



December 17, 2007

Ms. Kate Whitney
Administrator
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

RE: Northwestern Energy 2005 Electric Default Supply Resource Planning and Procurement Plan – Docket No. N2007.11.138.

Dear Ms. Whitney:

Included herewith is NorthWestern Energy's (NWE) 2007 Electric Supply Resource Procurement Plan (2007 Plan). This plan is being filed with The Montana Public Service Commission (MPSC or Commission) in accordance with 38.5.8226, Administrative Rules of Montana (ARM).

Eleven copies of this 2007 Plan are being provided to the Commission, five copies to the Montana Consumer Counsel (MCC) and 1 copy to each of the members of NorthWestern Energy's Electric Technical Advisory Committee. Within the next few weeks, this 2007 Plan will also be available on the NorthWestern Energy website¹. For those who prefer, we will also have hard copies or electronic versions available on CD². The CD also contains an expanded version of Volume Two. That is, where appropriate, additional material has been added to Volume Two to provide more extensive background materials.

Consistent with the Commission's Default Electric Supplier Procurement Guidelines in 38.5.8201 through 38.5.8229, ARM (Guidelines), this 2007 Plan details NWE's systematic efforts to plan for the procurement of an adequate, reliable supply of electricity that is stably and reasonably priced at the lowest long-term total cost.

¹<http://www.northwesternenergy.com/>

² Contact Nedra Chase at 406.497-2239

The Plan filing contains the following information:

- Volume 1 is a stand-alone document describing NorthWestern Energy's planning process, the steps taken to satisfy the Guidelines, and the results of NorthWestern Energy's planning analyses. Volume 1 also contains an Executive Summary.
- Volume 2 contains technical discussions and supporting data.

The 2007 Plan discusses NorthWestern Energy's near-term and longer-term steps for managing the electric supply portfolio. The 2007 Plan requests specific Commission comment on carbon cost adders and on the merits of proceeding with a system time of use analysis. NorthWestern anticipates working closely with the Commission and stakeholders on these issues.

As the Commission knows, the default supply planning function is an on-going and highly dynamic activity. The development of the 2007 Electric Plan has addressed many of the concerns raised by the Commission regarding past Plans. NorthWestern expects future Plans to continue to improve upon the existing planning process, providing greater benefits to ratepayers and the company alike.

NWE looks forward to discussing this Plan with the Commission and stakeholders. If you have any questions in this regard, please call John Hines at 406-497-7194 or Dan Strizic at 406-497-2100.

Sincerely,

John D Hines
Director
Energy Supply Planning

CC: Montana Consumer Counsel
Electric Technical Advisory Committee