

Customer Name: JOHN SMITH Account Number 1234567-8 Page 4 of 4
 Address: 123 MAIN ST, BUTTE, MT Bill Date: February 23, 2006

(Continued)

Gas Market Purchased Supply Charges 12

Description	Usage	Rate (\$)	Total
Res. Supply	214	0.0514350	\$ 11.01
Res. Supply	596	0.0474940	\$ 28.42
Res. Deferred Supply	750	0.0009250	\$ 0.6938
Total Market Purchased Electric Supply Charges			\$ 35.74

12 Itemized market purchased supply charges may continue on this page.

The individual line item costs associated with market purchased supply charges. Market purchased supply is the commodity, which is purchased from a variety of producers at prices that are determined by the market and passed through to customers at cost and without markup.

Customer Name: JOHN SMITH Account Number 1234567-8 Page 4 of 4
 Address: 123 MAIN ST, BUTTE, MT Bill Date: February 23, 2006

Energy Usage Information

The table below shows your energy usage for the past year. This information may be useful as you look for opportunities to save energy or when you compare offers of other energy suppliers. For general service (nonresidential) customers with demand meters, historical Demand usage is available by calling 1-888-467-2669. These figures do not include usage for area lighting or other unmet services if applicable.

Month	Feb 2006	Jan 2006	Dec 2005	Nov 2005	Oct 2005	Sep 2005	Aug 2005	Jul 2005	Jun 2005	May 2005	Apr 2005	Mar 2005	Feb 2005
Mo. Days	28/28	31/28	31/31	30/30	31/31	30/30	31/31	31/31	30/30	31/31	30/30	31/31	29/29
Electric (kWh)	750	842	173	720	606	541	343	692	684	706	678	638	720
Gas (kWh)	1900	180	350	580	940	1240	1540	1830	2320	1700	1150	530	350

Regulated and Market Purchased Supply Charge Average Comparison

The following chart(s) illustrates, on average, how much of your bill goes to pay for energy supply. Supply charges are mostly determined by market forces and not subject to regulation by state or federal authorities. These costs are passed through to the customer without profit to NorthWestern Energy. These costs are used by NorthWestern Energy to pay the various suppliers and producers for their products. The remaining delivery charges are those related to the operation of NorthWestern Energy's Montana utility to deliver the energy to the customer. These charges are subject to regulation by the Montana Public Service Commission and, where appropriate, the Federal Energy Regulatory Commission.

ELECTRIC
Percentage is based on rates effective 2/1/2006.

1

NWE Regulated Delivery Charges vs Market Purchased Supply Charges for 750 kWh of Electricity

Delivery Charge: 49%
Supply Charges: 51%

GAS
Percentage is based on rates effective 2/1/2006.

2

NWE Regulated Delivery Charges vs Market Purchased Supply Charges for 10 DKT of Natural Gas

Delivery Charge: 23%
Supply Charges: 77%

Free-Residential DS-General Service L&L-Lighting Service

Market Purchased Supply Charges - Energy supply purchased at market prices that are passed through to the customer with no profit to NorthWestern Energy. The Montana Public Service Commission does not regulate Market Price Supply Charges.

Regulated Charges - Delivery Charges as defined that are regulated by the Montana Public Service Commission.

Market Price Charges - Charges for the electricity or natural gas used by your household or business.

Deferred Supply - Represents the prior year over/under collection of supply costs.

Regulated Charges:

- Transmission Delivery Charges - Charges for moving electricity and natural gas from the supplier to the local pipes and wires.
- Distribution & Demand Delivery Charges - Regulated charges associated with the operation & maintenance of the local pipes & wires.
- Storage Charges - Regulated charges for storing natural gas to stabilize gas supply costs.
- Service Charge - A flat monthly charge to cover meter reading, billing, and service requested code.
- BPA Exchange Credit - Credit to all electric residential & small term distribution customers in accordance with the Northwest Power Act.

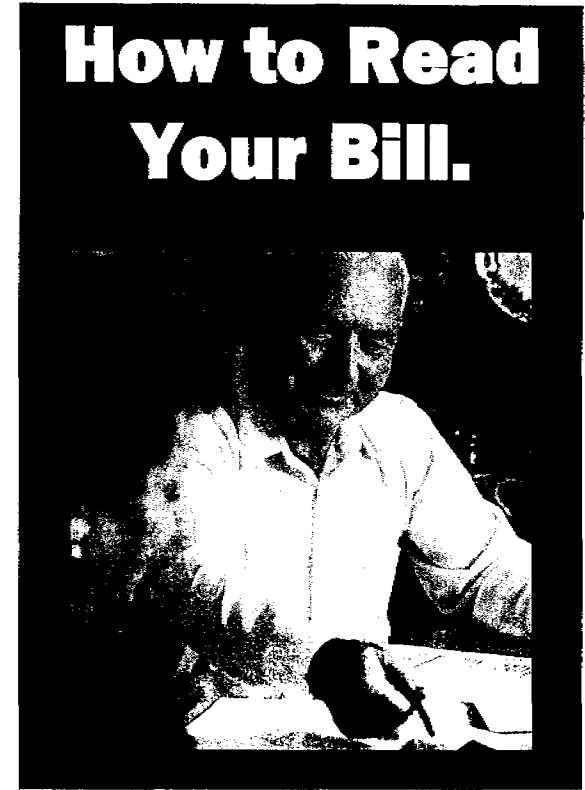
Competitive Transmission Charges (CTC) - also known as "traded costs" - These charges cover some supply related costs incurred by the local utility, but to moving to the competitive market environment are no further defined below:

- CTC-RA - "Regulatory Assets" include historic gas conservation and deferred taxes.
- CTC-GP - "Gas Production" include historic gas costs that are greater than the market prices.
- CTC-QF - "Qualifying Facilities" required electric contract payments that are greater than the market prices.

USBC - Universal System Benefit Charge funds public purpose programs & services such as low-income bill assistance and weatherization, energy efficiency programs, and the development of renewable energy sources.

For more information, please visit www.northwesternenergy.com or call Toll-Free 1-888-467-2669 (Monday through Friday, 7:00 a.m. - 6:00 p.m. MST). If your questions are not satisfactorily answered, you may call the Public Service Commission at 1-800-646-6150 or write the PSC at PO Box 202601, Helena, MT 59620-2601

- This chart shows your energy usage for the past 12 billing periods and the current period, allowing you to compare your current energy usage with the same period last year.
- Electric and natural gas pie charts illustrate, on average, how much of your bill payment is used to pay for the commodity or supply compared to delivery. The chart(s) appears on residential bill statements for services applicable to the service address.
- This section of the bill provides you with an explanation of charges and definitions of the rate components of your bill.
- The contact information for NorthWestern Energy and the Montana Public Service Commission.



Your new Montana NorthWestern Energy billing statement is a result of listening to our customers. In research, customers like you told us that clear, easy-to-read and understandable bills are important. We have redesigned our bill statement in response to that research. Inside, you will find a detailed description of different components of your bill statement. For further information or to send comments, visit www.northwesternenergy.com.

NorthWestern
Energy

Dedicated to Serving You

For more information, please visit www.northwesternenergy.com or call Toll-Free 1-888-467-2669 (Monday through Friday, 7:00 a.m. - 6:00 p.m. MST). If your questions are not satisfactorily answered, you may call the Public Service Commission at 1-800-646-6150 or write the PSC at PO Box 202601, Helena, MT 59620-2601

JOHN SMITH
123 MAIN ST.
BUTTE, MT 59701-9999

Account Number: 1234567-8
Bill Date: February 23, 2006
Due Date: March 9, 2006

Previous Balance	Payments / Adjustments	Current Charges	Total Amount Due
\$204.00	\$204.00CR	\$200.89	\$200.89

Account Summary

Regulated Electric Charges	\$ 33.09
Market Purchased Electric Supply Charges	\$ 35.74
Regulated Gas Charges	\$ 41.74
Market Purchased Gas Supply Charges	\$ 90.32
Total New Charges	\$ 200.89

MESSAGE BOARD

- The price of market-purchased electricity and natural gas supply is adjusted monthly depending on market conditions.
- Effective February 1, 2006, the Market Purchased Electric Supply rate has decreased from the previous month.
- Effective February 1, 2006, the Market Purchased Gas Supply rate has decreased from the previous month.
- Why pay for postage? Simply dial TOLL FREE 1-800-218-4959 to pay over the phone. Please have your eight-digit account number available when you call.
- Questions about your service? Call the NorthWestern Energy Customer Contact Center TOLL FREE at 1-888-467-2669 (Monday through Friday, 7 a.m. - 6 p.m. Mountain Time) or visit us at: www.northwesternenergy.com

Please detach and return this portion with payment.

Date Due: March 9, 2006
Account Number: 1234567-8
Pay This Amount: \$200.89
Amount Enclosed:

To ensure proper credit, please indicate amount paid.

NORTHWESTERN ENERGY
BUTTE MT 59701-0001

JOHN SMITH
40 E Broadway St
Butte MT 59701-9394

0000 00000000 12345678 000000020089

Customer Name: JOHN SMITH
Address: 123 MAIN ST, BUTTE, MT

Account Number 1234567-8
Page 2 of 4
Bill Date: February 23, 2006

Regulated Electric Charges

Meter Number	Rate Code	From	To	No. Days	Previous Reading	Current Reading	Reading Type	Factor	KWh Usage	Demand Usage
EG96307035	E010	01/23/2006	02/20/2006	28	59784	60564	Actual	1	750	

Regulated Electric Charges

Description	Usage	Rate (\$)	Total
Res. Transmission Delivery	750	0.0084180	\$ 6.31
Res. Service Charge			\$ 4.78
Res. Distribution Delivery	750	0.0262030	\$ 19.65
Res. BPA Exchange Credit	750	0.0015500	\$ 1.16CR
Res. CTC-QP	750	0.0033440	\$ 2.51
Res. USBC	750	0.0013340	\$ 1.00
Total Regulated Electric Charges			\$ 33.09

Market Purchased Electric Supply Charges

Description	Usage	Rate (\$)	Total
Res. Supply	214	0.0514350	\$ 11.01
Res. Supply	536	0.0474340	\$ 25.42
Res. Deferred Supply	750	0.0009250	\$ 0.69CR
Total Market Purchased Electric Supply Charges			\$ 36.74

Regulated Gas Charges

Meter Number	Rate Code	From	To	No. Days	Previous Reading	Current Reading	Reading Type	Factor	Dkt Usage
GA153778	G010	01/23/2006	02/20/2006	28	5749	5650	Actual	.0900	10.0

Regulated Gas Charges

Description	Usage	Rate (\$)	Total
Res. Transmission Delivery	750	0.0084180	\$ 11.12
Res. Distribution Delivery			\$ 12.74
Res. Storage	750	0.0262030	\$ 3.48
Res. Service Charge	750	0.0015500	\$ 6.54
Res. USBC	750	0.0033440	\$ 0.83
Res. CTC-QP Credit	750	0.0013340	\$ 0.49CR
Res. CTC-RA Credit	214	0.0514350	\$ 7.72CR
Res. CTC-RA	536	0.0474340	\$ 2.03
Res. CTC-RA	750	0.0009250	\$ 1.21
Total Regulated Gas Charges			\$ 41.74

Regulated Electric Charges

Market Purchased Electric Supply Charges

Regulated Gas Charges

- This is your utility account number, bill date and due date.
- The balance from your previous bill.
- The total payment(s) and/or adjustment(s) amount processed since your last bill.
- The total new charges or your budget bill amount incurred since your last bill.
- The amount you are expected to pay by due date.
- This summarizes the Regulated and Market Purchased Charges incurred since your last bill.
- This box contains important information related to your account or service.
- This is the portion of the bill you detach and return with your bill payment.

- The identification number of the meter located at your service address.
- This code is used to identify the rate at which your service is billed. (Residential, Commercial, etc.)
- This is the start and end dates of your current meter reading.
- The total number of days included in the current meter reading.
- The meter reading obtained on the starting or "from" date.
- The meter reading obtained on the end or "to" date.
- The method used to read the meter.
- The number that, when multiplied with the meter read, determines the actual energy and demand used.
- The total amount of electricity or natural gas used during the period.
- A measurement taken by a demand meter every 15 minutes to calculate the amount of energy a customer requires of the

- The individual line item costs associated with regulated delivery charges. Regulated delivery charges are those items associated with the storage, transportation and delivery of energy from the supplier to the customer along with other miscellaneous charges including competitive transition and public purpose programs.
- The individual line item costs associated with market purchased supply charges. Market purchased supply is the commodity, which is purchased from a variety of producers at prices that are determined by the market and passed through to customers at cost and without markup.

Give a Gift of Energy – Anytime

NorthWestern Energy gift certificates are a great way to help a family member, friend or colleague this holiday season – or anytime.

Contact one of our helpful Customer Service Representatives to purchase a Gift of Energy. You may purchase one or more certificates in any amount and pay over the phone using a credit card (a convenience fee may apply) or send us a check or money order for the amount.

Once we receive your payment, we will place a credit on the recipient's account and we'll send you the certificate. Payment for the Gift of Energy must be received in full before we issue a credit or certificate.

So whether it's an elderly relative on a fixed income, a child away at college or a friend in need, a NorthWestern Energy Gift of Energy is a welcome way to show that you care.

If You Smell Natural Gas . . .

At times, you may smell natural gas. If it is a faint odor and near a gas appliance, check the appliance's pilot light to be certain it is lighted properly. Almost all newer equipment, such as water heaters and furnaces, have safety shut-offs to control the escape of gas if the pilot goes out. Manually controlled appliances, like a gas range, may have a pilot light that does not turn off, but can be relighted safely. All appliances should have a panel with the lighting instructions attached.

If you can't determine the source of a gas odor, and it is localized around an appliance, turn the gas to the appliance off at the shut-off valve and get a professional to look at the appliance. Each appliance is required to have a shut-off valve that is easily accessible. You should be familiar with their locations.

If the odor is strong and far-reaching, or the source of the odor can't be accounted for or controlled, you have an emergency. As with any emergency, stay calm. Leave the building quickly without activating any ignition sources such as matches or lighters, electrical switches, flashlights, doorbells or telephones. When safely away from the premise, call our emergency number listed on this insert.

Spotting Signs of a Natural Gas Leak

Because you may not be able to detect a natural gas leak only by smell, you also should be aware of other ways to spot a leak. Call the appropriate natural gas emergency number listed on this insert if you see or hear any of the following indicators on or near our pipeline right of way:

- An unusual blowing or hissing sound.
- Dirt or dust blowing from a hole.
- Bubbling ponds.
- Dead or discolored vegetation in an otherwise green area near a pipeline right-of-way.
- Fire involving or in the vicinity of a pipeline.

IMPORTANT PHONE NUMBERS

Montana

Emergency Service

(24 hrs/7 days a week)

Electric (888) 467-2353

Natural Gas (888) 467-2427

Customer Service

(7 am – 6 pm M-F) (888) 467-2669

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 424-5555

Flathead County 755-8344

Energy Efficiency (800) 823-5995

Nebraska

Emergencies/Customer Service

(24 hrs/7 days a week) . . . (800) 245-6977

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 331-5666

South Dakota

Emergencies/Customer Service

(24 hrs/7 days a week) . . . (800) 245-6977

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 781-7474

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www.northwesternenergy.com

Where to get Additional Information about Pipeline Safety

- NorthWestern Energy's Web site
www.northwesternenergy.com
- NorthWestern Energy's Safety Resource Center
(800) 440-2497
- American Gas Association
www.aga.org
- Common Ground Alliance
www.commongroundalliance.com
- US Department of Transportation "Dig Safely" program
www.digsafely.com

Energy Connections Editor • 40 E. Broadway Street • Butte, MT 59701
bill.insert@northwestern.com

December 2006



ENERGY CONNECTIONS

NorthWestern Energy's Challenge Grant is Back!

Once again, NorthWestern Energy is offering its Challenge Grant program to help customers facing difficulty in paying their NorthWestern Energy bill this winter.

The grant program, funded entirely by our shareholders, helps those home-heating customers who are struggling to make ends meet and have no other resources available to them.

Our grant program is designed to assist income-qualified, home-heating customers who do not qualify for federal or state assistance including the Low Income Energy Assistance Program (LIEAP) and who have no other resources available to them. If they qualify, these customers will receive a one-time \$250 credit on their NorthWestern Energy bill. NorthWestern Energy customers residing in South Dakota who are currently on the company's electric heat of dual fuels rates 11, 14 or 15 are not eligible for the credit because they receive a special discounted heat rate already.

The income qualifications for LIEAP vary depending on the state in which you live so the income qualifications for the Challenge Grant vary by states as well.

Customers interested in applying for the Challenge Grant credit must contact their local Human Resource Development (HRDC) offices in Montana; the South Dakota Department of Social Services – Energy Assistance; or the Nebraska Department of Health and Human Services. They may also call our customer service numbers for more information.

Natural Gas: Safe, Sound and Underground

We at NorthWestern Energy care about your safety as you enjoy the comfort and convenience that natural gas provides. Because of this, we encourage you to read this information on natural gas and share it with your family and friends.

NorthWestern Energy owns and maintains almost 7,800 miles of underground pipeline that transports and delivers natural gas to your homes and businesses. Natural gas is a safe and reliable fuel when used properly; but like any other energy source, natural gas can be hazardous and must be used and treated with caution and care.

In its natural state, natural gas is odorless, tasteless and non-toxic. It also is 40 percent lighter than air and tends to dissipate into the atmosphere. But when it is confined – such as within a house, sewer or duct system – natural gas can reach explosive concentration levels and, if ignited, might result in a destructive explosion. To help you recognize a gas leak, we inject natural gas with a chemical odorant, called mercaptan, to give it a strong, unpleasant smell, similar to that of rotten eggs.

The company works hard to maintain the safety and reliability of our pipelines. Using contemporary computer and communication technology, our trained monitoring team keeps a close watch on the flow of gas through the system 24 hours a day, seven days a week. Every year, employees inspect our pipeline routes for signs of leaks and corrosion. We also comply with the pipeline safety regulations established by agencies such as the Department of Transportation, the Federal Energy Regulatory Commission and the Office of Pipeline Safety.

Preventing Gas Line Leaks

Construction and other excavation activities are the number one cause of natural gas distribution incidents. It is critical that all dig-ins are reported immediately so NorthWestern personnel may inspect and repair the lines as necessary. Always err on the side of caution by staying clear of any damaged or potentially damaged gas lines.

For the public's protection, our lawmakers have made it mandatory for contractors or anyone digging to have underground utility lines located before excavation activities can begin. Our company, and other businesses with buried infrastructure, work together to provide locating services to anyone planning to excavate near underground gas, electric, telephone or other buried lines.

Protect yourself by keeping an eye on things and by asking excavators if they have called the appropriate locating services. You also need to call for your own excavation and digging projects. A task as simple as installing a fence or planting a new tree in the middle of the yard can turn out to be deadly if an underground gas or electric line is hit.

Underground utility locating service is free. Within two days of your request, someone will mark the underground facilities – including natural gas, water, electricity, sewer and communications. It's just one call – don't risk it all.

In this issue... Natural Gas: Safe, Sound and Underground • Preventing Gas Line Leaks
Gift of Energy • If you Smell Natural Gas ... • Spotting Signs of a Natural Gas Leak

NorthWestern
Energy



ENERGY CONNECTIONS

Good News For Heating Customers

For the first time in several years, we're not expecting double-digit percentage increases in the cost of natural gas. In fact, we might even see slightly lower costs over the course of this heating season compared to last year.

But don't let this prediction lull you into a false sense of security. The price of natural gas is only one component of your overall heating bill; the other is usage. We enjoyed a warmer than normal winter last year, so if this year is colder than last year, there's a good chance that you'll use more natural gas to heat your home.

While you can't control the cost of the energy you use, you can control the quantity of energy you use. When you "weatherize" your home against the elements, you'll use less energy than you would have used otherwise and, therefore, save money. The amount of savings depends on the age and construction of your home, the types of measures installed and the weather.

Weatherization provides another benefit – comfort. A properly weatherized home feels more comfortable on a cold, blustery day, which means you're less likely to be tempted to crank up the thermostat.

Carbon Monoxide: Protect Your Family

The symptoms can be easily mistaken for a myriad of other illnesses that show up when the weather cools off: headache, nausea, muscle aches and pains, a feeling of being tired or groggy, dizziness and confusion. So, you may ask, how does one tell the difference between carbon monoxide poisoning and the flu?

It isn't always easy to distinguish between the two, yet carbon monoxide poisoning can be fatal if left unchecked. High levels of carbon monoxide (CO) occur when any fuel-burning device such as a furnace, water heater or wood stove malfunctions resulting in the incomplete combustion of carbon that then replaces the oxygen in an enclosed area with carbon monoxide.

You can't taste, see or smell carbon monoxide, which is why it's often referred to as "the silent killer." That's why you need to know the symptoms and the scenarios that can lead to CO poisoning.

Fuel burning devices need adequate levels of oxygen to work efficiently. Buildings that have been sealed too tightly and with improper venting or damaged heat exchangers are at risk for carbon monoxide buildup. And the risk isn't limited to buildings. Any enclosed space including passenger vehicles, campers and RVs can be subject to CO buildup. We suggest installing a certified CO detector in your home to help protect your family.

If you suspect carbon monoxide poisoning – seek immediate medical attention and then call us to inspect the fuel burning appliances in your home. Equipping your home with carbon monoxide monitors also will provide you with early warning if you have a CO problem developing.

Sign Up Now for Low Income Energy Assistance Programs

We know there are customers who struggle each year to pay their utility bills. The federal government's Low Income Energy Assistance Program is intended to help low-income customers with much needed bill assistance to help make staying warm more affordable.

The program has various acronyms around the country including LIEAP, LEAP and LIHEAP. Regardless of what you call it, the program provides an important lifeline to customers who may have to choose between paying for medicine, food or heat. Every year, we encounter customers who qualify for this program, but for one reason or another, they don't take advantage of it. Depending on the state in which you live, LIEAP recipients may qualify for additional benefits including free weatherization or bill discounts.

Income guidelines, qualifications and the benefit amount provided to qualified customers vary by state, so contact the energy assistance office or human resource development council in your state for application information.

Montana: www.dphhs.mt.gov/programsservices/energyassistance/index.shtml

Nebraska: www.hhs.state.ne.us/fia/energy.htm

South Dakota: www.dss.sd.gov/energyassistance

Call Before You Dig: Fall Projects

Are you planning a few last minute projects around the outside of your home before the weather turns cold? Don't forget to call at least two working days before you dig anywhere to have underground utility lines marked.

Hitting an underground utility line can have devastating results, and those individuals who don't call for locates are liable for the damage and repair costs. If you had lines located months ago but are just now getting around to digging, don't take chances with your safety. Call and have the lines marked again.

It's a free service, and it's also the law!

Color Code for Underground Utility Line Markings

Red	=	Electric
Yellow	=	Gas/Oil/Petroleum
Orange	=	Communications/ Cable TV
Blue	=	Water
Green	=	Sewer
White	=	Proposed Excavation

Savings with a Fluorescent Twist

As our daylight hours get shorter, our nights get much longer. In other words, the lights in your home and office are staying on for longer periods and that means you're using more electricity.

Although this is the time of year when most of us begin to focus on heating costs, the fact is that we're also spending more for lighting too. Saving money on your lighting bill doesn't have to leave you sitting in the dark when you switch to compact fluorescent lighting (CFL) throughout your home.

CFL bulbs are available in a variety of styles and sizes to suit your needs. The light output – or brightness – of every bulb is measured in lumens, so look for CFLs that match the brightness of the incandescent bulb that you are replacing. CFLs work best in fixtures that are used at least three hours per day.

CFLs tend to cost a little more, but they use a fraction of the electricity and last much longer than traditional incandescent light bulbs, thus, you save money over the long run. NorthWestern Energy and other retailers are sponsoring programs to make it easy and inexpensive for you to make the switch to CFLs. Look for information on rebate and money-saving coupons at your local retailer and wherever CFLs are sold.

Hunting Safely Around Power Lines

Every fall, our employees are called out to repair overhead power lines that have been damaged by vandals using our poles and insulators for target practice. This activity is vandalism and can have devastating consequences.

Recently, an individual who was hiking in the country accidentally came in contact with an energized, low-hanging power line that had been knocked down from the pole after someone had shot the insulator. Tragically, the individual was electrocuted.

We at NorthWestern know that the majority of hunters are conscientious; however, our experience shows us that some people still treat our power poles and lines as targets. This is a dangerous practice. Damaged lines or insulators not only threaten the safety of humans and animals, but they also can ignite grass or wild land fires.

We urge all hunters to report these serious acts of vandalism to the appropriate authorities and to notify us immediately if they come across a damaged pole or low hanging wire. Responsible hunters should not tolerate the actions of a few vandals.

Natural Gas Odor

Natural gas is a colorless, odorless, non-toxic substance. Like almost all natural gas utilities, NorthWestern adds an odorant to the gas system to warn you in the event of a natural gas leak. The odorant smells bad – like a skunk or rotten eggs – for a good reason: to ensure your safety.

If you smell the distinctive odor of natural gas:

1. Leave the area immediately.
2. Do not use your phone, light a match or operate anything that might create a spark or flame. Do not turn on or off any lights or electrical appliances.
3. Call NorthWestern Energy's gas emergency number as soon as possible but from a safe distance. We will respond promptly at any time of the day or night.
4. Do not try to extinguish a natural gas fire.
5. Do not attempt to turn any natural gas valves on or off.

Used properly, natural gas is a safe and reliable fuel.

IMPORTANT PHONE NUMBERS Montana

Emergency Service

(24 hrs/7 days a week)

Electric (888) 467-2353

Natural Gas (888) 467-2427

Customer Service

(7 am – 6 pm M-F) (888) 467-2669

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 424-5555

Flathead County 755-8344

Energy Efficiency (800) 823-5995

Nebraska

Emergencies/Customer Service

(24 hrs/7 days a week) . . . (800) 245-6977

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 331-5666

South Dakota

Emergencies/Customer Service

(24 hrs/7 days a week) . . . (800) 245-6977

Call Before You Dig

(24 hrs/7 days a week) . . . (800) 781-7474

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www.northwesternenergy.com

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CONNECTIONS

January 2007

NorthWestern[™]
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in this
issue...

HEATING SEASON UPDATE: LOWER PRICES

NORTHWESTERN'S SERVICE WINS AWARDS

NEW OCCUPANT NOTIFICATION

FREE YOUR METERS FROM WINTER'S GRIP

PORTABLE SPACE HEATER SAFETY TIPS

YOUNG MINDS IN SCIENCE

DID YOU KNOW?

New Occupant Notification Process

Beginning in February 2007, we will discontinue the mailing of New Occupant Notifications or hanging them on doors in Montana. Our evaluation of this practice showed that people routinely call for new service without a written reminder.

Property owners with rental property, who do not have a Property Owner Agreement, are reminded that as tenants vacate their rental property, the utility services will be disconnected if the property remains vacant and someone does not assume responsibility for the service. Property owners interested in a Property Owner Agreement with NorthWestern Energy should contact NorthWestern Energy at (888) 467-2269.

This change is part of our continued effort to review our processes and procedures to ensure they are effective and efficient. ■



Heating Season Update: Lower Prices

Natural gas customers have reason to relax. This year, the price of natural gas is much lower when compared to last year's prices. In South Dakota, November and December of 2006 prices were 15% lower than November and December 2005. In Nebraska, the prices are 16% lower than last year. Montana gas supply prices are 30% lower this year.

While the price of other home heating sources, such as fuel oil and propane has remained steady, the price of natural gas has dropped considerably since last year. Despite the excellent value of natural gas, we understand that heating costs are still higher than the historical average, and we are working to make it easier for you to stay warm and safe this winter.

We sponsored weatherization events again this fall and gave away weatherization kits and information on how to make homes more energy efficient. In addition, we brought back the Challenge Grant to help those customers who are on limited incomes who do not otherwise qualify for heating assistance programs.

We also are working to provide customers with ample natural gas supply at a reasonable cost while minimizing, to the best of our ability, the price volatility of our recent national energy picture. ■

NorthWestern's Service Wins Awards

Our employees earned some well-deserved praise recently from industry trade organizations, including the Edison Electric Institute (EEI) and PA Consulting.

Many of our customers are not likely to forget the 2005 Thanksgiving ice storm and blizzard that ravaged our South Dakota service area. The storm laid flat almost all of our electric system and disrupted service to our electric customers in South Dakota. NorthWestern mobilized its largest recovery effort in its history when more than 200 employees from Montana and Nebraska joined their South Dakota co-workers to rebuild the electric system within weeks. This extra effort earned our employees the 2006 EEI Emergency Recovery Award for exhibiting unwavering professionalism and dedication to emergency restoration in the face of devastation.

In early November, NorthWestern Energy learned that it also had won – for the third year in a row – the PA Consulting ServiceOne™ Award for providing exceptional customer service. ■

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 Interdepartmental Transactions
 December 31, 2006 Test Year

Line No.	Description (a)	Total Amount (b)	South Dakota Gas Factor (c)	Total Allocated to SD Gas (d)	Test Period Adjustments (e)	Comments (f)
1	Management fee from NEC, a division of NorthWestern Services, LLC	Acct. No. 920				
2						
3	January-06	8,095	0.209	1,692	0	
4	February-06	8,095	0.209	1,692	0	
5	March-06	8,095	0.209	1,692	0	
6	April-06	8,095	0.209	1,692	0	
7	May-06	8,033	0.209	1,679	0	
8	June-06	8,033	0.209	1,679	0	
9	July-06	8,033	0.209	1,679	0	
10	August-06	8,033	0.209	1,679	0	
11	September-06	8,033	0.209	1,679	0	
12	October-06	8,033	0.209	1,679	0	
13	November-06	8,033	0.209	1,679	0	
14	December-06	8,033	0.209	1,679	0	
15		<u>96,644</u>		<u>20,199</u>		
16						
17	Management fee from GRT, a division of NorthWestern Services, LLC	Acct. No. 920				
18						
19	January-06	1,247	0.209	261	0	
20	February-06	1,247	0.209	261	0	
21	March-06	1,247	0.209	261	0	
22	April-06	1,247	0.209	261	0	
23	May-06	1,247	0.209	261	0	
24	June-06	1,247	0.209	261	0	
25	July-06	1,247	0.209	261	0	
26	August-06	1,247	0.209	261	0	
27	September-06	1,247	0.209	261	0	
28	October-06	1,247	0.209	261	0	
29	November-06	1,247	0.209	261	0	
30	December-06	1,247	0.209	261	0	
31		<u>14,964</u>		<u>3,127</u>		

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 Interdepartmental Transactions
 December 31, 2006 Test Year

Line No.	Description (a)	Total Amount (b)	South Dakota Gas Factor (c)	Total Allocated to SD Gas (d)	Test Period Adjustments (e)	Comments (f)
1	Management fee from NCS, a division of NorthWestern Services LLC	Acct. No. 920				
3	January-06	9,935	0.209	2,076	(2,076)	NCS is no longer in business and these fees will no longer be charged as of December 31, 2006
4	February-06	9,935	0.209	2,076	(2,076)	
5	March-06	9,935	0.209	2,076	(2,076)	
6	April-06	9,935	0.209	2,076	(2,076)	
7	May-06	9,935	0.209	2,076	(2,076)	
8	June-06	9,935	0.209	2,076	(2,076)	
9	July-06	9,935	0.209	2,076	(2,076)	
10	August-06	9,935	0.209	2,076	(2,076)	
11	September-06	9,935	0.209	2,076	(2,076)	
12	October-06	9,935	0.209	2,076	(2,076)	
13	November-06	9,935	0.209	2,076	(2,076)	
14	December-06	9,935	0.209	2,076	(2,076)	
15		<u>119,220</u>		<u>24,917</u>	<u>(24,917)</u>	
17	Management fee from Nekota Resources, LLC	Acct. No. 920				
19	January-06	5,290	0.209	1,106	(1,106)	Nekota Resources, LLC is no longer in business and these fees will no longer be charged as of February 28, 2007
20	February-06	5,290	0.209	1,106	(1,106)	
21	March-06	5,290	0.209	1,106	(1,106)	
22	April-06	5,290	0.209	1,106	(1,106)	
23	May-06	5,290	0.209	1,106	(1,106)	
24	June-06	5,290	0.209	1,106	(1,106)	
25	July-06	5,290	0.209	1,106	(1,106)	
26	August-06	5,290	0.209	1,106	(1,106)	
27	September-06	5,290	0.209	1,106	(1,106)	
28	October-06	5,290	0.209	1,106	(1,106)	
29	November-06	5,290	0.209	1,106	(1,106)	
30	December-06	5,290	0.209	1,106	(1,106)	
31		<u>63,480</u>		<u>13,267</u>	<u>(13,267)</u>	

Line No.	South Dakota Gas	Test Year												Proposed	
		January	February	March	April	May	June	July	August	September	October	November	December	Total Revenue	Total Revenue
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	REVENUES - SALES OF GAS														
2	Residential	5,824,729	5,122,898	5,181,357	3,264,640	1,387,283	876,636	611,965	567,122	677,780	1,103,186	2,233,713	4,656,169	31,507,478	38,657,346
3	Commercial & Indust - Small	2,775,024	2,362,647	2,418,351	1,460,278	532,201	358,562	247,887	235,047	289,187	417,120	926,316	2,067,147	14,089,767	17,193,367
4	Commercial & Indust - Lg Firm	519,034	412,553	368,653	238,185	123,556	91,888	73,523	71,213	84,809	112,440	184,608	385,881	2,666,343	2,979,803
5	Commercial & Indust - Intempt	287,652	211,248	200,310	145,807	275,250	65,021	66,581	47,023	54,837	152,370	501,717	221,330	2,229,146	3,999,866
6	Commercial & Indust - Rate 86	689,031	567,567	581,965	478,651	206,297	82,656	45,876	41,750	50,867	68,210	129,287	375,872	3,318,029	3,013,859
7	Total	10,095,470	8,676,913	8,750,636	5,587,561	2,524,587	1,474,763	1,045,832	962,155	1,157,480	1,853,326	3,975,641	7,706,399	53,810,763	65,844,041
8															
9	OTHER OPERATING REVENUES														
10	Late Payment Charges	26,038	22,472	21,226	20,322	18,554	8,149	5,566	7,064	8,664	8,640	12,671	16,406	175,772	159,645
11	Misc Service Revenues	4,705	3,805	4,015	4,368	4,660	6,305	5,493	6,008	6,388	8,100	7,783	7,460	69,090	67,024
12	Transport Gas Billed	119,317	120,492	104,297	120,056	88,480	88,944	84,495	79,349	89,357	95,850	131,173	119,390	1,241,200	4,893,151
13	Other Gas Revenues	130	130	130	130	130	130	130	130	130	130	130	130	1,560	9,070
14	Total	150,190	146,899	129,668	144,876	111,824	103,528	95,984	92,551	104,539	112,720	151,757	143,386	1,487,622	5,128,890
15															
16	Total Operating Revenues	10,245,660	8,823,812	8,880,304	5,732,437	2,636,411	1,578,291	1,141,516	1,054,706	1,262,019	1,966,046	4,127,398	7,849,785	55,298,385	70,972,931
17															
18															
19	GAS SOLD - MMBTU														
20	Residential	441,088	397,817	419,154	277,841	123,089	70,481	44,192	37,667	48,048	103,558	236,903	396,305	2,596,143	2,884,337
21	Interdepartment	13,231	1,845	2,302	1,058	779	504	-	20,343	3,941	4,675	510	1,536	50,724	-
22	Commercial & Indust - Small	222,586	195,211	208,285	135,618	55,883	37,700	25,961	23,223	28,706	48,606	109,234	187,868	1,278,881	1,435,996
23	Commercial & Indust - Lg Firm	48,204	41,404	43,463	29,328	14,091	9,645	7,399	6,591	8,044	14,144	26,933	44,201	293,447	320,076
24	Commercial & Indust - Intempt	27,279	21,017	24,170	19,143	40,053	8,726	9,803	6,456	6,901	26,598	83,553	28,252	301,951	459,631
25	Commercial & Indust - Rate 86	58,524	48,060	50,425	41,691	17,516	10,416	5,826	5,083	5,677	8,302	25,035	37,751	314,306	346,597
26	Total Retail MMBTU Sold	810,912	705,354	747,799	504,679	251,411	137,472	93,181	99,363	101,317	205,883	482,168	695,913	4,835,452	5,446,637
27															
28	Gas Transported - MMBTU (memo)	525,585	490,789	472,666	453,822	384,827	382,614	388,873	340,921	391,402	423,537	542,382	476,914	5,274,332	18,215,243
29															
30	Total MMBTU Sold	1,336,497	1,196,143	1,220,465	958,501	636,238	520,086	482,054	440,284	492,719	629,420	1,024,550	1,172,827	10,109,784	23,661,880
31															
32															
33	CUSTOMER DATA														
34	Residential	36,304	36,290	36,267	36,136	35,913	35,781	35,741	35,741	36,037	36,409	36,554	36,667		36,445
35	Commercial & Indust - Small	5,471	5,480	5,474	5,436	5,385	5,354	5,324	5,325	5,348	5,432	5,462	5,484		5,473
36	Commercial & Indust - Large	116	116	116	116	116	117	117	117	117	117	116	116		116
37	Commercial & Indust - Intempt	80	79	75	73	80	73	76	72	75	114	85	72		83
38	Commercial & Indust - Rate 86	77	78	78	78	78	78	78	78	78	78	78	79		78
39	SD Transport Customers	89	89	89	90	89	92	91	91	91	91	91	90		90
40	Total Customers	42,137	42,132	42,099	41,929	41,661	41,495	41,427	41,424	41,746	42,241	42,386	42,508		42,285

Line No.	Account No.	Description	Plant Balance 12/31/2005	Plant Balance 12/31/2006	Avg Plant Balance	Depreciation Rate	Total Actual Depreciation Exp	Proposed Rates Per Depreciation Study	Total @ Proposed Rate X Avg Bal	Annual Difference (Increase)/Decrease
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1		PRODUCTION								
2	304	Land And Land Rights	40,057	40,057	40,057					
3	305	Structures And Improvements	258,610	218,946	238,778	1.42%	3,251	1.97%	4,704	(1,453)
4	311	Liquefied Petroleum Gas Equipment	1,213,577	1,110,761	1,162,169	2.41%	28,967	2.17%	25,219	3,748
5	320	Other Equipment	11,567	1,160	6,363	1.27%	48	-0.51%	(32)	80
6		Total Gas Production	1,523,811	1,370,924	1,447,367		32,266		29,891	2,376
7										
8		DISTRIBUTION								
9	374	Land And Land Rights	305,947	331,079	318,513					
10	375	Structures And Improvements	62,095	62,095	62,095	2.51%	1,559	0.80%	497	1,062
11	376	Mains-Plastic	14,463,283	14,986,016	14,724,650	3.42%	506,156	2.43%	357,809	148,347
12	376	Mains-Steel	14,657,116	16,378,434	15,517,775	3.42%	509,676	2.09%	324,321	185,355
13	378	Measuring & Regulating Station Equip-General	1,340,558	1,776,294	1,558,426	3.27%	43,787	2.76%	43,013	774
14	379	Measuring & Regulating Station Equip-City	1,391,980	1,391,980	1,391,980	2.75%	38,269	3.31%	46,075	(7,806)
15	380	Services-Plastic	13,549,760	13,919,193	13,734,487	3.48%	481,704	3.55%	487,574	(5,871)
16	380	Services-Steel	2,333,707	2,326,267	2,329,987	3.48%	81,179	3.22%	75,026	6,153
17	381	Meters	5,966,690	6,152,096	6,059,393	2.59%	154,252	2.14%	129,671	24,581
18	382	Meter Installation	2,643,514	2,885,675	2,764,594	3.53%	100,228	2.14%	59,162	41,066
19	383	Regulators	975,309	975,309	975,309	3.49%	34,043	2.14%	20,872	13,171
20	384	Regulator Installation	836,703	1,007,250	921,977	2.70%	26,249	2.14%	19,730	6,519
21		Total Gas Distribution	58,526,682	62,191,688	60,359,185		1,977,102		1,563,749	413,352
22										
23		GAS GENERAL								
24	303	Miscellaneous Intangible Plant-10 Year	7,327	7,327	7,327	10.00%	733	10.00%	733	0
25	303	Miscellaneous Intangible Plant-5 Year	0	8,264	4,132	20.00%	551	20.00%	826	(275)
26	389	Land And Land Rights	33,285	33,285	33,285				0	0
27	390	Structures And Improvements	334,495	334,495	334,495	1.49%	4,984	3.72%	12,443	(7,459)
28	391	Office Furniture And Equipment	21,105	21,105	21,105	2.40%	506	5.00%	1,055	(549)
29	391	Office Furniture And Equipment-10 Year	2,667	11,120	6,894	10.00%	65	14.29%	985	(921)
30	391	Office Furniture And Equipment-5 Year	12,564	12,564	12,564	20.00%	301	14.29%	1,795	(1,494)
31	392	Transportation Equipment-Passenger Vehicle	6,493	6,493	6,493	6.71%	436	18.57%	1,206	(770)
32	392	Transportation Equipment-Hourly Truck	69,624	80,769	75,197	7.89%	5,932	7.10%	5,339	593
33	392	Transportation Equipment-Light Truck	415,427	482,245	448,836	4.72%	20,400	10.90%	48,923	(28,523)
34	393	Stores Equipment	7,609	7,609	7,609	1.07%	82	5.00%	380	(298)
35	394	Tools, Shop And Garage Equipment	499,491	543,043	521,267	3.04%	15,188	6.67%	34,768	(19,581)
36	395	Laboratory Equipment	228,172	228,172	228,172	1.77%	4,026	6.67%	15,219	(11,193)
37	396	Power Operated Equipment	733,062	815,973	774,517	6.68%	50,356	4.60%	35,628	14,728
38	397	Communication Equipment	3,318	2,775	3,046	3.86%	304	9.00%	274	30
39	398	Miscellaneous Equipment	1,214	1,214	1,214	3.20%	39	5.00%	61	(22)
40		Total Gas General	2,375,852	2,596,453	2,486,152		103,903		159,637	(55,734)
41										
42										
43										
44		TOTAL SD GAS	62,426,344	66,159,064	64,292,704		2,113,270		1,753,277	359,994
45										
46		TOTAL COMMON - SD GAS SHARE	10,537,827	9,505,256	9,598,638		607,158		746,223	(139,064)
47										
48		TOTAL SD GAS AND COMMON	72,964,171	75,664,321	73,891,343		2,720,429		2,499,499	220,930

NorthWestern Corporation, dba NorthWestern Energy
Other than Prescribed Depreciation Expense
December 31, 2006 Test Year

Schedule J-1
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Not Applicable