

CUT BANK NATURAL GAS TARIFF



Canceling

Original

Revised
Revised

Sheet No.
Sheet No.

2.1

Schedule No. 2

GAS COST TRACKING ADJUSTMENT PROCEDURES

APPLICABILITY: This rate schedule sets forth the procedure to be used in calculating Gas Cost Tracker Adjustments. It specifies the procedure to be utilized to adjust rates for gas sold under NorthWestern Cut Bank Gas, LLC ("CBG") rate schedules in the state of Montana in order to reflect:

- A.) changes in the CBG expected cost of gas which is defined to mean (1) the Commission-approved Firm Utility Gas Contract (FUGC) tariff of NorthWestern Energy for the effective rate month times the weather normalized purchase volumes as approved in the most recent Gas Cost Tracker True-Up filing plus the storage and transportation cost and (2) royalty price for production volumes as approved in the most recent Gas Cost Tracker True-Up filing; and
- B.) amortization of the unrecovered purchased gas cost account, which is defined to mean the gas costs that have been incurred by CBG but not recovered through charges to CBG's customers.

EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:

- A.) Unless otherwise ordered by the Commission, the effective dates of the gas cost tracking adjustment shall be for services rendered on or after the first day of each month. The effective date of the adjustment for amortization of the unrecovered purchased gas cost account shall be on or after the first day of the month following the issue date of the final order received in the annual true-up docket each year.
- B.) CBG may file an adjustment to reflect changes in its average cost of gas supply only when amount of change in such adjustment is at least 10 (ten) cents per Mcf. The annual tracking shall be filed each year regardless of the amount of the change in costs.

MINIMUM FILING REQUIREMENTS: CBG's filing to implement the annual Gas Cost Tracking Adjustment shall include the following:

- A.) Billing determinants by month by supply source with annual totals.
- B.) Rates applicable to those billing determinants.
- C.) Purchased gas costs by month by supply source, with annual totals.

(continued)



GREAT FALLS NATURAL GAS TARIFF



Canceling

Original

Revised
Revised

Sheet No.
Sheet No.

2.2

Schedule No. 2

GAS COST TRACKING ADJUSTMENT PROCEDURES:

D.) Total CBG sales by major customer class by month with annual totals.

E.) CBG's expected costs of gas.

GAS COST TRACKING ADJUSTMENT:

A.) The monthly expected cost of gas tracking adjustment shall reflect changes in CBG's cost of gas supply as compared to the cost of gas supply contained in CBG's annual filing for unrecovered purchased gas cost. Such costs are inclusive of all costs incurred in obtaining, storing, gathering, and transporting natural gas. The cost of gas supply shall include all charges incurred by CBG for gas supply, storage, production royalties, and transportation services. Any extraordinary costs, such as penalty charges and take-or pay charges, shall be clearly identified as such and separately described.

B.) The gas cost tracking adjustment shall be computed as follows:

- 1.) Demand costs shall include all annual gathering and transportation demand charges at current rates.
- 2.) Storage cost shall include all annual storage charges at current rates.
- 3.) The gas commodity costs shall reflect the expected cost of gas for the Month. The filing shall be made by the last business day of the month preceding the Month in which the filing cost of gas should be applied.

