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***For more information contact:***

PSC Commission Chair Greg Jergeson 406.444.6166

PSC Commission Vice Chair Ken Toole 406.444.6169

PSC Public Information Specialist Sarah Carlson: 406.444.6171

## **PSC Rejects NWE Rate Increase Application**

Yesterday the Montana Public Service Commission (PSC) voted unanimously to reject NorthWestern Energy's (NWE) application to increase rates and make changes in rate design, noting that the company's request filed earlier this year did not comply with minimum filing requirements. NWE may re-file an application, also known as a general rate case, and specifically address the shortcomings identified by the PSC.

"We are quite disappointed with the lack of essential information in NWE's application," observed PSC Chair Greg Jergeson. PSC Vice Chair Ken Toole added, "The PSC does not approve changes in customer rates without convincing information that those changes are an absolute necessity; this application did not convince me."

In a general rate case, regulated utilities--such as NWE--must provide specific information about the costs associated with electricity and natural gas, and detail why those costs should result in increased rates for consumers. The information is often arrived at through complicated mathematical formulas. Many of the PSC's concerns with NWE's current rate case involve how the company determined which formulas to use, especially when related to marginal costs. The PSC is also concerned that NWE did not make clear to the Commission how each customer class would be affected by the rate changes. Lastly, NWE did not explain how its filing comports with the PSC's guidelines on long-term electricity supply and resource planning.

Additional information about this issue is located under Docket D2009.9.129 on the PSC webpage at <http://psc.mt.gov>.

Made up of 5 elected commissioners, the PSC works to ensure that Montanans receive safe and reliable service from regulated public utilities while paying reasonable rates. Utilities regulated by the PSC generally include private investor-owned natural gas, electric, telephone, water, and sewer companies. In addition, the PSC regulates certain motor carriers, and oversees natural gas pipeline safety and intrastate railroad safety.

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