

The Plan is well grounded in the experience NWE gained in implementing the 2008 Plan and is consistent with Commission directives and approved Tariff Guidelines. The Plan has, however, evolved and been adjusted accordingly to meet the expected market conditions and opportunities in the 2011 - 2013 tracking periods. Thus, NWE believes the Plan represents a solid approach to procurement of natural gas supply for its retail customers for the 2011 - 2013 tracking periods.

NWE understands that the MPSC will review this Plan, set forth in detail in the following pages, including the proposed acquisition strategies for the following two tracker years and beyond. NWE looks forward to comments received from the MPSC and others on this Plan. It is important to note that situations or events may occur that will cause NWE to deviate from the strategy described here. If so, those circumstances and associated actions will be documented.

SECTION 1. GOALS AND OBJECTIVES

NWE's objectives in operating the Natural Gas Supply procurement function are to: provide customers with reliable natural gas supply at reasonable and stable prices that reflect market conditions over time; and assure NWE cost recovery for all prudently incurred natural gas supply related expenditures.

This Plan describes NWE's procurement strategy for the 2011 - 2013 tracking periods, which is designed to achieve these objectives. Specifically, NWE proposes to: enter into sufficient contracts for flowing natural gas to help assure reliability during the winter heating season (typically defined as November through March of the following year); place natural gas into storage during the injection season (typically defined as April through October); use its system storage rights to provide additional reliability during the winter heating season to dampen the effect of volatile natural gas markets; and use, where appropriate, storage for ratepayer economic benefit.