



Montana Public Service Commission
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**PSC TO HOLD HEARING MARCH 31 IN HELENA
ON NORTHWESTERN ENERGY'S NATURAL GAS
AND ELECTRIC RATE CASE**

The state Public Service Commission will hold a hearing in Helena on Monday, March 31, concerning the application of NorthWestern Energy to establish increased natural gas and electric delivery service rates. The rate case is being considered by the PSC in two phases, with the first phase concerning NorthWestern revenue requirements issues to be the subject of this hearing.

The hearing will begin at 9 a.m., in the PSC's Bollinger Room, 1701 Prospect Avenue.

In its rate application submitted last July, NorthWestern requested that rates for natural gas delivery service be increased to raise an additional \$10.5 million per year. According to NorthWestern, the requested rates represent a uniform increase of 11.48% for delivery service rates and a total bill increase of approximately 3.9% for a residential customer using 10 dekatherms per month. NorthWestern also requested an interim gas rate increase of \$7.5 million. The PSC granted an interim increase of \$5 million effective January 1, 2008.

NorthWestern requested that rates for electricity delivery service be increased to raise an additional \$31.3 million per year. According to NorthWestern, the requested rates represent an increase of 14.82% for delivery service rates and a total bill increase of approximately 6.61% for a residential customer using 750 Kilowatt-hours per month. NWE also requested that the PSC grant an interim electric rate increase of \$22.8 million. The PSC granted an interim increase of \$10 million effective January 1, 2008.

Last December NorthWestern and the Montana Consumer Counsel, which represents residential and small business customers before the PSC, submitted a settlement agreement that, if approved by the PSC, would resolve the issues in this phase of the rate case. The key terms of the proposed stipulation include:

- Making permanent the \$10 million annual electric rate increase and \$5 million annual gas rate increase that were granted by the PSC on a temporary basis in December.

- NorthWestern will dedicate 21 megawatts of Colstrip 4 electricity at a price that is \$19 per megawatt below the Mid-C market price for 78 months. This discounted electricity is currently being provided by NorthWestern to Montana customers on a temporary basis as a result of the PSC granting the requested interim rate increases, but is subject to full reversal if the PSC does not approve the stipulation in a final order.

- Of NorthWestern's 2008 and 2009 capital expenditures made for improvements and updates to its existing gas and electric transmission and distribution facilities, \$19.4 million will be deducted from gross plant, and the depreciation reserve associated with that plant shall be deducted from the total depreciation reserve for ratemaking purposes. The associated depreciation expense shall be included in cost of service.

- A requirement that NorthWestern must file with the PSC no later than July 31, 2009, complete documents meeting the PSC's minimum electric and natural gas case filing requirements for an electric and natural gas delivery service revenue requirement rate filing .

The public can access the hearing streamed live, video and/or audio, from the internet. A broadband internet connection is required for video reception and 20K or higher is needed for audio reception. You can access this hearing from the Commission's website at psc.mt.gov. Clicking on Calendars will take you to a choice of Live PSC Video or Live PSC Audio Feed.

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