,572	\$ 930	\$ 725	\$ 539	\$ 9,208
46	Monthly Deferred Cost (under)/over	\$ 21,433	\$ (1,308)	\$ (357)	\$ (1,824)	\$ (9,855)	\$ (30,095)	\$ (23,527)	\$ 521	\$ 20,169	\$ 2,162	\$ 4,902	\$ 869	\$ (16,909)
47	Cumulative Deferred Cost	\$ 21,433	\$ 20,125	\$ 19,769	\$ 17,944	\$ 8,089	\$ (22,005)	\$ (45,533)	\$ (45,012)	\$ (24,843)	\$ (22,681)	\$ (17,779)	\$ (16,909)	
48	(Gallons * (1/10.92) = Dkt, based on 2500 Btu/cu ft)													
49	04/28/16													

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Townsend Propane Supply Tracking Mechanism													
2			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate
3	Total Supply Cost Calculations		Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
4	undercollection/(overcollection)													
5	<u>Deferred Supply Cost Expense</u>													
6														
7		Beginning Balance	\$ 12,409	\$ (10,814)	\$ (9,520)	\$ (9,288)	\$ (7,577)	\$ 1,984	\$ 31,593	\$ 53,810	\$ 51,979	\$ 30,238	\$ 27,146	\$ 21,518
8		Monthly Activity	\$ (23,222)	\$ 1,294	\$ 231	\$ 1,711	\$ 9,561	\$ 29,609	\$ 22,216	\$ (1,830)	\$ (21,741)	\$ (3,092)	\$ (5,628)	\$ (1,408)
9		Ending Balance	\$ (10,814)	\$ (9,520)	\$ (9,288)	\$ (7,577)	\$ 1,984	\$ 31,593	\$ 53,810	\$ 51,979	\$ 30,238	\$ 27,146	\$ 21,518	\$ 20,110
10														
11		Total Capital	\$ (10,814)	\$ (9,520)	\$ (9,288)	\$ (7,577)	\$ 1,984	\$ 31,593	\$ 53,810	\$ 51,979	\$ 30,238	\$ 27,146	\$ 21,518	\$ 20,110
12														
13														
14														
15		Cost of Capital D2012.9.94	% of Cap	Rate	ROR Pre Tax Return									
16		Long-term Debt	52.35%	5.37%	2.81%	2.81%								
17		Equity	47.65%	9.80%	4.67%	7.70%								
18		Average Cost of Capital			7.48%	10.51%								
19														
20														
21														
22		Metered Storage Activity (Gallons) -withdrawal +injection												
23														04/28/16

PROPANE SUPPLY AGREEMENT

by and between

NORTHWESTERN ENERGY

and

AmeriGas Wholesale,

as Seller

dated as of March 16, 2016

Propane Supply Agreement

This Propane Supply Agreement ("Agreement") is entered into this 16th day of March 2016 between AmeriGas Wholesale, a LP organized under the laws of Pennsylvania, ("Seller") and **NorthWestern Corporation d/b/a NorthWestern Energy**, a Delaware Corporation, authorized to do business in Montana ("NorthWestern"). Seller and NorthWestern are sometimes referred to in this Agreement collectively as "Parties" and individually as a "Party".

RECITALS

- A: Seller desires to provide and deliver liquid propane to NorthWestern's storage facilities located at Townsend, MT.
- B: NorthWestern desires to purchase liquid propane supply based on NorthWestern's needs.

In consideration of the promises, mutual covenants, and agreements herein contained, as well as other good and valuable consideration the sufficiency of which is expressly acknowledged and accepted, the Parties agree as follows:

Article 1 – Definitions

As used in this Agreement and the Exhibits attached hereto, the following terms, whether in the singular or plural, shall have the following meanings:

- 1.1 Business Day means a day other than Saturday, Sunday or any other day on which banks located in Montana are authorized or obligated to close.
- 1.2 Force Majeure has the meaning set forth in Article 13.1.
- 1.3 Governmental Agency means the MPSC and any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or of any state, county, city or other political subdivision thereof, in each case having legal jurisdiction over the matter or person in question.
- 1.4 Initial Term means the one-year period mentioned in Article 2 of this Agreement for the anticipated delivery of liquid propane.
- 1.5 MPSC means the Montana Public Service Commission.

Article 2 – Supply of Propane and Term

NorthWestern shall purchase and receive, and Seller shall deliver, liquid propane to NorthWestern's storage facilities at Townsend, Montana from June 1, 2016 at 8:00 A.M. Mountain Time through May 31, 2017 at 8:00 A.M. Mountain Time ("Initial Term"). After the Initial Term, the Agreement may be extended upon mutual written agreement of the Parties, but in no event shall such extended term be for more than two months.

Article 3 – Seller’s Representations & Warranties

Seller hereby represents and warrants as follows:

- 3.1 **Existence and Authorization:** Seller is an entity in good standing and validly existing under the laws of the State of Pennsylvania, is duly registered, licensed, and authorized to conduct business in the State of Montana, and Seller (i) has all power and authority to execute, deliver and perform this Agreement; and (ii) has all requisite power and authority to own its properties and to carry on its business as it is now being conducted and as it is presently proposed to be conducted.
- 3.2 **Consents; No Violation:** The execution, delivery and performance of obligations under this Agreement by Seller do not:
 - 3.2.1 require any consent or approval of Seller’s board, members, managers or guarantors which has not been obtained and each such consent or approval that has been obtained is in full force and effect;
 - 3.2.2 violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award applicable to Seller or any provision of the organizational documents of Seller, the violation of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this Agreement;
 - 3.2.3 result in a breach of, or constitute a default under, any provision of the organizational documents of Seller;
 - 3.2.4 result in a breach of, or constitute a default under, any agreement relating to the management or affairs of Seller or any indenture or loan or credit agreement or any other agreement, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have an adverse effect on the ability of Seller to perform its obligations under this Agreement; and
 - 3.2.5 result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this Agreement) upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a materially adverse effect on the ability of Seller to perform its obligations under this Agreement.
- 3.3 **No Litigation:** There is no pending or, to the best of Seller’s knowledge, threatened action or proceeding affecting Seller before any Governmental Agency that could reasonably be expected to materially and adversely affect the financial condition or operations of Seller or the ability of Seller to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.
- 3.4 **Binding Obligation:** This Agreement constitutes the valid and binding obligation of Seller, enforceable in accordance with its terms, subject to applicable law.

- 3.5 **No Reliance:** That in entering into this Agreement and the undertaking by Seller of the obligations set forth herein, Seller has investigated and determined that it is capable of performing hereunder and has not relied upon the advice, experience or expertise of NorthWestern in connection with its obligations under this Agreement.

Article 4 – NorthWestern’s Representations, Warranties and Disclaimers

NorthWestern hereby represents and warrants as follows:

- 4.1 **Existence and Authorization:** NorthWestern is a duly authorized and validly existing Delaware corporation in good standing and registered, licensed, and authorized to do business in Montana, and that it is authorized to enter into and perform its obligations under this Agreement.
- 4.2 **No Violation:** The execution and performance of its obligations under this Agreement by NorthWestern do not:
- 4.2.1 violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award applicable to NorthWestern or any provision of the organizational documents of NorthWestern, the violation of which could reasonably be expected to have a material adverse effect on the ability of NorthWestern to perform its obligations under this Agreement;
 - 4.2.2 result in a breach of or constitute a default under any provision of the organizational documents of NorthWestern; and
 - 4.2.3 result in a breach of or constitute a default under any agreement relating to the management or affairs of NorthWestern or any indenture or loan or credit agreement or any other agreement, lease, or instrument to which NorthWestern is a party or by which NorthWestern or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of NorthWestern to perform its obligations under this Agreement.
- 4.3 **Disclaimers:** Any review, acceptance or failure by NorthWestern to review Seller’s design, specifications, equipment or facilities does not constitute an endorsement or confirmation by NorthWestern, and NorthWestern makes no warranties, expressed or implied, regarding any aspect of Seller’s design, specifications, equipment or facilities, including, without limitation, safety, durability, reliability, strength, capacity, adequacy or economic feasibility.

Article 5 – Quality of Liquid Propane

Seller’s deliveries of liquid propane provided shall strictly comply with the quality requirements set out in Exhibit A, Propane Specifications.

Article 6 – Quantity & Delivery

- 6.1 Seller shall deliver liquid propane FOB destination to NorthWestern’s liquid propane storage facilities located at Townsend, Montana during NorthWestern’s normal business hours. The quantity of the deliveries will be determined by Seller’s evaluation of the daily system SCADA information emailed to Seller by NorthWestern. Seller shall monitor the daily storage tank levels to ensure delivery of such volume amounts required for adequate system capacity.

During the months of November through March Seller shall make a delivery of liquid propane within 48 hours of receipt of information allowing for Seller's standard supply tankers to deliver a full load of liquid propane (adjusted to 60 degrees Fahrenheit and not to exceed the maximum fill of the storage facilities). Deliveries before or after normal business hours are not permitted unless NorthWestern has consented to such abnormal deliveries.

- 6.2 During the term of this Agreement as defined by Article 2, NorthWestern does not guarantee that it will purchase any specific amounts of liquid propane from Seller. Historical and estimated monthly usage volumes of liquid propane needed for NorthWestern's Townsend, Montana, storage facility are attached as Exhibit B. Exhibit B is merely an estimate based on prior usage and in no way limits or guarantees that NorthWestern will purchase such liquid propane volumes under the terms of this Agreement.

Article 7 – Price

- 7.1 For the Initial Term, the Agreement price shall be a seasonal fixed price for HD-5 liquid propane. All fees and charges including, without limitation, any mandated charge of the Propane Education & Research Council, operator's margins, and transportation costs for propane to be delivered to NorthWestern's Townsend, Montana facilities are included in the below stated prices, which shall not be exceeded.
- 7.1.1 From June 1, 2016 through September 30, 2016 inclusive, the price per gallon of liquid propane is \$0.465 delivered.
- 7.1.2 From October 1, 2016 through March 31, 2017 inclusive, the price per gallon of liquid propane shall be \$0.59 delivered.
- 7.1.3 From April 1, 2017 through May 31, 2017 inclusive, the price per gallon of liquid propane shall be \$0.4925 delivered.
- 7.2 Seller shall provide NorthWestern with every invoice for deliveries from an alternate source of supply, documentation from the source of supply indicating, at a minimum: volumes, mileage, and the supply location. The payment request invoice must clearly show the additional per mileage charge separate from the price per gallon fee. Invoices not properly detailed will be returned to Seller without payment and no interest or late payment penalties shall accrue on any late payments until NorthWestern has received a valid detailed invoice for the alternate source.

Article 8 – Invoice/Bill of Lading and Measurement

After each delivery of liquid propane, Seller shall provide NorthWestern with an invoice and bill of lading. The invoice and bill of lading shall be mailed to NorthWestern Energy, Attn.: Kevin Shuttlesworth, 11 East Park, Butte, MT 59701-9394, or emailed to Resource.AccountsPayable@northwestern.com and cc to Kevin.Shuttlesworth@northwestern.com. Seller shall invoice for the volumes in each transport truck at the time of unloading, corrected to 60 degrees Fahrenheit. The bill of lading is conclusive as to the net gallons of liquid propane delivered.

Article 9 – Payment

- 9.1 NorthWestern shall pay Seller within thirty (30) days of NorthWestern's receipt of a valid invoice. NorthWestern shall make payment to:

AmeriGas Propane L.P.
Department CH 10128
Palatine, IL 60055-0128

- 9.2 If a dispute arises regarding an invoice, the undisputed amount will be paid and Seller shall be notified of the amount(s) in dispute and the basis of the dispute within ten (10) Business Days of NorthWestern's receipt of the invoice. No interest or other late payment fees shall be applied to any disputed invoice or portion thereof, unless such invoice was found to be disputed unreasonably by NorthWestern.

Article 10 – Termination and Remedies

- 10.1 Seller shall be in breach of this Agreement if it has not delivered the liquid propane, in whole or in part, upon the terms and conditions identified herein.
- 10.2 In addition to remedies available at law or in equity, if Seller fails to deliver, notifies NorthWestern that it cannot deliver liquid propane as specified in Article 6 or fails to comply with the quality requirements identified in Article 5 and Exhibit A, NorthWestern may secure its propane supply from third parties during the term of such non-performance. NorthWestern may recover from Seller any costs or expenses related to the acquisition of the liquid propane from the alternate source procured to remedy Seller's non-delivery or failure to provide liquid propane in accordance with the quality requirements of Exhibit A.
- 10.3 NorthWestern may terminate this Agreement if Seller fails to meet its material obligations under this Agreement. Prior to termination, NorthWestern must send written notice of the default to Seller, providing Seller ten (10) Business Days to cure such breach. If Seller fails to cure the default, and NorthWestern terminates the Agreement pursuant to this Section 10.3, Seller shall reimburse NorthWestern for all reasonable costs associated with the replacement of all remaining liquid propane supply covered by the term of this Agreement. Seller shall make payment to NorthWestern within twenty (20) calendar days of receiving statements verifying the replacement costs, and for all damages arising from Seller's breach.

Article 11 – Title

Transfer of title from Seller to NorthWestern for liquid propane under this Agreement shall be effective upon Seller's delivery to NorthWestern's storage facility in Townsend, Montana as set forth in Article 6 of this Agreement. If delivery is by tank truck, delivery is complete when the liquid propane has passed through the tank truck's delivery equipment into NorthWestern's property. Prior to any such transfer of title to NorthWestern, Seller shall possess title to the liquid propane and, except to the extent of NorthWestern's negligence, Seller shall be responsible for any loss or accident and all liability and damages associated therewith and shall bear all risk of loss, including, but not limited to, any loss of damage occurring during the transfer of the liquid propane from Seller to NorthWestern into NorthWestern's storage facility.

Article 12 – Warranty of Title

Seller warrants title to all liquid propane sold and delivered and represents that the liquid propane, when delivered, shall be free and clear of all taxes, liens, royalties, claims and other charges.

Article 13 – Force Majeure

- 13.1 **Force Majeure:** Notwithstanding anything else contained herein, Seller is not responsible or liable for a delay in performance of its obligation to deliver liquid propane as required by the terms and conditions of this Agreement, or in breach of such obligation if delay or failure to perform is due solely to circumstances which are beyond the reasonable control of Seller and by which, the exercise of due diligence could not have been prevented or overcome, including but not limited to acts of nature; unusually severe weather conditions; war; riots; requirements, actions or failures to act on the part of any Governmental Agency; or fire (which circumstances shall constitute "Force Majeure"); provided that:
- 13.1.1 Seller must give NorthWestern prompt written notice describing the particulars of the occurrence;
- 13.1.2 The Force Majeure event was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance or for any breach or default of this Agreement by Seller; and
- 13.1.3 The suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event.
- 13.2 **Best Efforts:** Seller shall use commercially reasonable efforts to remedy its inability to perform and keep NorthWestern fully informed as to such efforts during the continuance of the Force Majeure event.
- 13.3 **Resumption of Performance:** When Seller is able to resume full performance of its obligations under this Agreement, Seller shall give NorthWestern prompt written notice to that effect.
- 13.4 **Exclusions:** The term "Force Majeure" shall not include changes in market conditions or Governmental Agency action that affect the demand for Seller's liquid propane. In addition, Force Majeure does not include lack of funds, unavailability of equipment, inability to obtain Governmental Agency approvals, labor strikes or slowdowns following the execution of this Agreement, unless same is caused by an occurrence which would otherwise constitute Force Majeure under this Article 13.
- 13.5 **No Extension of Term:** In no event will any condition of Force Majeure extend the term of this Agreement. If any condition of Force Majeure delays Seller's performance for a time period greater than thirty (30) days, NorthWestern may terminate this Agreement, without further obligation, or extend such period at its sole discretion if Seller is exercising due diligence in its efforts to cure the condition of Force Majeure.
- 13.6 **Supply During Force Majeure:** During the duration of any event constituting Force Majeure, NorthWestern may purchase its supply of liquid propane from third parties.

Article 14 – Liability/Indemnification

- 14.1 Each Party hereto shall indemnify, defend and save harmless the other Party, their officers, directors, shareholders, agents and employees, against and from all demands, suits, judgments, fees, expenses (including reasonable attorneys' fees and costs), any and all claims to the extent that they arise from the performance of the obligations under this Agreement, including but not limited to, liability brought or asserted for injuries to, or death of any person or persons (including that Party's employees), damages to property, contamination of or adverse effects on the environment, or any violation of laws, regulations or orders, resulting from that Party, or those persons for whom that Party is responsible, breach of this Agreement or their negligent or willful act or omission or other breach of legal duty to the extent that it arises from that Party's performance of its obligations under this Agreement. The indemnification obligation survives the completion, expiration or termination of this Agreement.
- 14.2 Warranties: Seller warrants that propane supplied hereunder shall meet the specifications set forth in Exhibit A. **EXCEPT FOR THE WARRANTIES MADE IN THIS SECTION 14, SELLER MAKES NO ADDITIONAL WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE PROPANE SOLD HEREUNDER INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**
- 14.3 Consequential Damage Waiver. NorthWestern is not responsible for any anticipated profits, special, consequential, incidental, indirect, punitive, or exemplary damages in any way arising from the performance of this Agreement.

Article 15 – Dispute Resolution

- 15.1 Either Party may give the other Party written notice of any dispute related to this Agreement. In the event such notice is given, the Parties shall attempt to resolve the dispute promptly by negotiations between representatives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for the matter. Within ten (10) business days after delivery of the notice, the receiving Party shall submit to the other a written response. Thereafter, the representatives shall confer in person or by telephone promptly to attempt to resolve the dispute. All commercially reasonable, relevant, non-confidential or non-privileged requests for information made by one Party to the other will be honored. All negotiations and proceedings pursuant to this Article are confidential and shall be treated as compromise and settlement negotiations for purposes of the applicable rules of evidence and any additional confidentiality protections provided by applicable law.
- 15.2 Should the negotiation not lead to settlement of the dispute, then either Party may file a complaint in a court of competent jurisdiction.

Article 16 – DOT Drug and Alcohol Regulations

Seller shall comply with all Federal Department of Transportation and Montana Department of Transportation regulations governing the transportation of liquid propane as well as all regulations governing anti-drug and alcohol misuse prevention plans and related testing. NorthWestern may request proof of such compliance, and Seller shall furnish the proof upon request.

Article 17 – Safety and Property Damage

- 17.1 Seller is responsible for the safety of its employees and contractors involved in delivering liquid propane under this Agreement. Seller shall comply with the Occupational Safety and Health Act of 1970, the Montana Safety Culture Act of 1993, and all applicable laws, ordinances, rules and regulations bearing on the safety of persons or property or their protection from damage, injury or loss, and will take or cause to be taken such additional measures as reasonably necessary to protect the life and health of all employees engaged in the performance of this Agreement and work required hereunder.
- 17.2 Seller shall immediately notify NorthWestern in the event of any accident or incident involving personal injury, property damage of any kind or any violation of safety rules and regulations occurring at NorthWestern's facilities during the performance of this Agreement.
- 17.3 Seller shall be accountable for any damages arising from the delivery of liquid propane to NorthWestern's facilities. Seller shall restore or replace in a suitable manner all public and private property damaged by Seller during the performance of the delivery services required by this Agreement, and shall leave NorthWestern's facilities free and clear from all obstructions, hindrances and safety hazards.

Article 18 – Insurance

- 18.1 **Required Coverages:** Seller, at its own expense, shall maintain in force throughout the period of this Agreement the following minimum insurance coverages that are placed with an insurer that has an A.M. Best rating of A- or better:
- 18.1.1 Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of Montana.
- 18.1.2 Employer's Liability - \$500,000 each accident; \$500,000 disease - policy limit; and \$500,000 disease – each employee.
- 18.1.3 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, and a cross liability endorsement, with minimum limits of one million dollars (\$1,000,000) per Occurrence Limit and two million dollars (\$2,000,000) General Aggregate Limit. One million dollars (\$1,000,000) Products/Completed Operations Aggregate Limit.
- 18.1.4 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of one million dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.1.5 Umbrella/Excess Liability insurance at a minimum of five million dollars (\$5,000,000).
- 18.1.6 Sudden and Accidental Insurance with a minimum amount of two million dollars (\$2,000,000) per occurrence.

- 18.2 **Additional Insured:** The Commercial General Liability Insurance, Comprehensive Automobile Insurance, and Umbrella/Excess Liability Insurance policies shall name NorthWestern and its directors, officers, representatives and employees as additional insureds. Before commencing any deliveries under this Agreement, Seller shall deliver to NorthWestern in accordance with this Article 18, an insurance certificate evidencing the required coverage, limits and additional insured provisions as required by this Agreement. All General & Excess Liability policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against NorthWestern and its directors, officers, representatives and employees, insurance coverage shall be primary and non-contributory, and when available provide thirty (30) calendar days advance written notice to NorthWestern prior to the anniversary date of cancellation in coverage. Additional insured and waiver of subrogation will only be granted with respect to Commercial General Liability and Umbrella Liability coverage.
- 18.3 **Continuing Coverage:** The Commercial General Liability Insurance and Comprehensive Automobile Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.4 **Proof of Insurance:** Within ten (10) days following execution of this Agreement, Seller shall provide certification of all insurance required in this Agreement, executed by the insurer or by an authorized representative.
- 18.5 **Self-Insurance:** Notwithstanding the foregoing, Seller may self-insure to meet the minimum insurance requirements of Sections 18.1.1 through 18.1.6, to the extent it maintains a self-insurance program; any self-insured retention over One Million Dollars (\$1,000,000) must be preapproved by NorthWestern.

Article 19 – Laws and Regulations

- 19.1 The operations of the Parties to this Agreement are subject to and controlled by all applicable State of Montana and Federal laws and operations.
- 19.2 The Parties hereby incorporate 41 C.F.R. 60-1.4(a)(7); 29 C.F.R. Part 471, Appendix A to Subpart A; 41 C.F.R. 60-300.5(a)ii; and 41 C.F.R. 60-741.5(a), if applicable. Seller shall abide by the requirements of 41 C.F.R. 60-300.5(a) and 41 C.F.R. 741.5(a). These regulations prohibit discrimination against qualified protected veterans, and qualified individuals on the basis of disability, respectively, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and qualified individuals with disabilities, respectively.

Article 20 – Hazard Communication and Spills

- 20.1 In complying with the provisions required by the Environmental Protection Agency, the Montana Department of Agriculture, the US Department of Transportation and Occupational Safety and Health Act, Hazard Communications Standard, 29 CFR 1910.1233, Seller shall supply the associated material safety data sheets (MSDS) for chemicals NorthWestern and Seller employees may be exposed to while working on NorthWestern's property. One copy of this documentation must be delivered to NorthWestern Energy, Safety Department, 11 East

Park, Butte, Montana, 59701, and one copy must be provided to the NorthWestern Representative identified in Article 21. This documentation must be delivered before commencement of performance of this Agreement.

- 20.2. Contractor shall immediately notify NorthWestern in the event of a release of propane during deliveries to NorthWestern that could impact the public or the environment. Contractor shall immediately notify NorthWestern of a reportable release of any chemical, petroleum product or other hazardous substance during deliveries at NorthWestern's facilities. Seller shall provide for secondary containment or have established a spill contingency plan for deliveries of liquid propane. Seller shall provide for secondary containment or have established a spill contingency plan that addresses deliveries of propane.

Article 21 – Notice

- 21.1 Except as provided in Articles 6 and 8 of this Agreement, any notice provided for in this Agreement, or served, given or made in connection with this Agreement, shall be in writing and shall be deemed properly served, given or made, if delivered in person or sent by facsimile, courier service, email, or registered, first class certified U.S. mail, postage prepaid, addressed to the intended recipient at the address set forth below. Except as provided for in Article 6, telephone conversations do not constitute notice under this Agreement.

To Seller:

AmeriGas Wholesale
Jamie L. Bakondy
Wholesale Sales Rep.
11450 Compaq Center Dr. West, Suite 400
Houston, TX 77040
Phone: (800) 448-4888
Fax: (281) 251-0364
Email: Jamie.Bakondy@amerigas.com

To NorthWestern:

NorthWestern Energy
Frank Bennett
Energy Supply
11 East Park
Butte, MT 59701-9394
Phone: (406) 497-2536
Email: frank.bennett@northwestern.com

Article 22 – Assignment and Ownership

- 22.1 **Assignment Prohibited:** Neither Party shall either voluntarily or by operation of law assign or transfer its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party. Consent to assignment will not be unreasonably withheld.

- 22.2 Assumption of Liabilities: No assignment by Seller shall be effective, notwithstanding NorthWestern's consent thereto, unless the assignee under such assignment agrees in writing to unconditionally assume all of the duties, liabilities, and obligations of Seller under this Agreement.
- 22.3 NorthWestern's Obligations to Assignee: No assignment by Seller shall be effective, notwithstanding NorthWestern's consent thereto, to the extent that such assignment purports to extend, increase, or otherwise alter the obligations of NorthWestern under this Agreement, other than the substitution of the assignee for Seller.
- 22.4 Indemnity: Seller shall save, indemnify, and hold harmless NorthWestern for any and all losses resulting from assignee's failure to effectively assume all of the duties, liabilities and obligations of Seller under this Agreement.
- 22.5 Validity: Any attempted or purported assignment, assumption or transfer by a Party made other than in accordance with this Article 22, whether made voluntarily or by operation of law, shall be void and of no effect.

Article 23 - General Provisions

- 23.1 Choice of Law:
- 23.1.1 This Agreement shall be construed and interpreted in accordance with the laws of the State of Montana or the United States, as applicable, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.
- 23.1.2 Venue for any claim or action arising from this Agreement shall be determined in a manner consistent with the applicable Montana or Federal law.
- 23.2 Entire Agreement: This Agreement, including all Exhibits hereto constitutes the entire understanding between the Parties and supersedes any and all previous understandings or agreements between the Parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.
- 23.3 No Third Party Beneficiaries; No Dedication to Public Use: Nothing in this Agreement shall be construed to create any rights in, or grant remedies to, any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or understanding established under this Agreement. This Agreement shall not affect the status of NorthWestern as an independent public utility corporation, or Seller as an individual or entity.
- 23.4 Several Liability: Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective.
- 23.5 No Partnership: Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the Parties hereto or to impose any partnership obligation or liability on either Party. Neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

- 23.6 **Modification or Amendment:** No modification, amendment or waiver of any provision of this Agreement shall be valid unless it is in writing and signed by both Parties.
- 23.7 **Severability:** If any term or provision of this Agreement or the application thereof to any person or circumstance is held to be illegal, invalid or unenforceable under any present or future Law or by any Governmental Agency, then (i) such term or provision shall be fully severable; (ii) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (iii) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (iv) the Parties shall negotiate in good faith to enter into such modifications of this Agreement as may be necessary to preserve the economic and other benefits of this Agreement to the affected Party to the greatest extent possible and permissible.
- 23.8 **Captions:** All indexes, titles, subject headings, Article titles and similar Items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive or to affect the meaning of the contents or scope of this Agreement.
- 23.9 **Exhibits:** This Agreement includes Exhibits A and B which are attached, and incorporated by reference herein. Exhibits may from time to time be changed in writing upon mutual agreement of the Parties and in accordance with Article 23.6.

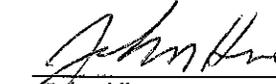
Article 24 – Regulation by the Montana Public Service Commission

Seller acknowledges that NorthWestern, as a public utility, is subject to regulation by the MPSC and that NorthWestern is required, pursuant to Order No. 6968b in Docket No. D2008.12.142, to submit information, data or documents regarding this Agreement including, but not limited to, a copy of this Agreement, together with any other documentation associated herewith, to the MPSC as part of regulatory proceedings. To the extent Seller wishes to seek a protective order for this Agreement or any other of its information that may be submitted to the MPSC, Seller shall be solely responsible for preparing and otherwise requesting any such protective order from the MPSC. At the time of signing this Agreement, Seller shall notify NorthWestern in writing if it intends to file such a motion with the MPSC and no later than the date NorthWestern files its annual Application for Propane Supply Cost Account Balance and Rate Adjustment, Seller shall file its motion with the MPSC. Seller acknowledges that until such time as a protective order is issued NorthWestern is not relieved of its legal obligations to provide the information requested by the MPSC; however, if notified by Seller as required by this Article, NorthWestern will not disclose the alleged confidential information until the MPSC has acted on Seller's motion. NorthWestern shall have no obligation to participate in, cooperate with, or in any way assist Seller in seeking any protective order.

IN WITNESS WHEREOF, this Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof. Seller shall mail an original signature page to NorthWestern following any email or PDF copy.

NorthWestern Corporation dba
NorthWestern Energy

Seller

By: 
John Hines
Title: VP-Supply
Date: 3/30/16

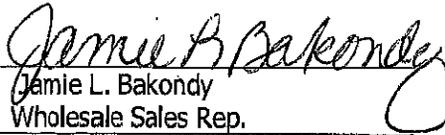
By: 
Jamie L. Bakondy
Title: Wholesale Sales Rep.
Date: 3-29-16

EXHIBIT A

This is Exhibit A attached to and made part of that certain Agreement between NorthWestern and Seller dated March 16, 2016.

PROPANE SPECIFICATIONS

The Liquid Propane delivered hereunder shall meet the following specifications:

GPA LIQUIFIED PETROLEUM GAS SPECIFICATIONS

Liquid Propane Characteristics	Liquid Propane Designation Propane HD-5	Test Methods
Composition	not less than 90 liquid volume percent propane; not more than 5 liquid volume percent propylene	ASTM D-2163-77
Vapor Pressure at 100° F, psig, max.	208	ASTM D-1267-79
Volatile residue: Temperature at 95% evaporation, degree F, max.----- or butane and heavier, liquid volume percent max.-----	37° 2.5	ASTM D-1837-64 ASTM D-2163-77
Residual matter: Residue on evaporation of 100 ml,----- max. oil stain observation-----	0.05 ml pass ⁽¹⁾	ASTM D-2158-65 ASTM D-2158-65
Corrosion, copper strip, max.	No. 1	ASTM D-1838-74
Volatile sulfur, grains per 100 cu ft, max.	10	ASTM D-2784-70
Moisture Content	Pass	GPA Propane Dryness Test (Cobalt Bromide) or D-2713-76
Free water content	--	--

⁽¹⁾ An acceptable product shall not yield a persistent oil ring when 0.3 ml of solvent residue mixture is added to a filter paper in 0.1 ml increments and examined in daylight after 2 minutes as described in ASTM D-2158.

EXHIBIT B

This is Exhibit B attached to and made part of that certain Agreement between NorthWestern and Seller dated March 16, 2016.

Historical and Estimated Monthly Usage

Townsend, Montana

Month	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Partial 2015-2016	Estimated 2016-2017
June	22,379	10,252	20,328		10,552	15,900
July			9,552	11,515	10,552	10,500
August	10,002	20,508	10,002	11,700	10,002	12,400
September	8,753	20,299	9,904	10,600	10,752	12,000
October	27,809	30,106	39,615	23,404	28,757	29,900
November	42,011	51,813	47,462	76,735	69,373	57,500
December	89,363	59,570	89,935	93,200	90,226	84,500
January	79,145	85,470	77,594	69,179	80,825	78,400
February	56,195	69,222	80,152	58,351		66,000
March	56,784	45,316	69,041	57,047		57,000
April	22,490	38,274	28,712	46,252		33,900
May	10,517	30,936	30,663	20,384		23,100
Totals:	425,448	461,766	512,960	478,267	311,039	481,100

Customers Served	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Residential Average	502	506	501	503	507
Retail Average	70	70	70	69	71

Notes: Shaded areas show estimated gallons to be delivered FOB to site .

Townsend is approximately 34 miles SE of Helena, MT
 or approximately 206 miles W of Billings, MT

Townsend 2-30,000 gal tanks 51,000 total propane gal

This sheet represents forecasts based on prior 5-year actuals.
 The forecast is not intended and does not indicate either a minimum or a maximum volume to be purchased.
 Contract purchases will be based on actual use within the Townsend, MT system

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Townsend Propane Supply Tracking Mechanism													
2		Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate						
3		Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Total
4	VOLUME													
5	Total Sales Billed in Dekatherm													
6	Residential Sales	1,078	544	363	397	736	1,708	3,549	4,466	4,139	3,781	2,397	1,756	24,914
7	Employee Sales	1	1	1	1	1	2	5	6	6	4	2	1	31
8	Commercial Sales	777	483	326	366	495	1,046	2,107	2,601	2,431	2,205	1,462	1,198	15,497
9	Total Propane Sales Billed (Dekatherms)	1,856	1,028	690	764	1,232	2,756	5,661	7,073	6,576	5,990	3,861	2,955	40,442
10	Calc Sales in Gallons	20,268	11,226	7,535	8,343	13,453	30,096	61,818	77,237	71,810	65,411	42,162	32,269	441,628
11	Propane Delivered in Gallons													
12	Storage Beginning of Month	27,060	19,099	13,942	18,577	21,721	27,435	35,572	56,585	56,331	49,797	40,463	34,042	
13	Purchase AmeriGas	12,702	6,324	12,443	12,042	20,038	39,479	84,459	78,443	66,838	57,047	36,516	17,692	444,023
14	Storage Plant Use	395	255	273	555	871	1,246	1,628	1,460	1,562	970	775	468	10,458
15	Storage End of Month	19,099	13,942	18,577	21,721	27,435	35,572	56,585	56,331	49,797	40,463	34,042	18,997	
16	Total Customer Usage in Gallons	20,268	11,226	7,535	8,343	13,453	30,096	61,818	77,237	71,810	65,411	42,162	32,269	441,628
17	Calc Use (Dekatherms)	1,856	1,028	690	764	1,232	2,756	5,661	7,073	6,576	5,990	3,861	2,955	40,442
18	Billed vs Delivered in Gallons													
19	Total Propane Sales Billed in Gallons	20,268	11,226	7,535	8,343	13,453	30,096	61,818	77,237	71,810	65,411	42,162	32,269	441,628
20	Total Customer Usage in Gallons	20,268	11,226	7,535	8,343	13,453	30,096	61,818	77,237	71,810	65,411	42,162	32,269	441,628
21	Net Difference Delivered vs Billed	-	-	-	-	-	-	-	-	-	-	-	-	-
22	COST													
23	Propane Revenues													
24	Propane (Dekatherm) Rate	\$ 5.56	\$ 5.56	\$ 5.56	\$ 5.56	\$ 6.85	\$ 6.85	\$ 6.85	\$ 6.85	\$ 6.85	\$ 6.85	\$ 5.56	\$ 5.56	
25	Prior Year(s) Deferred Rate	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	\$ 0.4973	
26	Current Year Propane Cost	\$ 10,315	\$ 5,713	\$ 3,835	\$ 4,246	\$ 8,437	\$ 18,874	\$ 38,769	\$ 48,439	\$ 45,036	\$ 41,023	\$ 21,458	\$ 16,422	\$ 262,567
27	Prior Year(s) Deferred Cost	\$ 923	\$ 511	\$ 343	\$ 380	\$ 613	\$ 1,370	\$ 2,815	\$ 3,517	\$ 3,270	\$ 2,979	\$ 1,920	\$ 1,469	\$ 20,110
28	Total Revenue	\$ 11,238	\$ 6,224	\$ 4,178	\$ 4,626	\$ 9,050	\$ 20,245	\$ 41,584	\$ 51,957	\$ 48,306	\$ 44,001	\$ 23,377	\$ 17,892	\$ 282,677
29	Propane Expenses													
30	Storage, Beginning of Month	\$ 19,649	\$ 13,869	\$ 10,124	\$ 12,279	\$ 13,741	\$ 17,112	\$ 21,913	\$ 34,311	\$ 34,157	\$ 30,195	\$ 24,535	\$ 20,642	
31	Purchase Gibsons	\$ 5,906	\$ 2,941	\$ 5,786	\$ 5,600	\$ 11,822	\$ 23,293	\$ 49,831	\$ 46,281	\$ 39,434	\$ 33,658	\$ 17,984	\$ 8,713	\$ 251,249
32	Account Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Storage Plant Use	\$ 223	\$ 148	\$ 127	\$ 258	\$ 514	\$ 735	\$ 961	\$ 861	\$ 924	\$ 575	\$ 395	\$ 255	\$ 5,976
34	Storage, End of Month	\$ 13,869	\$ 10,124	\$ 12,279	\$ 13,741	\$ 17,112	\$ 21,913	\$ 34,311	\$ 34,157	\$ 30,195	\$ 24,535	\$ 20,642	\$ 11,519	
35	Total Propane Supply Expenses	\$ 11,687	\$ 6,685	\$ 3,631	\$ 4,138	\$ 8,451	\$ 18,492	\$ 37,433	\$ 46,435	\$ 43,396	\$ 39,317	\$ 21,878	\$ 17,836	\$ 259,380
36	Price Per Gallon:													
37	Beg. Inventory	\$ 0.7261	\$ 0.7261	\$ 0.7261	\$ 0.6610	\$ 0.6326	\$ 0.6237	\$ 0.6160	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064
38	Purchase AmeriGas	\$ 0.4650	\$ 0.4650	\$ 0.4650	\$ 0.4650	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.4925	\$ 0.4925	
39	End Inventory	\$ 0.7261	\$ 0.7261	\$ 0.6610	\$ 0.6326	\$ 0.6237	\$ 0.6160	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064	\$ 0.6064	
40	Propane Cost of Supply	\$ 0.5656	\$ 0.5823	\$ 0.4650	\$ 0.4650	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5901	\$ 0.5915	\$ 0.5923	\$ 0.5095	\$ 0.5448	
41	Administrative Expenses													
42	General Detail	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43	Total Administrative Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Carrying Cost Expense													
45	Storage Carry Cost	\$ 172	\$ 121	\$ 89	\$ 108	\$ 120	\$ 150	\$ 192	\$ 301	\$ 299	\$ 264	\$ 215	\$ 181	\$ 2,212
46	Carrying Cost	\$ 130	\$ 135	\$ 132	\$ 131	\$ 129	\$ 119	\$ 95	\$ 63	\$ 35	\$ 7	\$ (1)	\$ 0	\$ 976
47	Total Carrying Costs	\$ 302	\$ 256	\$ 221	\$ 238	\$ 249	\$ 269	\$ 287	\$ 364	\$ 334	\$ 272	\$ 214	\$ 181	\$ 3,188
48	Total Expenses	\$ 11,989	\$ 6,941	\$ 3,852	\$ 4,376	\$ 8,700	\$ 18,761	\$ 37,720	\$ 46,799	\$ 43,730	\$ 39,589	\$ 22,092	\$ 18,017	\$ 262,567
49	Tracker Period Deferred Values													
50	Deferred Cost Amortization	\$ 923	\$ 511	\$ 343	\$ 380	\$ 613	\$ 1,370	\$ 2,815	\$ 3,517	\$ 3,270	\$ 2,979	\$ 1,920	\$ 1,469	\$ 20,110
51	Monthly Deferred Cost (under)/over	\$ (1,675)	\$ (1,228)	\$ (17)	\$ (130)	\$ (263)	\$ 113	\$ 1,049	\$ 1,640	\$ 1,306	\$ 1,433	\$ (634)	\$ (1,594)	\$ (0)
52	Cumulative Deferred Cost	\$ (1,675)	\$ (2,903)	\$ (2,920)	\$ (3,050)	\$ (3,313)	\$ (3,200)	\$ (2,151)	\$ (510)	\$ 795	\$ 2,228	\$ 1,594	\$ (0)	
53	(Gallons * (1/10.92) = Dkt, based on 2500 Btu/cu ft)													
54	04/28/16													

	A	B	C	D	E	F	G	H	I	J	K	L	M	N											
1	Townsend Propane Supply Tracking Mechanism																								
2			Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate											
3	Total Supply Cost Calculations		Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17											
4	undercollection/(overcollection)																								
5	<u>Deferred Supply Cost Expense</u>																								
6																									
7	Beginning Balance	\$	20,110	\$	20,862	\$	21,579	\$	21,253	\$	21,003	\$	20,653	\$	19,170	\$	15,306	\$	10,148	\$	5,573	\$	1,161	\$	(125)
8	Monthly Activity	\$	752	\$	717	\$	(326)	\$	(250)	\$	(350)	\$	(1,484)	\$	(3,864)	\$	(5,157)	\$	(4,575)	\$	(4,412)	\$	(1,286)	\$	125
9	Ending Balance	\$	20,862	\$	21,579	\$	21,253	\$	21,003	\$	20,653	\$	19,170	\$	15,306	\$	10,148	\$	5,573	\$	1,161	\$	(125)	\$	0
10																									
11	Total Capital	\$	20,862	\$	21,579	\$	21,253	\$	21,003	\$	20,653	\$	19,170	\$	15,306	\$	10,148	\$	5,573	\$	1,161	\$	(125)	\$	0
12																									
13																									
14																									
15	Cost of Capital D2012.9.94		% of Cap		Rate		ROR Pre Tax Return																		
16	Long-term Debt		52.35%		5.37%		2.81%		2.81%																
17	Equity		47.65%		9.80%		4.67%		7.70%																
18	Average Cost of Capital						7.48%		10.51%																
19																									
20																									
21																									
22	Metered Storage Activity (Gallons) -withdrawal +injection																								
23																									

04/28/16

1 Department of Public Service Regulation
2 Montana Public Service Commission
3 Docket No. D2016.4.34
4 Annual Propane Supply Tracker
5 NorthWestern Energy
6
7
8

9 **PREFILED DIRECT TESTIMONY**

10 **OF PAMELA D. HANSON**

11 **ON BEHALF OF NORTHWESTERN ENERGY**

12
13 **TABLE OF CONTENTS**

14

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18 Unreflected Propane Supply Cost Account	4
19 Unit Rate Adjustments/Proposed Rates	6
20	
21 <u>Exhibits</u>	
22 Unreflected Propane Supply Cost Account Balance	Exhibit__(PDH-1)
23 Unit Rate Adjustments/Proposed Rates	Exhibit__(PDH-2)

1

Witness Information

2 **Q. Please state your name and business address.**

3 **A.** My name is Pamela D. Hanson and my business address is 11 East Park,
4 Butte, Montana 59701.

5

6 **Q. By whom and in what capacity are you employed?**

7 **A.** I am employed by NorthWestern Energy (“NorthWestern”) as a Regulatory
8 Analyst in the Regulatory Affairs Department.

9

10 **Q. Please summarize your education and employment experience.**

11 **A.** I graduated from Northern Montana College with a Bachelor of Technology
12 Degree in Business Technology in 1990. I began my employment with
13 NorthWestern in December 1999 as a Customer Service Representative
14 and Billing Analyst. In February of 2006, I joined the Regulatory Affairs
15 Department and have actively assisted in the preparation of statements,
16 workpapers, and exhibits for various NorthWestern rate filings before the
17 Montana Public Service Commission (“MPSC” or “Commission”). I have
18 also submitted prefiled testimony and exhibits in previous NorthWestern
19 Annual Propane Tracker Filing dockets.

20

21 **Q. What are your responsibilities as Regulatory Analyst in the Regulatory
22 Affairs Department?**

1 **A.** I am the analyst primarily responsible for the electric and natural gas
2 Universal System Benefits Charges (“USBC”), Competitive Transition
3 Charge – Qualifying Facility, and Therm Billing Zone filings, as well as
4 House Move compliance filings for NorthWestern in Montana. I also
5 prepare annual and forecasted business plans for the electric and natural
6 gas USBC program and perform various financial analyses. In addition, I
7 serve in the role of Free Weatherization Program Manager. The Free
8 Weatherization Program is one of the programs within the USBC Low-
9 Income category. I also participate in the preparation and/or consideration
10 of other filings, exhibits, statements and/or workpapers in various
11 NorthWestern proceedings before the MPSC.

12

13

Purpose of Testimony

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

15 **A.** My testimony presents the propane supply cost revenues and propane
16 supply cost expenses for the period June 1, 2015 to May 31, 2016. This
17 includes the Unreflected Propane Supply Cost Account details. The
18 figures presented are actual through March 2016 and estimated for April
19 and May 2016. I also present the proposed propane supply rates for the
20 period from June 1, 2016 through May 31, 2017, the change from current
21 rates, and the associated bill impacts.

1 **Unreflected Propane Supply Cost Account**

2 **Q. What is the Unreflected Propane Supply Cost Account (“UPSCA”)**

3 **Balance for the 12-month period ending May 2016?**

4 **A.** The UPSCA Balance for the 12-month period ending May 2016, recorded
5 on NorthWestern’s books and records, is an under-collection of \$16,909
6 shown on Exhibit__(PDH-1), page 1. This exhibit is a summary table that
7 presents, on a monthly basis, the actual propane supply cost revenues
8 and the corresponding propane supply cost expenses commencing June
9 1, 2015 and ending May 31, 2016. The balance for each month and the
10 total for the 12-month period ending May 2016 are reported in the column
11 titled “Deferred Propane Supply Cost.” This table reflects the amounts
12 recorded in the UPSCA (Account No. 191) for the noted period and is a
13 summary of the totals taken from the individual monthly propane supply
14 cost revenue and propane supply cost expense reports. The months of
15 April and May 2016 are estimated and will be trued-up to actuals as part of
16 next year’s filing.

17
18 **Q. What is the source of propane supply cost revenues and propane**
19 **supply cost expenses?**

20 **A.** Propane supply cost revenues are the portion of the booked propane
21 supply revenues associated with propane supply costs. Each month, the
22 recorded consumption provides the source data to which the appropriate
23 unit propane supply cost rate component (as approved in previous rate

1 orders) is applied. The product of this computation is the propane supply
2 cost revenues. The propane supply cost expenses are based on the
3 actual expense costs recorded on the books and records of NorthWestern.
4

5 **Q. What is the total UPSCA adjustment proposed for amortization in**
6 **this filing?**

7 **A.** The total UPSCA under-collection adjustment proposed for amortization in
8 this filing is \$20,110 shown on Exhibit__(PDH-1), page 2. As shown
9 below, this is the total of the deferred account balance under-collection of
10 \$3,201 after amortization of the deferred account balance from the tracker
11 period June 2014 through May 2015 and the deferred account balance
12 under-collection from the tracker period June 2015 through May 2016 of
13 \$16,909.

14 **Total UPSCA Balance**

15	2015-2016 UPSCA Balance ¹ (including rounding)	\$ 16,909
16	Plus: 2014-2015 Tracker Period UPSCA Balance ² (including rounding)	<u>\$ 3,201</u>
17	Total Under/(Over) Recovery	\$ 20,110

18 This \$20,110 under-collected balance is the starting point for the 2016
19 amortization as shown on Exhibit__(FVB-4)16-17 attached to the Prefiled
20 Direct Testimony of Frank V. Bennett and discussed in his testimony.

¹ Exhibit__(PDH-1), page 1

² Exhibit__(PDH-1), page 2

1 Unit Rate Adjustments/Proposed Rates

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

4 **A.** Yes, Exhibit__(PDH-2) includes a table that reflects the rates that result
5 from the adjustments included in this filing. The exhibit reflects the current
6 tariffed rates, the proposed rates, the change from current rates, and
7 resulting bill impacts.

8
9 **Q. What is NorthWestern's proposal for rate implementation?**

10 **A.** NorthWestern proposes an interim rate effective date for its proposed rate
11 adjustments for service on and after June 1, 2016.

12
13 **Q. Does this complete your testimony?**

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

	A	B	C	D
1	NorthWestern Energy			
2	Unreflected Propane Supply Cost Account Balance			
3	June 2015 - May 2016			
4				
5		Propane	Propane	Deferred
6		Supply Cost	Supply Cost	Propane
7	Month	Revenues	Expense	Supply Cost
8				
9	June-15	\$24,504	\$3,071	(\$21,433)
10				
11	July-15	\$4,797	\$6,105	\$1,308
12				
13	August-15	\$4,779	\$5,136	\$357
14				
15	September-15	\$5,580	\$7,404	\$1,824
16				
17	October-15	\$10,983	\$20,838	\$9,855
18				
19	November-15	\$19,270	\$49,364	\$30,094
20				
21	December-15	\$52,056	\$75,583	\$23,527
22				
23	January-16	\$52,020	\$51,500	(\$520)
24				
25	February-16	\$62,427	\$42,258	(\$20,169)
26				
27	March-16	\$36,954	\$34,792	(\$2,162)
28				
29	April-16 (estimated)	\$26,717	\$21,815	(\$4,902)
30				
31	May-16 (estimated)	\$19,833	\$18,964	(\$869)
32		\$319,920	\$336,830	\$16,910
33	Rounding Adjustment *			(\$1)
34				\$16,909
35	*tie to Exhibit__(FVB-2)15-16			

	A	B	C	D	E
1					
2					
3					
4		NorthWestern Energy			
5		Deferred Propane Supply Cost Account Balance			
6		June 2015 - May 2016			
7					
8			Monthly	Collection	Balance
9		Month	Collection	to-date	Remaining
10					
11		Jun14-May15 Under collected balance as filed in D2015.4.40			\$ 7,404
12					
13		<u>Prior Period Tracker Year True-up:</u>			
14		Apr15: Estimated as filed in D2015.4.40		\$ (19,012)	
15		Apr15: Actual		\$ (1,258)	\$ 17,754
16					
17		May15: Estimated as filed in D2015.4.40		\$ (2,241)	
18		May15: Actual		\$ (14,991)	\$ (12,750)
19					
20					
21		Actual Jun14-May15 under collected balance			\$ 12,408
22					
23		<u>June15-May16 Monthly Activity:</u>			
24		June 2015	\$ 1,789	\$ 1,789	\$ 10,619
25					
26		July 2015	\$ 14	\$ 1,803	\$ 10,605
27					
28		August 2015	\$ 125	\$ 1,928	\$ 10,480
29					
30		September 2015	\$ 113	\$ 2,041	\$ 10,367
31					
32		October 2015	\$ 294	\$ 2,335	\$ 10,073
33					
34		November 2015	\$ 485	\$ 2,820	\$ 9,588
35					
36		December 2015	\$ 1,311	\$ 4,131	\$ 8,277
37					
38		January 2016	\$ 1,310	\$ 5,441	\$ 6,967
39					
40		February 2016	\$ 1,572	\$ 7,013	\$ 5,395
41					
42		March 2016	\$ 930	\$ 7,943	\$ 4,465
43					
44		April 2016 (estimated)	\$ 725	\$ 8,668	\$ 3,740
45					
46		May 2016 (estimated)	\$ 539	\$ 9,207	\$ 3,201
47					
48		Deferred Estimated Balance @ May 31, 2016 Reference Exhibit_(PDH-1), Page 1			\$ 16,909
49					
50		Total Under/(Over) Recovery			\$ 20,110

	A	B	C	D	E	F	G	H	I
1									
2									
3					Townsend Propane Utility				
4					JUNE 1, 2016 THROUGH MAY 31, 2017				
5									
6									
7									
8					Propane Tariffs (Summer Rate)				
9	Residential Services - Typical Bill Amount								
10									
11	Usage in Therms	30			Current Rate	Total Bill Amount		Proposed Rate	Total Bill Amount
12									
13	Monthly Service Charge per Meter				\$ 4.30	\$ 4.30		\$ 4.30	\$ 4.30
14									
15	Commodity Charges: (Monthly \$/Therm)								
16	Delivery Charge				\$ 0.38700	\$ 11.61		\$ 0.38700	\$ 11.61
17	Propane Supply Charge ¹				\$ 0.71900	\$ 21.57		\$ 0.55600	\$ 16.68
18	Deferred Propane Cost Amortization				\$ 0.01951	\$ 0.59		\$ 0.04973	\$ 1.49
19	Total Commodity				\$ 1.12551	\$ 33.77		\$ 0.99273	\$ 29.78
20									
21									
22	Total Bill (Price per Therm Incl. Service Charge)					\$ 38.07			\$ 34.08
23									
24	Total Bill Increase/(Decrease)								\$ (3.98)
25	Percent Change from Current Propane Rates to Proposed								-10.5%
26	Propane Price per Gallon					\$ 0.66		\$ 0.51	
27									
28									
29									
30					Propane Tariffs (Winter Rate)				
31	Residential Services - Typical Bill Amount								
32									
33	Usage in Therms	80			Current Rate	Total Bill Amount		Proposed Rate	Total Bill Amount
34									
35	Monthly Service Charge per Meter				\$ 4.30	\$ 4.30		\$ 4.30	\$ 4.30
36									
37	Commodity Charges: (Monthly \$/Therm)								
38	Delivery Charge				\$ 0.38700	\$ 30.96		\$ 0.38700	\$ 30.96
39	Propane Supply Charge ²				\$ 0.77500	\$ 62.00		\$ 0.68500	\$ 54.80
40	Deferred Propane Cost Amortization				\$ 0.01951	\$ 1.56		\$ 0.04973	\$ 3.98
41	Total Commodity				\$ 1.18151	\$ 94.52		\$ 1.12173	\$ 89.74
42									
43									
44	Total Bill (Price per Therm Incl. Service Charge)					\$ 98.82			\$ 94.04
45									
46	Total Bill Increase/(Decrease)								\$ (4.78)
47	Percent Change from Current Propane Rates to Proposed								-4.8%
48	Propane Price per Gallon					\$ 0.71		\$ 0.63	
49									
50	¹ Summer rates are effective April 1 through September 30.								
51	² Winter rates are effective October 1 through March 31.								