



May 26, 2017

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

Re: Docket No. D2017.5.39
Notice of Commission Action

Dear Will:

Enclosed for filing is a Motion for Reconsideration of the Commission's Notice of Commission Action (NCA), dated May 18, 2017, in this docket. NorthWestern's Motion for Reconsideration suggests a reasonable path that allows the Commission to expeditiously and lawfully change NorthWestern's electricity supply cost tracking adjustment mechanism to implement cost sharing in a manner we believe to be consistent with Commission expectations as expressed during HB 193 hearings.

In summary, NorthWestern's Motion for Reconsideration:

1. Demonstrates that the NCA is based upon a fundamental misstatement of substantive law, and contemplates a procedure that violates the Montana Administrative Procedure Act's (MAPA) fair hearing requirements.
2. Proposes a path for the Commission to expeditiously and lawfully implement a cost sharing feature in NorthWestern's electricity supply cost tracking procedure:
 - By May 31, 2017, NorthWestern will file its annual electric tracker adjustment in accordance with the current tariff. NorthWestern's tariff currently requires this filing; HB 193 did not eliminate the current tariff.

- By July 14, 2017, NorthWestern will file a proposed new cost recovery mechanism containing a cost-sharing proposal. The Commission, thereafter, will establish a schedule in a contested case proceeding, consistent with MAPA, for addressing the proposed tariff change.
- While NorthWestern would like to file its proposed new mechanism earlier than July 14, 2017, NorthWestern is different than Montana-Dakota Utilities Co. (MDU) and needs to take the time to make sure that its proposal is reasonable (for example, MDU does not have Qualifying Facilities and is a member of an organized market - MISO). NorthWestern's proposed timeframe is supported by affidavits from Ms. Crystal Lail and Mr. Joe Schwartzberger.

The Motion also sets forth why it is unreasonable and undesirable for the Commission to append a rate case filing requirement to a docket intended to expeditiously add a cost sharing feature to NorthWestern's electricity supply cost tracking adjustment mechanism. A rate case is unnecessary, as NorthWestern's proposed new cost-sharing tracker will have been filed months earlier, and can be made effective after the Commission finishes addressing it. NorthWestern has already committed to filing a full electric rate case in 2018; filing a supply rate case in 2017 followed by a full electric case in 2018 is inefficient, costly, and will be extremely time-consuming for all parties.

Because of the extraordinarily short time frames contemplated in the Commission's NCA, NorthWestern requests that the Commission Staff promptly bring this motion before the Commission.

Sincerely,



Patrick R. Corcoran
Vice-President of Government
and Regulatory Affairs

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

IN THE MATTER OF the Montana Public Service) REGULATORY DIVISION
Commission’s Review of Rates to Recover)
NorthWestern Energy’s Electricity Supply Costs) DOCKET NO. D2017.5.39
)

**NorthWestern Energy’s Motion for Reconsideration, Request for Oral
Presentation, and Brief in Support**

The Montana Public Service Commission (“Commission”) began this Docket with a Notice of Commission Action (“NCA”) issued, sua sponte, on May 18, 2017. NorthWestern Corporation, d/b/a NorthWestern Energy (“NorthWestern”), respectfully moves the Commission for reconsideration of its decisions in the NCA, pursuant to the provisions of ARM 38.2.4806(1). NorthWestern asks that the Commission allow it to make an oral presentation to the full Commission on the issues raised by this Motion for Reconsideration.

INTRODUCTION

The NCA begins with a fundamental misstatement of law which appears to be the foundation for the NCA's conclusions, directives, and procedures:

After July 1, 2017, the Montana Public Service Commission ("Commission") cannot reauthorize NorthWestern to track supply costs and make interim rate adjustments under Mont. Code. Ann. § 69-8-210(1).

This statement is simply untrue. Chapter 359, 2017 Session Laws of Montana ("House Bill 193") neither prohibits the Commission from continuing the existing electricity supply cost tracking adjustment mechanism ("electric tracker") past July 1, 2017, nor prohibits the Commission from implementing the adjustment through interim rates. As the Commission was advised by its own Staff, House Bill 193 simply makes the design of NorthWestern's electric tracker a matter of soundly exercised and non-arbitrary Commission discretion, rather than a statutory mandate. Nothing in House Bill 193 affected the validity of the existing tracker mechanism.

As explained more fully below, NorthWestern's current electric tracker is controlled by Commission-approved tariffs. See Electric Tariff, Preliminary Statement Part B attached as Appendix 1. The validity of the tariff was in no way affected by the passage into law of House Bill 193. The Commission may, of course, change the tariff, but the proposed changes must be the subject of a contested case proceeding, a process dramatically different from what is described in the NCA.

The Commission was very clear in its legislative advocacy surrounding House Bill 193 that it wanted the discretion to make NorthWestern's electric tracker have a cost sharing mechanism similar to the Fuel and Purchased Power Cost Tracking Adjustment it authorized for

Montana-Dakota Utilities Co. (“Montana-Dakota”)¹. NorthWestern fully intends to respect the Commission’s advocacy, and will prepare and file in this docket a modified tariff to implement cost sharing. However, it will take more time than the four business days remaining in the schedule set by the Commission in the NCA to complete the necessary work, including the design of proposed tariffs and supporting testimony. House Bill 193 does not become effective until July 1, 2017. The Commission is obligated to follow current law for electricity supply costs incurred through June 30, 2017. To the extent the Commission changes NorthWestern’s electric tracker, it can apply those changes to electricity supply costs incurred July 1, 2017, and after. As explained in more detail below, the very nature of deferred accounts and deferred accounting lends itself to a reasonable approach that accomplishes the desired goal of the Commission while respecting the fair hearing requirements for a contested case under the Montana Administrative Procedure Act (MAPA), §§ 2-4-601, et seq., MCA.

ARGUMENT

- I. NorthWestern is legally obligated to file the May 31, 2017, electric tracker adjustment prepared in accordance with the current tariff.

The Commission-approved tariff attached as Appendix 1 prescribes the electric tracker, which NorthWestern must file on May 31, 2017. Although House Bill 193 does not prescribe a particular electric tracker, NorthWestern’s Commission-approved tariff does prescribe a particular electric tracker.

NorthWestern’s currently authorized electric rates are based upon a tariffed procedure to match current electricity supply costs to current rates using well-known principles of deferred accounting. This procedure was established, and tariffed, by the Commission in Order No.

¹ Montana-Dakota’s tracker is also prescribed by controlling Commission tariff, Rate 58.

6382c in Docket No. D2001.10.144, as well as implemented in Order No. 6943a in Docket D2008.8.95, Order No. 6925f in Docket D2008.6.69, Order No. 7159l in Docket No. D2011.5.41, and Order No. 7323k in Docket No. D2013.12.85. The tariffed procedure has the force of law. *ICOM Holding, Inc. v. MCI Worldcom, Inc.*, 238 F.3d 219, 221 (2d Cir. 2001); *Crumley v. Time Warner Cable, Inc.*, 556 F.3d 879, 881 (8th Cir. 2009, citing *Ark. La. Gas Co. v. Hall*, 453 U.S. 571, 577, 101 S.Ct. 2925, 69 L.Ed.2d 856 (1981)). While “[t]he filed rate doctrine has its origins in [Supreme] Court[] cases interpreting the Interstate Commerce Act, [the doctrine] has been extended across the spectrum of regulated utilities” and applies to states as well as state agencies. *Crumley* citing *Firstcom, Inc. v. Qwest Corp.*, 555 F.3d 669, 679–80 (8th Cir. 2009). The doctrine is effectively codified in Montana. See § 69-3-305, MCA.

When it issued its NCA, the Commission overlooked the fact that NorthWestern’s electricity supply cost tracking adjustment is prescribed by tariff. Although the tariff prescribed mechanism was obviously designed with § 69-8-210(1), MCA (2007) in mind, the amendment of that statute by House Bill 193 in no way compromised the validity or legal effect of the tariff.

II. The Commission should want to implement, on an interim basis, the electricity supply cost tracking adjustment that will be filed by NorthWestern on May 31, 2017.

As required by the tariff, NorthWestern will file its annual electric tracker on May 31, 2017. That filing will provide the Commission with Alternative 2 described on page 2 of the NCA – “[a]n interim cost tracker that is similar or identical to the one established pursuant to Mont. Code Ann. 69-8-210(1), which could serve as a starting point for establishing a modified cost tracker.” With this filing, rates will increase by approximately \$5.8 million to recover the mandated electric supply cost under-collection from the prior year. However, if implemented on an interim basis, this amount would be almost completely offset by NorthWestern’s proposed

\$5.6 million decrease for next year. The Commission should want to implement the adjustment, on an interim basis.

Implementing the May 31, 2017, filing on an interim basis will not compromise the Commission's ability to change the electricity supply cost tracking adjustment, on a prospective basis, for costs incurred on and after July 1, 2017. As the Commission is aware, the tracking adjustment has two different components: the change in the projected cost of electric supply for the period July 1, 2017, through June 30, 2018, and the true-up of the previous adjustment for the period July 1, 2016, through June 30, 2017. Although the true-up for costs incurred in the July 1, 2016, through June 30, 2017, electric tracker year must be in accordance with § 69-8-210(1), MCA (2007), the ultimate decision of the Commission regarding electricity supply costs for the upcoming year (July 1, 2017, through June 30, 2018) does not. To the extent the Commission changes NorthWestern's electricity supply cost tracking adjustment mechanism, the change in methodology can be captured in the true-up of electricity supply costs for the period July 1, 2017, through June 30, 2018.

III. The Commission is required by law to consider changes to its tariffs in a contested case proceeding.

As previously stated, NorthWestern and the Commission alike are bound by the tariffed electric tracker until it is changed as provided by law. Montana statute expressly prohibits the Commission from changing the tariff without first holding a formal hearing: "No order affecting such...schedules...shall be entered without a formal hearing..." Section 69-3-321(2), MCA. Both the Commission's enabling legislation and MAPA require a contested case hearing before Commission action changing the tariffed electric tracker. Sections 69-3-302, 69-3-321, 69-3-324, 2-4-103(3), and 2-4-601(1), MCA.

IV. The process described in the NCA violates the Montana Administrative Procedure Act.

By design, MAPA, specifically Part 6, imposes significant fair hearing requirements upon Montana's administrative agencies, including the Commission. Contested case hearings must afford all parties to the proceeding, including in this case NorthWestern, an opportunity to respond to any and all issues raised in the proceeding. Section 2-4-612(1), MCA. The Commission is required to hold a formal hearing, where the rules of evidence apply. Section 2-4-612(2), MCA. The hearing must be preceded by formal notice that describes the issues to be addressed at hearing. Section 2-4-601(2)(d), MCA. All parties to the proceeding are entitled not only to cross examination at the hearing, § 2-4-612(5), MCA, but a reasonable right of discovery before the hearing, § 2-4-602, MCA.

The process described in the NCA is grossly at odds with the fair hearing requirements of MAPA. Unless NorthWestern is misreading the NCA, it appears that the Commission intends that:

- (1) Only the Commission and the Commission Staff will have a right of discovery, and only as to NorthWestern.
- (2) People or entities will be able to provide "information and comments" totally outside the rules of evidence, without any opportunity being provided to NorthWestern to respond to the arguments being made.
- (3) People or entities will be entitled to participate in the process without any intervention, demonstration of interest, or notice being provided to NorthWestern.
- (4) NorthWestern will have no right of discovery whatsoever.

- (5) The Commission will implement a new tracking procedure without ever conducting a hearing, providing notice of the hearing, providing notice of the issues at hearing, or providing NorthWestern its other fair hearing rights under MAPA.

The Commission's NCA, intentionally or unintentionally, makes it appear that the Commission has already decided upon a course of action, and is simply waiting to fine-tune its decision over the course of the next few weeks. NorthWestern necessarily assumes that the Commission's NCA was the product of haste, rather than an intentional plan to deprive NorthWestern of its fair hearing rights under MAPA.

- V. NorthWestern may need more time to conduct the modeling requested by the Commission.

What the Commission has described as Alternative 1 in the NCA requires NorthWestern to conduct PowerSimm modeling and submit the results of the modeling to the Commission. The NCA appears to require that the modeling be complete and submitted to the Commission by June 2, 2017. If that is a correct reading of the NCA, it means that the Commission is expecting sophisticated modeling to be conducted, completed including testing, and reported to the Commission in only ten business days. NorthWestern is currently running the modeling, and hopes to submit the results to the Commission on June 2, 2017. If it cannot meet that deadline, it will immediately advise the Commission and inform it of when the results can be provided.

- VI. NorthWestern needs a reasonable period within which to prepare and file its proposal to modify the tariffed tracking procedure to implement cost sharing.

As explained above, a mechanism to implement cost sharing in NorthWestern's electricity supply cost tracking adjustment can be implemented while respecting the fair hearing requirements of MAPA. House Bill 193 becomes law on July 1, 2017. It cannot be given retroactive effect. Any changes to NorthWestern's electricity supply cost tariffs as a result of the

enactment of House Bill 193 into law will necessarily be limited to the change in electricity supply costs projected for the period July 1, 2017, to June 30, 2018. Under the existing tariffed procedure, such changes are implemented on an interim basis, to be trued-up in the next tracking adjustment period (July 1, 2018, through June 30, 2019). The Commission can conduct the required contested case proceeding on any reasonable schedule it chooses, and implement its final decision through a recalculation of the deferred account balance associated with costs incurred on and after July 1, 2017.

By way of example, assume that the Commission fully implements, on an interim basis, NorthWestern's May 31, 2017, filing, including the projection of electricity supply costs for the period July 1, 2017, through June 30, 2018. That projection, which will necessarily be prepared in accordance with existing tariffs, will not have a cost sharing component such as exists in the Montana-Dakota tracker. Assume further that the Commission ultimately decides in this docket to implement a 10% cost sharing component, such as it has required for Montana-Dakota. All it has to do in its final order in this docket is direct NorthWestern to re-compute the portion of the deferred account balance associated with the costs incurred in the period from July 1, 2017, forward, to reflect the imposition of the new cost sharing feature for costs incurred on and after July 1, 2017. The Commission would have the option of waiting until the end of the tracker period to do a true-up on an annual basis, or could change the interim rates and require a true-up as of the date of its final decision in this docket.

Presumably, what the Commission really wants is a well-developed contested case record from which it can make an informed decision on the future design of NorthWestern's electricity supply cost tracking adjustment. That goal would be best, and most efficiently, served by formal application for a change in the controlling tariffs, supported by testimonial and documentary

evidence. As explained in the affidavits of Joe Schwartzberger and Crystal Lail, NorthWestern cannot make such a filing by June 2, 2017. It needs until July 14, 2017, to make the required filing, including proposed tariffs and supporting testimony. The Commission can establish whatever schedule it chooses for properly processing this docket as a contested case.²

VII. The Commission should not append a rate case filing requirement to its consideration of a modified electricity supply cost tracking procedure.

The Commission has clearly indicated its desire to have a general policy on tracking electricity supply costs which can be applied to all of its jurisdictional electric utilities. NorthWestern has outlined above a reasonable process by which the Commission can expeditiously achieve that goal without trampling NorthWestern's right to a fair hearing under MAPA.

The NCA, separate and apart from implementing such a policy change, envisions a process where the Commission will also establish in this docket a new revenue requirement, including rate of return, just for NorthWestern's energy supply function. Not only does the appended rate case filing requirement unnecessarily complicate the transition to a cost sharing mechanism, it is unreasonable.

As explained in NorthWestern's April 26, 2017, letter filed in Docket No D2016.12.98, NorthWestern will be filing a general electric rate case in September 2018. That filing date is driven by NorthWestern's need to complete a number of comprehensive studies which are critical to important public policy issues which the Commission needs to address to properly perform the required interclass and generation cost allocations. These studies include:

² The Commission could establish an advocacy Staff to propose and support modifications to the existing tariffs without waiting for a filing from NorthWestern. NorthWestern volunteers to make the filing, in an effort to work with the Commission.

1. Regulation Resource Allocation and Determination Study, which includes the Dave Gates Generating Station allocation;
2. Renewable Integration and Load Variability Study;
3. Net Energy Metering Cost/Benefit Study (in support of a new Distributed Energy Resources customer class and rates);
4. Potential Electric Utility Decoupling Proposal Study; and
5. Potential participation in an Energy Imbalance Market (related costs/cost recovery).

These studies are essential for the correct resolution of the important public policy issues both the Montana Legislature and the Commission have identified in recent years.

The rate case filing requirement appended to the Commission's consideration of a modified electricity supply cost tracking adjustment would result in two revenue requirement cases in slightly more than a year, the first intended to generate a "supply only" revenue requirement, the second a comprehensive examination of the total cost of providing electric service. Not only would that needlessly double the expense of addressing issues such as rate of return and interclass cost allocation, but it would double the rate changes NorthWestern's customers would experience over the course of the year. It would be awkward, at best, to perform interclass cost allocations of NorthWestern's supply function separate and apart from all other cost allocations, or to allocate generation costs without the studies necessary to make informed decisions.

The Commission is in no way compelled to conduct a rate case of any kind for purposes of implementing a cost sharing feature in NorthWestern's electricity supply cost tracker. The Commission is fully capable of modifying the tariffs governing NorthWestern's electric tracker without conducting either a full-blown general rate case, or the partial rate case described in the NCA. Indeed, if it is truly the desire of the Commission to expeditiously implement a cost sharing mechanism in NorthWestern's electric tracker, it would be both reasonable, and rational, to make that the singular focus of this proceeding.

CONCLUSION

The Commission must significantly revise its proceedings in this docket to provide not only NorthWestern, but also any other party to this docket, the fair hearing guarantees to which they are entitled under MAPA. This docket must be re-established as a contested case proceeding under MAPA. The Commission needs to vacate the provisions of its NCA, and issue a procedural order for a contested case proceeding, beginning with the filing of a proposal to modify the current tariffed electric tracker. The process should begin with a July 14, 2017, date for the filing of specific proposals to modify the current tariff. Given that NorthWestern will be filing a comprehensive general case for its Montana electric operations in September of 2018, the Commission should not append a partial revenue requirement determination to its consideration of a modified electric tracker implementing cost sharing.

Respectfully submitted this 26th day of May, 2017.

NORTHWESTERN ENERGY

By:  _____
Ann Hill
Attorney for NorthWestern Energy

PRELIMINARY STATEMENT
PART B

ELECTRIC COST AND DEFERRED ACCOUNTING PROVISION

APPLICABILITY: Applicable to Total Electric Costs and Total Electric Cost Revenues for all electricity supply utility service provided to electricity supply customers whose rates are subject to the jurisdiction of the Public Service Commission of Montana.

PURPOSE: The purpose of this Adjustment Clause is to permit the Utility to reflect current Total Electric Costs in rates on a monthly basis and track these costs compared to actual Total Electric Cost Revenues. The Electric Supply Deferred Cost Account (Account 191) shall reflect the net of costs and revenues, as described below, as they are charged to Electric Supply Cost Adjustment (Account 555). Each Accounting Period's charges and revenues shall be separately detailed in the accounts.

RATE DEVELOPMENT: The rates determined under this Adjustment Clause shall be incorporated and filed as a revision of all applicable rate schedules as follows:

- A. Monthly Electricity Supply Costs: Monthly Electric Costs shall reflect the current Utility average annual cost of electricity.
- B. Monthly Electricity Supply Rate: Electricity Supply Rates shall be based on most recent 12-month annual forecast of electricity supply costs divided by the most recent 12-month forecasted load on a normalized basis.
- C. Monthly Electricity Supply Rate Effective Date: Unless otherwise ordered by the Commission, the effective dates of the monthly electric cost adjustment shall be for service on and after the first day of each month.
- D. Current Year Deferred Account Balance: The net monthly difference between Total Electric Costs and Total Cost Revenues shall be accumulated as prescribed below under Accounting Period. The deferred balance at the end of the 12-month period shall be accumulated with any prior year balance and amortized over the succeeding 12-month period. This Amortization Rate shall be determined by dividing the Accounting Period Balance in Account No.191 by the forecasted 12-month electric supply load to produce the unit rate.
- E. Prior Year Deferred Account Amortization: The deferred account balance remaining at the end of the tracker year shall be amortized over the succeeding period (normally 12 months). The Rate shall be determined by dividing the deferred account balance in Account No. 191 by the forecasted 12-month electric supply load to produce the unit amortization rate. The balance is designed to be amortized on an expected 12-month period. Any balance remaining at the end of the 12-month amortization period is rolled into the current year deferred balance for amortization over the next 12-month period.

(continued)

PRELIMINARY STATEMENT
PART B

ELECTRIC COST AND DEFERRED ACCOUNTING PROVISION

- F. Electricity Supply Deferred Account Annual Rate: The Deferred Supply Account Annual Rate shall be included on bills as a separate \$x.xx per kWh charge.

ACCOUNTING:

- A. Accounts Used: Account 191 - Electric Supply Deferred Costs
Account 555 - Electric Supply Cost Adjustment
- B. Account Entries: Accounting entries shall be made on a monthly basis commencing on July 1 for each Accounting Period, as follows:

Current Year Deferred:

Account 191:

Revenues: For electricity sold during the Account Period, the Total Electric Cost Revenues shall be recorded by rate schedule and customer class for Utility electricity supply customers.

Electric Costs: Net consolidated Actual Total Electric Costs for the Montana jurisdictional electric supply sales to Electricity Supply customers shall be recorded monthly.

Balance: The net monthly difference between Total Electric Costs and Total Electric Cost Revenues shall be accumulated for each Accounting Period for disposition under this Mechanism.

Prior Year Deferred:

The prior year deferred account balance is amortized monthly based on actual revenues pertaining to this account.

Account 555:

The monthly balance determined for Account 191 shall be charged to this account.

Entries to the above accounts shall reflect proper accounting of Debits and Credits.

(continued)

ELECTRIC TARIFF



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PRELIMINARY STATEMENT
PART B

ELECTRIC COST AND DEFERRED ACCOUNTING PROVISION

C. Account Period: The Accounting Period to be used hereunder shall be the 12-month period, July 1 through June 30, of each electric tracking year.

REPORTING AND FILING:

- A. Monthly Reporting: On a monthly basis, the Utility shall provide the Commission with a report of the accounting transactions reflected in the above accounts. The Utility shall also provide revised tariff sheets reflecting the change in the current electric supply rate accompanied by detailed computations, which clearly show the derivation of the relevant amount.
- B. Annual Filing: On an annual basis, the Utility shall submit to the Commission, a filing reflecting the accounting transactions reflected in the above accounts for the 12-month Accounting Period, and the necessary calculations and rates in support of the upcoming period's Current and Deferred Rates.

SERVICE AND RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

Approved July 15, 2003 Effective for service rendered on or after July 15, 2003
Docket No. D2003.6.77

Agenda No. None

PUBLIC SERVICE COMMISSION
Barbara Effing
Secretary

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

IN THE MATTER OF the Montana Public Service)	REGULATORY DIVISION
Commission's Review of Rates to Recover)	
NorthWestern Energy's)	DOCKET NO. D2017.5.39
Electricity Supply Costs)	
)	

AFFIDAVIT OF JOE SCHWARTZENBERGER

State of Montana)
: ss.
County of Silver Bow

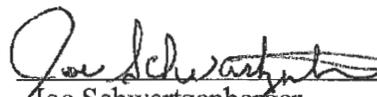
I, Joe Schwartzenberger, being duly sworn depose and say:

1. I am the Director of Regulatory Affairs for NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern"). In my capacity as Director, I am responsible for state and federal regulatory activities, demand side management, and universal system benefits programs, and electric load research and collecting and managing electric load data to meet various internal and external needs in Montana.
2. I have personal knowledge of the facts stated in this Affidavit.

3. The design of a new electric supply cost tracking mechanism is a vitally important issue for NorthWestern, its customers, and its shareholders.
4. Consideration and development of a new electric supply cost tracking mechanism will require detailed analyses and review, which will necessarily require adequate time.
5. In evaluating a new electric supply cost tracking mechanism, in conjunction with Energy Supply and Accounting, Regulatory Affairs will consider the following questions presented in the Commission's Notice of Commission Action:
 - a) Should the Commission continue to authorize monthly tracking adjustments?
 - b) How should the Commission provide for NorthWestern's DSM program (e.g., should the replacement tracker reflect budgeted DSM expenses in calculation of supply rate, create a regulatory asset, or consider another approach)?
 - c) Should the Commission permit inclusion in the cost tracker of other costs, such as planning and administrative costs?
 - d) Should the rates established on an interim basis effective July 1, 2017, be trued-up at the end of the approved interim rate period based on actual costs and, if so, how?
6. In developing a new electric supply cost tracking mechanism for presentation to the Commission, in conjunction with Energy Supply and Accounting, Regulatory Affairs will conduct the following activities:
 - a. evaluate a new electric supply cost tracking mechanism similar to Montana-Dakota Utilities' 90%-10% sharing mechanism, recognizing that NorthWestern and Montana-Dakota Utilities are not identical companies.
 - b. develop an application presenting a proposed new mechanism to the Commission including the associated new tariff(s) and supporting testimony.
7. Regulatory Affairs' personnel that would be involved in evaluating a new electric supply cost tracking mechanism are currently, or expect to be, in the next two months, engaged in the following activities:
 - a. processing annual filings before the Commission regarding the current electricity and natural gas trackers, including monthly tracker filings.

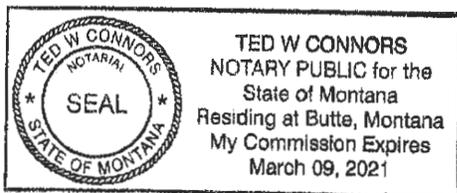
- b. processing the Phase II filing for NorthWestern's natural gas rate case application.
 - c. furthering the Regulation Resource Allocation Study, which includes the Dave Gates Generating Station allocation.
 - d. furthering the Renewable Integration and Load Variability Study.
 - e. continued processing, or commencement of the processing of, other applications and matters currently before the Commission such as the Townsend Propane, Natural Gas USB, Havre Pipeline Farmstead Customer Rate, CREP Waiver for 2015, CREP Waiver for 2016, QFLT, post hearing briefing in Phase 1 of the natural gas general rate case, and responding to complaints noticed by the Commission.
 - f. furthering planning of the consolidated electric general rate case NorthWestern has committed to file in 2018 as described in its April 26, 2017 letter filed in Docket D2016.12.98 – General Electric Rate Filing Inquiry.
8. Due to existing work load, available resources, and the detailed analyses and review necessary to conduct an informed and thoughtful evaluation needed to develop a new supply cost tracking mechanism in conjunction with Energy Supply and Accounting, Regulatory Affairs requires until July 14, 2017, to submit NorthWestern's proposed new supply cost tracking mechanism accompanied by the associated new tariff(s) and supporting testimony.

Further affiant sayeth not.
 Dated this 26th day of May 2017.


 Joe Schwartzberger

Subscribed and sworn to before me this 26 day of May 2017.

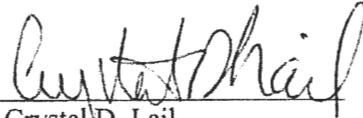
Signature: 
 Printed Name of Notary: Ted W Connors
 Residing at: Butte, Montana
 My Commission Expires: 3/9/21



4. Consideration and development of a new electric supply cost tracking mechanism will require detailed analyses and review, which will necessarily require adequate time.
5. In evaluating a new electric supply cost tracking mechanism, in conjunction with Energy Supply and Regulatory Affairs, Accounting will consider the following questions presented in the Commission's Notice of Commission Action:
 - a) Should the Commission continue to authorize monthly tracking adjustments?
 - b) Should the Commission permit inclusion in the cost tracker of other costs, such as planning and administrative costs?
 - c) Should the rates established on an interim basis effective July 1, 2017, be trued-up at the end of the approved interim rate period based on actual costs and, if so, how?
6. In developing a new electric supply cost tracking mechanism for presentation to the Commission, in conjunction with Energy Supply and Regulatory Affairs, Accounting will conduct the following activities:
 - a. evaluate a new electric supply tracking mechanism similar to Montana-Dakota Utilities' 90%-10% sharing mechanism, recognizing that NorthWestern and Montana-Dakota Utilities are not identical companies.
 - b. evaluate cost tracking mechanisms utilized by other utilities.
 - c. evaluate appropriate internal controls and changes in accounting policy related to the proposed tracking mechanism.
7. Accounting personnel that will be involved in evaluating a new electric supply cost tracking mechanism are currently, or will be in the next two months, engaged in the following activities:
 - a. completing the current electric and natural gas tracker filings for the 2016-2017 tracker period.
 - b. analysis and implementation of new accounting standards related to revenue recognition, leases and pension accounting.
 - c. completion of the quarterly reporting process, including Securities and Exchange Commission and FERC filings.

8. Due to existing work load, available resources, and the detailed analyses and review necessary to conduct an informed and thoughtful evaluation necessary to develop a new supply cost tracking mechanism in conjunction with Energy Supply and Regulatory Affairs, Accounting requires until July 14, 2017, to submit NorthWestern's proposed new supply cost tracking mechanism accompanied by the associated new tariff(s) and supporting testimony

Further affiant sayeth not.
Dated this 26th day of May 2017.


Crystal D. Lail

Subscribed and sworn to before me this 26th day of May 2017.



Signature 

Printed Name of Notary: Corinne B. Dede

Residing at: 3010 W. 69th St. Sioux Falls, SD 57108

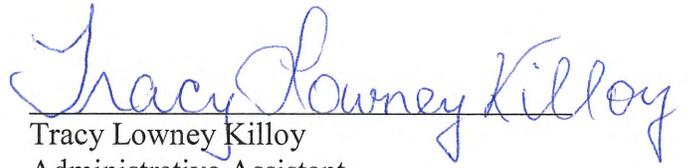
My Commission Expires: March 11, 2021

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's Motion for Reconsideration, Request for Oral Presentation, and Brief in Support in Docket No. D2017.5.39 has been hand delivered to the Montana Public Service Commission and the Montana Consumer Counsel ("MCC") this date.

This filing has also been e-filed on the MPSC website.

Date: May 26, 2017


Tracy Lowney Killoy
Administrative Assistant
Regulatory Affairs

Will Rosquist
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