

For Immediate Release

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**NorthWestern, MDU Increase Rates to Pass-Through Property Taxes;
PSC to Hold Hearings, Require Bill Disclosures**

HELENA, Mont. - Montana electric and natural gas customers will notice a new line item on their utility bill this month. NorthWestern and Montana-Dakota Utilities will both be disclosing to consumers the amount of state property taxes that consumers are paying through their utility bills.

"The property taxes that the state legislature has imposed on utilities have another name: an energy sales tax. For the first time, rather than being hidden, consumers will be able to see exactly what they are paying the tax man," said Brad Johnson, R., East Helena, chairman of the Montana Public Service Commission.

The Commission last year required NorthWestern to begin disclosing those taxes on their bills beginning this month, replicating a practice already used in the telecommunications industry.

"The commission's requirement that these tax charges be made more transparent on customer bills was a good first step in addressing this growing problem," said commissioner Roger Koopman, R., Bozeman. "I encourage rate-payers to contact their legislators and voice their concerns."

Montana law currently allows public utilities to pass-through property tax increases to their customers. Customer rates went up automatically on Jan. 1 to account for this pass-through. Unless the PSC identifies "errors" in a utility's calculations within 45 days, the rate increases cannot be reversed.

This year, NorthWestern is again passing through a large property-tax increase automatically. NorthWestern projects it will collect an additional

\$19,299,068, and rates will increase by 5.83% and 3.73% for electric and gas delivery services, respectively.

For the first time this year, Montana-Dakota Utilities is also doing the same. MDU projects it will collect an additional \$813,586 and rates will increase by 2.26% for gas service and 0.96% for electric service

“State property taxes now account for nearly 20% of some customers’ utility bills. That is crazy. The Montana tax system clearly is broken, as is Montana’s regulatory code which allows utilities to automatically pass through these taxes without PSC approval” said Travis Kavulla, R., Great Falls, the PSC’s vice chairman.

The Commission will hear the utilities’ applications at two hearings. MDU’s is scheduled on January 6, 2017 at 9:00 a.m. at the PSC's business office, 1701 Prospect Avenue, Helena, Montana 59601.

A hearing for a similar tracking adjustment request by North Western Energy is tentatively scheduled for January 20, 2017 at 9:00 am, also at the PSC’s offices.

To view the full docket, visit (for NorthWestern) <http://bit.ly/2iBZXcz>; (for MDU) <http://bit.ly/2hOMkYM>.

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Made up of five 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.

