

**NorthWestern Energy Natural Gas Utility  
Statement M  
Reconciliation and Moderation of Marginal Cost Allocation to Proposed Revenue Requirement**

Line No.	(A) Customer Class	(B) Average Customers	(C) MDDQ	(D) Market (DKT)	(E) Present Revenue	(F) ACOS Results (2009)	(H) Moderated Revenues	(I) Proposed Revenues	(J) Class Impact
1	Core - DBU								
2	RESIDENTIAL:								
3	Residential	155,026		12,981,588	\$ 55,604,143	\$58,091,783	\$57,272,267	\$57,272,194	3.00%
4	Employee	383		41,873	127,286	167,304	131,104	131,173	3.05%
5	Subtotal	155,409		13,023,461	\$55,731,429	\$58,259,086	\$57,403,371	\$57,403,367	3.00%
6									
7	GENERAL SERVICE	22,146		6,952,315	\$ 29,089,864	\$24,969,421	\$29,089,864	\$29,089,886	0.00%
8									
9	Total Core	177,555		19,975,776	\$84,821,293	\$83,228,507	\$86,493,236	\$86,493,254	3.00%
10									
11	Utilities	3		204,050	\$ 271,451	\$432,931	\$277,569	\$277,569	2.25%
12	Transmission		2,706						
13	Storage		1,487						
14									
15	Non-Core								
16	DBU Transportation								
17	Firm Transportation	216	22,570		\$ 2,111,690	\$5,937,451	\$2,195,599	\$2,195,599	3.97%
18									
19									
20	TBU Transportation								
21	Firm Transportation	23	104,261	17,514,908	\$ 10,875,289	\$13,977,699	\$11,072,825	\$11,072,831	1.82%
22									
23									
24	Storage		77,340		\$ 5,469,349	\$ 1,931,991	\$ 5,469,349	\$ 5,469,349	0.00%
25									
26	Total Without Interruptible	177,797		37,694,735	\$ 103,549,071	\$ 105,508,578	\$ 105,508,578	\$ 105,508,603	1.89%
27									
28	DBU Transportation								
29	Interruptible Transportation			69,578	\$ 15,092	\$ 15,092	\$ 15,389	\$ 15,389	1.97%
30	TBU Transportation								
31	Interruptible Transportation	2		971,841	\$ 388,402	\$ 388,402	\$ 396,052	\$ 396,052	1.97%
32									
33	Rounding							\$ (24)	
34									
35	Total Montana D, T & S	177,799		38,736,154	\$ 103,952,565	\$ 105,912,073	\$ 105,920,020	\$ 105,920,020	1.89%

NorthWestern Energy  
 Natural Gas Utility Rate Design  
 Summary of Proposed Rates

Line No.	Description	Service Charge	Transmission	Distribution	Storage	Total
1	<b>Residential:</b>					
2	Residential	\$7.00	\$1.182012	\$1.886058	\$0.340602	\$3.408672
3	Employee	\$5.25	\$0.886509	\$1.414544	\$0.255452	\$2.556505
4						
5						
6	<b>General Service:</b>					
7	0 to 300	\$17.50	\$1.377840	\$1.560000	\$0.320000	\$3.257840
8	301 to 1,000	\$23.05				
9	1,001 to 2,000	\$37.20				
10	2,001 to 5,000	\$62.50				
11	5,001 to 10,000	\$76.75				
12	10,001 to 30,000	\$121.40				
13	> 30,000	\$147.50				
14						
15						
16	<b>Utilities:</b>					
17	10,001 to 30,000	\$ 111.10				
18	> 30,000	\$ 286.35				
19	Transmission	\$5.472444	\$0.065229			
20	Storage	\$4.216554			\$0.015253	
21						
22						
23	<b>DBU Firm Transportation</b>					
24	< 5000	\$ 106.35				
25	5000 to 10000	\$ 121.55				
26	10001 to 30000	\$ 167.10				
27	> 30000	\$ 194.00				
28	Reservation	\$6.888525				
29	Montana Tech	\$3.068000				
30						
31						
32	<b>TBU Firm Transportation</b>					
33	5,001 to 10,000	\$ 104.00				
34	10,001 to 30,000	\$ 149.60				
35	> 30,000	\$ 331.90				
36	Reservation	\$8.575024	\$0.064706			
37	Energy West Resources	\$6.935000	\$0.055000			
38						
39						
40	<b>Storage</b>					
41	Reservation Rate (MDDQ)				\$4.216554	
42	Res Rate (MDDQ) East West				\$4.335000	
43	Capacity Rate (Dkt)				\$0.020701	
44	Capacity Rate (Dkt) East West				\$0.021000	
45	Injection Rate (Dkt)				\$0.021792	
46	Injection Rate (Dkt) East West				\$0.022000	
47	Withdrawal Rate (Dkt)				\$0.021792	
48	Withdrawal Rate (Dkt) East W				\$0.022000	

NorthWestern Energy  
 Natural Gas Utility Rate Design  
 Residential

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line No.	Function	Average Customers	Sales (DKT)	Present Revenues	Allocated Costs	Allocated % Increase	Moderated Costs	Moderated % Increase
1	<b>Revenue and Billing Information:</b>							
2	Residential	155,026	12,981,588	\$55,604,143	\$58,091,783	4.47%	\$57,272,267	3.00%
3	Employee	383	41,873	127,286	167,304	31.44%	131,104	3.00%
4	Subtotal	155,409	13,023,461	\$55,731,429	\$58,259,086	35.91%	\$57,403,371	3.00%
5								
6								
7	<b>Present Rates:</b>	<b>Commodity Charges</b>						
8		<b>Service Charge</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Commodity</b>		
9	Residential	\$6.86	\$1.102623	\$1.862038	\$0.335580	\$3.300241		
10	Employee	\$5.15	\$0.826967	\$1.396529	\$0.251685	\$2.475181		
11								
12								
13	<b>Present Revenues:</b>	<b>Commodity Charges</b>						
14		<b>Monthly Service Charge</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Revenue</b>		
15	Residential	\$12,761,775	\$14,313,797	\$24,172,210	\$4,356,361	\$55,604,143		
16	Employee	23,664	34,628	58,477	10,539	127,309		
17	Subtotal	\$12,785,439	\$14,348,425	\$24,230,687	\$4,366,900	\$55,731,452		
18								
19								
20	<b>Costs by Component:</b>	<b>Service Charge Revenue</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total</b>		
21	Residential	\$13,022,219	\$17,704,943	\$15,621,535	\$3,582,149	\$49,930,847		
22	Employee	24,124	55,144	48,655	11,183	139,105		
23	Subtotal	\$13,046,343	\$17,760,087	\$15,670,190	\$3,593,332	\$50,069,951		
24	Unit Costs		\$1.363699	\$1.203228	\$0.275912	\$3.844596		
25								
26								
27	<b>Proposed Rates:</b>	<b>Commodity Charges</b>						
28		<b>Service Charge</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total</b>		
29	Residential	\$7.00	\$1.182012	\$1.886058	\$0.340602	\$3.408672		
30	Employee	\$5.25	\$0.886509	\$1.414544	\$0.255452	\$2.556505		
31								
32								
33	<b>Proposed Revenue:</b>	<b>Service Charge Revenue</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total</b>	<b>Proposed Change in Revenue</b>	<b>Proposed % Change in Revenue</b>
34	Residential	\$13,022,219	\$15,344,393	\$24,484,028	\$4,421,555	\$57,272,194	\$1,668,051	3.00%
35	Employee	24,124	37,121	59,232	10,697	131,173	3,888	3.05%
36	Subtotal	\$13,046,343	\$15,381,514	\$24,543,259	\$4,432,251	\$57,403,367	\$1,671,939	3.00%

NorthWestern Energy  
 Natural Gas Utility Rate Design  
 General Service

Line No.	(A) Function	(B) Average Customers	(C) Sales (DKT)	(D) Present Revenues	(E) Allocated Costs	(F) Allocated % Increase	(G) Moderated Costs	(H) Moderated % Increase
1	<b>Revenue and Billing Information:</b>							
2	GS Total		6,952,315	\$ 29,089,864	\$24,969,421	-14.16%	\$29,089,864	0.00%
3	0 to 300	14,524						
4	301 to 1,000	3,202						
5	1,001 to 2,000	2,899						
6	2,001 to 5,000	1,229						
7	5,001 to 10,000	258						
8	10,001 to 30,000	29						
9	> 30,000	5						
10	Total	22,146						
11								
12	<b>Present Rates:</b>							
			<b>Present Commodity Charges</b>					
13			<b>Service Charge per Meter</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Commodity</b>	
14	GS Total		\$1.101533	\$1.840248	\$0.334491	\$3.276272		
15	0 to 300	\$17.14						
16	301 to 1,000	\$22.61						
17	1,001 to 2,000	\$36.47						
18	2,001 to 5,000	\$61.31						
19	5,001 to 10,000	\$75.27						
20	10,001 to 30,000	\$119.05						
21	> 30,000	\$144.63						
22								
23								
24	<b>Present Revenues:</b>							
			<b>Monthly Commodity Charge Revenue</b>					
25			<b>Service Charge</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Revenue</b>	
26	GS Total		\$2,987,245	\$7,658,205	\$12,793,984	\$2,325,487	\$22,777,676	
27	0 to 300	\$2,987,245					2,987,245	
28	301 to 1,000	868,742					868,742	
29	1,001 to 2,000	1,268,718					1,268,718	
30	2,001 to 5,000	904,450					904,450	
31	5,001 to 10,000	232,810					232,810	
32	10,001 to 30,000	41,544					41,544	
33	> 30,000	8,678					8,678	
34	Total	\$6,312,187	\$7,658,205	\$12,793,984	\$2,325,487	\$29,089,863		
35								
36								
37	<b>Costs by Component:</b>							
			<b>Customer Costs</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total</b>	
38	GS Total		\$5,988,909	\$9,100,952	\$8,030,008	\$1,849,552	\$24,969,421	
39	Unit Costs		\$22.54	\$1.309053	\$1.155012	\$0.266034	\$2.730099	
40								
41								
42	<b>Proposed Rates:</b>							
			<b>Proposed Commodity Charges</b>					
43			<b>Service Charge per Meter</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Commodity</b>	
44	GS Total		\$1.377840	\$1.560000	\$0.320000	\$3.257840		
45	0 to 300	\$17.50						
46	301 to 1,000	\$23.05						
47	1,001 to 2,000	\$37.20						
48	2,001 to 5,000	\$62.50						
49	5,001 to 10,000	\$76.75						
50	10,001 to 30,000	\$121.40						
51	> 30,000	\$147.50						
52								
53								
54	<b>Proposed Revenues:</b>							
			<b>Proposed Commodity Charges</b>					
55			<b>Service Charge per Meter</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Storage</b>	<b>Total Commodity</b>	
56	GS Total		\$3,049,988	\$9,579,178	\$10,845,612	\$2,224,741	\$22,649,531	
57	0 to 300	3,049,988					3,049,988	
58	301 to 1,000	885,648					885,648	
59	1,001 to 2,000	1,294,114					1,294,114	
60	2,001 to 5,000	922,005					922,005	
61	5,001 to 10,000	237,388					237,388	
62	10,001 to 30,000	42,364					42,364	
63	> 30,000	8,850					8,850	
64	Total	\$6,440,356	\$9,579,179	\$10,845,612	\$2,224,741	\$29,089,886		

NorthWestern Energy  
 Natural Gas Utility Rate Design  
 Firm Utility Gas Contract Service

Line No.	(A) Function	(B) Average Customers	(C) Transmission	(D) Storage	(E) Sales (DKT)	(F) Present Revenues	(G) Allocated Costs	(H) Allocated % Increase	(I) Moderated Costs	(J) Moderated % Increase
1	Revenue and Billing Information:									
2	Utilities	3	32,472	17,844	204,050	\$ 271,451	\$432,931	59.49%	\$277,569	2.25%
3										
4										
5	Rate Development:									
6	Monthly Service Charge per Meter									
7	10,001 to 30,000		\$1,307	\$1,427	\$1,427	\$ 111.10	\$1,333	2.01%		
8	> 30,000		6,738	7,359	7,359	286.35	6,872	1.99%		
9			\$8,045	\$8,786	\$8,786		\$8,206	1.99%		
10	Transmission Charges:									
11	Reservation Rate (MDDQ)		\$172,158	\$177,701	\$177,701	\$5.472444	\$177,701	3.22%		
12	Transmission Commodity Rate (Dkt)		12,895	13,310	13,310	\$0.065229	13,310	3.22%		
13	Sub-total		\$185,053	\$354,310	\$191,011		\$191,011	3.22%		
14	Storage Charges:									
15	Reservation Rate (MDDQ)		\$75,240	\$75,240	\$75,240	\$4.216554	\$75,240	0.00%		
16	Storage Commodity Rate (Dkt)		3,112	3,112	3,112	\$0.015253	3,112	0.00%		
17	Sub-total		\$78,353	\$69,835	\$78,353		\$78,353	0.00%		
18	Total		\$271,451	\$432,931	\$278,150		\$277,569	2.25%		

NorthWestern Energy  
 Natural Gas Utility Rate Design  
 Non Core DBU Firm Transportation

Line No.	(A) Function	(B) Average Customers	(C) MDDQ Transmission	(D) Distribution	(E) Sales (DKT)	(F) Present Revenues	(G) Allocated Costs	(H) Allocated % Increase	(I) Moderated Costs	(J) Moderated % Increase	
1	<b>Revenue and Billing Information:</b>										
2	DBU - Firm Distribution					\$ 2,111,690	\$5,937,451	181.17%	\$2,195,599	3.97%	
3	Reservation			265,812							
4	Montana Tech			5,028							
5	Total			270,840							
6											
7	< 5000	50									
8	5000 to 10000	99									
9	10001 to 30000	51									
10	> 30000	17									
11	Total	216									
12											
13											
14											
15	<b>Rate Development:</b>										
16	Monthly Service Charge per Meter										
17	< 5000	\$104.29	\$62,261	\$58,182	\$58,182	\$106.35	\$63,491	1.98%			
18	5000 to 10000	\$119.19	\$140,997	\$131,759	\$131,759	\$121.55	\$143,789	1.98%			
19	10001 to 30000	\$163.86	\$100,282	\$93,712	\$93,712	\$167.10	\$102,265	1.98%			
20	> 30000	\$190.24	\$38,809	\$36,266	\$36,266	\$194.00	\$39,576	1.98%			
21	Total		\$342,349	\$319,919	\$319,919		\$349,121	1.98%			
22											
23	<b>Distribution Charges:</b>										
24	Reservation Rate (MDDQ)	\$6,598,309	\$1,753,910	\$1,831,052	\$1,831,052	\$6,888,525	\$1,831,053	4.40%			
25	Res Rate (MDDQ) Montana Tech	\$3,068,000	15,426	15,426	15,426	\$3,068,000	15,426	0.00%			
26	Sub-total		\$1,769,336	\$5,617,531	\$1,846,478		\$1,846,479	4.36%			
27											
28	Total		\$2,111,685	\$5,937,451			\$2,195,599	3.97%			
29											
30											

NorthWestern Energy  
Natural Gas Utility Rate Design  
Non Core TBU Firm Transportation

Line No.	(A) Function	(B) Average Customers	(C) Transmission	(D) MDDQ Distribution	(E) Sales (DKT)	(F) Present Revenues	(G) Allocated Costs	(H) Allocated % Increase	(I) Moderated Costs	(J) Moderated % Increase
1	<b>Revenue and Billing Information:</b>									
2	TBU - Firm Distribution					\$ 10,875,289	\$13,977,699	28.53%	\$11,072,825	1.82%
3	Reservation		749,532		12,830,946					
4	Energy West Resources		501,600		4,683,962					
5	Total		1,251,132		17,514,908					
6										
7	5,001 to 10,000	1								
8	10,001 to 30,000	4								
9	> 30,000	18								
10	Total	23								
11										
12										
13										
14	<b>Rate Development:</b>									
15	<b>Monthly Service Charge per Meter</b>									
16	5,001 to 10,000	\$102.00	\$1,224	\$1,148	\$1,148	\$104.00	\$1,248	1.96%		
17	10,001 to 30,000	\$146.67	\$7,040	\$6,604	6,604	\$149.60	\$7,181	2.00%		
18	> 30,000	\$325.44	\$69,319	\$65,020	65,020	\$331.90	\$70,695	1.99%		
19	Total		\$77,583	\$72,772	\$72,772		\$79,124	1.99%		
20										
21	<b>Transmission Charges:</b>									
22	Reservation Rate (MDDQ)	\$8.339408	\$6,250,653		\$6,427,255	\$8.575024	\$6,427,255	2.83%		
23	Res Rate (MDDQ) East West Res	\$6.935000	3,478,596		3,478,596	\$6.935000	3,478,596	0.00%		
24	Sub-total		\$9,729,249	\$12,529,005	\$9,905,851		\$9,905,851	1.82%		
25										
26	Commodity Rate (Dkt)	\$0.063194	\$810,839		\$830,233	\$0.064706	\$830,239	2.39%		
27	Commodity Rate (Dkt) East West Res	\$0.055000	257,618		257,618	\$0.055000	257,618	0.00%		
28	Sub-total		\$1,068,457	\$1,375,923	\$1,087,851		\$1,087,857	1.82%		
29										
30	Total		\$10,875,289	\$13,977,699			\$11,072,831	1.82%		

NorthWestern Energy  
Natural Gas Utility Rate Design  
Storage

Line No.	(A) Function	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
		Present Rates	Present Revenue	Allocated Costs	Moderated Costs	Moderated Rates	Present Revenues	Allocated Costs	Allocated % Increase	Moderated Costs	Moderated % Increase
1	Revenue and Billing Information:										
2	Storage						\$ 5,469,349	\$1,931,991	-64.68%	\$5,469,349	0.00%
3	Reservation		748,080	57,641,842	3,458,227	4,034,878					
4	Energy West Resources		180,000	6,333,422	1,110,000	944,250					
5	Total		928,080	63,975,264	4,568,227	4,979,128					
6											
7											
8	Rate Development:										
9		Present Rates	Present Revenue	Allocated Costs	Moderated Costs	Moderated Rates	Present Revenue	Proposed Revenue	Proposed % Increase		
10	Reservation Charges:										
11	Reservation Rate (MDDQ)	\$4.216554	\$3,154,320	\$1,114,231	\$3,154,320	\$4.216554	\$3,154,320	\$3,154,320	0.00%		
12	Res Rate (MDDQ) East West Res	\$4.335000	780,300	275,633	780,300	\$4.335000	780,300	780,300	0.00%		
13	Sub-total		\$3,934,620	\$1,389,864	\$3,934,620		\$3,934,620	\$3,934,620	0.00%		
14											
15	Capacity Charges:										
16	Commodity Rate (Dkt)	\$0.020701	\$1,193,244	\$421,501	\$1,193,244	\$0.020701	\$1,193,244	\$1,193,244	0.00%		
17	Commodity Rate (Dkt) East West Res	\$0.021000	133,002	46,982	133,002	\$0.021000	133,002	133,002	0.00%		
18	Sub-total		\$1,326,246	\$468,482	\$1,326,246		\$1,326,246	\$1,326,246	0.00%		
19											
20	Injection Charges:										
21	Commodity Rate (Dkt)	\$0.021792	75,362	\$26,621	\$75,362	\$0.021792	\$75,362	\$75,362	0.00%		
22	Commodity Rate (Dkt) East West Res	\$0.022000	24,420	8,626	24,420	\$0.022000	24,420	24,420	0.00%		
23	Sub-total		\$99,782	\$35,247	\$99,782		\$99,782	\$99,782	0.00%		
24											
25	Withdrawal Charges:										
26	Commodity Rate (Dkt)	\$0.021792	87,928	\$31,060	\$87,928	\$0.021792	\$87,928	\$87,928	0.00%		
27	Commodity Rate (Dkt) East West Res	\$0.022000	20,774	7,338	20,774	\$0.022000	20,774	20,774	0.00%		
28	Sub-total		\$108,702	\$38,398	\$108,702		\$108,702	\$108,702	0.00%		
29											
30	Total		\$5,469,349	\$1,931,991	\$5,469,349		\$5,469,349	\$5,469,349	0.00%		
31											
32											
33											
34											
35											