



March 4, 2025

Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

Re: Docket No. 2022.09.087 – Request for information regarding data center loads and resource adequacy

Commissioners,

NorthWestern Energy appreciates the Montana Public Service Commission's commitment to ensuring an affordable, reliable, and sustainable energy future for Montana. We share this commitment and welcome this opportunity to collaboratively explore the unique benefits that new large load customers, such as data centers, can bring to Montana's economy and communities. The rapid growth of data centers across the country has shown a need for timely action to manage these substantial and immediate energy demands.

Our expanding resource portfolio, including substantial new tranches of Colstrip, brought NorthWestern an opportunity to reassess its historic short portfolio and the ability to serve new load. NorthWestern Energy is uniquely positioned to attract new large load customers. When a prospective customer chooses to locate a new facility in our service territory, the addition of their fully bundled load can bring significant benefits to all our customers. Sales to these new large load customers can support future capital investments and infrastructure hardening for the provision of safe, reliable, and economic service to all customers.

Additionally, attracting new large load customers to our service territory can stimulate economic growth by creating new jobs and increasing investment in our communities. This growth produces a ripple effect, leading to enhancements in community infrastructure—including schools, roads, parks, and other public resources—that enrich the daily lives of Montanans. By fostering such development, we collectively contribute to a more vibrant and prosperous Montana.

Clarifying MCA § 69-8-201(1) and HB 25 - Reintegration Act

First, we would like to address the interpretation of MCA § 69-8-201(1) mentioned in your letter. We acknowledge NorthWestern's position reflects a reexamined and updated interpretation of House Bill 25 that we believe better aligns with its legislative intent. Montana



law does not require new large load customers to obtain Commission approval to receive electric supply service from NorthWestern Energy, as such a requirement would be contrary to the legislative intent of House Bill 25 and the Reintegration Act.

Enacted on October 1, 2007, MCA § 69-8-201(1) was part of House Bill 25 which marked the end of deregulation in Montana, eliminated customer choice for electric supply, and initiated the rebuilding of NorthWestern Energy into a vertically integrated utility.

NorthWestern Energy has an obligation to serve new large loads located in its service territory, such as data centers, that did not exist and were not receiving supply from anyone on October 1, 2007. These new customers will become electric supply customers of NorthWestern Energy because customer choice for supply no longer exists in Montana.

This purpose of House Bill 25, to end deregulation and electric supply choice in Montana, is consistent with a plain reading of MCA § 69-8-201(1). The statute's language, that "a retail customer.... that is not purchasing electricity supply service from a public utility on October 1, 2007...." refers to customers that actually existed on October 1, 2007.

While eliminating electricity supply choice for new customers, House Bill 25 preserved electric supply choices that had been made by existing customers before October 1, 2007. To protect other customers at the time NorthWestern Energy was rebuilding its resource portfolio, House Bill 25 required Commission approval before then-existing large choice customers could start obtaining electric supply from NorthWestern Energy.

This plain reading of MCA § 69-8-201 is also consistent with the Commission's citations to MCA § 69-5-104 and MCA § 69-8-411. These statutes allow electricity suppliers to continue providing electric supply to choice customers that existed on October 1, 2007, but do not establish supply choice for new large load customers. Reading these statutes otherwise would permit deregulation and customer choice to continue, which directly contradicts the Reintegration Act.

To read into MCA § 69-8-201 as placing the Commission in the role of deciding whether a new large load customer can obtain electric supply service from NorthWestern Energy contravenes our role as a vertically integrated public utility obligated to serve all our customers. Further, a reading that would allow the Commission to decide that a new large load customer could not obtain service from NorthWestern Energy and could therefore not locate in NorthWestern Energy's service territory would expand the scope of the statute beyond a reasonable interpretation.



Considering the above interpretations, we believe that our understanding of MCA § 69-8-201(1) is consistent with the legislative intent of House Bill 25 and the Reintegration Act. This interpretation of MCA § 69-8-201(1) does not diminish the Commission's authority to otherwise oversee NorthWestern Energy's rates and services. NorthWestern Energy is committed to full compliance with all regulatory requirements and fully supports the Commission's oversight role in ensuring fair and equitable energy practices. We look forward to continuing our collaborative efforts with the Commission to ensure that the energy needs of all Montanans are met efficiently and effectively.

To answer the specific questions in the Commission's letter:

1. The data centers described in the December 2024 press releases did not exist and were not customers of NorthWestern Energy on October 1, 2007, and therefore did not have a demand load at that time and did not purchase electricity supply service on that date.
2. Since these data centers did not exist on October 1, 2007, this limitation does not apply to them.
3. Since MCA § 69-8-201(1) does not apply to these data centers, we propose the collaborative approach described below to consider the effects of serving data centers on our other customers and to approve appropriate tariffs, if necessary.

Collaborating on Solutions for Future Load Growth

We recognize the opportunities and challenges that new large loads present, particularly with the rapid emergence of data centers and other large-scale energy consumers. It is our shared priority with the Commission to protect existing customers from potential adverse effects while moving quickly to capture the benefits from large load customers.

Many other jurisdictions are addressing the introduction or increased number of large load customers or data centers to their service areas, developing strategies that balance growth with customer protection. These can provide guidance as NorthWestern Energy, the Commission, and stakeholders collaboratively explore options tailored to Montana—solutions that promote economic development while protecting existing customers.

Proposed Next Steps

NorthWestern Energy has existing tariffs and an obligation to serve new large load customers. Our resource portfolio is adequate to provide service to the two large load customers referenced in the December 2024 announcements. Given Montana's potential for additional economic growth from new large load customers, we believe it is important to



consider enhancing electric tariffs and regulatory processes for additional new large load customers. By doing so, we can promote economic development while safeguarding existing customers—an important next step in capturing future opportunities for the state of Montana.

In a future filing, NorthWestern Energy expects to propose modifications to the tariff rules for Commission approval, allowing stakeholders, including the Commission, NorthWestern Energy, the Montana Consumer Counsel, and other interested entities to provide input on managing future large customer load growth.

Speed to market to attract economic development to Montana is critical and we are committed to being a strong partner with the Commission to address these issues. By working together, we can develop strategies that both safeguard existing customers and support the state's economic development. This is an opportunity to innovate and strengthen Montana's energy landscape for the benefit of all.

We look forward to continuing this important conversation.

Regards,

Crystal D. Lail
Vice President and Chief Financial Officer

CERTIFICATE OF SERVICE

I hereby certify that NorthWestern Corporation d/b/a NorthWestern Energy's response to the Montana Public Service Commission's request for information regarding data center loads and resource adequacy in Docket No. 2022.09.087 has been e-filed with the Commission and emailed to the email list below.

March 4, 2025

/s/ Roberta Stauffer for
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Regulatory Affairs

Montana Public Service Commission

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