

# Montana's Energy Future Symposium

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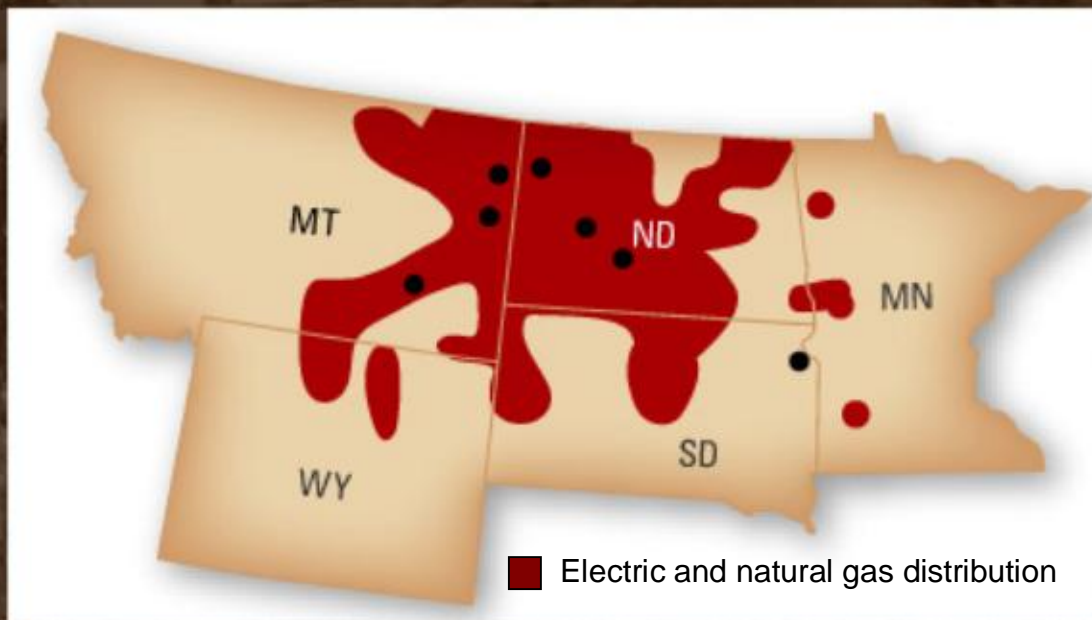


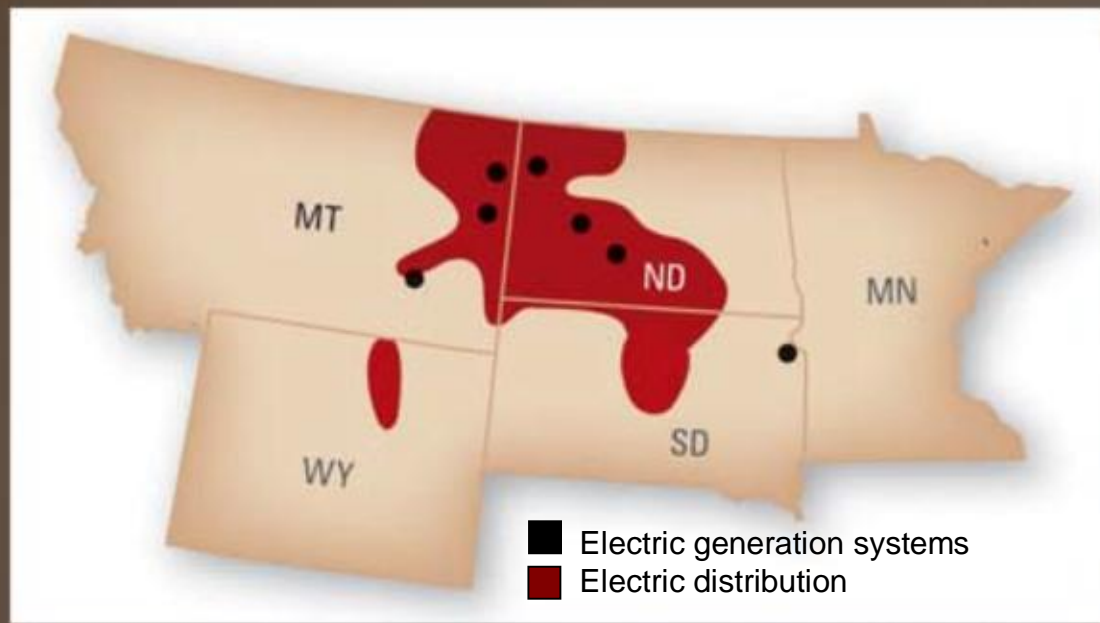
# ELECTRIC & NATURAL GAS

- Operating in 5 states
- 276 communities
- 300,000 customers

## *In Montana*

- 54 Communities
- 73,150 Gas Customers
- 23,700 Electric Customers





## Electric

- Own 474 MW of electric generation and purchase additional 129 MW
- 118,000 retail customers

# Electric

- Montana-Dakota is a vertically integrated electric company
  - Owns generation, transmission and distribution
  - All elements are subject to cost of service regulation by the MT PSC

# Electric

- Montana-Dakota is exempt from Restructuring and Customer Choice Act
  - As low cost provider saw no benefits for our customers
  - Multi-jurisdictional utility

# Electric

- Customers have benefited from Montana-Dakota remaining a vertically integrated electric company
  - Generation costs are subject to cost of service regulation rather than driven by market forces which are beyond our control
  - Our rates for electric service have been stable since 1986, a definite benefit to our customers
  - Required future generation will come with associated cost increases at regulated prices, not market prices

# Electric

- Economic dispatch of generation to provide lowest cost to customers
- Long standing member of Mid-continent Area Power Pool (MAPP) to provide reliability and economic power

# Electric

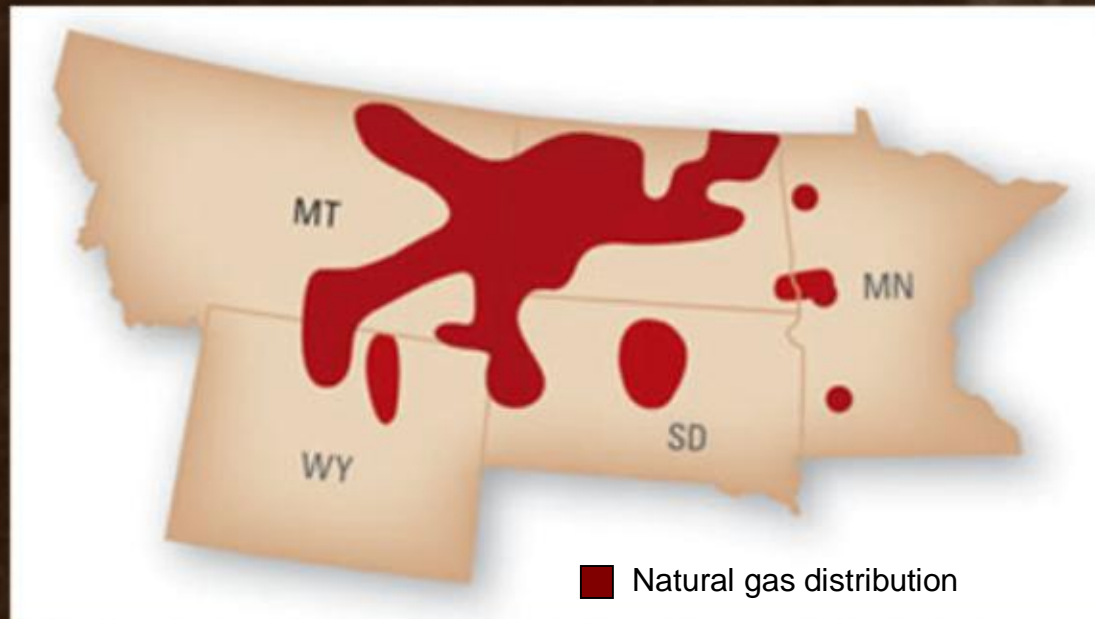
- In 2001 joined the Midwest Independent System Operator (MISO) in response to FERC initiatives for access to transmission
- MISO, a FERC approved Regional Transmission Organization, has operational control of the bulk power transmission system
- In April 2005, MISO implemented its market function and now dispatches all generation in the MISO footprint, including Montana-Dakota generation



# Electric

- Remaining vertically integrated within the MISO framework benefits our customers
  - Bid our owned generation into the MISO market to serve native load
  - avoids being at the mercy of market prices for power
  - Take advantage of lower cost generation when available

# NATURAL GAS SERVICE



- 247,000 customers
- 161 communities
- 5 states



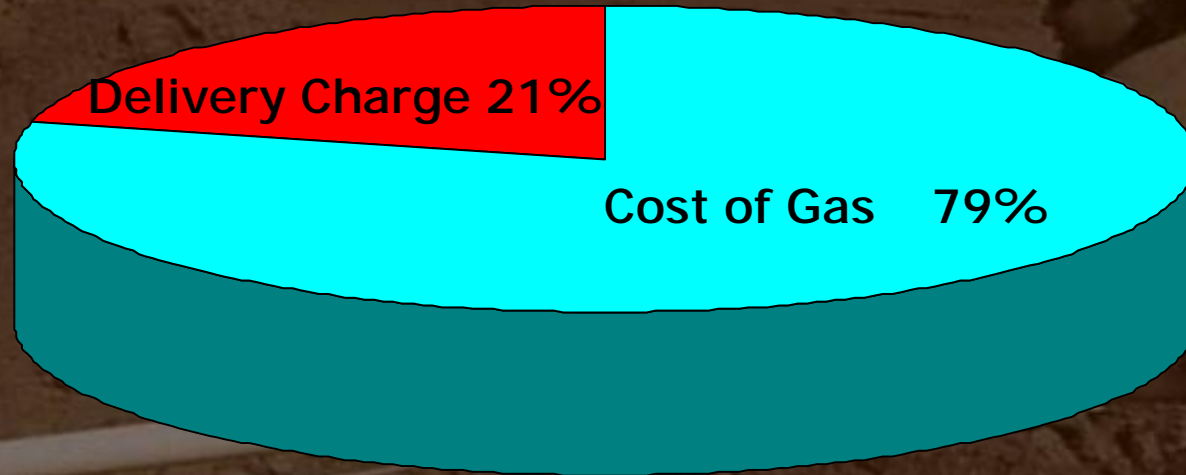
# Natural Gas Service

- Montana-Dakota is a local distribution company (LDC)
  - Owns distribution system in the communities served
  - Gas purchased from others at prevailing market prices and delivered to distribution system on pipelines owned by others

# Natural Gas Service

- Two basic elements make up the costs of providing natural gas service
  1. Cost of gas purchased at the town border station – gas purchased from suppliers and the transportation to the distribution system - not regulated by MT PSC
  2. Cost of distributing gas through distribution system to customers (delivery charge)– regulated by MT PSC

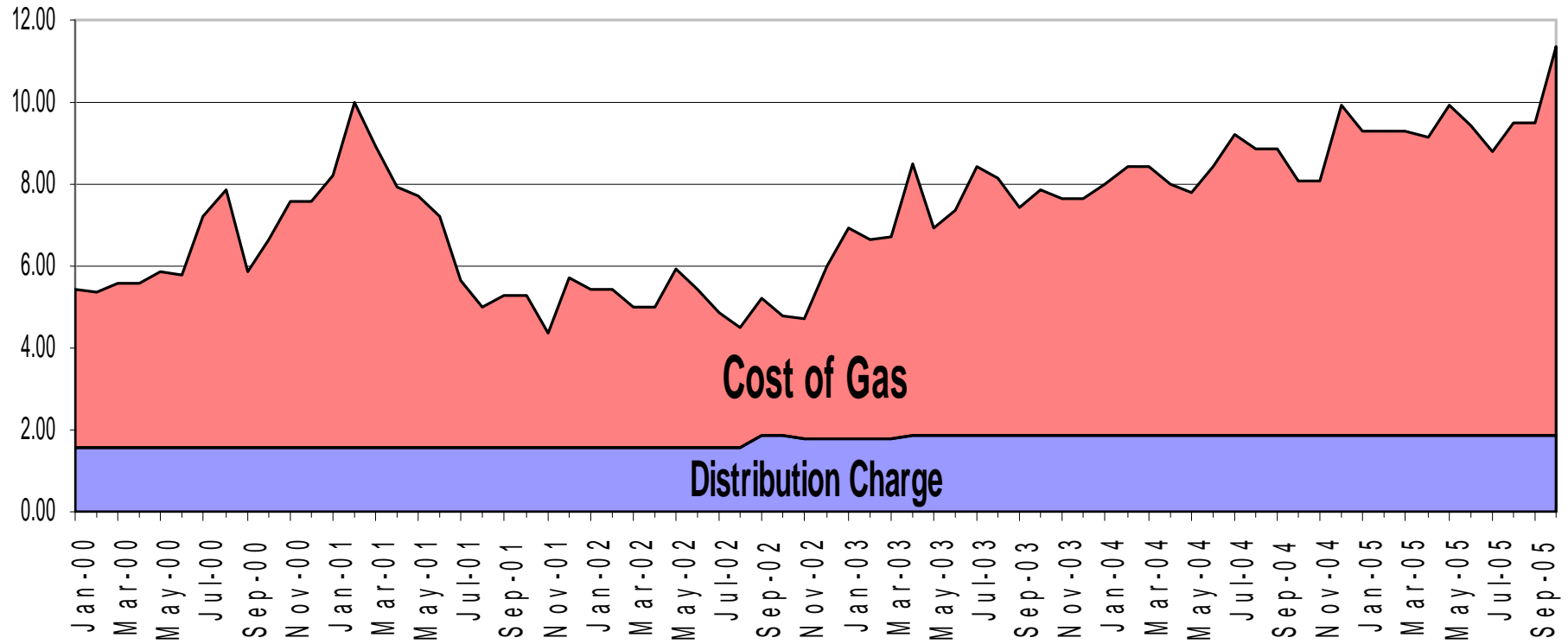
# WHAT MAKES UP A GAS BILL



# MONTANA-DAKOTA UTILITIES CO.

## GAS RATES - MONTANA

January 2000 - October 2005

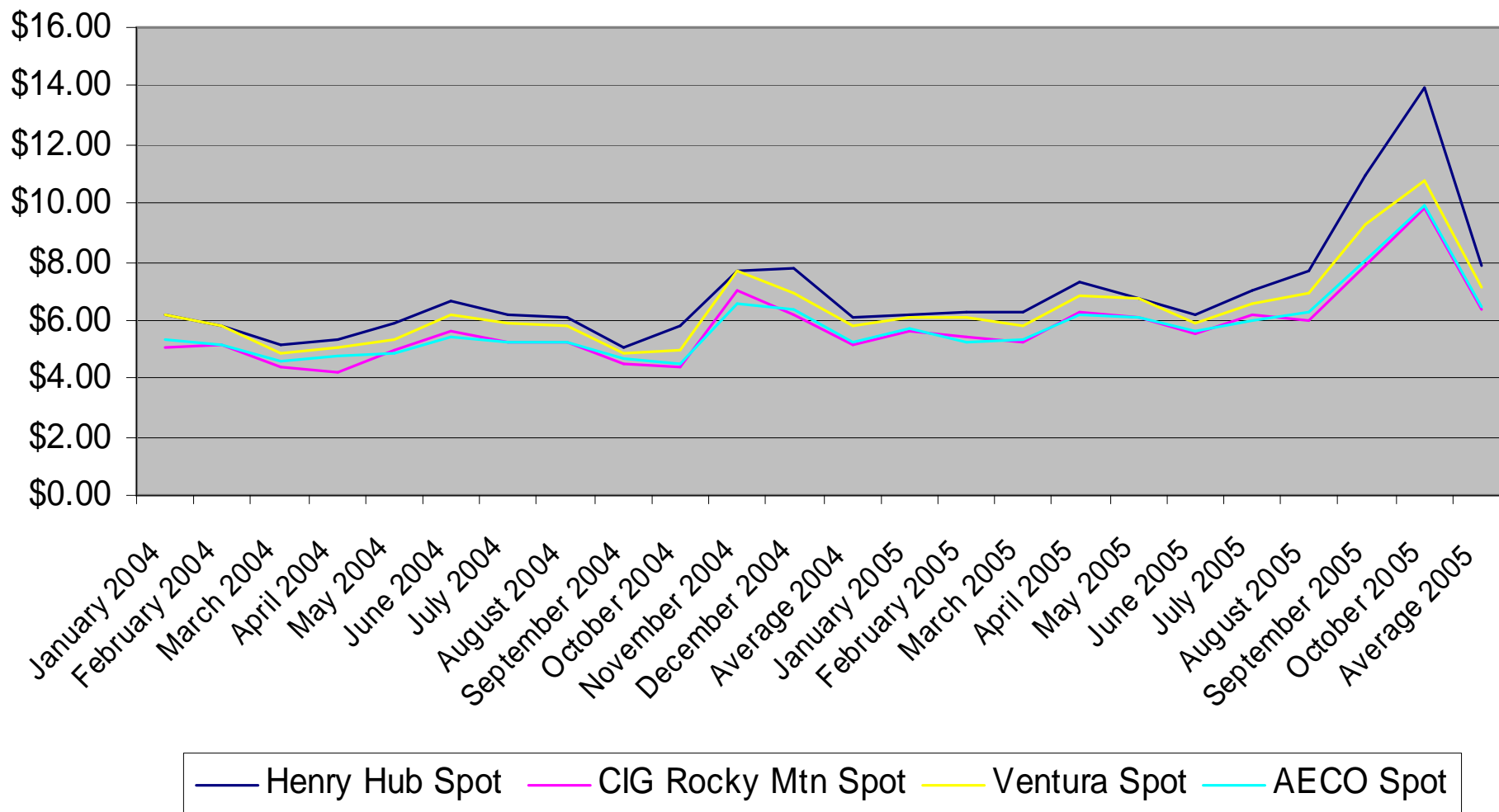


# Gas Sources -Portfolio

- Montana-Dakota buys gas from  $\approx$  20 Suppliers
  - WY, MT, ND, SD & Canada
- Compete for supplies
  - Industrial customers
  - Other distribution companies
  - Gas marketers – regional and national markets



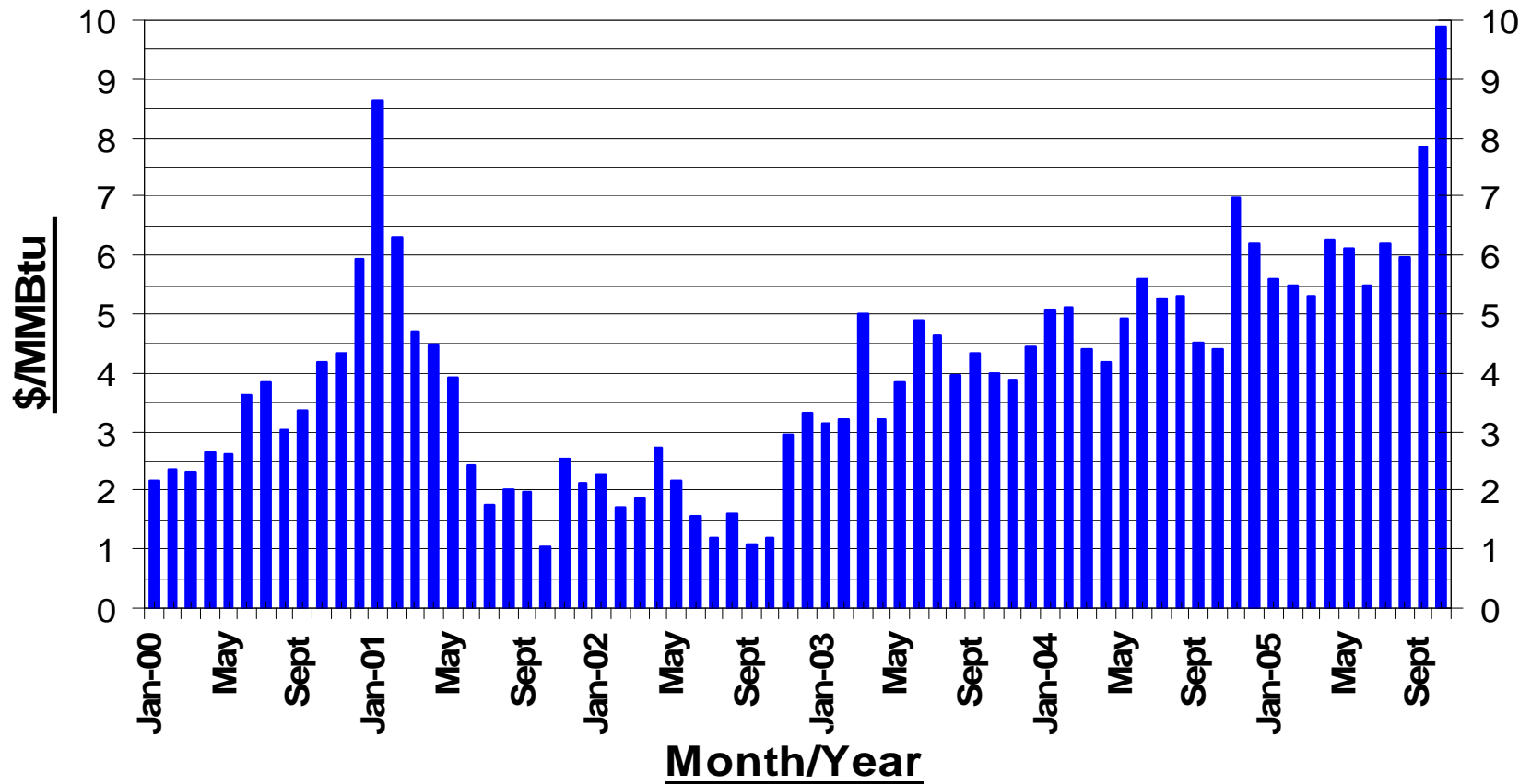
# MONTANA-DAKOTA UTILITIES CO. INDEX PRICES - NATURAL GAS (\$/MMbtu)



Gas Prices quoted from Inside FERC Gas Market Report and Canadian Gas Price Reporter.



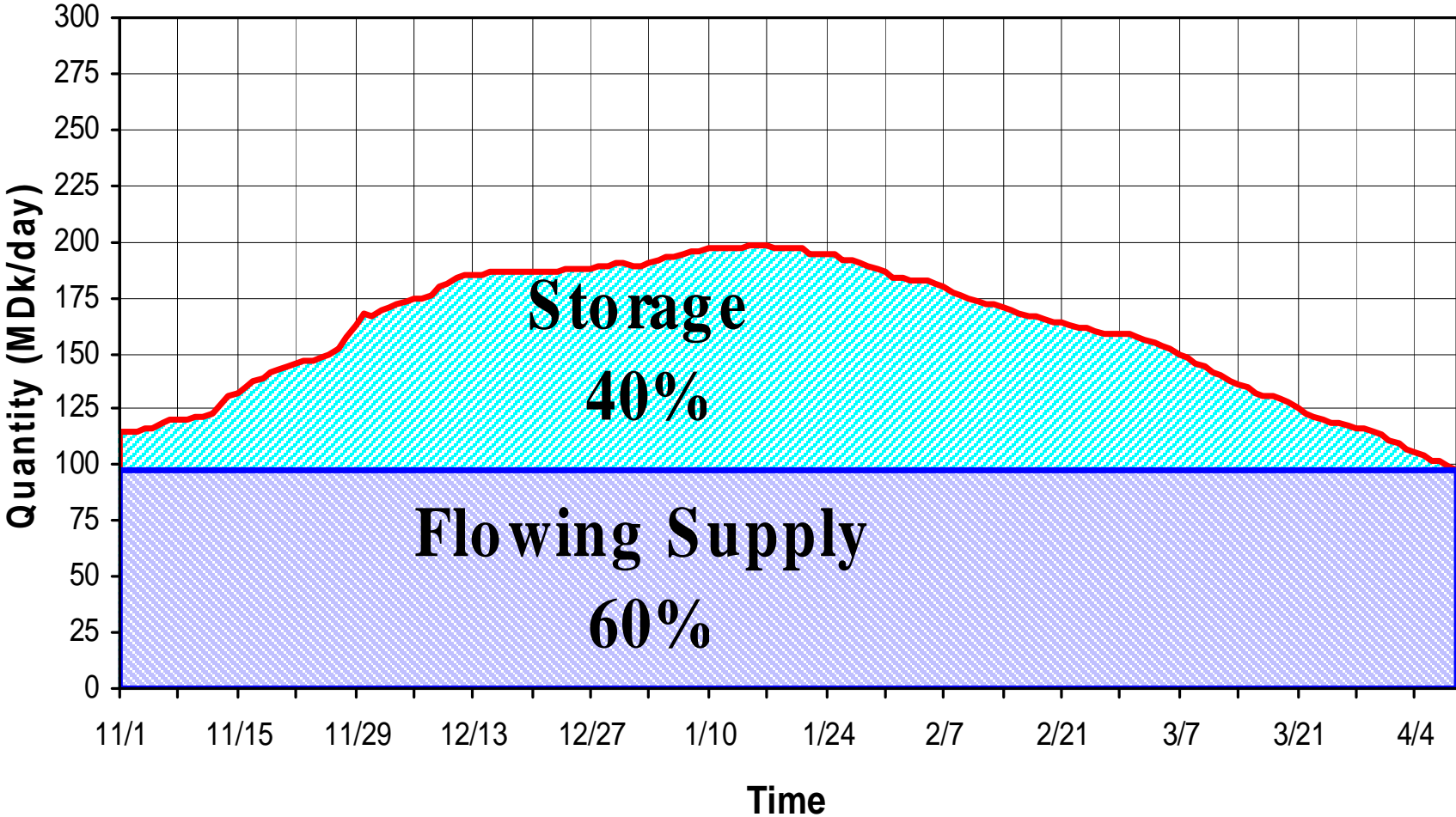
# CIG Rocky Mountains Index Spot Gas Prices 2000-2005 YTD



From Inside F.E.R.C.'s Gas Market Report  
Annual Averages: - 2003-\$4.04; 2004-\$5.17; 2005YTD-\$6.41

# MONTANA-DAKOTA UTILITIES CO.

## Heating Season Supply Mix



# Natural Gas Service

- With higher gas prices Montana-Dakota is working with the PSC and stepping up efforts to:
  - Provide customer information on lowering energy use
  - Provide energy audits
  - Provide incentives for purchasing and installing higher efficiency equipment
  - Encouraging customers to consider balanced billing to smooth out monthly bills
  - Encouraging customers to contact us with any problems for payment arrangements or information on assistance that may be available

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