24. NorthWestern is commencing a new rate case in July, 2024. Because of the high consequences of the MATS2 Rule, NorthWestern will be asking the MPSC for an accounting mechanism to address MATS2 Rule compliance costs. Given required statutory and administrative processes and prior experience, it is not plausible that this proceeding will be completed prior to the date by which binding commitments are necessary to install the required controls in time to meet the 2027 or 2028 compliance deadlines. The decision points and timelines associated with fPM control contracting and installation are discussed in more detail in the declaration of Dale Lebsack. NorthWestern and its rate paying customers therefore face financially significant uncertainty no matter how the MPSC ultimately rules. If the MPSC allows rate recovery, then the rate paying public will face substantial electric rate increases. If the MPSC does not, then NorthWestern could be financially devastated. And NorthWestern cannot know the answer before the investment decisions must be made.

Electric grid reliability consequences of closure of Colstrip by the end of 2031 or earlier

25. One option to avoid the preceding conundrum would be to simply close Colstrip by the MATS2 Rule July 2027 compliance date. But closure of Colstrip prior to the mid-2030s, and especially by mid-2027, would create other types of potentially catastrophic and irreparable risks and harms.

26. NorthWestern addressed the electrical grid reliability implications of early closure of Colstrip in its NorthWestern MATS2 Comments, its NorthWestern GHG Rule Comments, and its NorthWestern Supplemental Reliability Comments.

27. In simplest form, when Colstrip is closed its generating capacity must be replaced. Capacity can be replaced in one of two principal ways: (1) new generation facilities can be built, or (2) electricity can be purchased from third-parties in the electricity market. Existing Montana