

Preface

2007 Electric Supply Resource Procurement Plan

NorthWestern Energy's ("NorthWestern") 2007 Electric Supply Resource Procurement Plan ("Plan" or "2007 Plan") is being presented to the Montana Public Service Commission ("MPSC," "PSC" or "Commission") and stakeholders in two volumes. Volume 1 is a stand-alone version of the Plan. It describes: NorthWestern's 2007 planning process, NorthWestern's actions since the development of the 2005 Electric Default Supply Resource Procurement Plan (2005 Plan), the energy landscape in the Pacific Northwest, the steps taken to satisfy the MPSC electric planning guidelines including a discussion on how NorthWestern will meet the renewable portfolio standards, and the results of NorthWestern's planning analyses. Volume 2 of the Plan contains the backup and supporting information for the chapters in Volume 1.

Planning for the supply obligation must be flexible and capable of responding to ever-changing conditions. This Plan should not be viewed as a rigid blueprint that will dictate future actions. In other words, resources and their parameters contained in the preferred resource portfolios identified in this Plan may not be reflected in a future portfolio that ultimately provides electricity to supply customers. This Plan does, however, provide insight into the types of resources and characteristics that are believed to best serve supply customers, and will help shape any Requests for Proposals ("RFPs") NorthWestern develops in the future.

NorthWestern works closely during the two-year planning cycle with its Electric Technical Advisory Committee ("ETAC") and wants to publicly thank the participants for their input and time over the past two years. ETAC membership includes representatives of stakeholder entities that are active participants in electric utility issues in Montana. Current members include representatives of the MPSC Staff, the Montana Consumer Counsel ("MCC"), Northwest Power

Planning Council, Montana Department of Environmental Quality, Renewable Northwest Project, Montana Environmental Information Center, District XI Human Resource Council, and the Natural Resources Defense Council. While during these meetings the individuals represent only their own views and professional judgement, their input has been valuable.

Meetings are held throughout the planning cycle, with agendas prepared by NorthWestern's planning staff with input including subject matter provided by ETAC members. During this past planning cycle, ETAC has met 20 times, either in face-to-face meetings or via conference calls. Included in Volume 2, Chapter 1 is a memorandum from the Committee facilitator providing a summary of the Committee's activities during the past two years along with the individual meeting notes or summaries.