

4  
5 **DIRECT TESTIMONY**  
6 **OF BRIAN B. BIRD**  
7 **ON BEHALF OF NORTHWESTERN ENERGY**  
8

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19  
20

1 **Witness Information**

2 **Q. Please identify yourself, your employer, and your job title.**

3 **A.** My name is Brian B. Bird. I am NorthWestern Corporation d/b/a/  
4 NorthWestern Energy's ("NorthWestern" or "Company") President and Chief  
5 Executive Officer.

6  
7 **Q. Please provide a description of your relevant employment experience  
8 and other professional qualifications.**

9 **A.** I have over 35 years of experience within the fields of corporate finance,  
10 treasury, tax, audit, and accounting and was promoted to my current position  
11 in January 2023. Prior to that, I served for almost 2 years as Chief Operating  
12 Officer and 18 years as NorthWestern's Chief Financial Officer.

13  
14 I have Bachelor's degrees in both Finance and Accounting and a Master's  
15 degree in Finance and hold a Certified Public Accountant certificate.

16  
17 **Purpose of Testimony**

**Q. What is the purpose of your testimony?**

18 **A.** The purpose of my testimony is to provide the overarching policy testimony  
19 that guides the proposals and requests included in NorthWestern's 2024 Rate  
20 Review. More specifically, I discuss the role NorthWestern plays in Montana  
21 and its communities and our commitment to Reliability, Affordability and  
22 Sustainability. I introduce NorthWestern's witnesses who provide a more

1 detailed explanation of NorthWestern’s recent investments in the utility  
2 infrastructure needed to provide critical energy services, our proposals in this  
3 case, and the reasons the Montana Public Service Commission  
4 (“Commission”) should grant our requests.

5

6 **NorthWestern’s Role and Services**

7 **Q. Please provide an overview of NorthWestern and the services it**  
8 **provides.**

9 **A.** For more than 100 years, NorthWestern has delivered safe, reliable, and  
10 innovative energy solutions. We build, maintain, and operate electric and  
11 natural gas systems in Montana, South Dakota, Nebraska, and Yellowstone  
12 National Park, as reflected in Figure 1 below.

13

14 NorthWestern’s 1,573 employees serve a total of 775,300 gas and electric  
15 customers across Montana, South Dakota, and Nebraska, which includes  
16 electric service to 337 communities and natural gas service to 202  
17 communities.<sup>1</sup> Within Montana, NorthWestern’s 1,269 employees serve  
18 405,500 electric customers and 212,100 natural gas customers and cover  
19 107,600 square miles, representing 73% of Montana.<sup>2</sup> This rate review is  
20 limited to the cost of service related to our Montana customers.

21

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<sup>1</sup> See NorthWestern Energy, *2023 Annual Report*, at 6, 17 (March 2024), [https://issuu.com/northwesternenergy/docs/annual\\_report\\_2023\\_final\\_for\\_web?fr=xKAE9\\_zU1NQ](https://issuu.com/northwesternenergy/docs/annual_report_2023_final_for_web?fr=xKAE9_zU1NQ).

<sup>2</sup> *Id.* at 32, 37, 42 (NorthWestern’s 2023 Form 10-K).

**Figure 1: Our Service Territory**



1 In addition to the ownership and operation of critical natural gas and electric  
2 transmission and distribution systems and natural gas production,  
3 NorthWestern operates a diverse generation fleet of hydro, wind, solar,  
4 natural gas, and coal-fired resources that was 55% carbon-free across our  
5 total service territory, and 58% carbon-free across Montana, for 2023.<sup>3</sup>  
6  
7 As a public utility, NorthWestern is subject to direct government regulation of  
8 prices and services in Montana by the Commission. Ensuring Montana

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<sup>3</sup> See *id.* at 31.

1 customers receive safe and reliable energy services is the shared  
2 responsibility of both NorthWestern and the Commission.<sup>4</sup> As such,  
3 NorthWestern requests the Commission consider and approve its proposals  
4 for more timely cost recovery in this 2024 Rate Review.

5  
6 **Q. Please explain the drivers of this rate review.**

7 **A.** NorthWestern filed this rate review to recover the substantial investments we  
8 have made in our combined Montana electric and natural gas infrastructure to  
9 ensure our customers continue to receive critical energy services. As  
10 depicted in Chart 1 below, since the 2022 Montana Rate Review, which  
11 recovered 2021 test-year costs and 2022 known and measurable costs,  
12 NorthWestern is expected to invest and place into service over \$1 billion  
13 dollars in electric (\$874M) and natural gas (\$174M) by the end of 2024 for our  
14 Montana customers. Our investments ensure safe, reliable, and affordable  
15 service for Montana customers.

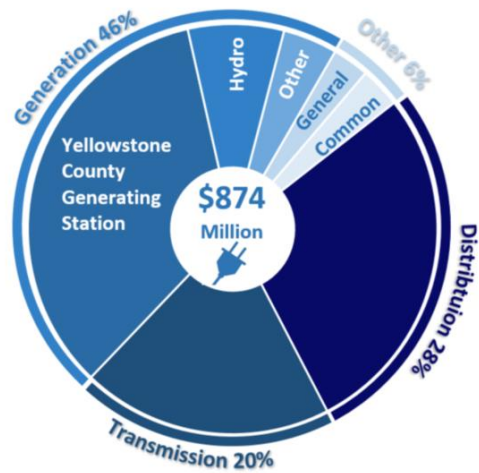
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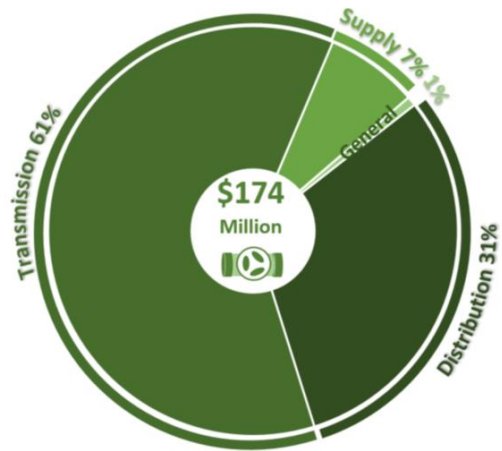
<sup>4</sup> Montana Public Service Commission, *What We Do For You*, <https://psc.mt.gov/About-Us/What-We-Do>.

**Chart 1: NorthWestern's 2023 and 2024 Investments**

NWE Montana Electric Plant-In-Service Additions  
2023 Actuals and 2024 Known and Measurable



NWE Montana Natural Gas Plant-In-Service Additions  
2023 Actuals and 2024 Known and Measurable



2 Four primary policy drivers guide NorthWestern's investments, which are  
3 discussed by Michael Cashell:

- 4 • **Capacity:** The delivery capabilities of the system necessary to meet  
5 growth on our system. Typically, when we are speaking about capacity  
6 we mean 24/7 energy to our customers. In other words, energy that we  
7 can dispatch when we need it and is not intermittent.
- 8 • **Reliability:** Improve performance of the system including modernization of  
9 the system.
- 10 • **Asset Life:** Maintaining existing equipment and replacing aging  
11 equipment to improve asset life. Continuing to re-invest in our existing  
12 resources is often the lowest cost and lowest impact solution.

- 1           • **Compliance:** The adherence to established regulatory standards and  
2           requirements for security and safety.

3           Ensuring that our customers continue to receive reliable energy services to  
4           meet their critical needs requires continual investment in our infrastructure –  
5           distribution, transmission, and generation – to ensure it is sufficient to meet  
6           our customers’ energy and capacity needs. Our direct case speaks to the  
7           need for investment and operating expenses that are necessary to mitigate  
8           potential reliability risks. The direct testimony of Jason Merkel speaks to  
9           distribution initiatives, while Mr. Cashell and John Hines discuss the  
10          Company’s major initiatives in transmission and generation, respectively.

11  
12       **Q.    Please describe NorthWestern’s three strategic pillars in meeting**  
13       **customer needs.**

14       **A.**   NorthWestern’s vision of “enriching lives through a safe and sustainable  
15       energy future,” is upheld by the three pillars of our strategy: Reliability,  
16       Affordability, and Sustainability. We recognize the critical role NorthWestern  
17       plays in Montana’s transition to the future – a future that requires us to  
18       balance Reliability, Affordability and Sustainability of the energy services  
19       provided to our customers. These pillars are discussed in more detail below.

20

1 **Reliability: Overview of NorthWestern Operations**

2 **Q. How does NorthWestern’s reliability compare to other utilities?**

3 **A.** The reliability of our electric and natural gas service is better than that of our  
4 industry peers, which is significant considering our large and rugged service  
5 territory.

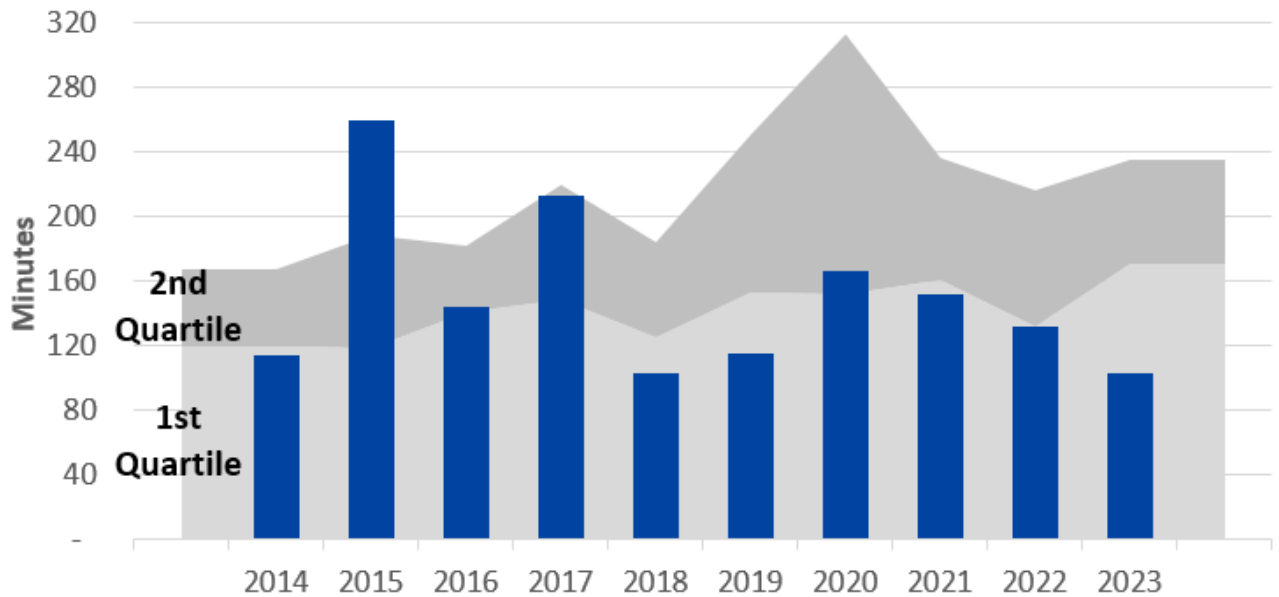
6  
7 Electric service for NorthWestern’s Montana customers was 99.98% reliable  
8 in 2023. That means out of the 8,760 hours in 2023, the average customer  
9 experienced a 2-hour outage. Our service is in the top quartile of our  
10 industry. NorthWestern’s top electric service reliability is achieved in a service  
11 territory in Montana that is expansive with difficult terrain. Our employees  
12 endure challenging weather conditions to provide that level of reliable service.

13



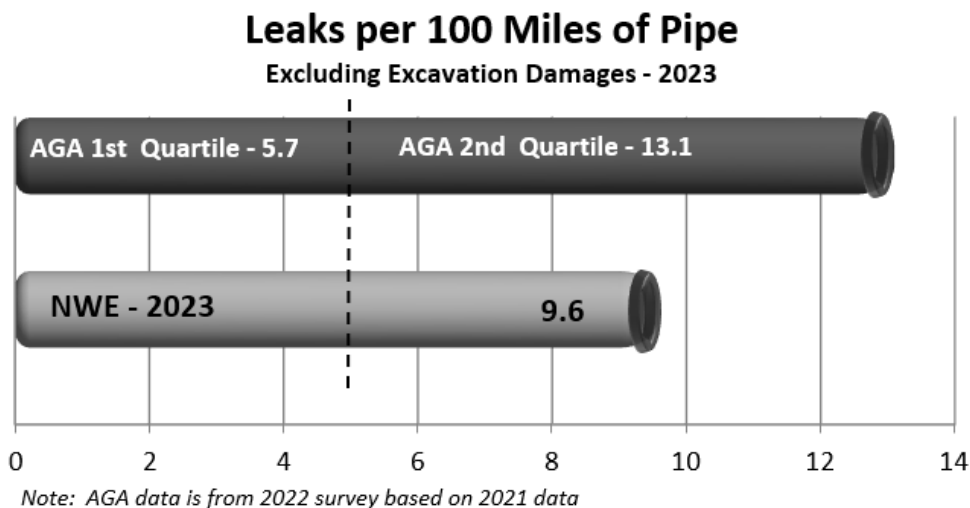
Chart 2: NorthWestern Electric Reliability

**NorthWestern Energy - Montana Electric Reliability  
System Average Interruption Duration Index (SAIDI)**  
Includes MED's - NWE Montana versus IEEE Reliability Quartiles



- 1 On the natural gas side, our service reliability is near 100%. Another natural
- 2 gas reliability measure that is tracked in the industry is leaks per mile. Our
- 3 natural gas system has fewer leaks per mile than the national average.
- 4 Again, this is impressive when you consider the size of our system.

**Chart 3: NorthWestern Natural Gas Reliability**



1

2 **Q. What challenges does NorthWestern currently face in delivering safe**  
3 **and reliable service to customers?**

4 **A.** In our last rate review, NorthWestern identified three critical operational risks:  
5 Reliability, Wildfire Mitigation, and Business Technology (IT/cybersecurity).  
6 These continue to be NorthWestern’s most critical challenges to ensuring  
7 safe and reliable energy service to our Montana customers.

8

9 With regard to electric capacity, NorthWestern is addressing this challenge  
10 through projects such as the Yellowstone County Generating Station  
11 (“YCGS”), continuing to re-invest in our hydro-facilities to increase their  
12 capacity and extend their life, and the future acquisition of incremental  
13 capacity at Colstrip for zero upfront costs as explained in the testimonies of  
14 John D. Hines and Bleau J. LaFave. The investments we have made in these

1 resources increase reliability and protect against reliance on the market  
2 during peak demand.

3

4 Between January 11 and 16, 2024, Montana experienced a very severe and  
5 sustained duration cold weather event. System needs were at a critical high;  
6 the balancing authority set a new system peak on January 13, as did the  
7 natural gas transmission system. NorthWestern experienced its highest ever  
8 sustained load over the six-day period. Electric market prices in the Northwest  
9 Region were \$600 to \$1,000 per megawatt-hour (“MWh”) for this period  
10 (approximately 8 to 14 times higher than the average price from January 1  
11 through January 10).<sup>5</sup> The successful construction of the YCGS and our  
12 current and future share of Colstrip generation play a critical role in  
13 addressing the capacity deficit facing NorthWestern customers. Messrs.  
14 Hines and LaFave discuss NorthWestern’s efforts to address this capacity  
15 deficit.

16

17 The mitigation of wildfire risk is a challenge currently facing all utilities, in  
18 particular electric utilities in the western states. In its 2022 Montana Rate  
19 Review, NorthWestern presented its Enhanced Wildfire Mitigation Plan, which  
20 expanded upon our existing programs to further address wildfire risks  
21 incrementally. In this rate review, NorthWestern presents an updated Wildfire

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<sup>5</sup> NorthWestern Energy’s response to the Commission’s Request for Information regarding system operations during recent severe weather events in Docket No. 2022.09.087 filed on February 20, 2024.

1 Mitigation Plan (“WMP” or “Plan”) that addresses more comprehensively both  
2 existing and incremental programs to mitigate wildfire risk. This Plan is  
3 discussed further in the direct testimonies of Jason C. Merkel, Greg F. Bailly,  
4 and Brandi L. Hellwinkel. Timely cost recovery for these programs will be  
5 critical as discussed further in Crystal D. Lail’s direct testimony. Cynthia S.  
6 Fang’s direct testimony discusses NorthWestern’s proposal for a new  
7 balancing account mechanism to enable more timely cost recovery  
8 associated with wildfire costs.

9

10 Finally, the critical role Business Technology plays to ensure safe and reliable  
11 energy services to our customers continues to grow. The direct testimony of  
12 Jeanne Vold further discusses the need for a re-examination of the cost  
13 recovery for certain Business Technology costs to better align with trends  
14 occurring in how technology and services are being provided which are  
15 discussed further by Jeffrey B. Berzina and Ms. Fang.

16

17

### **Affordability**

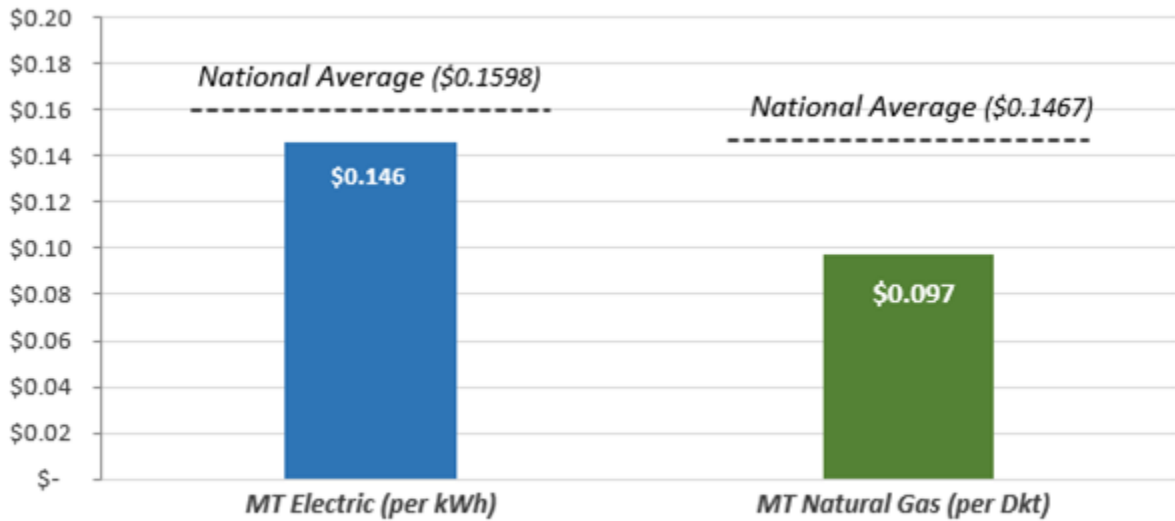
18 **Q. How does NorthWestern’s costs of providing electric and natural gas**  
19 **service compare to other utilities?**

20 **A.** We provide affordable electric and natural gas services while maintaining high  
21 levels of reliability of service, serving Montana residential customers at an  
22 average rate well below the national average (see Chart 4).

23

**Chart 4: 2023 Residential Average Rate Comparison**

### Residential Rate Comparison - Montana vs National Average

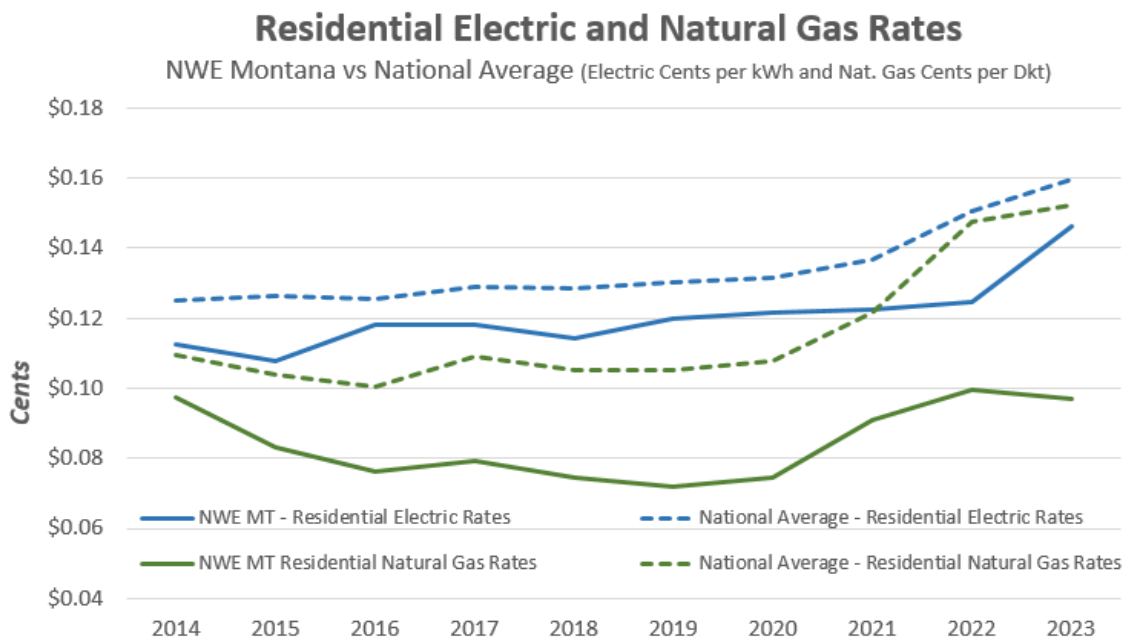


*NWE rates average for 2023 - total residential revenues divided by residential loads delivered*

*Electric source: U.S. EIA - Average Retail Price of Electricity for 2023*

*Natural Gas source: U.S. EIA - U.S. Price of Natural Gas Delivered to Residential Customers for 2023*

**Chart 5: Historic Residential Average Rate Comparison**



*Electric rates = total revenues from residential electric customers divided by total MWh's delivered to customers*  
*Electric national average includes revenues and energy sold for all utilities/Co-Ops/Electric Generation Providers*  
*Natural gas rates = total revenues from residential natural gas customers divided by total decatherms delivered to customers*  
*Sources: Electric: [eia.gov/electricity/data/browser](http://eia.gov/electricity/data/browser) - Average retail price of electricity delivered to residential customers*  
*Natural Gas: [eia.gov](http://eia.gov) Natural gas residential annual sales delivered to residential customers*

1 NorthWestern has continued to maintain average residential rates below the  
2 national average for more than a decade as presented in Chart 5 above.

3

4 **Q. Given the concerns about affordability, why is NorthWestern filing**  
5 **another rate review so soon after the last one?**

6 **A.** Unlike other businesses, which are able to increase their prices when cost of  
7 service increases, NorthWestern as a regulated utility must seek Commission  
8 approval through a litigated process before we are able to increase prices to  
9 our customers for recovery of changes in the cost of service reflected in our  
10 base rates. Prior to our last rate review, it had been almost four years since

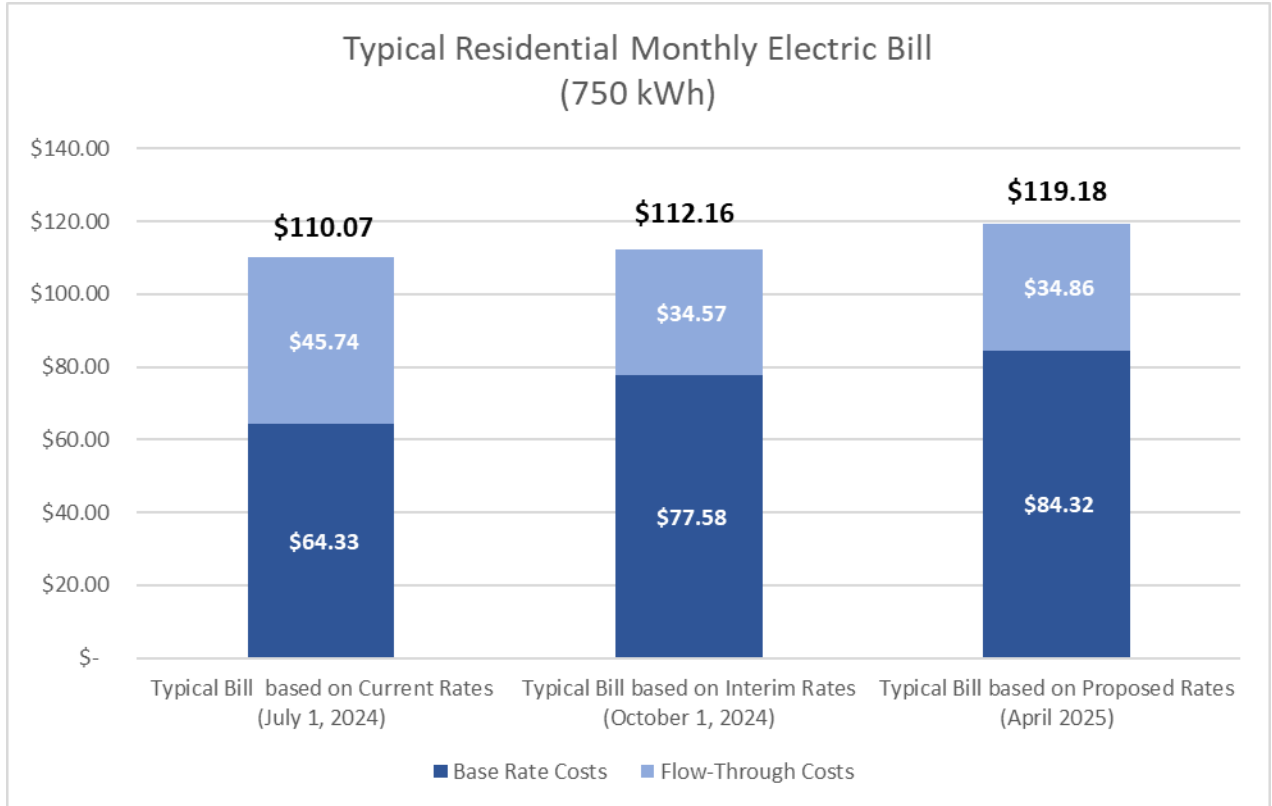
1           our previous electric rate review filed in 2018 and six years since our previous  
2           natural gas rate review filed in 2016, which requested the recovery of over \$1  
3           billion in infrastructure investments between rate cases. While the increase  
4           when considered on an annual basis was below the rate of inflation, the  
5           accumulated increase due to the extended years between rate reviews  
6           creates challenges for our customers. Filing rate reviews more frequently will  
7           result in more timely recovery of costs incurred for NorthWestern and helps  
8           avoid rate shock for our customers. Since our 2022 Rate Review,  
9           NorthWestern has continued to invest in the infrastructure to serve its  
10          customers and is expected to invest and place in service over a \$1 billion by  
11          the end of 2024.

12  
13          Charts 6 and 7 below present the monthly electric and natural gas bill  
14          impacts, respectively, for the typical residential customer from NorthWestern's  
15          proposed update to rates. The bill impacts associated with NorthWestern's  
16          rate request in this proceeding are discussed further by Charles R. Lane.

17

18

**Chart 6: Typical Residential Monthly Electric Bill Impact**



1 NorthWestern’s proposed interim rate request, including NorthWestern’s  
2 request for a bridge rate, is expected to result in an increase in the monthly  
3 electric bill from current rates of \$110.07 to \$112.16, which is an increase of  
4 \$2.09 or 1.90%, for the typical residential customer using 750 kWh per month.

5  
6 NorthWestern’s proposed electric rate request, including the cost recovery of  
7 YCGS, is expected to result in an increase in the monthly electric bill from  
8 interim rates of \$112.16 to \$119.18, which is an increase of \$7.02 or 6.26%,  
9 for the typical residential customer using 750 kWh per month. This includes

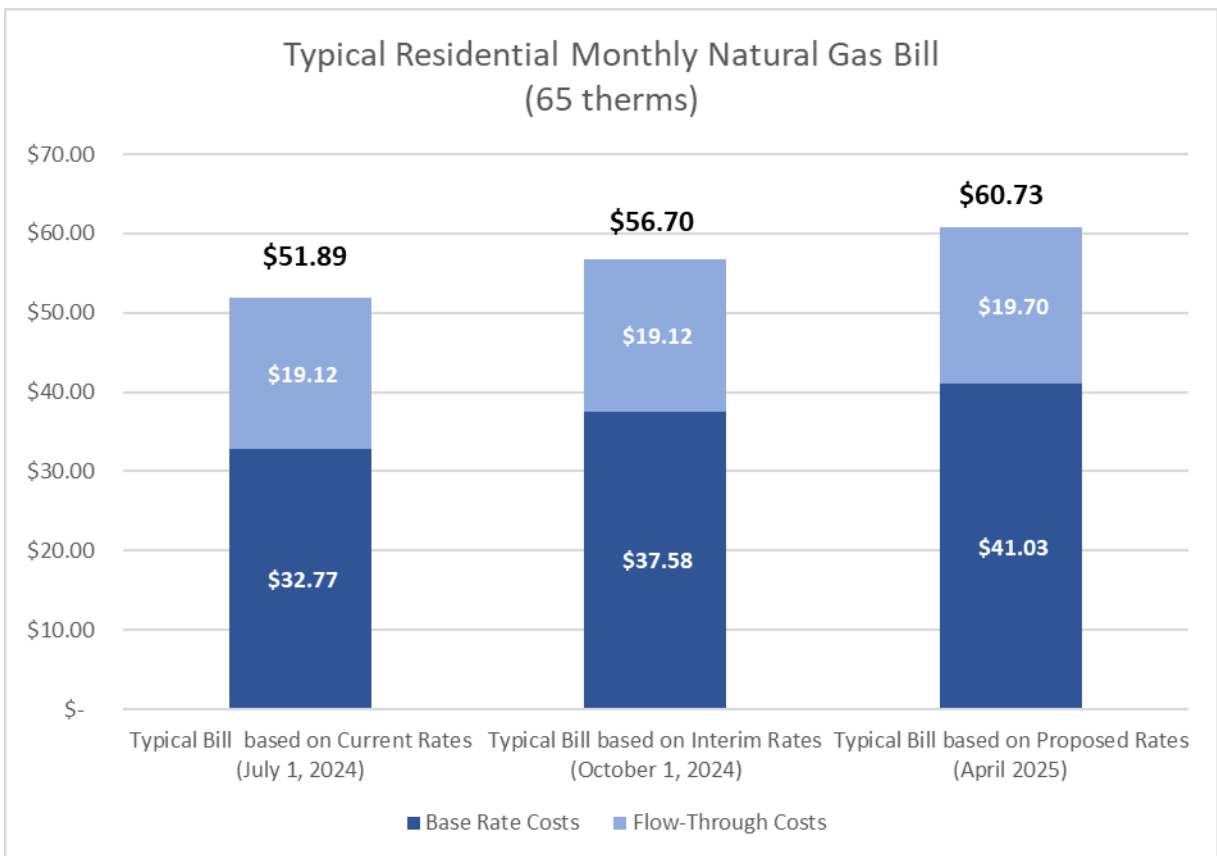


1 an expected increase to property taxes, a flow-through cost, that would occur  
2 on January 1, 2025, of \$0.29 a month.

3  
4 The total impact of NorthWestern’s electric rate proposal from current  
5 effective rates would be an increase to monthly electric bills of \$110.07 to  
6 \$119.18, which is an increase of \$9.11 or 8.28%, for the typical residential  
7 customer using 750 kWh per month.

8

**Chart 7: Typical Residential Monthly Natural Gas Bill Impact**



9 NorthWestern’s proposed interim rate request is expected to result in an  
10 increase in the monthly natural gas bill from current rates of \$51.89 to \$56.70,

1 which is an increase of \$4.81 or 9.28%, for the typical residential customer  
2 using 65 therms per month.

3  
4 NorthWestern's proposed natural gas rate request is expected to result in an  
5 increase in the monthly bill from interim rates of \$56.70 to \$60.73, which is an  
6 increase of \$4.03 or 7.10%, for the typical residential customer using 65  
7 therms. This includes an expected increase to property taxes, a flow-through  
8 cost, that would occur on January 1, 2025, of \$0.57 a month.

9  
10 The total impact of NorthWestern's natural gas rate proposal from current  
11 effective rates would be an increase to monthly natural bills of \$51.89 to  
12 \$60.73, which is an increase of \$8.84 or 17.04%, for the typical residential  
13 customer using 65 therms per month.

14  
15 Our proposed average electric bill would be just under \$120 a month or  
16 approximately \$4 per day, which is approximately the cost of a single Big Mac  
17 at McDonalds. Our proposed average natural gas bill would be just over \$60  
18 a month or approximately \$2 per day, which is approximately the cost of a 16  
19 ounce bottle of Coca Cola at the convenience store. This demonstrates how  
20 cost effective our service is if we can heat/cool your home, power all your  
21 appliances, and provide lighting to our average combined electric and natural  
22 gas customers for \$6 per day.

23

1 **Q. What steps has NorthWestern taken to address affordability?**

2 **A.** NorthWestern recognizes that the comparison of typical bills is only one  
3 measure of affordability and does not reflect the experience of all of our  
4 customers. Consistent with the direction provided by the Commission in our  
5 2022 Rate Review, NorthWestern calculates and tracks Share of Wallet as  
6 further discussed by Ms. Fang.

7  
8 NorthWestern has initiated stakeholder efforts to address information gaps for  
9 low-income customers as well as barriers and challenges to assistance  
10 program participation. The stakeholder efforts are discussed further by Ms.  
11 Fang.

12  
13 As discussed by Ms. Lail, NorthWestern continues to manage its operating  
14 and maintenance costs to be the lowest in its group of peers.

15  
16 NorthWestern recognizes the challenges higher utility bills may have for our  
17 customers, particularly our low-income customers who will be affected by this  
18 increase and other increases on consumer goods. Therefore, we will continue  
19 to work with our customers to find ways to reduce their bills and find ways to  
20 get them the financial help they need through energy assistance programs.<sup>6</sup>

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<sup>6</sup> See NorthWestern Energy's Payment Assistance webpage, [NorthWestern Energy Payment Assistance](#).

**Sustainability**

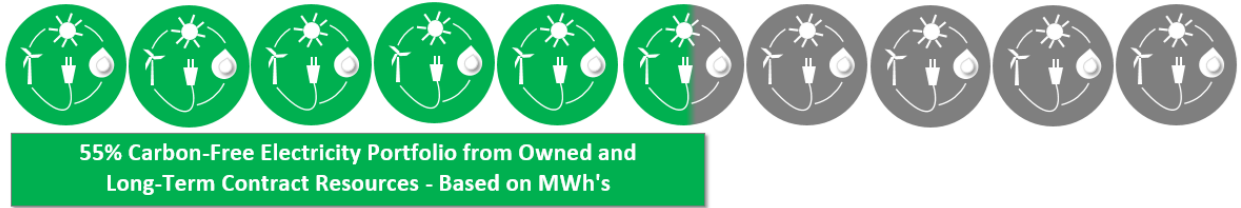
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**Q. How does the sustainability of NorthWestern’s portfolio compare with other utilities?**

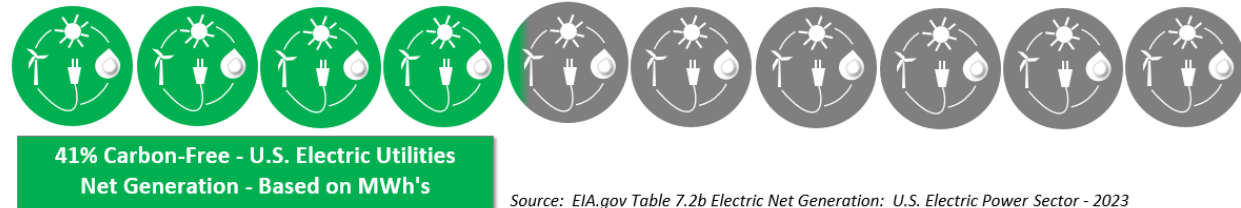
**A.** One aspect of sustainability is the carbon intensity of our portfolio. NorthWestern’s total portfolio is 55% carbon free. Our Montana portfolio is even cleaner with 58% of the delivered megawatt-hours in 2023 carbon-free compared to 41% for the nationwide average.<sup>7</sup>

**Figure 2: Comparison of NorthWestern’s Portfolio**

**NorthWestern Energy - 2023 Electric Portfolio**



**U.S. Electric Utilities - 2023 Net Electric Generation**



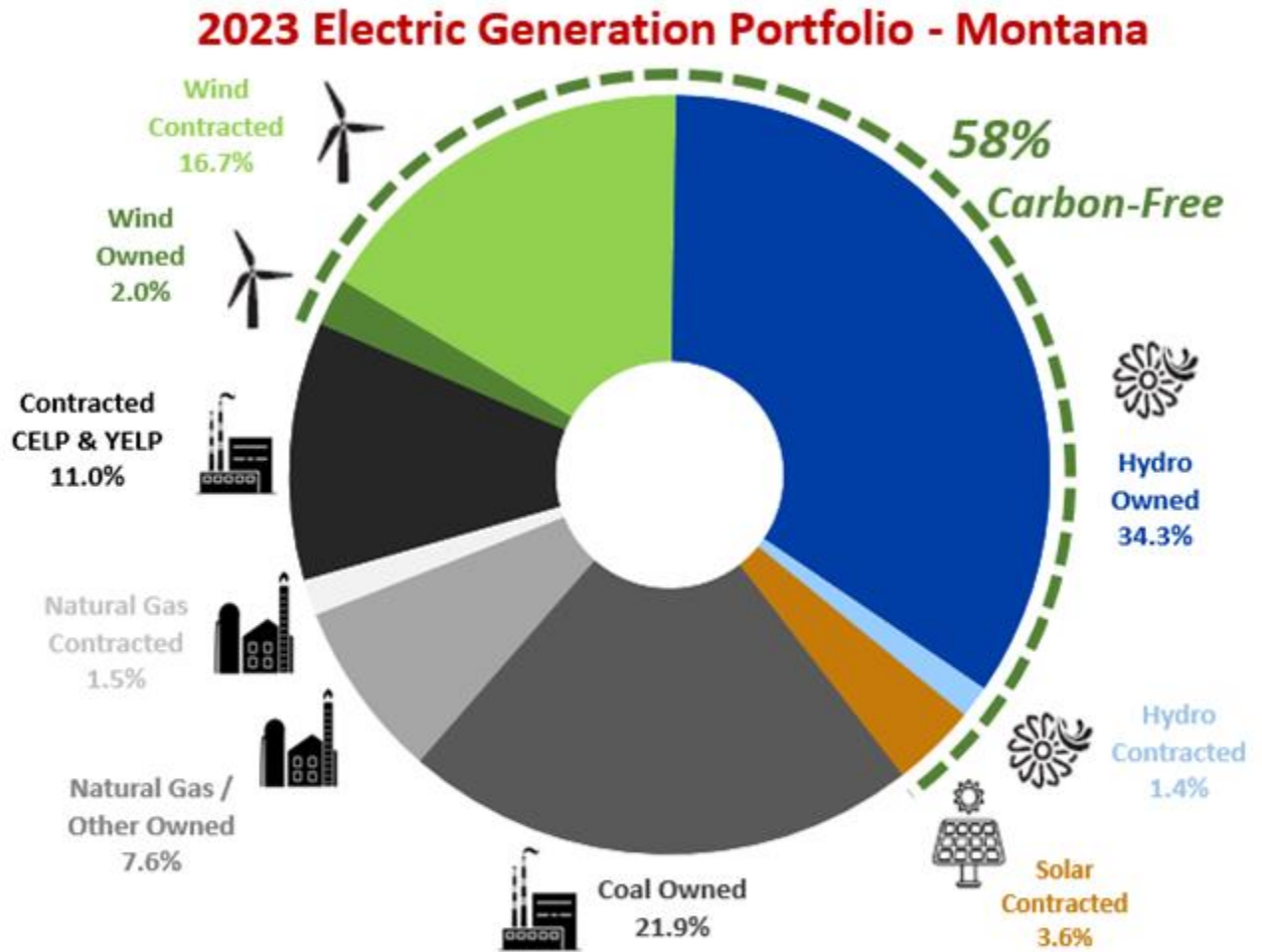
Source: EIA.gov Table 7.2b Electric Net Generation: U.S. Electric Power Sector - 2023

<sup>7</sup> See NorthWestern Energy, *2023 Annual Report*, at 6, 17 (March 2024), [https://issuu.com/northwesternenergy/docs/annual\\_report\\_2023\\_final\\_for\\_web?fr=xKAE9\\_zU1NQ](https://issuu.com/northwesternenergy/docs/annual_report_2023_final_for_web?fr=xKAE9_zU1NQ).

1 Figure 3 below provides a more detailed breakdown of NorthWestern's  
2 Montana portfolio.

3

Figure 3: NorthWestern's Montana Electric Generation Portfolio<sup>8</sup>



*Based on MWh's supplied from owned & long-term contracted resources.*

*Contracted energy from Colstrip Energy Limited Partners (CELP), Yellowstone Energy Limited Partners (YELP) as well as a majority of the contracted wind, hydro and solar are federally mandated Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act of 1978 (PURPA).*

<sup>8</sup> 2023 Form 10-K - Page 12 <https://www.northwesternenergy.com/docs/default-source/default-document-library/about-us/investors/financials/form-10-k-2023.pdf>

1 **Q. Please describe NorthWestern’s Net-Zero by 2050 Vision and the role of**  
2 **YCGS in that vision.**

3 **A.** The Net-Zero by 2050 Vision reflects our commitment to achieve carbon  
4 neutrality in our electric and natural gas operations by 2050.<sup>9</sup> Reaching Net  
5 Zero requires a series of incremental steps and investments in energy  
6 generation, infrastructure, technology, and sustainability practices. For  
7 example, through investment in pipeline infrastructure and improved  
8 compression and leak detection operations, NorthWestern will achieve  
9 reductions in methane emissions. For electric generation, until longer  
10 duration carbon-free resources are available and cost effective, we need  
11 natural gas-fired generation. YCGS supports the variability of wind and solar  
12 resources because it is dispatchable when the wind does not blow and the  
13 sun does not shine. For instance, YCGS has 18 individual engines that can  
14 ramp up and down to offset the variability that wind and solar experience.  
15 Thus, YCGS is a great compliment to those two resources. In addition,  
16 during extended weather events, we need resources that are available and  
17 reliable to help serve customers during extended hours of peak demand.  
18 Resources like YCGS provide reliable energy and protection from price  
19 volatility in the market for customers.

20  
21 We strive for a balanced energy supply portfolio. We are committed to  
22 reducing the carbon intensity of our Montana energy portfolio by 90% by

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<sup>9</sup> See the Net Zero by 2050 Vision here: <https://www.northwesternenergy.com/clean-energy/net-zero-by-2050>.

1           2045. Nearly 60% of the energy produced by NorthWestern for Montana  
2           comes from renewable and carbon-free sources, including hydro, wind, and  
3           solar. This goal considers Montana’s unique geography, terrain, weather,  
4           and factors in the challenge we face in Montana of not having enough energy  
5           available during peak demand times. We are committed to working with our  
6           customers and communities and the State of Montana to help them achieve  
7           their sustainability goals, determine the potential applications of new  
8           technology on our system, and develop an energy future that is affordable,  
9           reliable, environmentally responsible, and capable of meeting the needs of all  
10          customers. While sustainability is one of our pillars, we will not compromise  
11          reliability of service to and affordability for our customers.

12

13   **Q.    You mentioned carbon intensity as only one aspect of sustainability.**  
14   **What are other aspects of sustainability?**

15   **A.    Sustainability means meeting today’s needs while planning for tomorrow as**  
16   **well. Through our environmental programs, we find ways to protect and**  
17   **enhance rivers, streams, and habitats. When we consider the essential**  
18   **nature of the energy services, sustainability must also include a discussion of**  
19   **our financial health to ensure our ability to continue to provide critical energy**  
20   **service.**

21

22   **Q.    Please explain the relationship between NorthWestern’s financial health**  
23   **and sustainability.**

1 **A.** A financially healthy utility drives lower costs for customers and encourages  
2 economic development. Utilities compete for capital to invest in critical  
3 infrastructure to meet the needs of customers, and financially healthy utilities  
4 attract more capital at a lower cost for their customers. It is simple supply and  
5 demand economics. Thus, the financial health of the Company has a direct  
6 impact on customers. Ms. Lail speaks more to the importance of financial  
7 health to the Company in her testimony.

8

9 **Q. How does your relationship with your customers impact the utility?**

10 **A.** Our role is to ensure our customers receive safe, reliable, and affordable  
11 energy solutions. Our customers are vital to our success. We are attentive to  
12 our customers' needs and treat our customers with respect. We continue to  
13 invest in solutions that strive to be attentive to those customers' needs such  
14 as our Advance Metering Infrastructure ("AMI") program. Ms. Schroepfel  
15 discusses our efforts related to customer satisfaction and customer  
16 experience. Ms. Schroepfel, Mr. Merkel, Ms. Fang, and Jonathan Shafer  
17 provide additional testimony on our AMI program.

18



1 **Q. What additional services does NorthWestern provide customers and our**  
2 **communities?**

3 **A.** We recognize that our role in our communities is more than just as an energy  
4 service provider. Our success is tied to the success of each and every one of  
5 our communities. We aim to be a good corporate citizen through the  
6 contribution of our time, talent, and resources to help our communities fulfill  
7 their vision of success.

8  
9 NorthWestern is by far Montana’s largest infrastructure provider.  
10 NorthWestern commissions an annual economic impact analysis by Circle  
11 Analytics,<sup>10</sup> a Montana-based consultant. The analysis quantifies the  
12 financial impact NorthWestern makes in the states and communities it serves.  
13 The study found NorthWestern has a significant impact on the financial well-  
14 being of Montana. Through our investments and services, we provide 17,698  
15 good-paying jobs for others and have an annual \$2.2 billion impact on gross  
16 economic output in Montana.

17  
18 Every day, our electric and natural gas personnel in the field interact with our  
19 customers to restore service or add new services to our communities. Our  
20 customer service employees help customers with any questions or complaints  
21 they may have regarding that service. These customer service personnel are

---

<sup>10</sup> [About Us – Circle Analytics](#).

1 located at our call centers and at our service centers at our larger locations  
2 scattered throughout Montana.

3

4 NorthWestern is an active partner in each of the communities we serve. With  
5 nearly 1,269 Montana employees, we are one of the largest employers in the  
6 state, and many of our employees are very active in their communities, which  
7 includes community giving of over a \$5 million a year over the past five years  
8 (2019-2023).

9

10 **Rate Review and Introduction of Witnesses**

11 **Q. Please provide a summary of what NorthWestern proposes in this rate  
12 review.**

13 **A.** We propose to achieve base cost recovery with a test year revenue  
14 requirement, appropriate known and measurable adjustments, and a fair  
15 Return on Equity (“ROE”) on our investments. We also seek timely interim  
16 rates to provide more timely relief for the increased cost of service reflected in  
17 this rate review at no risk to Montana customers.

18

19 We ask that the Commission approve cost recovery for the YCGS, which is  
20 expected to be in service in July/August of 2024. In addition, NorthWestern  
21 asks the Commission to approve NorthWestern’s proposal for a bridge rate to  
22 ensure there is no gap in cost recovery for YCGS which will be providing  
23 customers with safe and reliable energy.

1 Wildfire Mitigation, Business Technology, and Reliability continue to be critical  
2 operational issues for NorthWestern. We propose new balancing accounts  
3 for the timely recovery of incremental costs between rate reviews for  
4 investments in these areas..

5  
6 NorthWestern proposes a standby charge for non-residential electric  
7 customers installing behind-the-meter generation to limit the cost shift of grid  
8 and reliability service to other customers.

9  
10 We present witnesses that address the various compliance requirements and  
11 approvals issued by the Commission from our prior rate review in Final Order  
12 No. 7860y, which includes:

- 13 • an analysis of the expected benefits of AMI compared to the stranded  
14 costs for existing metering infrastructure;<sup>11</sup>
- 15 • a comprehensive jurisdictional cost of service study to include all costs  
16 associated with providing wholesale services;<sup>12</sup> and
- 17 • the request for recovery of deferred accounting balances.<sup>13</sup>

18  
19 NorthWestern presents witnesses who discuss each of these proposals in  
20 greater detail and I introduce those witnesses below.

21

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<sup>11</sup> Final Order No. 7860y, ¶ 336, Docket No. 2022.07.078 (2023).

<sup>12</sup> Id. at ¶ 32.

<sup>13</sup> Id. at ¶¶ 272 and 318.

1 **Q. Please identify the additional witnesses testifying on behalf of**  
2 **NorthWestern in this proceeding.**

3 **A.** The following are the NorthWestern experts who provide further details  
4 supporting proposals in this rate review, listed by key functional areas.

5  
6 **Generation:** For electricity generation, NorthWestern generates or contracts  
7 for power using hydroelectric dam facilities, wind turbines, solar panels,  
8 natural gas generators, and coal-powered generators. If NorthWestern does  
9 not generate enough energy to meet our customers' needs and is unable to  
10 procure sufficient long-term contracts, then electricity must be bought on the  
11 market. Natural gas is produced from formations underground. Most natural  
12 gas used by NorthWestern comes from Wyoming or Canada. It is produced  
13 and transported via pipeline to NorthWestern-owned facilities.

14 ○ John D. Hines provides the overview and policy direction for  
15 NorthWestern's generation investments to continue to meet customers'  
16 energy and capacity needs in an ever-changing market which includes  
17 YCGS.

18 • Bleau J. LaFave describes NorthWestern's activities to continue to  
19 manage its generation portfolio to meet our customers' energy  
20 needs and presents the need and selection process for YCGS..  
21 Mr. LaFave is supported by the following witnesses to present the  
22 prudence of NorthWestern's decision to build and procure YCGS,  
23 which is expected to be in service July/August of 2024.

- 1 • Scott A. Leigh of Aion Energy LLC provides testimony on  
2 NorthWestern’s Request for Proposals (“RFP”) process  
3 that selected YCGS;
- 4 • Arne Olson of Energy + Environmental Economics Inc.  
5 (E3) provides testimony on the Effective Load Carrying  
6 Capability study that supported the RFP modeling; and
- 7 • Michael S. Babineaux provides testimony regarding  
8 NorthWestern’s RFP modeling.
- 9 • Joseph M. Stimatz presents an update to NorthWestern’s Power  
10 Costs and Credits Adjustment Mechanism (“PCCAM”) Base, which  
11 reflects the impact of YCGS, provides an update on NorthWestern’s  
12 activities in regional markets, and presents the Ancillary Service  
13 component of the Jurisdictional Cost of Service Study.
- 14 • Eugene L. Shlatz of Green Mountain Solutions provides testimony  
15 supporting NorthWestern’s Ancillary Service component of the  
16 Jurisdictional Cost of Service Study.

17

18 **Transmission:** For electricity service, power is generated at the source and  
19 moved through generation step-up transformers after which it is delivered to  
20 the transmission system. The transmission system is designed to carry large  
21 quantities of electricity at high voltages. The power is transmitted through the  
22 transmission system to substations where it is delivered to other portions of  
23 the transmission system, large transmission level customers, or to

1 substations in each community that then connect to the distribution system  
2 that delivers the power to homes and businesses. For natural gas service,  
3 transmission consists of a series of large underground pipes that carry  
4 purchased, produced, or stored natural gas to large customers on the  
5 transmission system or to city gate stations in each community that then  
6 connect to the distribution system that delivers the natural gas to homes and  
7 businesses.

8 ○ Michael R. Cashell provides the overview and policy direction for  
9 NorthWestern’s transmission initiatives to ensure safe and reliable  
10 services for our customers and discusses major projects on the electric  
11 and natural gas transmission systems.

12 ○ Michael S. McGowan presents NorthWestern’s Line Loss Studies  
13 related to Electric Transmission and Distribution.

14

15 **Distribution:** For electricity service, distribution consists of the power poles  
16 and lines or underground lines from substations to your home. The voltage of  
17 the power is reduced repeatedly until it can go into your home. NorthWestern  
18 is responsible for the distribution up to each customer’s meter. For natural  
19 gas service, distribution covers the smaller diameter pipes that carry natural  
20 gas from city gate stations to your home. These distribution pipes carry the  
21 natural gas right up to the meter on your home or business.

22 ○ Jason C. Merkel provides the overview and policy direction for  
23 NorthWestern’s distribution investments which includes

1 NorthWestern’s Wildfire Mitigation Plan, a discussion of the operational  
2 benefits of NorthWestern’s Advanced Metering Infrastructure project,  
3 and an update to NorthWestern’s work related to the acquisition of  
4 Sleepy Hollow.

- 5 • Gregory F. Bailly provides an update on activities related to  
6 NorthWestern’s incremental wildfire mitigation activities to date.
- 7 • Brandi L. Hellwinkel presents NorthWestern’s updated Wildfire  
8 Mitigation Plan.
- 9 • Jonathan R. Shafer presents NorthWestern’s analysis of the  
10 expected benefits of AMI compared to the stranded costs for  
11 existing metering infrastructure.

12  
13 **Business Technology:** Our Business Technology (“BT”) group provides a  
14 critical support services so utility operations can provide safe and reliable  
15 service. The cyber security team within the BT group ensures our network  
16 and customers remain as digitally secure as possible in an environment  
17 where essential data and operations face constant threat. NorthWestern  
18 uses the term Business Technology or BT in lieu of “IT” due to the partnership  
19 and integration with business strategy and objectives.

- 20 ○ Jeanne M. Vold provides the overview and policy direction for  
21 NorthWestern’s BT initiatives and describes the critical role they play in  
22 enabling NorthWestern’s ability to provide customers with safe and  
23 reliable energy service and describes the changes occurring in the

1 technology space that form the basis for NorthWestern’s proposal for  
2 alternative cost recovery mechanisms for certain BT costs.

3  
4 **Customer Care:** Our engagement with our customers involves more than  
5 just the energy services we provide – it includes the support services we offer  
6 for our customers, the way we communicate, and our involvement in the  
7 community.

- 8 ○ Bobbi L. Schroepel provides testimony on the work NorthWestern  
9 continues to do to engage with our customers including a discussion of  
10 the customer benefits of NorthWestern’s AMI program.

11  
12 **Finance:** Finance plays the critical role of ensuring sufficient funding and  
13 access to capital that are necessary to enable our operation departments to  
14 provide safe and reliable service for our customers given our regulatory  
15 environment.

- 16 ○ Crystal D. Lail presents the Company’s capital structure and proposed  
17 rate of return. She describes what is needed to be a financially healthy  
18 utility and how the Company’s financial health is critical to our ability to  
19 serve our customers in an affordable manner and presents  
20 NorthWestern’s proposals to support both the financial health of  
21 NorthWestern and its ability serve its customers and the need to  
22 continue to advance more timely cost recovery for critical investments.



- 1 • Jeffrey B. Berzina presents NorthWestern’s proposed updated rate  
2 base for electric and natural gas based on a 2023 test year and  
3 known and measurable 2024 adjustments. He presents  
4 NorthWestern’s proposal to recover balances associated with  
5 deferred accounting approved in the prior rate review<sup>14</sup> and  
6 presents NorthWestern’s proposal to capitalize certain Business  
7 Technology costs.
- 8 • Consultant Adrien M. McKenzie presents NorthWestern’s updated  
9 ROE analysis.
- 10 • Consultant John J. Spanos presents NorthWestern’s updated  
11 Depreciation Study.
- 12 • Elaine A. Rich presents NorthWestern’s updated proposed revenue  
13 requirement for both electric and natural gas based on a 2023 test  
14 year and known and measurable 2024 adjustments.
- 15 • Aaron J. Bjorkman presents the updated tax information related to  
16 NorthWestern’s rate review.

17

18 **Regulatory:** As a Montana regulated utility, NorthWestern’s Rate Review  
19 must comply with the laws and rules established by the State and the  
20 Commission, respectively. In instances where existing rules may be limiting  
21 our ability to effectively serve our customers, NorthWestern has put forth

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<sup>14</sup> Final Order No. 7860y, ¶¶ 272 and 318, Docket No. 2022.07.078 (2023).

1 proposals that seek to work with the Commission to find a solution to ensure  
2 we continue to meet our customers' needs.

3 ○ Cynthia S. Fang presents NorthWestern's regulatory proposals to  
4 ensure that the prices customers pay better align with the value of the  
5 services they receive. Specifically, Ms. Fang presents the following  
6 proposals:

7 • Cost Recovery for YCGS to better reflect the value customers will  
8 receive which includes:

- 9 ■ NorthWestern Bridge Rate Proposal; and
- 10 ■ NorthWestern proposal for end of the period rate base  
11 treatment for YCGS.

12 • New Balancing Accounts to reduce the lag in cost recovery of  
13 prudently incurred costs in between rate reviews for three critical  
14 service areas:

- 15 ■ Wildfire Management Balancing Account;
- 16 ■ Business Technology Balancing Account; and
- 17 ■ Reliability Compliance Balancing Account.

18 • NorthWestern's proposal to maintain deferred accounting treatment  
19 for small natural gas production acquisitions.

20 • NorthWestern's request to initiate a rulemaking to amend  
21 Administrative Rules ("ARM") 38.5.1405 and 38.5.1405 and  
22 approve NorthWestern's request for relief in the interim pending a  
23 full examination of the issue in a rulemaking process.

1 In addition, Ms. Fang presents NorthWestern's rate design priorities  
2 which include NorthWestern's proposed moderation to updated  
3 Revenue Allocations and Rate Design for the recovery of base costs  
4 and the development of base rates, and moderation to the allocation of  
5 property taxes among customer classes. She also discusses the  
6 potential for meaningful rate options for customers enabled by the  
7 implementation of AMI, and the need for a standby charge.

8 • Glenda J. Gibson presents Cost of Service Studies for both electric  
9 and natural gas that provide the foundation for cost-based revenue  
10 allocations and rate design. Ms. Gibson also presents the results  
11 of the Electric Jurisdictional Cost Study and NorthWestern's  
12 Lead/Lag Studies. In addition, Ms. Gibson presents NorthWestern's  
13 updated PCCAM and property tax base rates.

14 • Charles R. Lane presents NorthWestern's updated base rates and  
15 total rates for electric and natural gas as well as the bill impacts for  
16 electric and natural gas customers.

17 • Steve Wishart of Concentric presents testimony to support  
18 NorthWestern's proposed standby charge to limit the cost shift from  
19 installation of behind-the-meter generation of non-residential  
20 customers to other customers.

21

1 **Q. Does this complete your direct testimony?**

2 **A.** Yes, it does.

3

4

**Verification**

This Direct Testimony of Brian B. Bird is true and accurate to the best of my knowledge, information, and belief.

/s/ Brian B. Bird  
Brian B. Bird