

RESIDENTIAL ELECTRICITY RATES OF NORTHWESTERN ENERGY THROUGH JUNE 2017

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Introduction

The following graphs show residential electricity rates, sources of electricity, and selected unit prices of NorthWestern Energy (“NorthWestern”). This information is available in published tariffs and various dockets at the Montana Public Service Commission.

Since 1998, consumers of electricity services from NorthWestern or its predecessor have paid three primary electricity rates: (1) a Distribution Delivery Service Rate (“**Distribution**”); (2) a Transmission Delivery Service Rate (“**Transmission**”); and (3) electricity supply rates. The Transmission and Distribution rates pay for the wires and poles that transmit electricity. The supply rates pay for the electricity itself. These volumetric rates are charged in addition to a flat customer charge, currently \$4.10 per month.

NorthWestern has purchased significant quantities of electricity from PPL Montana, now Talen Energy (“**PPL**”), as well as a 135-megawatt (“MW”) wind farm in Wheatland County (“**Judith Gap**”). NorthWestern makes daily market purchases and sales through the Mid-Columbia trading hub and reports the sum of these offsetting transactions (“**Spot Market**”). It also has numerous contracts with Qualifying Facilities, whose thermal and renewable power it is required to purchase at rates not exceeding its “avoided cost.”¹ These include contracts signed by NorthWestern since 2006 (“**QF-1**”) and the Montana Power Company prior to 1996 (“**QF II**”).²

¹ See 18 C.F.R. § 292.303 (2017).

² NorthWestern also collects QF II costs a separate QF-CTC rate, which is included on the graphs.

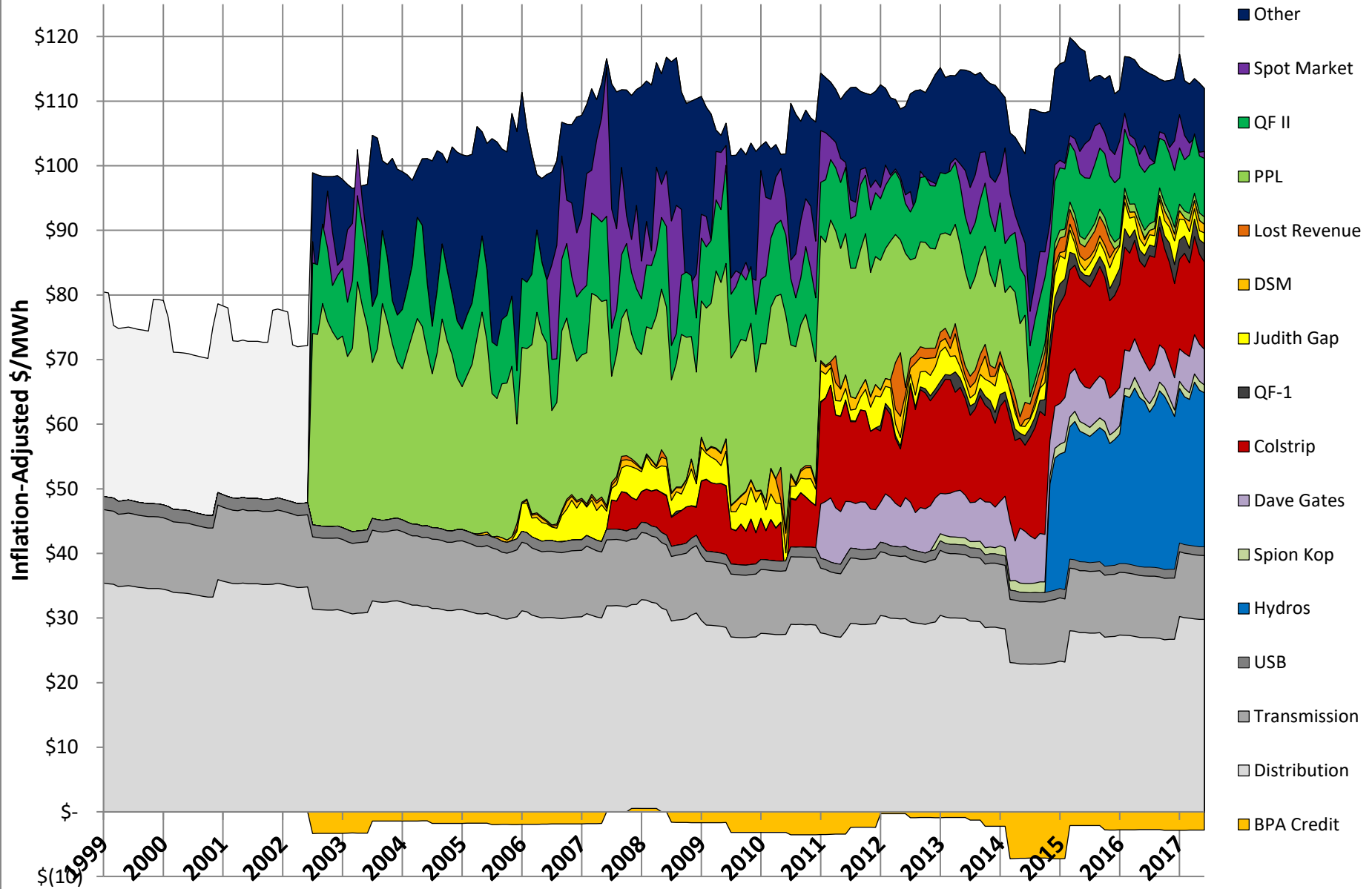
In recent years, NorthWestern has acquired its own power plants to generate an increasing share of its electricity. In 2009, it rate-based its 222-MW share of the Colstrip Generating Station in Rosebud County (“**Colstrip**”). In 2011, it commissioned a 150-MW natural gas plant in Deer Lodge County to provide grid regulation and wind integration services (“**Dave Gates**”). In 2012, it acquired a 40-MW wind farm in Judith Basin County (“**Spion Kop**”). In November 2014, it purchased a number of large hydroelectric facilities from PPL, which currently provide about 440 MW of power (“**Hydros**”).

In 1997, the Montana Legislature mandated a “Universal System Benefits” charge, which annually collects 2.4% of NorthWestern’s 1995 retail sales revenue to ensure continued funding of low-income, conservation and renewable energy programs (“**USB**”). Since 2004, NorthWestern has also administered “demand-side management” programs to promote cost-effective conservation and efficiency efforts (“**DSM**”). By reducing the amount of electricity sold, these efforts may reduce certain revenues, which NorthWestern was allowed to calculate and collect from 2006 through 2015 (“**Lost Revenues**”).

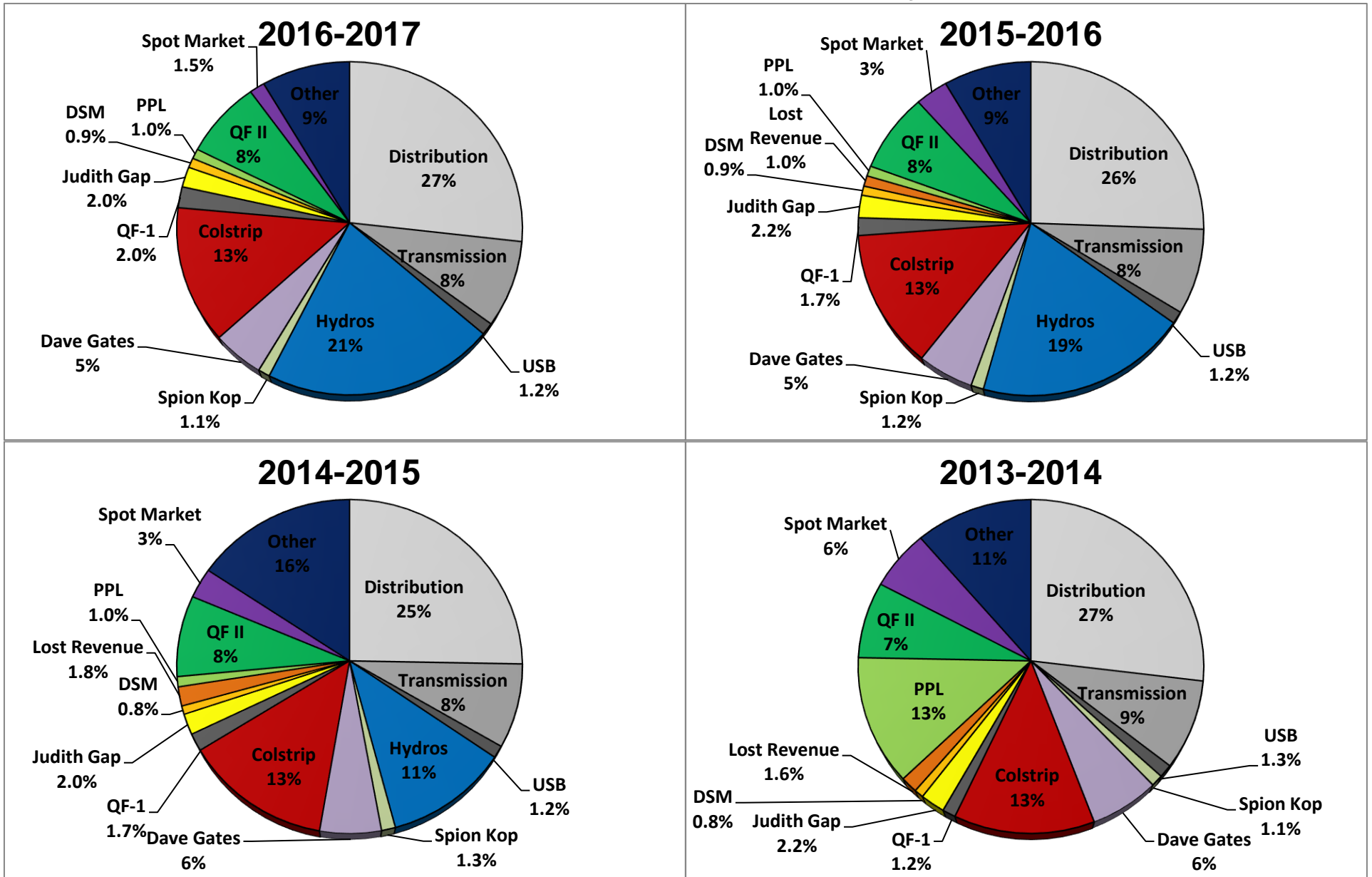
The Bonneville Power Administration shares the benefits of low-cost federal hydropower with NorthWestern’s ratepayers through a residential credit mandated by Congress (“**BPA Credit**”).³ NorthWestern’s supply rates also include administrative, transmission and carrying costs, as well as other purchases, adjustments and charges (“**Other**”).

³ See *Portland Gen. Elec. Co. v. BPA*, 501 F.3d 1009, 1014 (9th Cir. 2007).

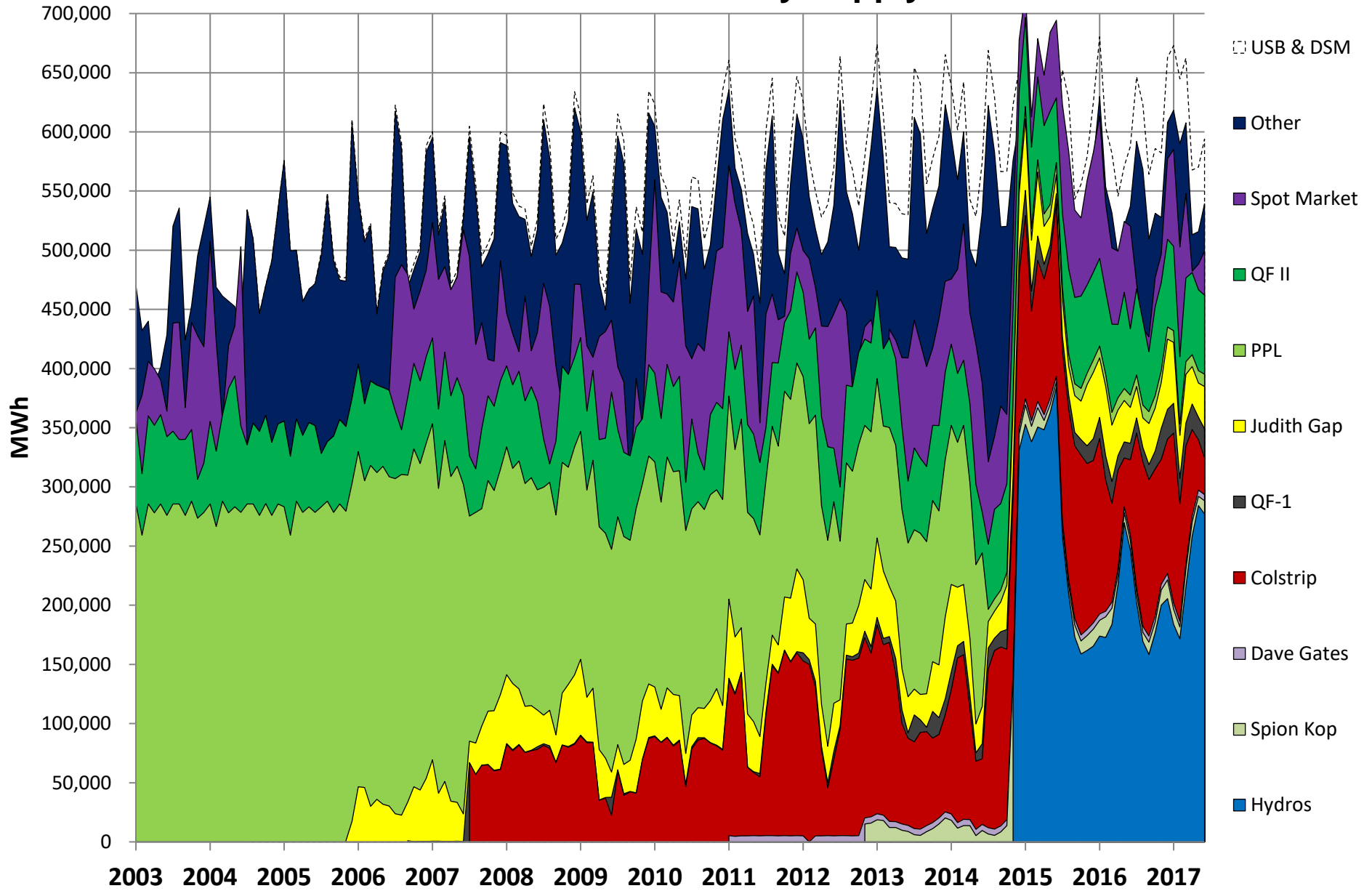
NorthWestern Residential Electricity Rates



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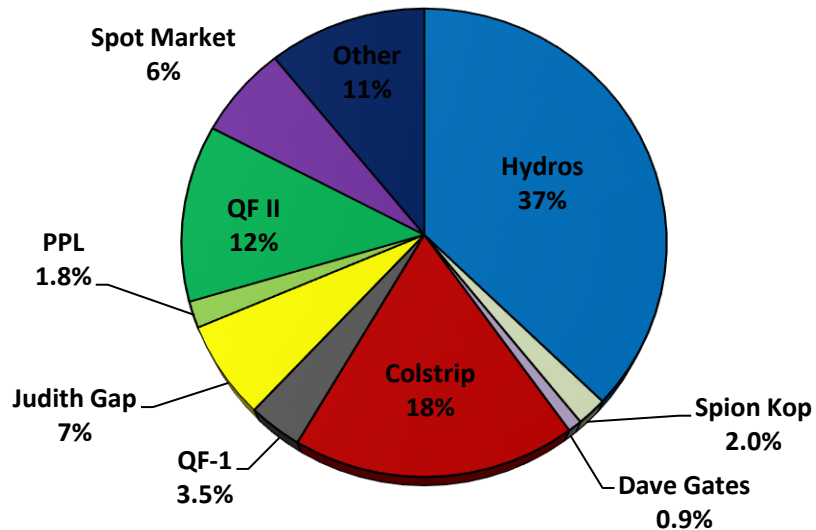


NorthWestern Electricity Supply

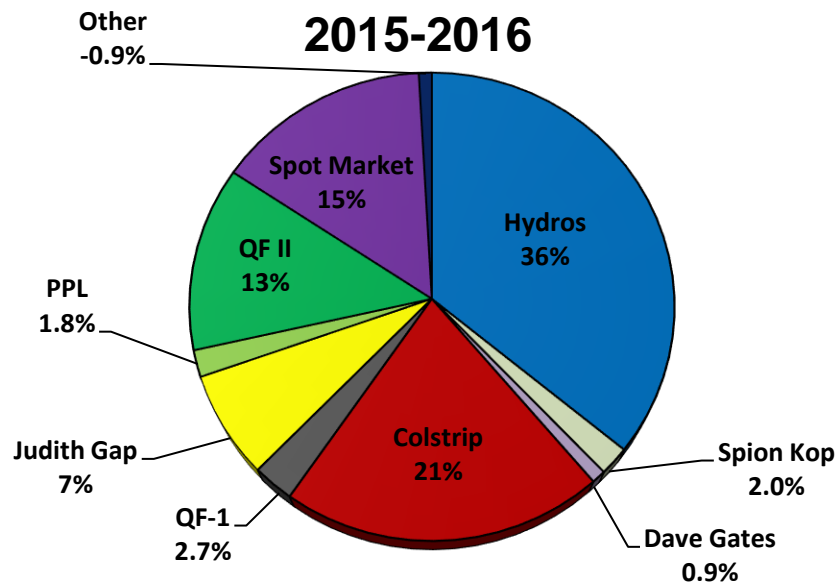


NorthWestern Electricity Supply

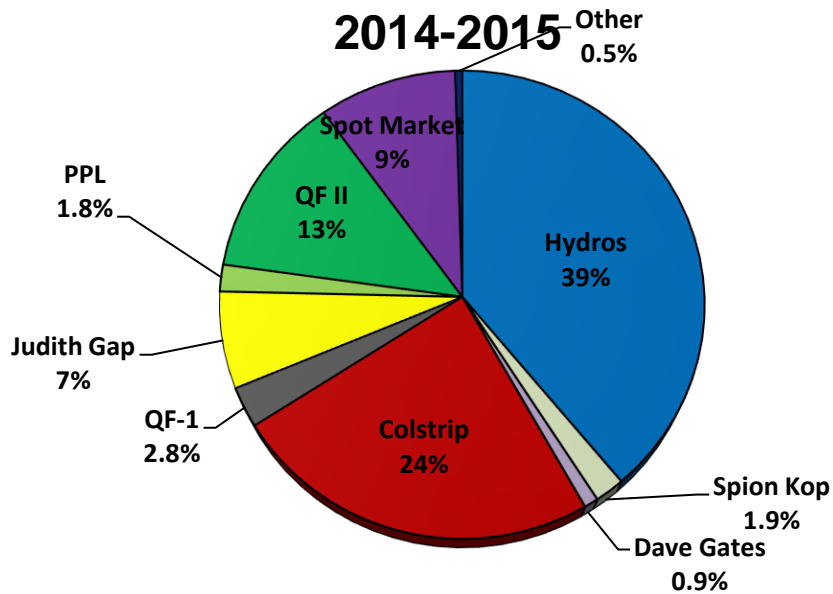
2016-2017



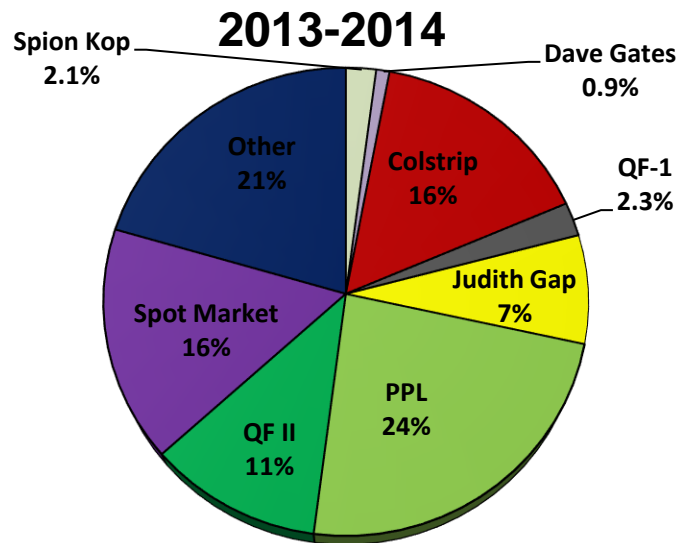
2015-2016



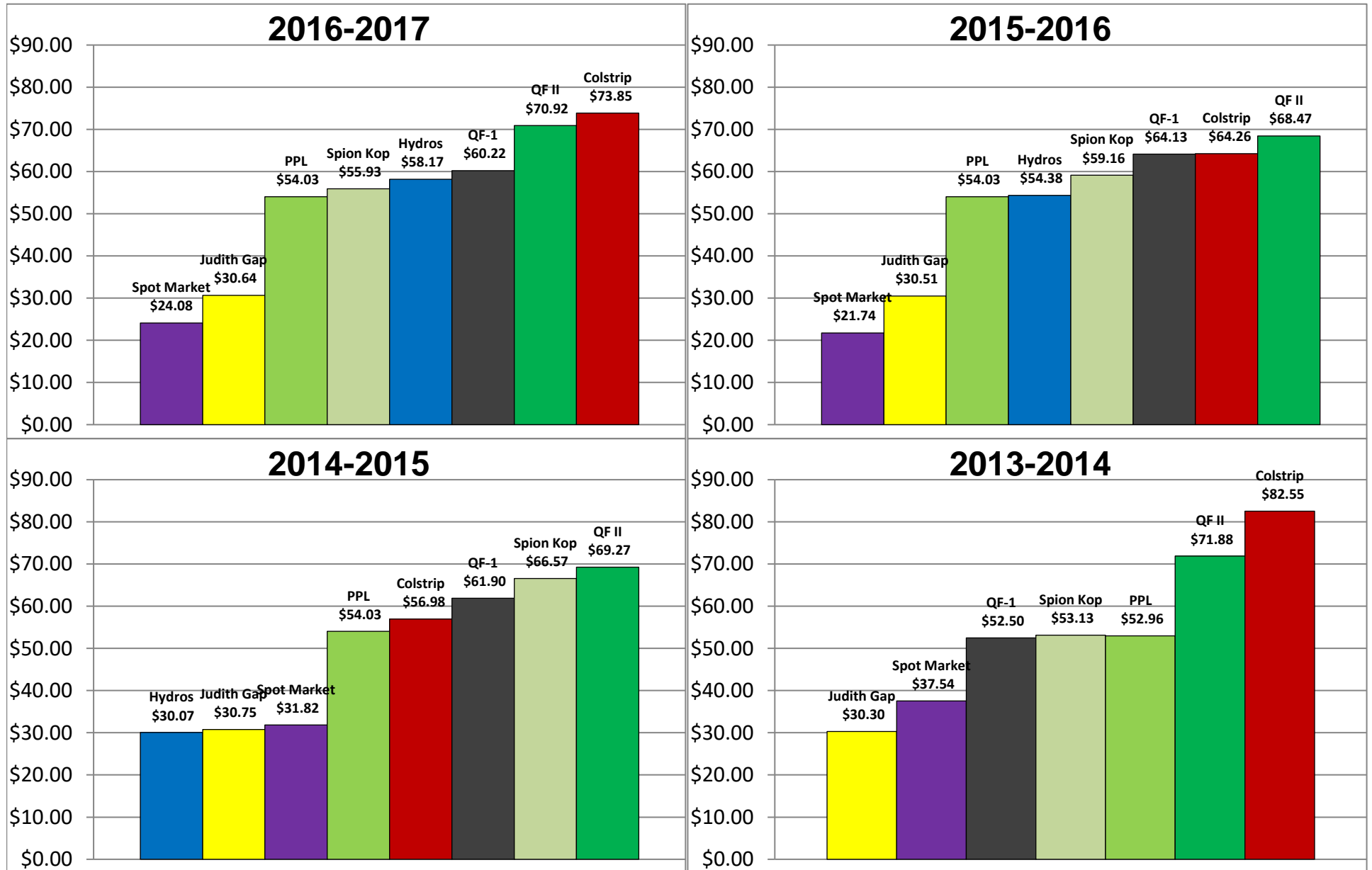
2014-2015

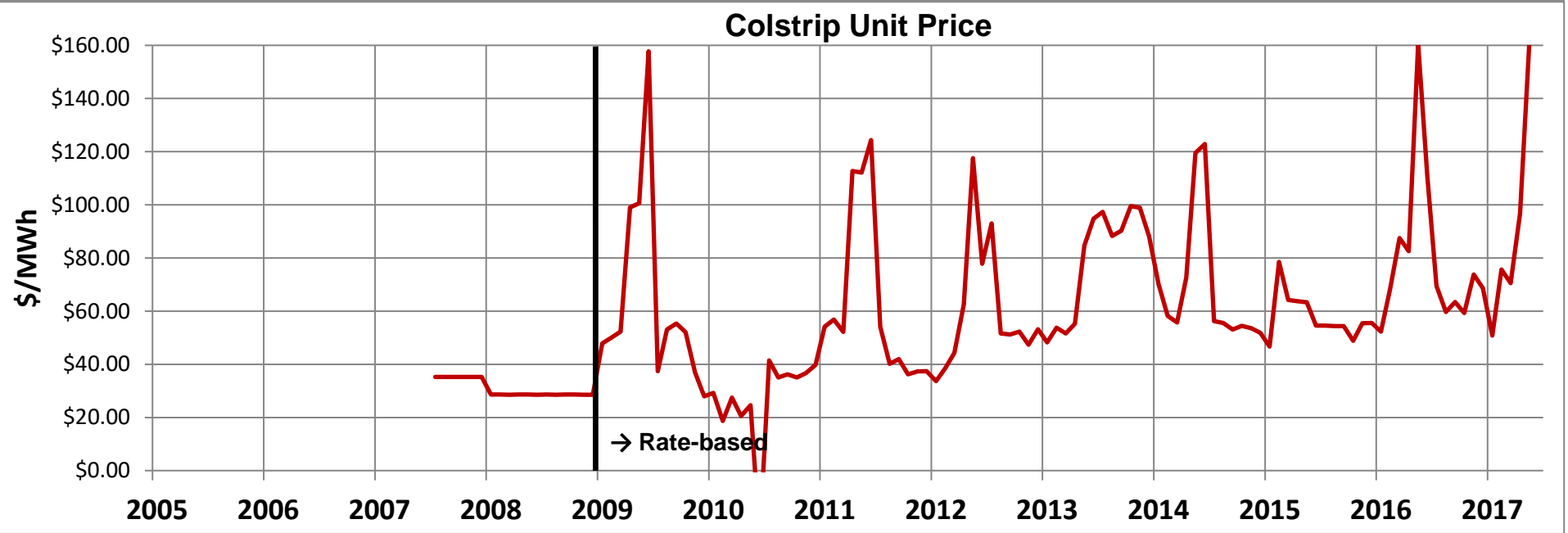
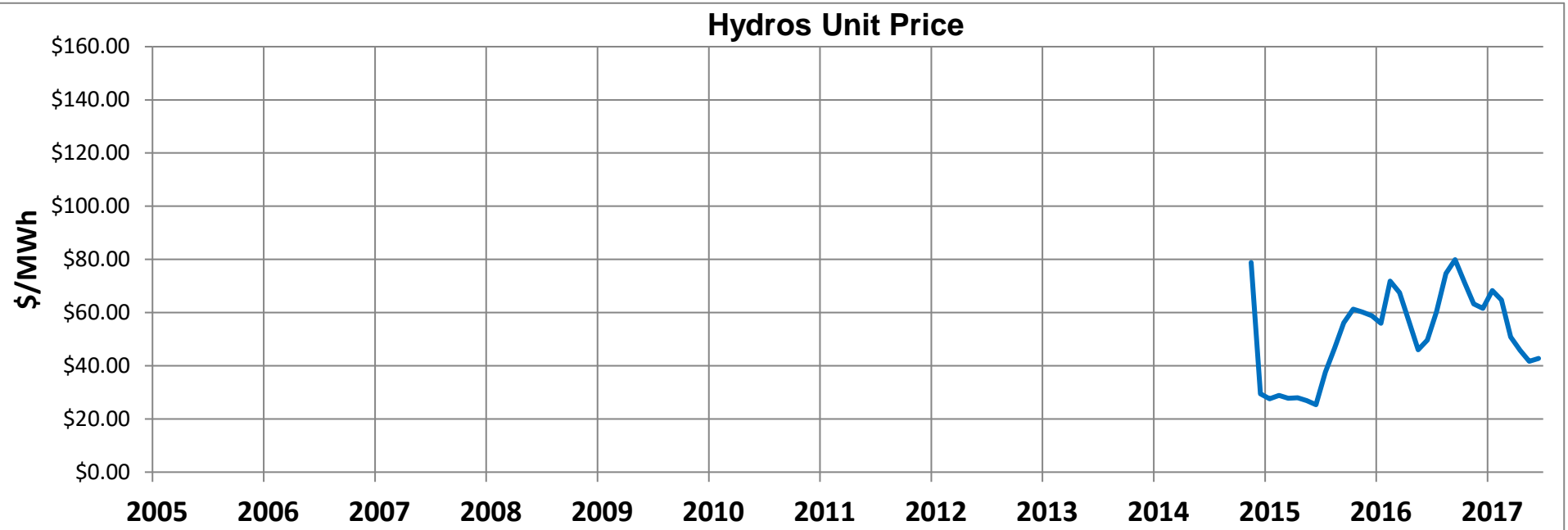


2013-2014

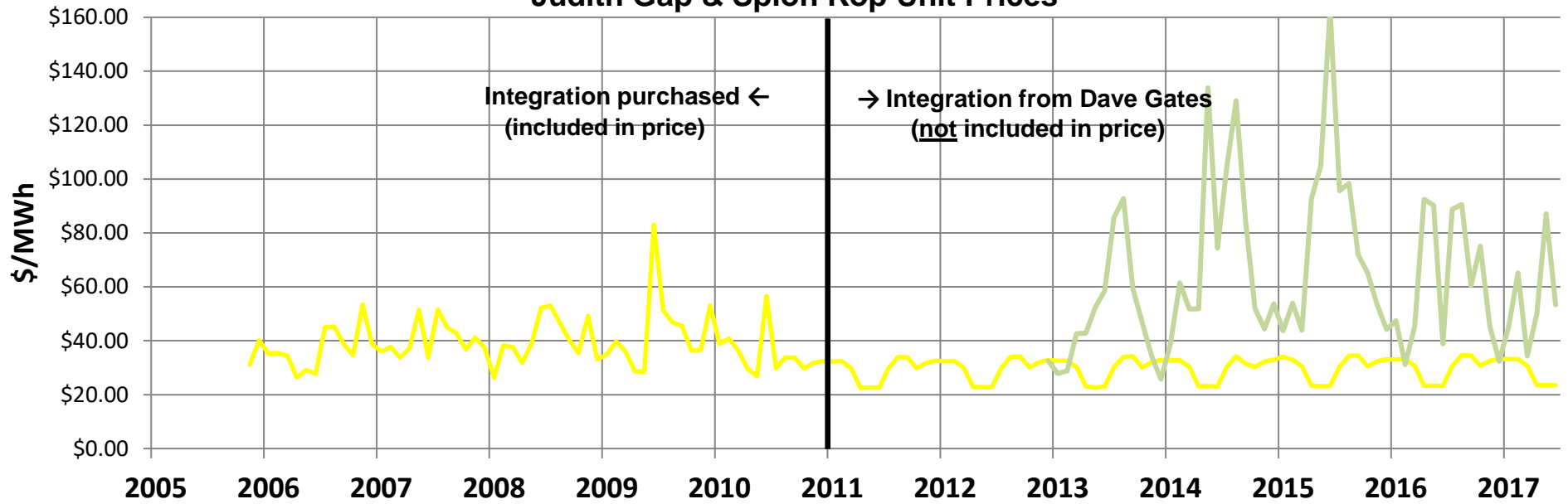


Selected NorthWestern Electricity Unit Prices





Judith Gap & Spion Kop Unit Prices



PPL Unit Price

