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## ***New Transmission Projects***

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*Dave Gates  
VP – Wholesale Operations*

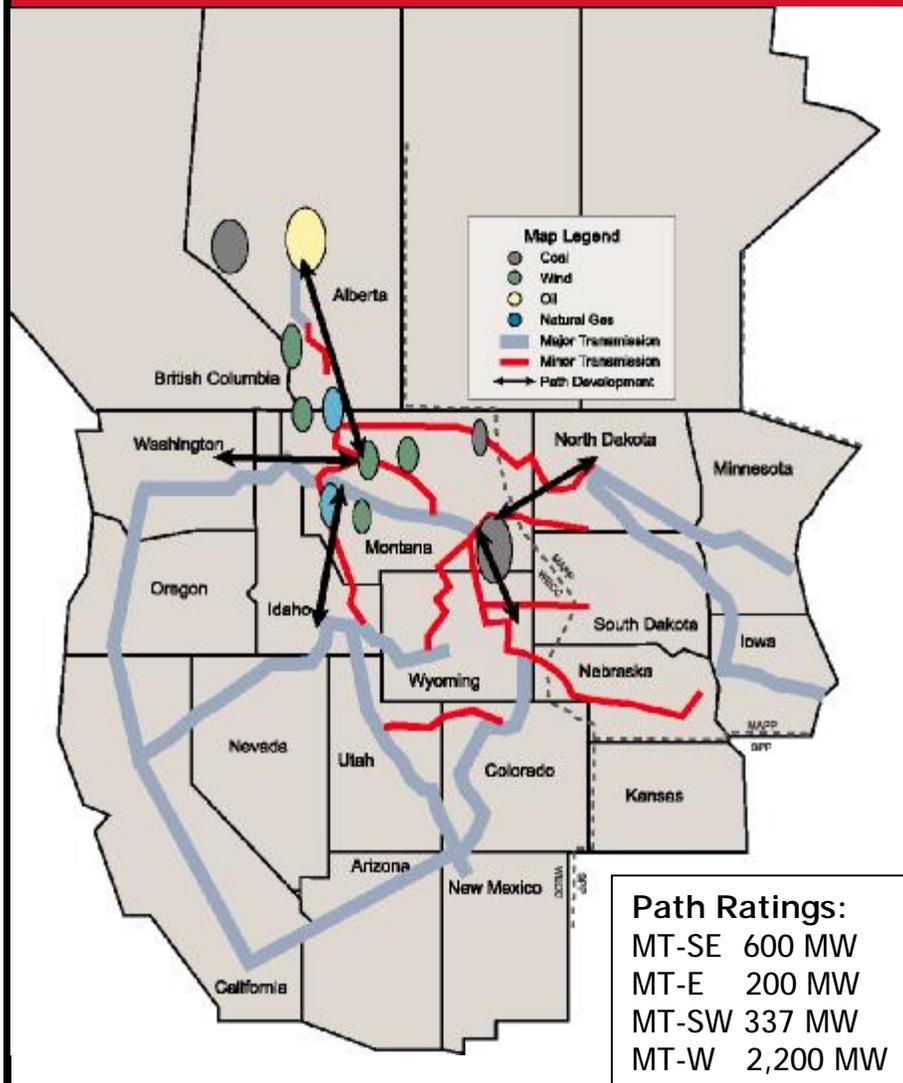
*Montana Governor's Energy Symposium  
October 18, 2005*



# ***NorthWestern Energy's Interest in Transmission Development***

- **Modest organic growth in Montana, South Dakota and Nebraska**
  - § Organic (retail) growth projected to be 1-1.5%
- **Core to business**
- **Broad recognition of need for transmission development**
- **Market interest**
- **NorthWestern's Montana operations strategically located**

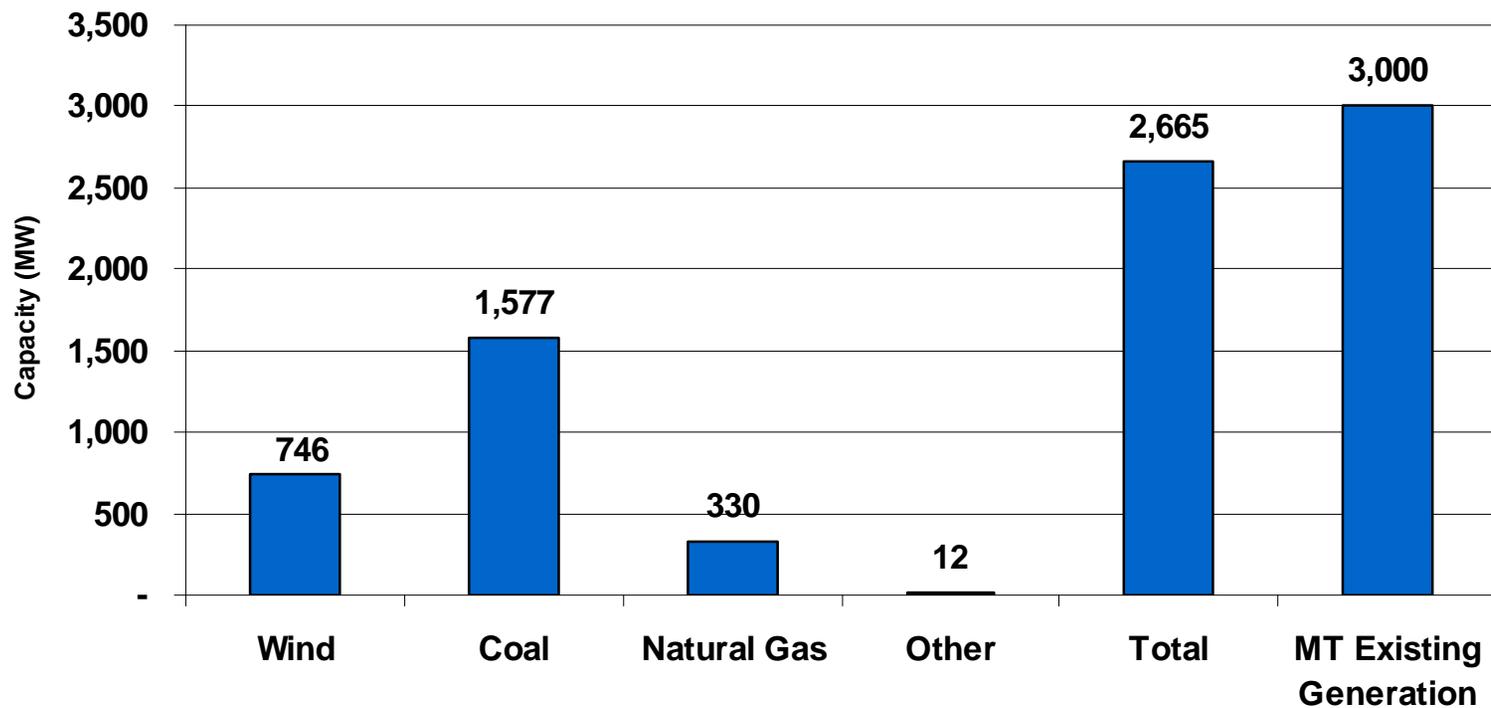
# Transmission Opportunities



- **Strategically positioned between generators and markets**
- **Not owning generation in the Montana market allows NorthWestern to be seen as a facilitator not competitor**
- **Transmission paths out of Montana are all constrained for entities seeking firm transmission rights**

**More than a dozen points of interconnection with major players in the Northwest: Bonneville Power Administration (BPA), Western Area Power Administration (WAPA), and PacifiCorp.**

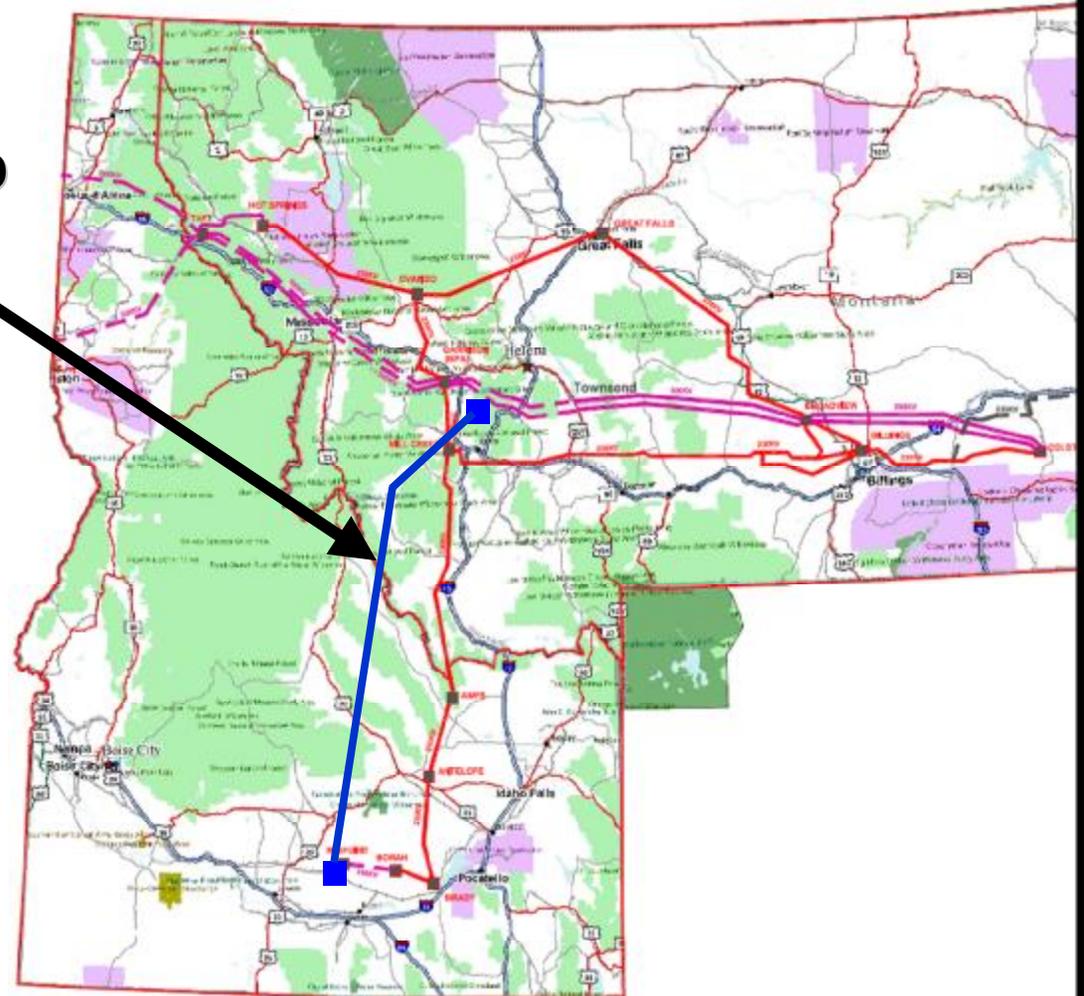
# Potential Generation Development



# Montana to Idaho

## MT to ID Open Season Conceptual Corridor:

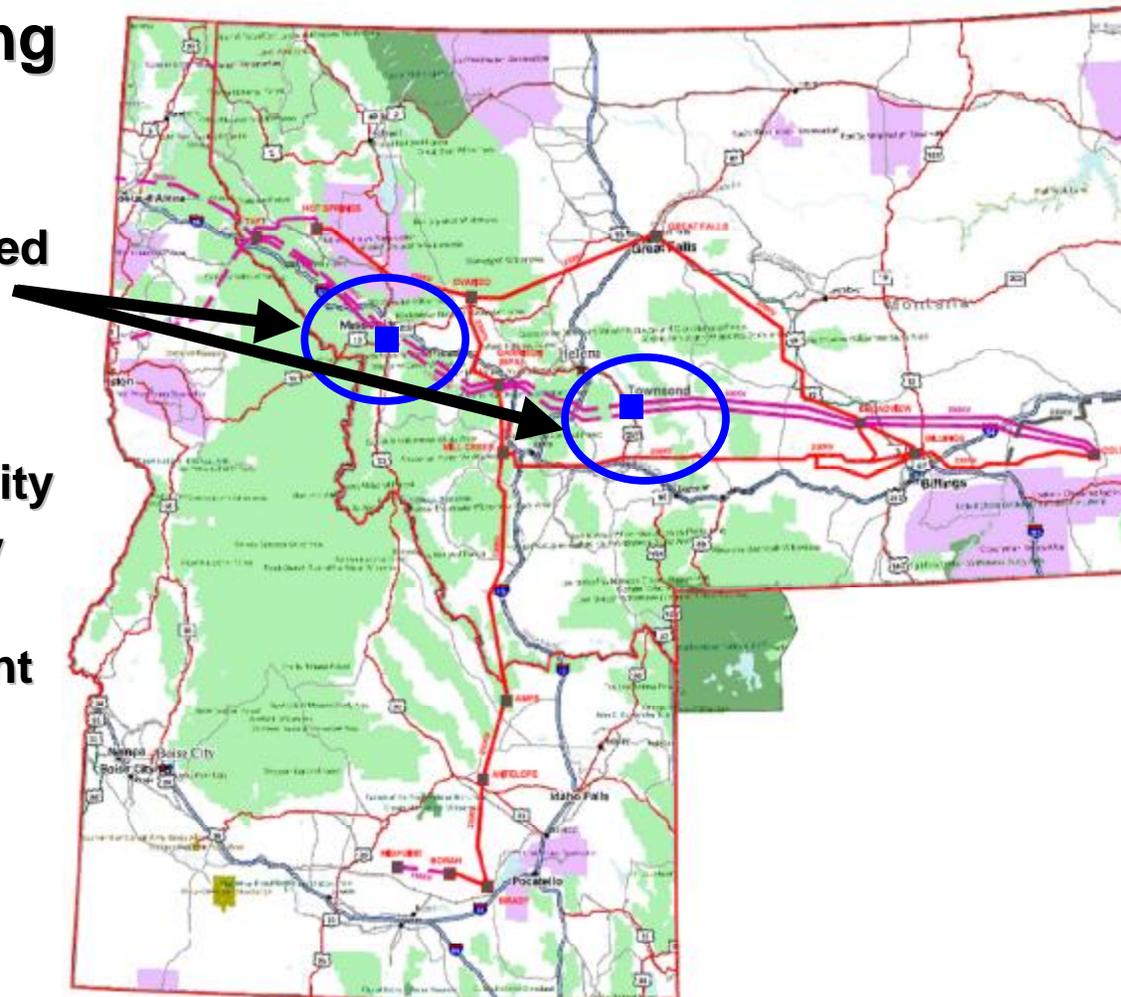
- § Townsend, MT to Borah, ID
- § Length: 400 miles
- § 2,250 MW expressed interest
- § Initial feasibility study complete
- § Phase II requires deposits
  - Expect some fallout
- § Ultimate project size and scope dependant on long-term commitments



# Montana to the West

## Enhancement to existing 500 kV system in MT

- § RMATS recommendation
- § No new power lines required
- § New substations in Townsend and Missoula areas
- § Potential 500 MW of capacity
- § Does not address capacity issues west of Montana
- § Initial meetings with current owners held



# ***Energy Policy Act of 2005***

- **Directs federal agencies to designate energy corridors on Federal lands in 11 Western states**
- **Corridor designation is a major Federal action requiring Programmatic Environmental Impact Statement (PEIS)**
- **DOE and BLM co-lead agencies Forest Service cooperating agency in the development of the PEIS**
- **NorthWestern Energy requested the BLM to include the Townsend- Borah corridor in the PEIS**
- **Scoping meetings to be held in Helena on October 27, 2005**
- **Need for projects to work together**

# *Value to Montana of Transmission Development*

- **Public Policy**
  - § Alberta and Wyoming: aggressive energy development policies
- **Allows development of Montana resources: wind, renewables, coal**
- **Capital intensive – broadens tax base**
- **New generation provides market choice for default supply customers**

# ***New Generation Development***

- ***Exporting Power or Importing Higher Prices?***
  - § **Federal law mandates non-discriminatory access**
  - § **Advent of non-utility owned generation changed use of transmission system**
  - § **Transmission is now truly used for interstate commerce**
  - § **Value provided both directions:**
    - **Generation reserve sharing; fewer plants required regionwide**
    - **Access to new markets for Montana production; wind/coal/other**

***Allocation of costs to those deriving benefit is key.***

# ***NorthWestern Energy's Role in Transmission Development***

- **NWE is unique in utility industry**
- **Not owning generation in Montana permits NWE to be seen as generator friendly or facilitator**
- **Growth potential for NWE**
  - § **Core business – something we do well**
  - § **Regulated – limited risk investments**
- **Open Season on MT-ID Path**
  - § **Initial market interest high**
- **Require costs to be borne by those that receive the benefits**
  - § **May require FERC tariff adjustments**
  - § **Protect Montana customers**

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# *Questions*

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