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**PSC TO HOLD HEARING JANUARY 5 ON  
NORTHWESTERN ENERGY'S TAX TRACKER FILING**

The state Public Service Commission will conduct a hearing Thursday, January 5, at 1:30 p.m. on NorthWestern Energy's pending request for automatic rate increases of about 6 percent for both natural gas and electric rates due to increased state and local taxes. The hearing will be held at the PSC's offices in Helena.

Montana law allows a public utility to file rate schedules with the PSC that contain provisions for the automatic adjustment and tracking of certain Montana state and local taxes paid by the utility. The amended rates automatically take effect on an interim basis on January 1, 2006, but if the PSC determines the rate changes are in error the agency may ask for comments and order the utility to address any errors or omissions.

In a notice issued December 14, the PSC determined the revised rates submitted by NorthWestern are in error because, according to the PSC, they do not include adjustments for the net change in federal and state income tax liability caused by the deductibility of state and local taxes and they do not appear to calculate the recoverable deferred balance of 2005 taxes. The notice invited interested persons to comment on NorthWestern's filing and provided the opportunity to request a hearing on January 5, 2006.

NorthWestern, which disputes the PSC's determination of error, requested the hearing.

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