



net importer. During the most critical periods, times of peak energy demand, NorthWestern now relies heavily on imports, and frequently on non-firm transmission, to meet customer needs. “Firm” transmission is transmission capacity reserved for the full duration of the transmission service agreement. In contrast, “non-firm” is transmission capacity that can be used only on an as-available basis when unreserved capacity is available on the transmission system. The existing NorthWestern transmission system was not designed to transmit imports, serving such a large portion of customer load.

NorthWestern’s transmission system and its connections to utilities in other states were not designed to import significant additional amounts of electricity. While there are existing lines and interconnections, there is limited capacity available on those facilities and further complications and congestion outside of Montana, making it imprudent for NorthWestern to assume it can import additional power when needed. Redundancy in the reliable transmission of energy is also extremely important because an outage on one transmission line can cause overloads to another. Relying on transmission lines and interconnections to import the electricity needed to serve such a large portion of our Montana load inherently increases the risk of outages and the resulting failure to serve customers during times of greatest electricity demand.

NorthWestern’s transmission system has interconnections to six major transmission utilities – Idaho Power Company, Avista Corporation (“Avista”), BPA, Western Area Power Administration (“WAPA”), PacifiCorp, and the Alberta Electric System Operator as noted in Figure 1 below. NorthWestern transfers power in and out of Montana through Western Electricity Coordinating Council (“WECC”) rated “Paths”, each consisting of transmission lines crossing Montana’s borders. To the west and south are Paths 8, 18, and 80, and to the north is Path 83, on the Montana Alberta Tie Line (“MATL”), and these are shown in the figure below. Note MATL is not owned or operated by NorthWestern. Figure 1 shows the Total Transmission Capability amounts, or TTCs. However, TTC represents the total designed and approved transmission capacity, not the amount of additional available capacity above the capacity already in use.