EXHIBIT 3
DATE 1-26-09
HB 294

TESTIMONY IN SUPPORT OF HB 294

Greg Jergeson
Chair, Montana Public Service Commission
January 26, 2009

Mr. Chairman and Members of the Committee,

The Public Service Commission supports House Bill 294. The Commission recognizes the importance of providing as many alternatives as possible to help NorthWestern Energy procure affordable cost based natural gas for Montana consumers. Rate basing natural gas production and gathering assets can be a very important tool to help NorthWestern Energy procure natural gas in a manner that reduces price volatility to customers. Rate based natural gas assets will potentially help both natural gas and electric customers. Currently, NorthWestern Energy operates the Basin Creek Plant which is fueled by natural gas. The Company has also proposed a new natural gas fired electric generating plant. The Mill Creek Generating Plant is proposed to operate as a regulating plant which will support future alternative energy development including wind projects.

The PSC recommends a DO PASS on HB 294.