

sources of market electricity purchases are either fully utilized, or equally affected by the MATS2 Rule (in the case of the shares of Colstrip Units 3 & 4 that are not owned by NorthWestern). The following paragraphs discuss NorthWestern's portfolio and its ability, or the lack thereof, to replace Colstrip's capacity with new generation or increased transmission from other sources.

28. NorthWestern and its South Dakota affiliate supply electrical energy and capacity to customers in Montana, including Yellowstone National Park and South Dakota. This Declaration focuses on Montana. As explained in the accompanying prior Declaration of Michael Cashell, NorthWestern's Vice President – Transmission (the content of which was included in the NorthWestern MATS2 Comments and submitted again in declaration form as Exhibit B to the NorthWestern Supplemental Reliability Comments), generation sources in Montana and the Dakotas are located in different Interconnection Regions, and electricity cannot readily be transmitted between the two Regions. NorthWestern provides electricity to customers in its Montana service area and also serves as the "Balancing Authority" in that part of Montana, which means that NorthWestern is responsible for ensuring that the supply of and demand for electricity within its Balancing Authority Area are constantly in equilibrium or "balanced."¹

29. The MPSC has set forth the following objectives that Montana utilities should meet: (a) reliability; (b) affordability; (c) environmental responsibility; (d) optimality; and (e) transparency.

¹ In its South Dakota service area, NorthWestern participates in the Southwest Power Pool ("SPP"), which is a Regional Transmission Organization serving as a single Balancing Authority for interconnected electric utilities in 14 states. In 2015, NorthWestern ceded functional control of its South Dakota transmission facilities, and SPP is now responsible for operating the grid.