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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 Comments
 on the Issue of Whether the Commission Should Request Additional Information**

Pursuant to the procedural schedule in the Montana Public Service Commission’s (“Commission” or “MPSC”) Notice of Commission Action issued July 7, 2017, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern” or “Company”) provides written comments on the issue of whether the Commission should require NorthWestern to submit information by September 30, 2017 in the form that would be consistent with the filing requirements contained in ARM 38.5.101 through 38.5.195. Because the Commission has not yet begun its consideration of the information NorthWestern provided to the Commission in its July 14, 2017 filing, it is premature for

the Commission to require additional information. Additionally, the application based on 2017 data that NorthWestern would provide to the Commission under the alternative proposal described in these comments renders the Commission's request for 2016 information unreasonable and inefficient.

Introduction

In response to Governor Bullock signing House Bill 193 ("HB 193") into law on May 8, 2017, the Commission very quickly issued a Notice of Commission Action on May 18, 2017 ("May NCA") initiating a process through which to develop a new electricity supply cost tracker for NorthWestern. As the Human Resource Council, District XI and Natural Resources Defense Council ("HRC/NRDC") noted in their response to the May NCA, "The seemingly hasty issuance of the NCA and the lack of input from interested parties may very well have led to its deficiencies."¹ Due to these deficiencies, NorthWestern filed a Motion for Reconsideration asking the Commission to significantly revise its proceedings in this docket. In a Notice of Commission Action issued July 7, 2017 ("July NCA"), the Commission generally agreed with NorthWestern's proposed procedural process for implementing a new tracker mechanism, as described in the Motion for Reconsideration. NorthWestern appreciates the Commission's response to the Motion for Reconsideration and its general acceptance of a path that allows the Commission to expeditiously and lawfully change NorthWestern's electricity tracker to implement cost sharing in a manner consistent with HB 193. As provided for in that path, NorthWestern delivered on its commitment to file a formal application for a change in controlling tariffs, supported by testimonial and documentary evidence. NorthWestern submitted its proposal for a Power Costs and Credits Adjustment Mechanism ("PCCAM") on July 14, 2017.

¹ Comments submitted on behalf of HRC/NRDC. Docket No. D2017.5.39, May 26, 2017.

**The Commission Should Not Request Additional Information before Considering
the Information Already Submitted in this Docket**

The Legislature gives the Commission authority to regulate public utilities, subject to statutory provisions. § 69-3-102, MCA. By rule of law, the Commission, as an administrative agency, “has only those powers specifically conferred upon it by the legislature.” *City of Polson v. Pub. Serv. Comm'n*, 155 Mont. 464, 469, 473 P.2d 508, 511 (1970). Representative Tom Woods proposed HB 193 to give the Commission the latitude “to set up a cost sharing mechanism for NorthWestern” so that NorthWestern would “share in the cost of power outages, unexpectedly high fuel costs,” and other supply expenses.² The Commission unanimously supported this bill to “allow[s] the PSC to institute a costs sharing provision for electric supply costs” and “to give at least a small incentive to the utility to control its energy purchases and procurement costs.”³ As the Commission explained to the Legislature, the cost sharing would work by NorthWestern recovering 90%, rather than 100%, of the difference between baseline and actual supply costs.⁴ The Commission also supported the bill for its separation of a new cost sharing mechanism from the definition of “electricity supply costs” found in § 69-8-103, MCA. That definition, the Commission asserted, is overly broad. In sum, the Commission argued for passage of HB 193 in order to “have rules of the game that establish strong incentives so that the PSC doesn’t have to dig in and micromanage” NorthWestern.⁵

² House Committee Federal Relations, Energy, and Telecommunications hearing on HB 193 (January 11, 2017) (testimony of Representative Woods).

³ *Id.* (testimony of Commissioner Koopman).

⁴ *Id.* (testimony of Commissioner Kavulla). Senate Committee on Energy and Telecommunications hearing on HB 193 (March 21, 2017) (testimony of Commissioner Kavulla).

⁵ Senate Committee on Energy and Telecommunications hearing on HB 193 (March 21, 2017) (testimony of Commissioner Kavulla).

NorthWestern's proposed PCCAM is directly responsive to the Commission's advocacy regarding cost sharing and the categories of expenses available for recovery through a tracking mechanism. The PCCAM establishes a normalized baseline for electricity supply costs and incorporates a sharing mechanism that allows NorthWestern to recover 90% of the difference between certain actual electricity supply costs and the baseline. NorthWestern's filing also suggests that certain administrative costs related to scheduling, balancing, and providing energy supply service, and Demand Side Management program costs that have been included in the electricity cost recovery mechanism since its inception in 2002 be transitioned out of the PCCAM. *See* Illustration of PCCAM attached as Exhibit A. Consistent with the Commission's advocacy to the Legislature that HB 193 would not impact rate based assets, the PCCAM does not impact the recovery of Commission-approved fixed costs of Colstrip Unit No. 4, the Dave Gates Generating Station, the Spion Kop Wind Generation Project, or the Hydro Generation Assets.⁶

Since NorthWestern only filed its proposed PCCAM a week ago, the Commission and interested parties have not yet had much time to begin considering this information. In fact, the Commission issued the notice of the filing of the application only three days ago. Parties have not had the opportunity to comment on the application or conduct discovery. Because this docket was opened for the purpose of developing a new electricity supply cost recovery mechanism for NorthWestern, it is not reasonable for the Commission to request additional information regarding a new mechanism without first considering the proposal currently before it. Such a request implies that the Commission prematurely rejected NorthWestern's proposal.

⁶ Senate Committee on Energy and Telecommunications hearing on HB 193 (March 21, 2017) (testimony of Commissioner Kavulla, "Nowhere in there does it talk about RBAs, which are rate based assets. So nothing would change with respect to that.")

When it opened this docket, the Commission raised the question of whether it should make the continued availability of a tracking mechanism contingent upon NorthWestern filing an electric supply revenue requirements case by September 30, 2017. The answer was a resounding, “No!” The HRC/NRDC “urge[d] the Commission to step away from the course (which may lead to a cliff) it appears to be on.”⁷ Pointing out, “There has been no showing or even a discussion of whether the utility has the ability to meet what seems to be an arbitrarily established deadline,” HRC/NRDC noted the contradiction of the required filing requirement in light of NorthWestern’s stated commitment to file an electric rate case in 2018 and encouraged the Commission to take a more deliberate and thoughtful approach.⁸ The Montana Consumer Counsel (“MCC”) echoed that the Commission’s consideration of a new cost recovery mechanism should be deliberate and thorough and asserted that NorthWestern’s next electric rate case should be a full general rate case (i.e., to set rates for supply, transmission, and distribution services simultaneously).⁹ NorthWestern responded to the question with its Motion for Reconsideration and proposed PCCAM.

In light of developments in this docket, including NorthWestern’s proposal for a new mechanism and the MCC’s and HRC/NRDC’s comments stating that the Commission should not require NorthWestern to submit additional information in the format of a rate case filing, the Commission’s need for additional information by September 30, 2017 has been at least delayed, if not extinguished. The Commission should first consider NorthWestern’s proposed PCCAM and allow all interested parties to be involved in the process for developing a new mechanism.

⁷ Comments submitted on behalf of HRC/NRDC. Docket No. D2017.5.39, May 26, 2017.

⁸ *Id.*

⁹ Comments submitted on behalf of the MCC. Docket No. D2017.5.39, June 20, 2017.

**The Commission’s Inclination to Demand Additional Information
is Unlikely to Produce a Good Result**

Despite the information before it, the Commission appears to be unreasonably determined to demand that NorthWestern provide additional information by September 30, 2017. In the July NCA, the Commission stated its “inclination” to require NorthWestern to provide information for electric costs and generation assets cost of service that conforms to the requirements contained in ARM 38.5.101 to 38.5.195. July NCA, ¶ 19. Because NorthWestern has been tracking electricity supply costs since 2002, it has actual cost data that can be used in formulating a new cost tracking mechanism. Consequently, the Commission does not require more information in order to fulfill its goal of establishing a new cost recovery mechanism that implements sharing.

The Commission appears to have changed its focus on implementing HB 193 to concentrate on altering base rates for NorthWestern’s owned supply assets. In general, paragraphs 9-16 of the July NCA contain extensive pre-decisional justification for altering base rates for NorthWestern’s owned supply assets. More specifically, the Commission asserts that since it previously expressed an interest in altering the base rates for NorthWestern’s hydroelectric generating facilities (“Hydros”), NorthWestern should already have its employees on standby, ready to assemble any information the Commission may request. NorthWestern cannot have its employees simply on standby. NorthWestern is staffed extremely efficiently and leanly and does not have extra employees in reserve as suggested in the July NCA. NorthWestern employees must perform their primary job tasks of providing customers with safe, reliable service at reasonable prices while simultaneously responding to regulatory requirements. Most regulatory agencies would not find it prudent for a utility to utilize its personnel and resources for some type of “regulatory stand-by.”

Additionally, although the Commission previously expressed an interest in altering the base rates for the Hydros, it more recently stated to the Legislature in March 2017 that the passage of HB 193 and the creation of a new tracker mechanism would not impact base rates,

When the PSC pre-approves an asset for Northwestern ownership, it sets a unit rate. Let's say \$50 per megawatt hour, and that is not tracked. It remains the same until they file the general rate case, and they would continue to collect that money even if this statutory tracker were abolished...Nowhere in there does it talk about RBAs, which are rate based assets. So nothing would change with respect to that.¹⁰

The Commission's interest in adjusting base rates in this docket also contradicts its previous determination not to alter fixed rates in a tracker proceeding. *See In re NorthWestern Energy's 2009-2010 Electric Supply Tracker*, Docket No. D2010.5.50, Order No. 7093c.

NorthWestern is also concerned about the Commission's departure in this docket from standard procedure. When the Commission urged Governor Bullock to sign HB 193 into law, it stated that it would utilize "standard Commission procedures" and its "experience administering an incentive-based tracker" for Montana-Dakota Utilities Co. ("MDU") in applying HB 193 to NorthWestern.¹¹ The procedure in this docket is anything but standard. In the short time this docket has been open, the Commission has issued three notices of Staff action and two NCAs, and conducted a vaguely defined "discovery conference," all before a single party had intervened. The Commission also created two intervention periods for a single docket, which is unusual. The first intervention period that ended on July 14, 2017, was limited to the question of whether the Commission should require NorthWestern to submit additional information. The second intervention period that began July 17, 2017 addresses NorthWestern's application

¹⁰ Senate Committee on Energy and Telecommunications hearing on HB 193 (March 21, 2017) (testimony of Commissioner Kavulla).

¹¹ Commission letter to Governor Bullock, May 2, 2017.

proposing the PCCAM. WINData, LLC, a Qualifying Facility developer, requested intervention during the first intervention period although it expressed interest in the subject of the second intervention period, NorthWestern's application. More disturbingly, the Commission granted the intervention, directly contradicting its own rules that limit interventions to persons directly affected by the subject matter. *See* ARM 38.2.2401.

This activity is indicative of how problematic and incongruous this proceeding has become before it has even gotten off the ground. As the HRC/NRDC summarized, this approach has placed the Commission in a conundrum: "a general rate case is much more preferable but may not be possible within the schedule the Commission has established and requiring it [a rate case] may make the risk of Commission overreach even greater than it already is."¹²

This conundrum gives rise to a series of questions such as: How can NorthWestern provide meaningful information, given such short notice? How will the information be useful to the commissioners? How will an overly burdened Staff find the resources to assist the Commission in analyzing this information? Will interested parties have the resources to participate in an exceptionally expedited proceeding? Will this expedited proceeding result in numerous errors? Will the Commission appoint an advocacy staff to initiate action on the information? Why institute an expedited proceeding involving 2016 data when NorthWestern could instead provide 2017 data, which would be much more recent and relevant?

NorthWestern Proposes a Reasonable Resolution

The series of questions that arise from a Commission requirement to file additional information are removed with a general rate case filing. Therefore, in order to resolve the conundrum and associated questions before the Commission, NorthWestern proposes that the

¹² Comments submitted on behalf of HRC/NRDC. Docket No. D2017.5.39, May 26, 2017.

Commission consider NorthWestern's application for a PCCAM currently before it and consider a NorthWestern general rate case filing in September 2018. If the Commission is unwilling to accept this proposal, NorthWestern proposes to file a general rate case in the form of a revenue requirement filing (Phase 1) on May 31, 2018 and an allocated cost of service and rate design filing (Phase 2) on September 30, 2018.

A General Rate Case is More Preferable Than an Informational Filing

The Commission has established rules and procedures that it follows in general rate cases. These rules and procedures serve many purposes such as ensuring that the utility files accurate information that is useful to the Commission in its deliberations, ensuring that Staff and parties have access to the information and to the process, and creating a level playing field for all utilities and interested parties. The Commission's consistent application of these rules and procedures results in a known, efficient process with accurate results. In contrast, the path in this docket towards a rushed informational filing does not include these protections and will likely produce errors. Additionally, in most utility proceedings before the Commission, the utility has the burden of proving its case in support of its application. Should the Commission require an informational filing, the burden will be placed on Staff to present any case arising from the information. Staff does not have unlimited resources, as indicated by the fact that it recently requested additional time in a docket filed in May 2016 (D2016.5.39) and another filed in December 2016 (D2016.12.103). The Commission does not have unlimited resources either, as the Chairman humorously noted at the June discovery conference conducted in this docket, "I apologize for the musical microphones, but after the legislature got done with our budget, we had to pawn half." Tr. pp. 49- 50:23-1. Two significant back-to-back proceedings, an informational

filing case led by Staff in 2017 and a general rate case led by NorthWestern in 2018, would be inefficient and unduly burdensome on all parties.

More notably, the Commission's intended request for information asks NorthWestern to submit 2016 data, whereas NorthWestern's next general rate case filing will utilize 2017 data in its application. Rather than considering the older data, the Commission could consider an application, filed at a later time, based on more recent data. A reasonable approach is for the Commission to consider NorthWestern's PCCAM in this proceeding and NorthWestern's general rate case filing in a future proceeding. *See Montana-Dakota Utilities Co. v. Montana Dep't of Pub. Serv. Regulation*, 223 Mont. 191, 195, 725 P.2d 548, 550 (1986) (noting that it may be an abuse of discretion for an agency to ignore the most recent data in the record of a proceeding).

Both the MCC and the HRC/NRDC prefer a general rate case filing to an informational filing. The MCC already commented that NorthWestern's next rate filing should be a general rate case. HRC/NRDC has requested a thoughtful and deliberative process without threatening NorthWestern's ability to recover its costs associated with energy efficiency programs. The Commission should acknowledge the concerns raised by NorthWestern, the MCC, and HRC/NRDC and proceed towards a general rate case, rather than an informational filing.

General Rate Case Procedures

NorthWestern usually develops a rate case during the nine months after the December year-end and has not, for at least the past 13 years, filed a general rate case before July. *See* Affidavit of Joe Schwartzenberger attached as Exhibit B. An important aspect of a general rate case filing includes identifying, evaluating, and making adjustments to actual test year data so that the test year reflects a normal year of NorthWestern's operations. In the usual nine-month

preparation, NorthWestern would close its books in January and then complete its Montana-jurisdictional income statement in February. NorthWestern would retain consultants for cost of equity, depreciation, lead-lag, and cost allocation and rate design studies. By the end of June, NorthWestern would have completed analysis of rate base, the operation and maintenance and administrative and general accounts; an estimate of property taxes as well as analysis of depreciation, and lead-lag studies. Cost of capital, revenues, and income tax computations would be finalized mid to late July. This leaves August and September for finalizing allocated cost of service and rate design: preparing statements, workpapers, revised tariffs, and the interim rate adjustment request; drafting the letter of transmittal, application, testimony and exhibits; and conducting internal review prior to making the filing. This internal review process is critical to develop an accurate filing upon which the Commission can rely to make a decision. A timeline depicting the process for a general rate case is attached as Exhibit C.

NorthWestern Can Provide the Commission with Valuable Information in May 2018

Although NorthWestern prefers to file its next general electric rate case in September, it can submit an accurate and thoroughly prepared Phase 1 rate case filing in May followed by a Phase 2 filing in September. The NorthWestern personnel that will prepare a general rate case filing are the same personnel that are responsible for the day-to-day financial operations of the Company, implementing new accounting standards, completing quarterly reporting, preparing and processing regulatory filings, and participating in docketed proceedings. *See* attached affidavits of Joe Schwartzenberger, Exhibit B, and Crystal D. Lail, Exhibit D. Consequently, NorthWestern would need to, and is willing to, make significant accommodations to make a general rate case Phase 1 filing in May 2018.

As NorthWestern has stated, it intends to complete certain studies before making a general electric rate case filing. The Regulation Resource Allocation and Renewable Integration and Load Variability studies will: 1) determine the regulation and load following reserves required for NorthWestern's Balancing Authority ("BA") to meet North American Electric Reliability Corporation ("NERC") BAL-001-2 performance requirements ("BAL-001-2") reflecting existing conventional and variable energy resources ("VER") and contracted generation within the BA; 2) determine additional regulation reserves required to meet BAL-001-2 assuming additional VER (both wind and solar) in the BA; and 3) allocate required regulation and load following reserves between Federal Energy Regulatory Commission and MPSC jurisdictions and among customer classes. Information provided in these studies will inform both Phase 1 and Phase 2 of a general rate case. NorthWestern has already begun the process to enable these studies to be completed in February 2018.

The Net Metering Cost/Benefit study, required by House Bill 219 passed by the 2017 Montana Legislature, will examine the costs and benefits of customer-generators. The purpose of the study is to provide the Commission with information to allow it to make findings in NorthWestern's next general rate case as to whether net metering customers should be classified separately from other customers for rate design purposes, and, if so, to determine the appropriate rate design(s). This study is applicable to the cost allocation/rate design phase of a general rate case filing. NorthWestern is required to conduct this study before April 1, 2018 and include the study in its next general rate case. When the Legislature considered House Bill 219, it was contemplated that NorthWestern's "next general rate case" would be an electricity general rate case filing in September 2018. NorthWestern estimates the study will be completed in March 2018.

A May 2018 Phase 1 general rate case filing would provide the Commission the opportunity to adjust base rates before the end of the 2018 calendar year – a goal the Commission appears determined to accomplish. This process would require the Commission’s continued determination in order to meet the 2018 year-end deadline, but it would be less burdensome on the Commission than the Commission’s current path into the uncharted territory of a September 2017 informational filing that does not follow established procedure.

A May and September 2018 Phase 1 and Phase 2 general rate case filing is not, as suggested in the July NCA, “too ambitious” to “deal with all of these major issues in a single proceeding.” July NCA, ¶ 18. In fact, dealing with multiple related issues in a single proceeding is precisely the purpose of a general rate case filing. Since one issue impacts another, the Commission is better informed by considering multiple issues in unison. “[R]ate cases are about more than revenue requirements; rather they are - or should be – an integrated look at utility operations, practices, and services.”¹³

Conclusion

The Commission should consider NorthWestern’s July 14, 2017 proposal for a PCCAM before requesting additional information. The Commission should not disguise NorthWestern’s next rate case filing as a response to a request for additional information. This type of partial review will “invite cherry-picking” and not provide the Commission with enough information upon which to base just and reasonable rates.¹⁴ The more reasonable approach is for the Commission to implement a cost-sharing mechanism consistent with HB 193 and consider the most recent data, 2017, in a future general rate case filing.

¹³ Comments submitted on behalf of HRC/NRDC. Docket No. D2017.5.39, May 26, 2017.

¹⁴ Comments submitted on behalf of the MCC. Docket No. D2017.5.39, June 20, 2017.

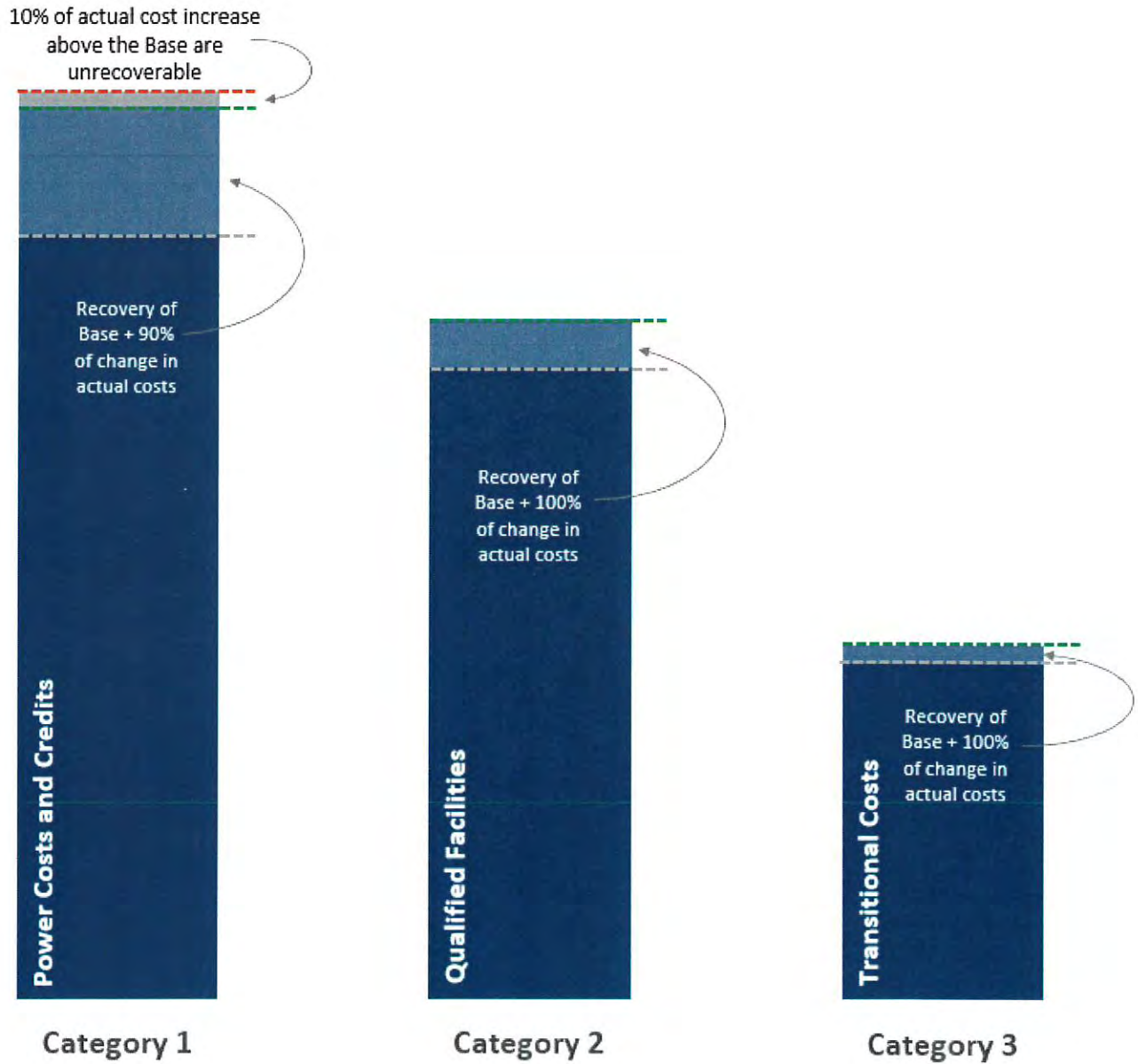
Respectfully submitted this 21st day of July, 2017.

NORTHWESTERN ENERGY

Handwritten signature of Ann B. Hill in cursive script.

Ann B. Hill
Attorney for NorthWestern Energy

Illustrative Power Cost and Credit Adjustment Mechanism



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Electricity Supply Costs)

AFFIDAVIT OF JOE SCHWARTZENBERGER

State of Montana)
)
 : ss.
County of Silver Bow

I, Joe Schwartzenberger, being first 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 concerning NorthWestern's Montana electric and natural gas utilities.
2. I have personal knowledge of the facts stated in this Affidavit.

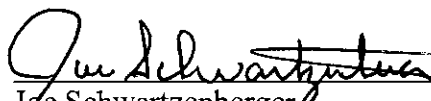
3. In my 13 years as a Director in NorthWestern's Montana Regulatory Affairs Department, it has consistently been NorthWestern's practice to develop general natural gas and electric rate case filings during the nine months after the December year-end. One exception is NorthWestern's application in Docket No. D2007.7.82 in which the revenue requirement and allocated cost of service/rate design phases were bifurcated and filed in July and the following March. In those 13 years, NorthWestern has never filed a general natural gas or electric rate case filing before July.
4. The Montana Regulatory Affairs Department is staffed at levels necessary to support NorthWestern's typical level of regulatory work load effectively and efficiently including managing development of general rate filings over several months.
5. An important aspect of a general rate case filing includes identifying, evaluating, and making adjustments to actual test year data so that the test year reflects a normal year of NorthWestern's operations. For example, under normal circumstances, NorthWestern would close its books in January and then complete its Montana-jurisdictional income statement in February. NorthWestern would retain consultants for cost of equity, depreciation, lead-lag, and cost allocation and rate design studies. By the end of June, NorthWestern would have completed analysis of rate base, the operation and maintenance and administrative and general accounts; an estimate of property taxes as well as analysis of depreciation, and lead-lag studies. Cost of capital, revenues, and income tax computations

would be finalized mid to late July. This leaves August and September for finalizing allocated cost of service and rate design: preparing statements, workpapers, revised tariffs, and the interim rate adjustment request; drafting the letter of transmittal, application, testimony and exhibits; and conducting internal review prior to making the filing.

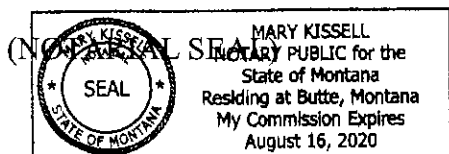
6. Regulatory Affairs personnel are involved at some level in virtually all aspects of developing a general rate filing. For Regulatory Affairs, the bulk of the incremental work associated with developing a general rate filing typically occurs from May through September.
7. Due to available resources, the detailed analyses and review necessary to prepare a complete and accurate general electric rate case filing, and existing and expected work load, Regulatory Affairs requires until May 31, 2018 to submit Phase 1 and until September 30, 2018 to submit Phase 2 of a general electric rate case filing based on a 2017 test year.

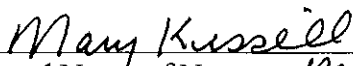
Further affiant sayeth not.

Dated this 21st day of July, 2017.


Joe Schwartzenberger

Subscribed and sworn to before me this 21st day of July, 2017.




Printed Name of Notary: Mary Kissell
Residing at: Butte, MT
My Commission Expires: 8/16/2020

General Rate Case Filing Timeline

						<i>Determine Cost of Capital</i>			
				<i>Provide Test Period Loads to Regulatory Affairs</i>		<i>Expense and Rate Base Adjustments</i>			
				<i>Prepare Models for ACOS and Rate Design</i>		<i>Plan Testimony</i>			
				<i>Rate Base Analysis</i>		<i>Determine Test Period Revenues</i>		<i>Revenue Moderation Results</i>	<i>September Filing</i>
<i>Prepare FERC Income Statement</i>	<i>Prepare MPSC Income Statement</i>	<i>Depreciation Study</i>				<i>Determine Test Period Revenues</i>		<i>Rate Design</i>	<i>Duplicating</i>
<i>Close Books</i>	<i>Lead-Lag Study</i>			<i>O&M / A&G Expense Account Analysis</i>		<i>Tax review</i>	<i>Prepare Testimony & Work papers</i>	<i>Review Testimony & Work papers</i>	
<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	
Montana Electric General Rate Filing Timeline									

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NorthWestern's Energy) DOCKET NO. D2017.5.39
Electricity Supply Costs)

AFFIDAVIT OF CRYSTAL D. LAIL

State of South Dakota)
) : ss.
County of Minnehaha

I, Crystal D. Lail, being first duly sworn, depose and say:

1. I am the Vice President and Controller of NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern"). In my capacity as Vice President and Controller, I am responsible for the financial records of the company, and the related accounting policies and procedures.
2. I have personal knowledge of the facts stated in this Affidavit.

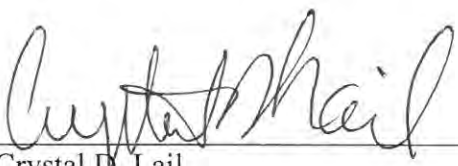
3. In my 14 years in NorthWestern's Finance and Accounting Operations, it has consistently been NorthWestern's practice to develop general natural gas and electric rate case filings during the nine months after the December year-end. In that time, NorthWestern has not filed a general natural gas or electric rate case filing before July.
4. The responsibilities of the personnel in the Finance and Accounting Operations include the daily functions of supporting utility operations in addition to maintaining compliance with current accounting standards and implementing new accounting standards, and completing all external reporting requirements including those of the Securities and Exchange Commission and Federal Energy Regulatory Commission.
5. In order to prepare a bifurcated general electric rate case filing for submission to the Montana Public Service Commission in May and September 2018, these personnel will be required to perform tasks in addition to their regular functions. These additional tasks include: conduct an in-depth test year operations and maintenance and administrative and general expense account analysis, conduct an in-depth test year rate base analysis, make normalizing adjustments to test year, review lead-lag study, prepare and review all required statements, draft and review testimony, review the depreciation study, evaluate allocation of costs, and evaluate and address treatment of demand side management costs and others.
6. Finance and Accounting Operations is staffed at levels to support the electric and natural gas operations of the business in providing critical infrastructure, and is based on an assessment of ongoing demands. NorthWestern does not staff for

peak work load, and NorthWestern's employees typically perform additional tasks, such as those noted above, in hours in addition to the typical work week.

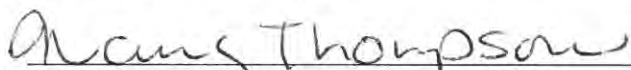
7. Due to existing work load, available resources, and the detailed analyses and review necessary to prepare an accurate general electric rate case filing, Finance and Accounting Operations requires until May 31, 2018 to submit Phase 1 and until September 30, 2018 to submit Phase 2 of a general electric rate case filing.

Further affiant sayeth not.

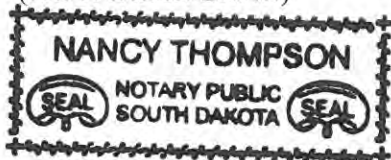
Dated this 21st day of July, 2017.


Crystal D. Lail

Subscribed and sworn to before me this 21st day of July, 2017.


Printed Name of Notary: nancy Thompson
Residing at: Sioux Falls SD
My Commission Expires: 3/20/18

(NOTARIAL SEAL)



CERTIFICATE OF SERVICE

I hereby certify that a copy NorthWestern Energy's Comments on the Issue of Whether the Commission Should Request Additional Information in Docket No. D2017.5.39, the Montana Public Service Commission's Review of Rates to Recover NorthWestern Energy's Electricity Supply Costs, have been hand delivered to the Montana Public Service Commission and Montana Consumer Counsel this date. This has also been e-filed on the PSC website and sent via first Class Mail to the attached service list.

Date: July 21, 2017



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Administrative Assistant
Regulatory Affairs

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