EXHIBIT 2
DATE 2.14.05
HB HB642

Southern Montana Electric
Generation & Transmission Cooperative, Inc.

14 February 2005

RE: House Bill 642 – Authorize Local Governing Entities to Become Default Suppliers

Chairman Olson, members of the committee, for the record my name is Tim Gregori and I am the General Manager of Southern Montana Electric Generation and Transmission Cooperative. Southern Montana Electric G&T provides wholesale electric energy and related supply services to five rural electric distribution cooperatives located in south central Montana, and a select number of electric services for the City of Great Falls - such as the City's water treatment facilities, schools, airport and municipal governmental functions.

In October 2004, Southern Montana Electric G&T completed an extensive study of suitable supply alternatives capable of meeting the future wholesale power requirements of the member systems it serves and is moving forward with the construction of a 250 mW coal-fired electric generation facility near Great Falls, Montana. The proposed facility is scheduled to begin commercial operation in the late 2009, or the first quarter of 2010. Commercial operation of the project is primarily contingent upon Southern Montana's ability to acquire the necessary air, water and related permits; and secure a favorable record of decision on the project's pending Environmental Impact Statement (EIS). Once fully commissioned, this plant will be one of the more environmentally compliant coal fired electric generation facilities operating in North America.

A critical milestone for project participants is the ability to secure financing for their undivided interest in the proposed facility, and demonstrate the existence of a clearly defined customer base with associated load requirements. The five electric cooperatives have satisfied this requirement for their share of the project, and HB 642 will resolve both issues for the City of Great Falls.

HB 642 sets the stage for the City of Great Falls to define the customer base it will serve, prescribe a methodology for securing financing, and ensure that there will be an appropriate level of Public Service Commission (PSC) oversight as the energy customers the city will serve transition to cost based electric energy and related services. Plain and simple - HB 642 is an effort to establish an orderly, customer driven transformation to local control and ownership of electricity supply - **by and for** the City of Great Falls.

In the process of developing HB642, considerable attention was given to the issues of PSC review and customer protection. HB642 will allow the citizens of Great Falls to add definition to their energy future without adversely impact the remaining customers of NorthWestern Energy. This bill has one goal – local control of electricity supply.

Mr. Chairman, members of the committee, Southern Montana Electric G&T does not believe there is a "one size fits all" solution to the challenges facing Montana as we attempt to meet the electric energy supply needs of this great state we are so blessed to call home. The energy supply problem is very complex, and although HB642 is an important tool that will allow the City of Great Falls to add clarity to its energy needs – it may not work in all instances. However, HB642 is good public policy and should be looked upon favorably by this committee as one of the options Montanans may select as they strive for the common goal of affordable, reliable and quality electric energy.

Thank you and I will be available to answer questions at the appropriate time.

Sincerely,

Tim R. Gregori
General Manager

Customer Name: TIM AND SUSAN GREGORI
Service Address: 1815 JUDD CIR

Account Number: 1287155-4

Bill Date: 02/01/2005

NorthWestern Energy Regulated Electric Charges

Meter Number	Rate Code	From	To	No Days	Previous Reading	Current Reading	Reading Type	Factor	KWh Usage	Demand Usage
EA93826251	E010	12/28/2004	01/31/2005	34	7174	8161	Actual	1	987	

Description	Usage		Rate ($)	Total
Res. Supply-Energy	87.0	@	0.0421120	$3.66
Res. Supply-Energy	900.0	@	0.0418680	$37.68
Res. Supply Deferred Costs	87.0	@	0.0001390	$0.01
Res. Supply Deferred Costs	900.0	@	0.0001390	$0.13
Res. Transmission-Energy	87.0	@	0.0081070	$0.71
Res. Transmission-Energy	900.0	@	0.0081240	$7.31
Res. Dist.-Service Charge				$0.41
Res. Dist.-Service Charge				$4.20
Res. Distribution-Energy	87.0	@	0.0252340	$2.20
Res. Distribution-Energy	900.0	@	0.0252880	$22.76
Res. BPA Exchange Credit	87.0	@	0.0013620-	$0.12CR
Res. BPA Exchange Credit	900.0	@	0.0013620-	$1.23CR
Res. CTC-QF	87.0	@	0.0023450	$0.20
Res. CTC-QF	900.0	@	0.0023450	$2.11
Res. USBC	87.0	@	0.0013340	$0.12
Res. USBC	900.0	@	0.0013340	$1.20
Total Regulated Electric Charges				**$81.35**