

GREAT FALLS NATURAL GAS TARIFF



Canceling

Original

Revised
Revised

Sheet No.
Sheet No.

2.1

Schedule No. 2

GAS COST TRACKING ADJUSTMENT PROCEDURES

APPLICABILITY: This rate schedule sets forth the procedure to be used in calculating Gas Cost Tracker Adjustments. It specifies the procedure to be utilized to adjust rates for gas sold under NorthWestern Great Falls Gas, LLC ("GFG") rate schedules in the state of Montana in order to reflect:

- A.) changes in the GFG expected cost of gas which is defined to mean (1) the first of the month (FOM) AECO index price for Great Falls volumes plus the estimated cost of procurement, storage and transportation to the city gate in Great Falls or (2) the Rocky Mountains, Northwest FOM price for West Yellowstone liquefied natural gas (LNG) volumes published in the Platts Inside FERC's Gas Market Report (or equivalent publication recognized in the industry as a market clearing price) plus the liquefaction and transportation cost; and
- B.) amortization of the unrecovered purchased gas cost account, which is defined to mean the gas costs that have been incurred by GFG but not recovered through charges to GFG's customers.

EFFECTIVE DATE AND LIMITATION ON ADJUSTMENTS:

- A.) Unless otherwise ordered by the Commission, the effective dates of the gas cost tracking adjustment shall be for services rendered on or after the first day of each month. The effective date of the adjustment for amortization of the unrecovered purchased gas cost account shall be on or after the first day of the month following the issue date of the final order received in the annual true-up docket each year.
- B.) GFG may file an adjustment to reflect changes in its average cost of gas supply only when amount of change in such adjustment is at least 10 (ten) cents per Mcf. The annual tracking shall be filed each year regardless of the amount of the change in costs.

MINIMUM FILING REQUIREMENTS: GFG's filing to implement the annual Gas Cost Tracking Adjustment shall include the following:

- A.) Billing determinants by month by supply source with annual totals.
- B.) Rates applicable to those billing determinants.
- C.) Purchased gas costs by month by supply source, with annual totals.
- D.) Total GFG sales by major customer class by month with annual totals.
- E.) GFG's expected costs of gas.

(continued)



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GAS COST TRACKING ADJUSTMENT PROCEDURES:

GAS COST TRACKING ADJUSTMENT:

- A.) The monthly expected cost of gas tracking adjustment shall reflect changes in GFG's cost of gas supply as compared to the cost of gas supply contained in GFG's annual filing for unrecovered purchased gas cost. Such costs are inclusive of all costs incurred in obtaining, storing, and transporting natural gas and LNG. The cost of gas supply shall include all charges incurred by GFG for gas supply, storage, and transportation services. Any extraordinary costs, such as penalty charges and take-or pay charges, shall be clearly identified as such and separately described. For West Yellowstone, costs related to lost and unaccounted for (LAUF) gas shall be calculated by multiplying the average LAUF percentage from the prior annual true up filing by the annual expected cost of commodity.
- B.) The gas cost tracking adjustment shall be computed as follows:
- 1.) Demand costs shall include all annual gathering and transportation demand charges at current rates
 - 2.) Storage cost shall include all annual storage charges at current rates.
 - 3.) The gas commodity costs shall reflect the expected cost of gas for the Month. The filing shall be made by the 10th business day of the month preceding the Month in which the filing cost of gas should be applied.
 - 4.) For West Yellowstone, LAUF volumes shall be calculated as the difference between the month end meter read on the storage tank and the ending inventory as calculated by taking the beginning inventory balance plus purchases, minus sales, minus internal use gas. The LAUF volumes shall be valued at the current month average commodity price.

