

NORTHWESTERN ENERGY

Energy & Telecommunications Committee Meeting
January 19, 2006

Exhibit #19

November 17, 2005

Sen. Glenn Roush
Chairman
Energy and Telecommunications
Interim Committee
c/o Montana Legislative Services Division
Capitol Station
Helena, MT 59620

Dear Chairman Roush:

Thank you for the opportunity to participate in the SJR 39 survey being conducted by the Committee. NorthWestern Energy's response follows below.

Question (1) SJR 39 states that "the lack of a singular Montana-based entity specifically dedicated to broad planning, analysis, and evaluation of energy issues" makes it "impossible for us to have a vision for developing the energy resources and meeting future energy needs of Montana." What do you think of this statement?

NorthWestern's Response

Strongly disagree. The individual investor-owned utilities, cooperatives, independent generators, and other energy suppliers understand the needs of their systems more thoroughly than any other party, are better able to plan for modifications to or enhancements to their businesses, and retain contractual and other forms of liability for the operation of their systems.

Overlaying the existing energy supply network with an independent planning agency is fraught with potential problems, of which two significant issues are:

- a. no line of accountability and liability between the planning agency and the actual service provider, and
- b. likelihood the planning process will become politicized.

(2) There would be substantial benefits in creating an energy planning and coordinating entity for Montana.

NorthWestern's Response

Strongly disagree. There is a substantial chance that such an entity would either magnify or create more problems.

(3) *There would be substantial challenges in creating an energy planning and coordinating entity for Montana.*

NorthWestern's Response

Strongly agree.

- a. No line of accountability and liability between the planning agency and actual service provider.
- b. Likelihood of planning process becoming politicized.
- c. Financial risk to service providers implementing governmental plans.
- d. No clear and consistent goals or objectives of the planning agency.

(4) *Indicate the degree to which you feel such an entity should engage in the following:*

NorthWestern's Response

a.	<i>Plan Policy?</i>	2. Very limited role
b.	<i>Coordinate stakeholders?</i>	2. Very limited role
c.	<i>Foster generation & infrastructure?</i>	4. Play an important role – but limited to legislative
d.	<i>Information clearinghouse?</i>	4. Play an important role
e.	<i>Other?</i>	Not applicable

(5) *If this entity is to have a mandate to plan energy policy, then our state legislative and executive bodies should consider its recommended plans to be:*

NorthWestern's Response

Merely one source of advice for them to consider.

(6) *If this entity is to have a mandate to coordinate energy stakeholders, then those stakeholders should consider it to be:*

NorthWestern's Response

Merely a clearinghouse of information and optional guidance. Could also serve as a centerpoint for the Executive Branch to create consistent policies across tax, environmental and economic development issues related to energy.

(7) I would be much assured about such an entity if it were structured to ensure equal voice for stakeholders from federal, tribal, state and local government, as well as electric utilities, natural gas and electricity suppliers, non-profits, and parties involved in potential energy generation and transmission.

NorthWestern's Response

Strongly disagree. Supplying energy is a business in which there is great differentiation in responsibility among stakeholders. A utility which has a legal obligation to provide service and which must risk its capital to do so has a different and more responsible role in this process than a neighborhood group which is merely opposed to a transmission line. In a situation in which different stakeholders have greater or lesser degrees of responsibility for energy supply, transmission, and distribution, the very concept of an "equal voice" in policy is problematic.

(8) SJR suggests an "ongoing" entity. Would you recommend an entity that is:

NorthWestern's Response

No entity should be created.

(9) Do you feel other states have successful energy planning and coordinating entities that might be useful models for Montana? (This question is being pursued in separate research, but you are welcome to comment if you have knowledge of practices in other states.)

NorthWestern's Response

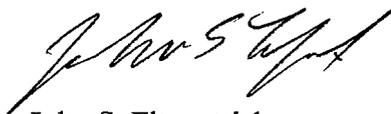
Montana should take another look at legislative policy to promote transmission line development. Wyoming, North Dakota, and South Dakota all have such statutes which should be reviewed.

(10) Are there any other thoughts you would like to offer us?

NorthWestern's Response

No.

Very truly yours,



John S. Fitzpatrick
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