

Electric City Power, Incorporated

Regular Meeting of the Board of Directors

October 13, 2008, 5:30 p.m.
Commission Chambers - Great Falls Civic Center

CONTENTS:	PAGE
Agenda	1
NWE Answer to PSC	2
Minutes from the September 8, 2008, ECP Board Meeting	9
NorthWestern Energy Monthly Electric Supply Tracker for October, 2008	15
Great Falls Tribune Article, October 7, 2008, re: Highwood Air Permit	17
ECP Unaudited Financial Statements FY2009 YTD through August 2008	19

Electric City Power, Incorporated

Regular Meeting of the Board of Directors

October 13, 2008, 5:30 p.m.

Commission Chambers - Great Falls Civic Center

AGENDA

Call to Order 5:30 PM

Roll Call

A. EXECUTIVE DIRECTOR REPORT

1. Preliminary Financials FY 2009 YTD through August 2008

B. UNFINISHED BUSINESS

C. NEW BUSINESS

1. Accept Board Meeting Minutes from September 8, 2008

D. COMMUNICATIONS

1. Public Comment

E. BOARD MEMBER REPORTS

1. Term expirations
2. Vice-Chair position

F. ADJOURN

H. NEXT BOARD MEETING

November 3, 2008

W. Wayne Harper
Richard J. Garlish
40 East Broadway
Butte, Montana 59701
T: (406) 497-2210
F: (406) 497-2754
richard.garlish@northwestern.com

Attorney for NorthWestern Energy

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Complaint and)	UTILITY DIVISION
request for Declaratory Ruling by the City of)	
Great Falls, Benefis Healthcare System and)	DOCKET NO. D2007.12.147
Electric City Power, Inc.)	

NORTHWESTERN ENERGY'S RESPONSE TO COMPLAINANT'S OPENING BRIEF

I. INTRODUCTION

Comcs now, NorthWestern Energy ("NorthWestern") to respond to the Opening Brief of the City of Great Falls ("City"), Benefis Healthcare System ("Benefis") and Electric City Power, Inc. ("ECP"). City, Benefis, and ECP are referred to collectively throughout this response as Complainants.

II. BACKGROUND

NorthWestern believes that the factual basis of the case *sub judice* is set forth in the Complaint and Request for Declaratory Ruling ("Compl.") Answer to Complaint and Request for Declaratory Ruling ("Answer") as revised by the Joint Statement of Stipulated Facts, Phase I ("Stipulation"). NorthWestern's position on the factual

basis is consistent with that of the Complainants. Thus, rather than re-hashing the facts in detail in the context of this Response, NorthWestern presumes the MPSC has read all the previous filings and has a command of the facts at issue. NorthWestern's legal position is set forth below.

III. ARGUMENT

In 2007, the Montana Legislature enacted the Electric Utility Industry Generation Reintegration Act ("Act"). The Act effectively ended customer choice by repealing much of the Electric Utility Industry Restructuring Act of 1997. Under the Act, a Retail Customer is defined as a customer that purchases electricity for residential, commercial, or industrial end-use and does not resell electricity to others. Mont. Code Ann. § 69-8-103(23) (2007) While the general definition of a Retail Customer is quite broad, a review of Mont. Code Ann. § 69-8-201(2)(a) and (b) (2007) makes it clear the Montana Legislature intended to draw a distinction between classes of retail customers based on size.

Mont. Code Ann. § 69-8-201(2)(a) provides:

A retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts that is not purchasing electricity from a public utility on October 1, 2007, may continue to purchase electricity from an electricity supplier. The retail customer may subsequently purchase electricity from a public utility subject to Commission rule or order, but the customer may not, at a later date, choose to purchase electricity from another source.

In contrast, Mont. Code Ann. § 69-8-201(2)(b) provides:

A retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts and that is currently purchasing electricity from a public utility may not choose to purchase electricity from another source after October 1, 2007.

For those retail customers meeting the criteria set out in Mont. Code Ann. § 69-8-201(2)(a), it is clear that the Montana Legislature intended that they be able to continue their current supply arrangements after October 1, 2007. For those retail customers meeting the criteria set out in Mont. Code Ann. § 69-8-201(2)(b), it is clear that the Montana Legislature intended them to be captive retail customers receiving service from the utility after October 1, 2007. The appropriate application of Mont. Code Ann. § 69-8-201(2)(a) and (b) is driven by the interpretation of the word “customer.” It has been and continues to be NorthWestern’s position, at least until the Act took effect on October 1, 2007, that: (1) each meter/point of delivery was a separate customer; and (2) the geographic location of meter/point of delivery was a factor in determining customer status under existing law and regulation.

The Act did not become effective until October 1, 2007. As a consequence the provisions of the Electric Utility Industry Restructuring Act and the associated regulations implementing that act applied up to October 1, 2007. Prior to the enactment and effective date of the Act, Mont. Code Ann. § 69-8-103 defined customer or consumer as:

a retail electric customer or consumer. The University of Montana, pursuant to 20-25-201(1) and Montana State University, pursuant to 20-25-201(2) are each considered a single retail electric customer or consumer with a single individual load.

It is a well-settled legal maxim of statutory construction that: “the expression of one thing implies the exclusion of another.” Baker v. Berger, (Mont. 1994) 265 Mont. 21, 27; 873 P.2d 940, 944. In this case, notwithstanding the legislative history discussion set out by the Complainants on pages 8 and 9 of its opening brief, the Montana Legislature constructed Mont. Code Ann. § 69-8-103 to define customer such that the

University of Montana and Montana State University should be considered each as one customer under the Act. The fact that the Legislature constructed the statute in this particular manner suggests clearly that geographic location is a key factor in determining customer status. This concept is further supported by NorthWestern's MPSC approved Electric Tariff, Sheet No. 64.1, Schedule No. ECCGP-1, implementing, in part, Mont. Code Ann. § 69-8-103 which defines an individual customer as: "a person or entity separately identified in the Utility's billing system as the person or entity to which bills will be sent for service to one or more metered or un-metered accounts." Accordingly, NorthWestern's billing system treats each metered account/point of delivery, consistent with the applicable Tariff, as a customer without regard to ownership.

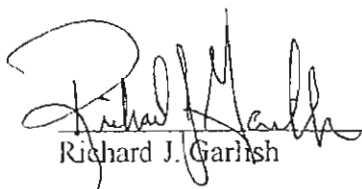
NorthWestern's approach is consistent with applicable regulation and practice. More importantly, it simply makes sense. NorthWestern believes it would be inappropriate for the MPSC to conclude that geographical diversity should not be a consideration in determining the characteristics of a customer's accounts or that the customer accounts should be treated on an aggregate basis for purposes of the notification requirements in effect in the ECCGP-1 tariff which were effective prior to October 1, 2007. The purpose of customer choice was to allow customers flexibility in procuring electric supply service. It would be counter to that purpose, in NorthWestern's view, to accept the Complainants' contention that notice by the Customer of intent to choose its own supplier on one metered account/point of delivery be applied to all of its metered accounts/points of delivery. Indeed, it seems NorthWestern would be at risk if it made such an assumption and the Customer was harmed as a result. In NorthWestern's view, the statute and regulations in place prior to October 1, 2007, made it incumbent on the

Complainants to meet the notice requirements for each of its accounts as provided by the tariffs implementing the Electric Utility Industry Restructuring Act that were in effect on or before September 30, 2007.

IV. CONCLUSION

Although, NorthWestern believes it acted in a manner consistent with all applicable statutes, regulations, and tariffs in effect on September 30, 2007, it recognizes that these provisions are open to interpretation. NorthWestern believes the Commission is the appropriate body to provide guidance on the interpretation of the provisions discussed in the pleadings presented by the Parties as they apply to the case *sub-judice*. NorthWestern is prepared and willing to accept the final interpretation and guidance of the Commission on this matter and requests an expedient resolution without a finding of fault on either NorthWestern or the Complainants.

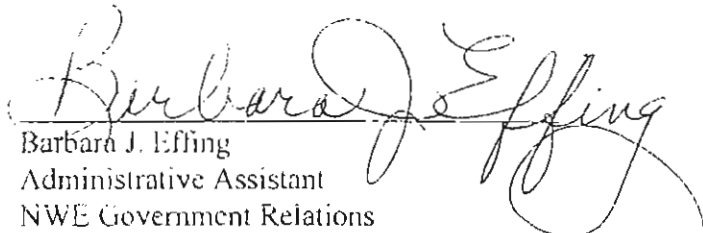
Respectfully submitted this 30th day of September, 2008.


Richard J. Garlisch

CERTIFICATE OF SERVICE

I hereby certify that a copy of NorthWestern Energy's Response to Complainant's Opening Brief has been served on the Commission's most recent service list in Docket D2007.12.147 by mailing a copy thereof by first class mail, postage prepaid.

Date: September 30, 2008.


Barbara J. Effing
Administrative Assistant
NWE Government Relations

A. Service List
Dkt. D2007.12.147

City of Great Falls
P. O. Box 5021
2 Park Dr. S
Great Falls MT 59403

Electric City Power Inc.
P. O. Box 5021
2 Park Dr. S.
Great Falls MT 59403

Harley Harris
Luxan & Murfitt PLLP
P. O. Box 1144
Helena MT 59624-1144

Robert Nelson
Montana Consumer Counsel
P. O. Box 201703
616 Helena Ave. 3rd Floor
Helena MT 59620-1703

Kate Whitney
MT Public Service Commission
1701 Prospect Ave
P. O. Box 202601
Helena MT 59620-2601

RECEIVED

OCT 01 2008

LUXAN & MURFITT

Electric City Power, Incorporated

JOURNAL OF BOARD PROCEEDINGS

September 8, 2008

Electric City Power, Incorporated (ECP): Regular meeting of the Board of Directors
Great Falls Civic Center, Commission Chambers

CALL TO ORDER: 5:30 PM

ROLL CALL: Directors present: Chairman George Golie, Vice Chair Dawn Willey, Bill Ryan and Bob Pancich. Also present were the ECP Executive Director, Assistant City Manager, Assistant City Attorney and the City Clerk.

EXECUTIVE DIRECTOR REPORTS

Executive Director Coleen Balzarini updated the Board on the following:

Ms. Balzarini informed the Board that the City Commission intends to move its regularly scheduled work session and meeting on October 7 to October 6, 2008, to accommodate a request from the Smuin Ballet. Accordingly, Ms. Balzarini requested that the regularly scheduled ECP meeting on October 6 be rescheduled for October 13, 2008. No one opposed the request.

Ms. Balzarini informed the Board that the final billing for June was received from Southern Montana Electric (Southern) and she explained the updated financials for FY ending June 30, 2008, the 2008 water credits, balance and end date for block one customers, as well as the revenue and expenses as of July 31, 2008, for FY 2009. She reminded the Board that in January, 2009, the contract rates will go up for the Great Falls Public Schools and Great Falls International Airport, which will result in lowering the deficit fund balance.

Chairman Golie asked if the Board had any questions for Ms. Balzarini. No one responded.

As a result of NWE's resistance to allow ECP to serve existing customers' enrollment requests, a Complaint and Request for Declaratory Ruling was filed with the Public Service Commission by the City of Great Falls, Benefis Healthcare System, and Electric City Power, Inc. Ms. Balzarini reviewed the points made by attorney Harley Harris in his Opening Brief. She further explained the status of the briefing schedule.

Tim Gregory, General Manager of Southern, provided a HGS project status update. He discussed inflationary impacts and explained that the reason for HGS is even more valid today than when the project first started. The site has been purchased and zoned industrial, Southern is working with financial institutions, a number of contracts are in place, Southern is working with entities to provide labor, and expects construction of HGS to break ground in late Fall. Mr. Gregory concluded that Southern continues to inch forward in the construction of HGS.

Chairman Golie asked if there was any discussion or questions for Mr. Gregory. Mr. Ryan inquired about the status of the air quality permit. Mr. Gregory responded that currently there is no rule for PM_{2.5}. The DEQ is performing its analysis to determine the best available control technology. If so determined by the DEQ, HGS will be the first power plant in the United States with specific control of PM_{2.5}.

Chairman Golie asked if there were any questions or comments from the public.

Neil Taylor, 3417 4th Avenue South, commented that, with regard to the costs of HGS, Mr. Gregori has neither supplied Richard Liebert with answers to questions on his spreadsheet, nor responded to his email regarding current HGS costs. Mr. Gregori responded that the parties discussed via email the current costs of wind generation and agreed to disagree on HGS. Mr. Gregori explained that he cannot disclose current costs of HGS due to respecting the confidentiality of vendors. However, the facility costs continue to increase. The precise costs will remain unknown until financial closing.

Mr. Taylor asked then how did ECP and the City arrive at payment figures for electricity if HGS was built. Mr. Gregori responded that the estimated costs of HGS were compared with the market prices. The justification for HGS is stronger today than when started. The base load generation will run out sooner than anticipated. He compared it to owning versus renting a home. It will be a good investment to own the resources.

Richard Liebert, 289 Boston Coulee Road, asked for the costs of transporting coal, construction, etc. He also inquired what it cost Great Falls to purchase the Urquhart property. Mr. Gregori answered that not one dollar of City money went towards the purchase of the property. The property was financed by four cooperatives.

Ron Gessaman, 1006 36th Avenue N.E., inquired what the relationship was between Southern and the Big Sky Carbon Sequestration Partnership. He asked how much money was expended to Big Sky Carbon Sequestration Partnership and what was the status of the carbon capture and sequestration study. Mr. Gregori responded that Big Sky Carbon Sequestration Partnership is one of six or seven Department of Energy regional sequestration partnerships to analyze suitable locations to capture and sequester carbon. Big Sky Carbon Sequestration Partnership is primarily funded by federal monies and grants. Southern hired two staff members of Big Sky Carbon Sequestration Partnership, with Southern operating monies, to evaluate locations, easements, rights of way, and provide an updated study. The relationship is (1) Southern is a member of Big Sky Carbon Sequestration Partnership; (2) Southern hired two members of Big Sky Carbon

Sequestration Partnership; (3) Big Sky Carbon Sequestration Partnership is mostly funded from federal monies; and, (4) Southern independently pays Big Sky Carbon Sequestration Partnership members for its business plan development. If Southern receives federal funding to offset the costs of carbon capture and sequestration, it will become the first in the United States to capture carbon.

I. UNFINISHED BUSINESS

II. NEW BUSINESS

Accept Board Meeting Minutes of August 11, 2008. Bill Ryan moved, seconded by Dawn Willey, and approved by roll vote, to accept the Board minutes from the August 11th meeting. Motion carried 4-0.

Accept the Unaudited Financial Statements for ECP. Bill Ryan moved, seconded by Dawn Willey, and approved by roll vote, to accept the updated June FY2008 Unaudited Financial Statements. Motion carried 4-0.

Accept the Unaudited Financial Statements for ECP. Bill Ryan moved, seconded by Dawn Willey, and approved by roll vote, to accept the preliminary July FY2009 Unaudited Financial Statements. Motion carried 4-0.

The Board reviewed and discussed at length the applications submitted for the ECP Board. Stuart Lewin asked what authority the ECP Board had to make such a recommendation to the City Commission. Mr. Ryan responded that, as citizens, they had such a right. Chairman Golie responded that the ECP bylaws do not disallow this Board from making recommendations to the City Commission.

Mr. Ryan suggested that those applicants that were present say a few words. Keith Melhus, Olaf Stimac, Jr., Mike Witsoe and Stuart Lewin discussed their reasons for submitting applications and interests to be members of the Board.

Mr. Pancich pointed out that when the board was established, former City Manager, John Lawton, recommended him because he had a financial background, Ms. Willey because her employer is a large customer of ECP, Mr. Golie because of his legislative background, Mr. Ryan because of his occupational expertise in energy, and Mr. Gray because of his City government background. Mr. Ryan stated that there was no criteria set forth for specific backgrounds in the application process.

Ms. Balzarini introduced Chad Parker, Assistant City Attorney, and informed the Board that the City Attorney would be in attendance at most ECP meetings in the future.

Ms. Willey brought up that Mr. Melhus resides in Conrad and inquired if that was a problem. After Board discussion, it was determined that there was no requirement that

Board members must reside within the City limits. Mr. Melhus advised that he spends time back and forth in Great Falls and Conrad.

The Board discussed recommending that one City Commissioner sit on the ECP Board. Mr. Ryan asked Commissioner Jolley her thoughts on that. Commissioner Jolley answered that the City Commission would value more information and reports coming from the ECP Board. She would have to think about it and discuss it with fellow commissioners at the upcoming agenda meeting. Commissioner Jolley concluded that she would not want to be privy to confidential or propriety information that she could not share with the citizens.

Ms. Balzarini made a comparison with the City Commissioner's acting as Board Members of the Port Authority Board and commented that she did not believe there was a reason why a City Commissioner could not sit on the ECP Board. She further commented that she, George Golie, Greg Doyon and Commissioner Bronson attended the last Southern meeting on behalf of the City and ECP. If legitimate trade secrets or confidential information was provided at meetings, she does not believe they have a problem abiding with designated confidential/trade secret items via prescribed protocols. Determining what is and is not protected is something that City and ECP representatives will continue to struggle with identifying and protecting. She and Mr. Parker will research the concept of a City Commissioner becoming an ECP Board member further and anticipate more discussion will take place at the Commission agenda setting meeting.

Recommend three applicants to the City Commission for consideration for appointment on the ECP Board. After discussion and as recommended by this Board, Bill Ryan moved, seconded by Dawn Willey, and approved by roll vote, that this Board recommend Keith Thomas Melhus, John R. Gilbert and Olaf M. Stimac, Jr., to the City Commission for consideration when making ECP Board appointments. Motion carried 4-0.

Mr. Pancich moved to amend the prior motion, and then withdrew his motion, to recommend three applicants to the City Commission to appoint one of those three applicants and one City Commissioner.

A discussion followed regarding requesting a City Commissioner serve on this Board, conflicts and various reasons why a Commissioner could not attend. It was the consensus of the Board to leave that as an option at the discretion of the City Commission.

Invite the City Commission to Consider the Appointment of One Commissioner to the ECP Board. Mr. Pancich moved, seconded by Mr. Ryan, and approved by roll vote, to also invite the City Commission to consider the appointment of one Commissioner to fill one of the two vacancies on the ECP Board. Motion carried 4-0.

III. COMMUNICATIONS

Public Comment.

Larry Rezendes, 2208 1st Avenue North, commented on statements made by Mr. Gregori with regard to economics and HGS being a low cost producer, but that he provides no information to substantiate those statements. Mr. Rezendes also commented that Mr. Gregori provided no specifics with regard to seeking financing, and asked how ECP could know the economics of HGS without any information. He suggested that ECP request from Southern a reassessment of project costs, supported by documentation and contracts to verify the economics of HGS.

Richard Liebert, 289 Boston Coulee Road, appreciated the chance to exchange information with Southern tonight. With regard to the discussion of conflict of interest, Mr. Liebert stated that he agrees a person should be objective. He did not apply to be on this Board because he is a member of CCE. He also inquired if a City Commissioner had additional time to spend at these meetings each month. He commented that it is good that a Commissioner be involved, but believes an appointment to this Board would involve too much time. Additionally, a City Commissioner might unduly influence the other Board Members and interfere with parliamentary dynamics. Mr. Liebert mentioned a Wall Street Journal article regarding John McCain establishing a system to curb greenhouse gas emissions. Mr. Liebert also discussed an issue with the Grant County PUD. He asked that the information he provided to Grant County, and told was inaccurate by Southern, be identified. Chairman Golie reminded Mr. Liebert that this Board has no authority to demand Tim Gregori do anything between Southern and Grant County. Mr. Liebert asked if Yellowstone Valley Coop was a buyer of the Urquhart property. Mr. Gregori responded that Yellowstone Valley Coop was not one of the four coops that purchased the property.

Ron Gessaman, 1006 36th Avenue N.E., commented that it has now been 66 days since the City Manager was supposed to make a recommendation with respect to the City's involvement with HGS, and he has not received a response to his request for an update. Mr. Gessaman stated that a witness informed him a group of "old, white men" were meeting in the Gibson Room on August 11th after the ECP Board meeting adjourned, and asked, with the exception of Ms. Willey, was it ECP Board members. No one knew what he was talking about and answered negatively. Mr. Gessaman also discussed an August 19, 2008, Memo to MMIA authored by Kelly Audet, and opined that the City is attempting to muzzle the public with regard to HGS information. He was disappointed the City would go to that extent without first seeking a City Attorney Opinion.

Stuart Lewin, 615 3rd Avenue North, commented that he was pleased to see the City Attorney at this meeting. He discussed the importance of no particular viewpoints as criteria for a Board member, and thinks all should resign. He stated that he was not unhappy that he was not recommended by the Board, but doesn't think the Board followed the rules. At the last meeting Mr. Lewin stated that he was told to submit his questions in writing. He then supplied and read his written requests. Chairman Golie responded that the matter would be taken under advisement.

Carol Fisher, 500 53rd Street South, commented that she watched the process to replace a Board member. The names recommended were surprising to her. One person did not

attend tonight, one person she has never seen at a meeting, but stated she does not attend all the meetings, and the other person she believes has a conflict of interest. She concluded that she thought the process was different than what she expected.

Tim Gregori, General Manager of Southern, responded to several preceding comments. He stated that the air permit is being reviewed by the Department of Environmental Quality and needs to be resolved before going forward with a finance rating. He discussed the City's financial risks in regards to HGS 250 megawatt plant. The City's portion is approximately ten percent; therefore, ninety percent of the risk is born by the other members. Yellowstone Valley will continue to buy power from Southern until 2030. With regard to the Grant County comments by Mr. Liebert, that matter may end up in litigation and Mr. Gregori didn't believe it was proper to comment at this time.

Mike Witsoe, 2612 1st Avenue South, discussed when the ECP Board was first elected. Mr. Witsoe commented when applications were being requested, there was no specific qualifications. He does not believe this was a fair process.

Olaf Stimac, 57 Country Lane, commented he does not believe being a union member would be a conflict of interest if chosen to serve on this Board. He has no financial stake to gain for his interest on this Board. Mr. Stimac thanked Ms. Willey for serving.

In response to Mr. Witsoe's comments, Director Willey clarified that she was not elected, she was appointed by the City Commission. Chairman Pancich concurred.

IV. BOARD MEMBER REPORTS-None

ADJOURN: Chairman Golie adjourned the meeting at 7:15 p.m. The next meeting is set for October 13, 2008, at 5:30 p.m. in the Commission Chambers of the Great Falls Civic Center.

Attest:

Coleen Balzarini, Executive Director/Secretary

Date: _____

NorthWestern Energy
Electric Utility
Monthly Electric Supply Tracker
Rate Change Detail
October 1, 2008

<u>Electric Default Supply Rate (\$/kWh)</u>	<u>Current 9/1/2008</u>	<u>Proposed 10/1/2008</u>	<u>Rate Change</u>	<u>Percentage Change</u>
EDSS-1 Rate Schedule				
Residential	\$ 0.060562	\$ 0.058532	\$ (0.002030)	-3.35%
Residential - Employee	\$ 0.036337	\$ 0.035119	\$ (0.001218)	-3.35%
General Service - 1 Secondary Non-Demand	\$ 0.054783	\$ 0.052947	\$ (0.001836)	-3.35%
General Service - 1 Secondary Demand	\$ 0.060562	\$ 0.058532	\$ (0.002030)	-3.35%
General Service - 1 Primary Non-Demand	\$ 0.058902	\$ 0.056928	\$ (0.001974)	-3.35%
General Service - 1 Primary Demand	\$ 0.053784	\$ 0.051981	\$ (0.001803)	-3.35%
General Service - 2 Substation	\$ 0.058393	\$ 0.056436	\$ (0.001957)	-3.35%
General Service - 2 Transmission	\$ 0.058041	\$ 0.056096	\$ (0.001945)	-3.35%
Irrigation	\$ 0.054783	\$ 0.052947	\$ (0.001836)	-3.35%
Lighting	\$ 0.054783	\$ 0.052947	\$ (0.001836)	-3.35%

**NorthWestern Energy
Natural Gas Utility
Unit Rate Adjustments/Proposed Rates
October 1, 2008**

	Current	Proposed	Rate Change	Percentage Change
Core:				
D-RG-1 Rate Schedule				
Residential				
Monthly Service Charge per Meter	\$ 6.90	\$ 6.90	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.873843	\$ 1.873843	\$ -	0.00%
Transmission Charge	\$ 1.109614	\$ 1.109614	\$ -	0.00%
Storage Charge	\$ 0.337708	\$ 0.337708	\$ -	0.00%
Gas Supply Charge	\$ 8.799600	\$ 8.085300	\$ (0.714300)	-8.12%
Deferred Gas Cost Amortization	\$ (0.129400)	\$ (0.129400)	\$ -	0.00%
DBU GTAC Amortization	\$ 0.001953	\$ 0.001953	\$ -	0.00%
TBU GTAC Amortization	\$ 0.045713	\$ 0.045713	\$ -	0.00%
Storage GTAC Amortization	\$ 0.008310	\$ 0.008310	\$ -	0.00%
Total Commodity	\$ 12.047341	\$ 11.333041	\$ (0.714300)	-5.93%
D-GSG-1 Rate Schedule				
General Natural Gas Service				
Monthly Service Charge per Meter				
0 to 300	\$ 17.25	\$ 17.25	\$ -	0.00%
301 to 1,000	\$ 22.75	\$ 22.75	\$ -	0.00%
1,001 to 2,000	\$ 36.70	\$ 36.70	\$ -	0.00%
2,001 to 5,000	\$ 61.70	\$ 61.70	\$ -	0.00%
5,001 to 10,000	\$ 75.75	\$ 75.75	\$ -	0.00%
10,001 to 30,000	\$ 119.80	\$ 119.80	\$ -	0.00%
> 30,000	\$ 145.55	\$ 145.55	\$ -	0.00%
Commodity Charges (\$/Dkt)				
Distribution Charge	\$ 1.851915	\$ 1.851915	\$ -	0.00%
Transmission Charge	\$ 1.108517	\$ 1.108517	\$ -	0.00%
Storage Charge	\$ 0.336612	\$ 0.336612	\$ -	0.00%
Gas Supply Charge	\$ 8.799600	\$ 8.085300	\$ (0.714300)	-8.12%
Deferred Gas Cost Amortization	\$ (0.129400)	\$ (0.129400)	\$ -	0.00%
DBU GTAC Amortization	\$ 0.002034	\$ 0.002034	\$ -	0.00%
TBU GTAC Amortization	\$ 0.047594	\$ 0.047594	\$ -	0.00%
Storage GTAC Amortization	\$ 0.008310	\$ 0.008310	\$ -	0.00%
Total Commodity	\$ 12.025182	\$ 11.310882	\$ (0.714300)	-5.94%
T-FUGC-1 Rate Schedule				
Firm Utility Gas Contract Service				
Monthly Service Charge per Meter				
10,001 to 30,000	\$ 109.60	\$ 109.60	\$ -	0.00%
> 30,000	\$ 282.55	\$ 282.55	\$ -	0.00%
Transmission Charges:				
Reservation Rate (MDDQ)	\$ 5.335358	\$ 5.335358	\$ -	0.00%
Transmission Commodity Rate (Dkt)	\$ 0.063595	\$ 0.063595	\$ -	0.00%
GTAC Amortization (Dkt)	\$ 0.052670	\$ 0.052670	\$ -	0.00%
Storage Charges:				
Reservation Rate (MDDQ)	\$ 4.243287	\$ 4.243287	\$ -	0.00%
Storage Commodity Rate (Dkt)	\$ 0.015350	\$ 0.015350	\$ -	0.00%
GTAC Amortization (MDDQ)	\$ 0.111773	\$ 0.111773	\$ -	0.00%
Gas Supply Charge (Dkt)	\$ 8.799600	\$ 8.085300	\$ (0.714300)	-8.12%
Deferred Gas Cost Amortization (Dkt)	\$ (0.129400)	\$ (0.129400)	\$ -	0.00%



October 7, 2008

Highwood air permit for fine particulate released

By *KARL PUCKETT*
Tribune Staff Writer

Responding to pressure by environmentalists, the developer of a controversial coal-fired generating plant has proposed spending \$5 million extra to capture microscopic particulate matter.

The permit, released to the public Monday for comments, describes how additional equipment for Highwood Generating Station would be used to control particulate 2.5 microns or smaller, known as PM2.5.

"It's costly but cost effective," Jeff Chaffee of Bison Engineering, a consultant with Southern Montana Electric, said of a hydrated lime injection system that would be added to control liquid acid gases.

Acid gases are components of PM2.5 that can turn into particulate matter if not captured.

PM2.5 is potentially the most dangerous form of particulate because it's so tiny it can lodge deep in lungs, according to EPA.

"We'll be going through this with a fine-toothed comb and making sure that the public is as protected as possible," said Anne Hedges of Montana Environmental Information Center.

MEIC and Citizens for Clean Energy led the effort for additional PM2.5 controls. Hedges hadn't read the entire 82-page-long permit as of late Monday afternoon, she said.

In May, the state Board of Environmental Review sent the portion of air permit dealing with PM2.5 back to the drawing board after the successful appeal by Citizens and MEIC.

The EPA requires states to monitor PM2.5 levels, but it hasn't come up with specific emissions control guidelines for industrial facilities, allowing states to use the study of PM10 as a substitute.

The board's decision was the first time any state regulatory agency in the nation required a coal-fired power plant to control PM2.5.

The state concluded PM2.5 emissions can be satisfactorily controlled at Highwood, DEQ's Dave Klemp said, adding: "We found they can comply with the air quality requirements."

SME conducted a "best available control technology" analysis and expanded its list of potential available control technologies, Klemp said.

The process involves balancing public health and cost, MEIC's Hedges said.

The public will have 30 days to comment before the DEQ makes a decision on issuing final permit.

"What we're really looking for is the public's feedback on how well the company hit the mark," Klemp said.

Under the original permit, SME had until Nov. 30 to begin construction and that hasn't changed, Klemp said.

"They can build everything else but the boiler," Klemp said.

Southern Montana Electric Generation and Transmission, a coalition of rural utilities, is proposing the 250-megawatt power plant. The city of Great Falls also has an investment in the project as well. The estimated cost is \$800 million.

October 8, 2008

To ECP Board Members,

The year to date financials were not completed prior to my absence on Thursday and Friday to attend a water conference. I will have them completed prior to the meeting on Monday. I hope to have them distributed to you by email sometime this weekend.

Colan Belgarini