**How Expensive with SB 379 Be? - VERY, VERY Expensive**

**NorthWestern’s Existing Share of Colstrip will be Expensive**

NorthWestern Energy owns 30% of Colstrip Unit 4, making it a 15% owner of the remaining two units of the plant (Units 1 and 2 went offline in January 2020). NorthWestern owns 220 megawatts of the 1,480 megawatt plant.

* NorthWestern’s current book value of its 220-megawatt share of the plant is $340 million.[[1]](#footnote-1) (For reference, a brand new 200-megawatt gas plant is likely to cost around $200 million.)
* Under SB 379: “…if Colstrip Unit 4 were retired in 2027, NorthWestern’s undepreciated book and remediation costs would total $267 million.”[[2]](#footnote-2) “Under the bill, NorthWestern would be permitted to recover approximately $721 per customer in stranded costs….”[[3]](#footnote-3)

**Any New Share of Colstrip Will be VERY, VERY Expensive**

* NWE could charge for any additional share of the plant at the same value as its existing share. For example, if NWE acquired the remaining 70% interest in Unit 4 and 100% interest in Unit 3, even if it was only for $1, it could charge customers “approximately $1.9 billion.”[[4]](#footnote-4)
* NorthWestern would earn a 9.65% rate of return on the $1.9 billion both of which would be paid for by its customers.[[5]](#footnote-5)
* This $1.9 billion would “equate to a cost of more than $700/year for each NorthWestern customer.”[[6]](#footnote-6)

**Outage Costs Would Be More Expensive**

The PSC would be unable to save customers from having to pay extra when NorthWestern acts imprudently when operating Colstrip. In recent years the PSC has saved customers $13.9 million dollars in imprudent costs when Colstrip breaks down.[[7]](#footnote-7)

**Conclusion**

SB 379 would allow NorthWestern Energy to charge customers the following costs without normal PSC ratepayer protections:

* At least $721 per customer for its existing share of Colstrip
* More than $700/year for each customer for new shares of Colstrip
* Millions in increased costs every time the aging plant breaks down
* NorthWestern would be allowed to recover these costs regardless of whether or how much the plant operates.

1. PSC Staff Memo on SB 379, March 19, 2021. Footnote 5, page 3. “Based on the book value (plant cost less accumulated depreciation) of NorthWestern’s 30% share, which is $340 million ($340,000,000 ÷ 222 MWs = $1,531,531/MW).” [↑](#footnote-ref-1)
2. PSC Staff Memo, p. 3. [↑](#footnote-ref-2)
3. PSC Staff Memo, p 2. [↑](#footnote-ref-3)
4. PSC Staff Memo, pps 3-4. [↑](#footnote-ref-4)
5. NorthWestern’s current book value is $340 million. [↑](#footnote-ref-5)
6. PSC Staff Memo, p. 4. [↑](#footnote-ref-6)
7. PSC Staff Memo p. 2. “…the Commission has disallowed costs for Colstrip-related outage replacement costs twice: once in 2016 for $8.2 million, and more recently in October 2020 for $5.7 million.” [↑](#footnote-ref-7)