

4
5 DIRECT TESTIMONY OF
6 CHARLES R. LANE
7 ON BEHALF OF NORTHWESTERN ENERGY
8

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1 **Witness Information**

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

3 **A.** My name is Charles R. Lane. I am NorthWestern Corporation d/b/a/
4 NorthWestern Energy's ("NorthWestern") Director of Regulatory Affairs for
5 Montana.

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

9 **A.** Prior to my current position as NorthWestern's Director of Regulatory Affairs
10 for Montana, I was a Civil Deputy County Attorney for Lewis and Clark County
11 for six years, and prior to that position, I was an Intellectual Property Attorney
12 and a Materials Characterization Scientist. I have a B.S. in Physics from
13 Montana State University and a J.D. from Santa Clara University School of
14 Law.

15
16 **Purpose of Testimony**

17 **Q. What is the purpose of your testimony in this proceeding?**

18 **A.** I present NorthWestern's proposed rates, and corresponding bill impacts.
19 The proposed rates for NorthWestern's Electric and Natural Gas Service are
20 shown below in comparison to current effective rates and cost-based rates.

1 **Q. Please describe the process for developing NorthWestern’s proposed**
2 **rates.**

3 **A.** NorthWestern developed the proposed rates using the following steps:

- 4 • Step 1: Development of the revenue requirement presented by Elaine Rich in
5 her direct testimony;
- 6 • Step 2: Development of the cost-based Cost of Service Study presented by
7 Glenda Gibson in her direct testimony;
- 8 • Step 3: Development of proposed moderated allocation of Cost of Service
9 presented in the direct testimony of Ms. Fang; and
- 10 • Step 4: Development of a proposed Rate Design presented by Ms. Fang.

11

12 **NorthWestern’s Fixed Charge Proposal**

13 **Q. Please describe NorthWestern’s proposal to increase service charges**
14 **for electric service customers.**

15 **A.** As discussed by Ms. Fang, NorthWestern proposes to increase the fixed
16 charge, i.e., service charge, for non-residential customers to closely align with
17 cost-based levels.

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19 As discussed in Ms. Fang’s testimony, to continue to make forward progress
20 towards cost-based pricing for our customers, NorthWestern proposes to
21 increase the service charge for its non-residential electric service customers,
22 excluding lighting.

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Table 1 presents a summary comparison of current and cost-based service charges for electric customers, excluding Lighting. NorthWestern’s current electric service charges are below cost-based levels.

Table 1

Comparison of Current and Cost-Based Service Charges - Electric

	Current Rate 07/01/2024	Cost-Based Rate	Current / Cost-Based (%)	Δ Current to Cost-Based (\$)	Δ Current to Cost-Based (%)
Residential (Monthly)					
Service Charge	\$4.20	\$13.77	30.5%	\$9.57	227.8%
GS-1 Secondary (Monthly)					
Non-Demand	\$6.00	\$22.11	27.1%	\$16.11	268.5%
Demand	\$8.70	\$32.06	27.1%	\$23.36	268.5%
GS-1 Primary (Monthly)					
Non-Demand	\$8.80	\$235.29	3.7%	\$226.49	2573.7%
Demand	\$27.70	\$740.62	3.7%	\$712.92	2573.7%
GS-2 Substation (Monthly)					
Service Charge	\$286.45	\$1,780.28	16.1%	\$1,493.83	521.5%
GS-2 Transmission (Monthly)					
Service Charge	\$1,380.00	\$1,831.14	75.4%	\$451.14	32.7%
Irrigation (Annual)					
Non-Demand	\$45.20	\$236.59	19.1%	\$191.39	423.4%
Demand	\$106.50	\$557.45	19.1%	\$450.95	423.4%

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NorthWestern’s proposed changes to electric monthly service charges are presented below in Table 2. The proposed monthly service charges, excluding residential, are at a cost-based rate.

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Table 2

Comparison of Current and Proposed Service Charges - Electric

	Current Rate 07/01/2024	Cost-Based Rate	Proposed Rate	Proposed / Cost-Based (%)	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Residential (Monthly)						
Service Charge	\$4.20	\$13.77	\$4.20	30.5%	\$0.00	0.0%
GS-1 Secondary (Monthly)						
Non-Demand	\$6.00	\$22.11	\$22.10	100.0%	\$16.10	268.3%
Demand	\$8.70	\$32.06	\$32.05	100.0%	\$23.35	268.4%
GS-1 Primary (Monthly)						
Non-Demand	\$8.80	\$235.29	\$235.30	100.0%	\$226.50	2573.9%
Demand	\$27.70	\$740.62	\$740.60	100.0%	\$712.90	2573.6%
GS-2 Substation (Monthly)						
Service Charge	\$286.45	\$1,780.28	\$1,780.30	100.0%	\$1,493.85	521.5%
GS-2 Transmission (Monthly)						
Service Charge	\$1,380.00	\$1,831.14	\$1,831.15	100.0%	\$451.15	32.7%
Irrigation (Annual)						
Non-Demand	\$45.20	\$236.59	\$236.60	100.0%	\$191.40	423.5%
Demand	\$106.50	\$557.45	\$557.45	100.0%	\$450.95	423.4%

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4 **Q. Please describe NorthWestern’s proposal to increase service charges**
5 **for natural gas service customers.**

6 **A.** Table 3 below presents a comparison of current and cost-based fixed
7 charges, i.e., service charge, for Natural Gas customers. NorthWestern
8 proposes to adjust its service charge to maintain cost-based levels.

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Table 3

Comparison of Current and Cost-Based Service Charges - Natural Gas

	Current Rate 07/01/2024	Cost- Based Rate	Current / Cost- Based (%)	Δ Current to Cost- Based (\$)	Δ Current to Cost- Based (%)
Residential					
Service Charge	\$6.50	\$13.93	46.7%	\$7.43	114.3%
General Service					
0 to 300	\$23.25	\$26.20	88.7%	\$2.95	12.7%
301 to 1,000	\$30.65	\$34.54	88.7%	\$3.89	12.7%
1,001 to 2,000	\$49.35	\$55.61	88.7%	\$6.26	12.7%
2,001 to 5,000	\$82.90	\$93.42	88.7%	\$10.52	12.7%
5,001 to 10,000	\$101.80	\$114.71	88.7%	\$12.91	12.7%
10,001 to 30,000	\$160.95	\$181.37	88.7%	\$20.42	12.7%
> 30,000	\$195.65	\$220.47	88.7%	\$24.82	12.7%
Utilities					
10,001 to 30,000	\$263.15	\$263.15	100.0%	\$0.00	0.0%
> 30,000	\$678.55	\$1,096.76	61.9%	\$418.21	61.6%
DBU Firm Transportation					
2,001 to 5,000	\$181.50	\$151.09	120.1%	-\$30.41	-16.8%
5,001 to 10,000	\$207.45	\$172.69	120.1%	-\$34.76	-16.8%
10,001 to 30,000	\$285.15	\$237.37	120.1%	-\$47.78	-16.8%
> 30,000	\$331.10	\$275.62	120.1%	-\$55.48	-16.8%
TBU Firm Transportation					
5,001 to 10,000	\$247.00	\$337.77	73.1%	\$90.77	36.7%
10,001 to 30,000	\$354.90	\$485.32	73.1%	\$130.42	36.7%
> 30,000	\$787.50	\$1,076.90	73.1%	\$289.40	36.7%
DBU Interruptible Transportation					
2,001 to 5,000	\$181.50	\$151.09	120.1%	-\$30.41	-16.8%
5,001 to 10,000	\$207.45	\$172.69	120.1%	-\$34.76	-16.8%
10,001 to 30,000	\$285.15	\$237.37	120.1%	-\$47.78	-16.8%
> 30,000	\$331.10	\$275.62	120.1%	-\$55.48	-16.8%
TBU Interruptible Transportation					
5,001 to 10,000	\$247.00	\$337.77	73.1%	\$90.77	36.7%
10,001 to 30,000	\$354.90	\$485.32	73.1%	\$130.42	36.7%
> 30,000	\$787.50	\$1,076.90	73.1%	\$289.40	36.7%

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As discussed in Ms. Fang's testimony and noted above for electric,

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NorthWestern proposes to maintain cost-based monthly service charge for its

1 Natural Gas service customers, excluding residential, to advance forward
2 progress towards cost-based pricing for our customers. For residential
3 customers, NorthWestern is proposing no increase to the monthly service fee.

4

5 NorthWestern presents the proposed changes to natural gas service charges
6 below in Table 4.

7

Table 4**Comparison of Current and Proposed Service Charges - Natural Gas**

	Current Rate 07/01/2024	Cost-Based Rate	Proposed Rate	Proposed / Cost-Based (%)	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Residential						
Service Charge	\$6.50	\$13.93	\$6.50	46.7%	\$0.00	0.0%
General Service						
0 to 300	\$23.25	\$26.20	\$26.20	100.0%	\$2.95	12.7%
301 to 1,000	\$30.65	\$34.54	\$34.55	100.0%	\$3.90	12.7%
1,001 to 2,000	\$49.35	\$55.61	\$55.60	100.0%	\$6.25	12.7%
2,001 to 5,000	\$82.90	\$93.42	\$93.40	100.0%	\$10.50	12.7%
5,001 to 10,000	\$101.80	\$114.71	\$114.70	100.0%	\$12.90	12.7%
10,001 to 30,000	\$160.95	\$181.37	\$181.35	100.0%	\$20.40	12.7%
> 30,000	\$195.65	\$220.47	\$220.45	100.0%	\$24.80	12.7%
Utilities						
10,001 to 30,000	\$263.15	\$263.15	\$263.15	100.0%	\$0.00	0.0%
> 30,000	\$678.55	\$1,096.76	\$1,096.75	100.0%	\$418.20	61.6%
DBU Firm Transportation						
2,001 to 5,000	\$181.50	\$151.09	\$151.10	100.0%	-\$30.40	-16.7%
5,001 to 10,000	\$207.45	\$172.69	\$172.70	100.0%	-\$34.75	-16.8%
10,001 to 30,000	\$285.15	\$237.37	\$237.35	100.0%	-\$47.80	-16.8%
> 30,000	\$331.10	\$275.62	\$275.60	100.0%	-\$55.50	-16.8%
TBU Firm Transportation						
5,001 to 10,000	\$247.00	\$337.77	\$337.75	100.0%	\$90.75	36.7%
10,001 to 30,000	\$354.90	\$485.32	\$485.30	100.0%	\$130.40	36.7%
> 30,000	\$787.50	\$1,076.90	\$1,076.90	100.0%	\$289.40	36.7%
DBU Interruptible Transportation						
2,001 to 5,000	\$181.50	\$151.09	\$151.10	100.0%	-\$30.40	-16.7%
5,001 to 10,000	\$207.45	\$172.69	\$172.70	100.0%	-\$34.75	-16.8%
10,001 to 30,000	\$285.15	\$237.37	\$237.35	100.0%	-\$47.80	-16.8%
> 30,000	\$331.10	\$275.62	\$275.60	100.0%	-\$55.50	-16.8%
TBU Interruptible Transportation						
5,001 to 10,000	\$247.00	\$337.77	\$337.75	100.0%	\$90.75	36.7%
10,001 to 30,000	\$354.90	\$485.32	\$485.30	100.0%	\$130.40	36.7%
> 30,000	\$787.50	\$1,076.90	\$1,076.90	100.0%	\$289.40	36.7%

1 **NorthWestern's Demand Charge Proposal**

2 **Q. Please describe NorthWestern's proposal to increase demand charges**
3 **for electric service customers.**

4 **A.** As discussed by Ms. Fang, NorthWestern proposes to increase the existing
5 demand charges for non-residential customers to be more cost-based.

6
7 Currently, NorthWestern's electric monthly demand charges are below cost-
8 based levels. As discussed above, the NorthWestern's proposed service
9 charges are moving towards the cost-based rate, and an increase to monthly
10 demand charges would therefore result in a compensating decrease to
11 energy charges to ensure the rate design remains revenue neutral, that is, the
12 rates developed will continue to recover the same allocated costs of service
13 for the customer class.

14
15 Table 5 presents a comparison of current and cost-based demand charges
16 for electric.

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Table 5

Current and Proposed Monthly Demand - Electric

	Current Rate 07/01/2024	Cost-Based Rate	Current / Cost- Based (%)	Δ Current to Cost- Based (\$)	Δ Current to Cost- Based (%)
Distribution					
GS-1 Secondary	\$8.168653	\$9.617554	84.9%	\$1.448901	17.7%
GS-1 Primary	\$3.916710	\$5.265964	74.4%	\$1.349254	34.4%
GS- Substation	\$1.352171	\$1.658716	81.5%	\$0.306545	22.7%
GS- Transmission	\$0.912429	\$0.000000	-	-\$0.912429	-100.0%
Irrigation	\$4.412778	\$12.495423	35.3%	\$8.082645	183.2%
Transmission					
GS-1 Secondary	\$2.286444	\$5.050733	45.3%	\$2.764289	120.9%
GS-1 Primary	\$2.015737	\$5.402664	37.3%	\$3.386927	168.0%
GS- Substation	\$2.015899	\$4.225113	47.7%	\$2.209214	109.6%
GS- Transmission	\$1.396076	\$3.367959	41.5%	\$1.971883	141.2%
Irrigation	\$1.437034	\$2.718271	52.9%	\$1.281237	89.2%
Generation					
GS-1 Secondary	\$0.000000	\$15.587538	0.0%	\$15.587538	-
GS-1 Primary	\$0.000000	\$19.473223	0.0%	\$19.473223	-
GS- Substation	\$1.979435	\$16.049798	12.3%	\$14.070363	710.8%
GS- Transmission	\$0.000000	\$14.153712	0.0%	\$14.153712	-
Irrigation	\$0.000000	\$9.292412	0.0%	\$9.292412	-

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1 NorthWestern’s proposed changes to electric monthly demand charges are
 2 presented below in Table 6.

Table 6

Current and Proposed Monthly Demand - Electric

	Current Rate 07/01/2024	Cost-Based Rate	Proposed Rate	Proposed / Cost- Based (%)	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Distribution						
GS-1 Secondary	\$8.168653	\$9.617554	\$9.023661	93.8%	\$0.855008	10.5%
GS-1 Primary	\$3.916710	\$5.265964	\$3.098055	58.8%	-\$0.818655	-20.9%
GS- Substation	\$1.352171	\$1.658716	\$1.627642	98.1%	\$0.275471	20.4%
GS- Transmission	\$0.912429	\$0.000000	\$0.479208	-	-\$0.433221	-47.5%
Irrigation	\$4.412778	\$12.495423	\$6.374909	51.0%	\$1.962131	44.5%
Transmission						
GS-1 Secondary	\$2.286444	\$5.050733	\$3.936887	77.9%	\$1.650443	72.2%
GS-1 Primary	\$2.015737	\$5.402664	\$5.402534	100.0%	\$3.386797	168.0%
GS- Substation	\$2.015899	\$4.225113	\$4.225113	100.0%	\$2.209214	109.6%
GS- Transmission	\$1.396076	\$3.367959	\$3.367959	100.0%	\$1.971883	141.2%
Irrigation	\$1.437034	\$2.718271	\$2.485772	91.4%	\$1.048738	73.0%
Generation						
GS-1 Secondary	\$0.000000	\$15.587538	\$0.000000	0.0%	\$0.000000	-
GS-1 Primary	\$0.000000	\$19.473223	\$0.000000	0.0%	\$0.000000	-
GS- Substation	\$1.979435	\$16.049798	\$1.264210	7.9%	-\$0.715225	-36.1%
GS- Transmission	\$0.000000	\$14.153712	\$0.000000	0.0%	\$0.000000	-
Irrigation	\$0.000000	\$9.292412	\$0.000000	0.0%	\$0.000000	-

3 **Q. Please describe NorthWestern’s proposal to increase monthly demand**
 4 **charges for natural gas service customers.**

5 **A.** NorthWestern proposes to adjust its Natural Gas monthly demand charges to
 6 be more cost-based. Currently, all of NorthWestern’s natural gas demand
 7 charges are below cost-based levels.

8

1 Table 7 below presents a comparison of current and cost-based demand
 2 charges.

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Table 7
Current and Cost-Based Monthly Demand - Natural Gas

	Current Rate 07/01/2024	Cost-Based Rate	Current / Cost-Based (%)	Δ Current to Cost-Based (\$)	Δ Current to Cost-Based (%)
Utilities					
Storage					
Reservation Rate	\$0.1356486	\$0.3400218	39.9%	\$0.2043732	150.7%
Transmission					
Reservation Rate	\$0.6061285	\$1.7104415	35.4%	\$1.1043130	182.2%
DBU Firm					
Transportation					
Distribution					
Reservation Rate	\$0.5585562	\$1.0809108	51.7%	\$0.5223546	93.5%
TBU Firm					
Transportation					
Transmission					
Reservation Rate	\$0.8190512	\$1.1685620	70.1%	\$0.3495108	42.7%
Storage					
Withdrawal					
Reservation Charge	\$0.4243102	\$0.5926550	71.6%	\$0.1683448	39.7%

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7 NorthWestern's proposed changes to natural gas monthly service charges
 8 are presented below in Table 8.

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Table 8

Current and Proposed Monthly Demand - Natural Gas

	Current Rate 07/01/2024	Cost-Based Rate	Proposed Rate	Proposed / Cost-Based (%)	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Utilities						
Storage						
Reservation Rate	\$0.1356486	\$0.3400218	\$0.1599564	47.0%	\$0.0243078	17.9%
Transmission						
Reservation Rate	\$0.6061285	\$1.7104415	\$0.8046429	47.0%	\$0.1985144	32.8%
DBU Firm						
Transportation						
Distribution						
Reservation Rate	\$0.5585562	\$1.0809108	\$0.8498128	78.6%	\$0.2912566	52.1%
TBU Firm						
Transportation						
Transmission						
Reservation Rate	\$0.8190512	\$1.1685620	\$1.1483007	98.3%	\$0.3292495	40.2%
Storage						
Withdrawal						
Reservation Charge	\$0.4243102	\$0.5926550	\$0.5106472	86.2%	\$0.0863370	20.3%

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NorthWestern’s Proposed Rates

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4 **Q. What are NorthWestern’s proposed electric rates in this rate review?**

5 **A.** Attached as Exhibit CRL-1 are NorthWestern’s proposed electric rates. The
 6 current electric rates shown in Exhibit CRL-1 are the rates in effect as of July
 7 1, 2024.

8 The interim rates reflect NorthWestern’s proposed interim increase in the
 9 electric base rates, the proposed interim decrease to the PCCAM Base, and
 10 the proposed bridge rate discussed in Ms. Fang’s testimony for YCGS.¹

¹ See *also* NorthWestern’s Application for Interim Rate Increases and Bridge Rate, filed concurrently with this Rate Review Application.

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The property tax base adjustment shown in Exhibit CRL-1, with an effective date of January 1, 2025, reflects the proposed property tax base reset discussed in the direct testimony of Aaron J. Bjorkman. Ms. Fang discusses NorthWestern’s proposal to allocate property taxes to the different customer classes as an equal percentage of base rates, that is to allocate property taxes in the same manner as utility cost of service reflected in base rates.

The proposed final rates shown in Exhibit CRL-1, with an effective date of April 10, 2024, reflect the proposed incremental increase in the electric base revenue requirement, and the transition from the proposed bridge rate to base rate recovery for YCGS, as discussed in Ms. Fang’s testimony.

Q. What are NorthWestern’s proposed natural gas rates in this rate review?

A. Attached as Exhibit CRL-2 are NorthWestern’s proposed natural gas rates. The current natural gas rates shown in Exhibit CRL-2 are the effective rates as of July 1, 2024. The interim rates reflect the proposed interim change in the natural gas base rates. In Exhibit CRL-2, NorthWestern maintains the monthly gas supply rate constant through the interim comparison, the property tax comparison, and the final proposed rates comparison.

The property tax base adjustment shown in Exhibit CRL-2, with an effective date of January 1, 2025, reflects the proposed property tax base reset

1 discussed in the direct testimony of Aaron J. Bjorkman. Ms. Fang further
 2 discusses NorthWestern’s proposal to allocate property taxes to the different
 3 customer classes as an equal percentage of base rates, that is to allocate
 4 property taxes in the same manner as utility cost of service reflected in base
 5 rates.

6
 7 The final rates shown in Exhibit CRL-2, with an effective date of April 10,
 8 2024, reflect the proposed incremental increase in the natural gas base
 9 revenue requirement.

10

11 **Q. What are the bill impacts of NorthWestern’s proposed electric rates?**

12 **A.** Exhibit CRL-3 shows the bill impacts to the rate classes for NorthWestern’s
 13 proposals in this rate review. The tables below summarize these bill impacts
 14 for various customer classes. Table 9 shows the bill impacts, as compared to
 15 current typical bills based on July 1, 2024 rates, for NorthWestern’s proposed
 16 interim rates.

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Table 9

Electric Typical Bills - Interim (10/1/2024)

	Typical Usage kWh / kW		Current Typical Bill 07/01/2024	Interim Bill	Δ Current to Interim (\$)	Δ Current to Interim (%)
Residential	750	-	\$110.07	\$112.16	\$2.09	1.9%
Residential Low-Income	750	-	\$88.05	\$89.72	\$1.67	1.9%
GS-1 Secondary Non-Demand	1500	-	\$227.50	\$232.62	\$5.12	2.3%
GS-1 Secondary Demand	14000	40	\$1,824.41	\$1,840.14	\$15.73	0.9%

GS-1 Primary Non-Demand	2600	-	\$298.88	\$295.31	-\$3.57	-1.2%
GS-1 Primary Demand	180000	500	\$20,354.34	\$20,194.35	-\$159.98	-0.8%
GS-2 Substation	650000	1000	\$62,155.18	\$59,846.32	-\$2,308.86	-3.7%
GS-2 Transmission	650000	1000	\$58,232.17	\$55,346.64	-\$2,885.53	-5.0%
Irrigation Non-Demand	1342	-	\$182.78	\$180.42	-\$2.36	-1.3%
Irrigation Demand	12260	41	\$1,600.91	\$1,590.30	-\$10.61	-0.7%

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Table 10 shows the bill impacts, as compared to current typical bills based on

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July 1, 2024 rates, for NorthWestern’s proposed interim rates with the

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proposed property tax base adjustment effective January 1, 2025.

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Table 10

Electric Typical Bills - Interim with Property Tax Base Adjustment (01/01/2025)

	Typical Usage kWh	Typical Usage kW	Current Typical Bill 07/01/2024	Interim w/ Property Tax Base Adjustment 01/01/2025	Δ Current to Interim w/ Property Tax Base Adjustment (\$)	Δ Current to Interim w/ Property Tax Base Adjustment (%)
Residential	750	-	\$110.07	\$112.44	\$2.38	2.2%
Residential Low-Income	750	-	\$88.05	\$89.96	\$1.90	2.2%
GS-1 Secondary Non-Demand	1500	-	\$227.50	\$235.99	\$8.49	3.7%
GS-1 Secondary Demand	14000	40	\$1,824.41	\$1,878.37	\$53.96	3.0%
GS-1 Primary Non-Demand	2600	-	\$298.88	\$297.26	-\$1.62	-0.5%
GS-1 Primary Demand	180000	500	\$20,354.34	\$20,767.36	\$413.02	2.0%
GS-2 Substation	650000	1000	\$62,155.18	\$62,291.17	\$135.99	0.2%
GS-2 Transmission	650000	1000	\$58,232.17	\$58,926.65	\$694.48	1.2%
Irrigation Non-Demand	1342	-	\$182.78	\$157.08	-\$25.70	-14.1%
Irrigation Demand	12260	41	\$1,600.91	\$1,476.78	-\$124.13	-7.8%

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Table 11 shows the bill impacts, as compared to current typical bills based on

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July 1, 2024 rates, for NorthWestern’s proposed final rates.

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Table 11

Electric Typical Bills - Final

	Typical Usage kWh	Typical Usage kW	Current Typical Bill 07/01/2024	Proposed	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Residential	750	-	\$110.07	\$119.18	\$9.11	8.3%
Residential Low-Income	750	-	\$88.05	\$95.34	\$7.29	8.3%
GS-1 Secondary Non-Demand	1500	-	\$227.50	\$269.88	\$42.38	18.6%
GS-1 Secondary Demand	14000	40	\$1,824.41	\$1,887.21	\$62.80	3.4%
GS-1 Primary Non-Demand	2600	-	\$298.88	\$521.57	\$222.69	74.5%
GS-1 Primary Demand	180000	500	\$20,354.34	\$21,835.67	\$1,481.33	7.3%
GS-2 Substation	650000	1000	\$62,155.18	\$63,331.53	\$1,176.36	1.9%
GS-2 Transmission	650000	1000	\$58,232.17	\$62,769.80	\$4,537.63	7.8%
Irrigation Non-Demand	1342	-	\$182.78	\$184.82	\$2.04	1.1%
Irrigation Demand	12260	41	\$1,600.91	\$1,502.10	-\$98.81	-6.2%

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3 **Q. What are the bill impacts of NorthWestern’s proposed natural gas rates?**

4 **A.** Exhibit CRL-4 shows the bill impacts to the rate classes for NorthWestern’s
 5 proposals in this rate review. The tables below summarize these bill impacts
 6 for various customer classes. Table 12 shows the bill impacts, as compared
 7 to current typical bills based on July 1, 2024 rates, for NorthWestern’s
 8 proposed interim rates.

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Table 12

Natural Gas Typical Bills - Interim (10/1/2024)

	Typical Usage Therms	Current Typical Bill 07/01/2024	Interim Bill	Δ Current to Interim (\$)	Δ Current to Interim (%)
Residential	65 Therms	\$51.89	\$56.70	\$4.81	9.3%

Residential Low-Income	65	Therms	\$44.10	\$48.20	\$4.09	9.3%
General Service Commercial	250	Therms	\$184.93	\$201.29	\$16.36	8.8%
Utilities	10,730 23,250 12,790	Therms Trans MDDQ Storage MDDQ	\$25,572.35	\$29,327.20	\$3,754.85	14.7%
DBU Firm Transportation	2000	MDDQ	\$1,767.27	\$2,033.57	\$266.30	15.1%
TBU Firm Transportation	5,000 5,000	Therms MDDQ	\$5,411.86	\$6,393.07	\$981.22	18.1%
Storage	10000	Therms/MDDQ	\$4,842.52	\$5,869.41	\$1,026.89	21.2%
DBU Interruptible Transportation	2000	MDDQ	\$236.37	\$248.18	\$11.81	5.0%
TBU Interruptible Transportation	5000	MDDQ	\$439.39	\$474.88	\$35.49	8.1%

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2 Table 13 shows the bill impacts, as compared to current typical bills based on
3 July 1, 2024 rates, for NorthWestern’s proposed interim rates with the
4 proposed property tax base adjustment effective January 1, 2025.

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Table 13

Natural Gas Typical Bills - Interim with Property Tax Base Adjustment (01/01/2025)

	Typical Usage	Therms	Current Typical Bill 07/01/2024	Interim w/ Property Tax Base Adjustment 01/01/2025	Δ Current to Interim w/ Property Tax Base Adjustment (\$)	Δ Current to Interim w/ Property Tax Base Adjustment (%)
Residential	65	Therms	\$51.89	\$57.27	\$5.39	10.4%
Residential Low-Income	65	Therms	\$44.10	\$48.68	\$4.58	10.4%
General Service Commercial	250	Therms	\$184.93	\$203.11	\$18.18	9.8%
Utilities	10,730 23,250 12,790	Therms Trans MDDQ Storage MDDQ	\$25,572.35	\$25,737.11	\$164.76	0.6%
DBU Firm Transportation	2000	MDDQ	\$1,767.27	\$1,891.93	\$124.66	7.1%
TBU Firm Transportation	5,000 5,000	Therms MDDQ	\$5,411.86	\$6,172.63	\$760.77	14.1%
Storage	10000	Therms/MDDQ	\$4,842.52	\$6,055.30	\$1,212.78	25.0%
DBU Interruptible Transportation	2000	MDDQ	\$236.37	\$252.19	\$15.82	6.7%
TBU Interruptible Transportation	5000	MDDQ	\$439.39	\$457.11	\$17.72	4.0%

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Table 14 shows the bill impacts, as compared to current typical bills based on July 1, 2024 rates, for NorthWestern’s proposed final rates.

Table 14

Natural Gas Typical Bills - Final

	Typical Usage	Therms	Current Typical Bill 07/01/2024	Proposed	Δ Current to Proposed (\$)	Δ Current to Proposed (%)
Residential	65	Therms	\$51.89	\$60.73	\$8.84	17.0%
Residential Low-Income	65	Therms	\$44.10	\$51.62	\$7.51	17.0%
General Service Commercial	250	Therms	\$184.93	\$198.01	\$13.08	7.1%
Utilities	10,730 23,250 12,790	Therms Trans MDDQ Storage MDDQ	\$25,572.35	\$27,169.91	\$1,597.56	6.2%
DBU Firm Transportation	2000	MDDQ	\$1,767.27	\$2,177.75	\$410.48	23.2%
TBU Firm Transportation	5,000 5,000	Therms MDDQ	\$5,411.86	\$6,907.47	\$1,495.61	27.6%
Storage	10000	Therms/MDDQ	\$4,842.52	\$5,880.33	\$1,037.81	21.4%
DBU Interruptible Transportation	2000	MDDQ	\$236.37	\$224.84	-\$11.53	-4.9%
TBU Interruptible Transportation	5000	MDDQ	\$439.39	\$557.03	\$117.64	26.8%

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2 **Q. Does this conclude your direct testimony?**

3 A. Yes

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Verification

This Direct Testimony of Charles R. Lane is true and accurate to the best of my knowledge, information, and belief.

/s/ Charles R. Lane
Charles R. Lane