



V. Cost Allocation Process

1. Basic Information Requirements

When a project proposal is submitted for inclusion in the NTTG Planning Process, the project developers or other stakeholders, in collaboration with the NTTG Planning Committee, will also prepare an application package and transmit it to the Committee for its review. Upon the developer's request, the NTTG Planning Committee may provide its assistance. The project developers shall provide the following information with the application:

a. Project description:

NorthWestern Energy ("NWE") plans to build a 500 kV transmission line approximately 460 miles long. The line, called the Mountain States Transmission Intertie ("MSTI"), will be built between Townsend, MT, and Midpoint substation in southern Idaho. MSTI will be a series compensated transmission line, with a phase shifting transformer ("PST") to control power flow.

b. Physical location

Southwest Montana, southern Idaho.

c. Cost/benefit analysis.

None available at this time.

d. Investors (description and interest)

NorthWestern Energy (project sponsor)

e. Operator

NorthWestern Energy

f. Subscribers/Contracts

TSR applicants (through Open Season process): Powerex, PPL Montana, Idaho Power, Fame.

g. Pertinent transmission study results

See attached Phase 1 Comprehensive Progress Report

- h. A copy of any WECC economic and reliability determinations relative to the project**
No WECC economic determination at this time. Attached is MSTI's Comprehensive Progress Report that NWE submitted to WECC to signify completion of the Phase 1 Path Rating Process.
- i. Proposed siting process**
The National Environmental Policy Act (NEPA) in Idaho and Montana is required. In Montana, the Montana Major Facilities Siting Act (MFSA) will also be required.
- j. Proposed cost allocation**
The cost allocation will be through an Enhanced Or pricing mechanism through FERC.
- k. Proposed cost recovery**
The cost for MSTI will be recovered through Transmission Service Requests from customers wishing to move power over the line.
- l. A risk and benefit analysis focusing on the distribution of costs, benefits and risks among the parties proposed to share in the cost allocation of the project.**
The cost for MSTI will be recovered through Transmission Service Requests from customers wishing to move power over the line.
- m. Proposal on dealing with cost overruns**
None available at this time
- n. Degree of consensus among stakeholders on all of the above**
NWE is not aware of any significant concerns by parties that would suspend the development of MSTI. Stakeholder's that will use MSIT will be determined by their acceptability of the Transmission Service Request terms. Environmental and siting concerns will determine the exact route will be address through the NEPA and Montana MFSA.
- o. How each NTTG cost allocation principle was applied in the analysis**
Not applicable
- p. A description of any regulatory rulings needed prior to examination of the project**
FERC approval of the Enhanced Or pricing; NEPA and MFSA
- q. Any NTTG Planning Committee analysis pertinent to the project and a description of how it fits into the NTTG Annual or Biennial Plan**

MSTI is part of the NTTG Fast Track process and is included in the 2008-9 Biennial Transmission Planning. MSTI allows new resources in Montana to reach growing load centers to the south.

r. Description of any proprietary or commercially sensitive information applicants believe should remain confidential during the review process

Names of developing generation sources in Montana should be treated as confidential. The Enhanced Or pricing mechanism for MSTI is treated as confidential at this time.

To facilitate the Committee's work, this information must be updated promptly and regularly as soon as more relevant information becomes available during the course of the NTTG Planning Process.