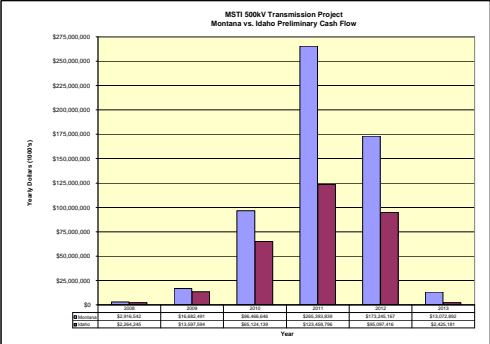


(2)(h)	<i>startup expenses and working capital; and</i>	<i>Based on NorthWestern's project model, it is estimated that \$15 million of initial working capital. Because the transmission line will not require any startup fuel or inventory, NorthWestern does not expect any startup expenses.</i>
(2)(i)	<i>any other costs necessary and incidental to the construction of the facility and preparation for initial operation.</i>	All project costs have been included in the above categories.
(3)	<i>The application must contain an explanation of the methods, including rules of thumb, used to estimate costs required by (2) of this rule.</i>	Detailed cost templates for line and substation construction were used to quantify materials, equipment, and labor requirements. Costs for large material and equipment items were secured from industry suppliers. Labor costs were derived from a multitude of recent construction bids. The project cost estimates were compiled by engineering and construction professionals with excellent project estimating skills.
(4)	<i>An estimate must be present of the accuracy of all cost estimates.</i>	Using the methodology in section (3), current prevailing market costs were derived. In general a 20% contingency was added to offset upward trends in material, equipment, and labor costs and unforeseen project requirements.

APPENDIX A-1-A

MSTI 500kV Transmission Project Preliminary Project Cost Estimates (A1+B1+C1)									
Description	Miles	Current 2008 Cost Estimate	2008 Total \$\$\$	2009 Total \$\$\$	2010 Total \$\$\$	2011 Total \$\$\$	2012 Total \$\$\$	2013 Total \$\$\$	Total Project Cost No Escalation
ROW (By NWE)		\$19,426,991	\$1,016,032	\$8,079,886	\$10,331,274				\$19,426,991
Environmental / Permitting (By NWE)		\$7,297,699							\$7,297,699
Internal Labor and Supervision (By NWE)		\$11,866,609	\$310,543	\$1,929,030	\$2,665,396	\$5,405,390	\$4,286,262		\$11,866,609
Transmission Lines - Cones	203.3	\$281,341,627		\$43,309,380	\$125,946,086	\$92,005,981			\$281,341,627
Access Road Const		\$2,515,777							\$2,515,777
Substations - Cones		\$245,582,878	\$30,656,004	\$126,972,276	\$73,674,863	\$12,279,144			\$245,582,878
Microwave Facilities		\$1,959,837		\$244,650	\$1,029,244	\$887,951	\$97,992		\$1,959,837
Communication - Cones		\$1,959,837		\$244,650	\$1,029,244	\$887,951	\$97,992		\$1,959,837
Transmission Line		\$3,605,400	\$288,432	\$1,838,754	\$1,297,044	\$180,270			\$3,605,400
Substation		\$6,028,788	\$445,291	\$2,181,164	\$2,789,042	\$545,291			\$6,028,788
Communication		\$23,000	\$13,500	\$27,000	\$4,500				\$23,000
Engineering		\$9,739,188	\$897,223	\$4,046,918	\$4,119,486	\$725,561			\$9,739,188
Transmission Line		\$178,480		\$107,089	\$35,696	\$35,696	\$35,696		\$178,480
Substation		\$7,426,808	\$645,061	\$1,654,651	\$1,544,654	\$154,654			\$7,426,808
Communication		\$33,336		\$17,639	\$6,880	\$6,880			\$33,336
Procurement		\$882,146		\$399,287	\$184,428	\$184,429			\$882,146
Transmission Line		\$807,630	\$88,639	\$201,908	\$185,795	\$113,068	\$16,153		\$807,630
Substation		\$613,074	\$61,307	\$102,715	\$102,715	\$102,715	\$61,307		\$613,074
Communications		\$13,803	\$2,448	\$5,096	\$5,096	\$5,096	\$2,448		\$13,803
Project Management		\$1,346,683	\$142,745	\$309,718	\$309,718	\$293,585	\$228,679	\$79,658	\$1,346,683
Transmission Line		\$6,000,000	\$102,258	\$306,450	\$1,802,700	\$1,802,700	\$1,802,700	\$304,450	\$6,000,000
Substation		\$1,897,372	\$151,790	\$474,343	\$474,343	\$474,343	\$322,553	\$1,897,372	\$1,897,372
Communications		\$53,898	\$13,500	\$26,700	\$26,700	\$26,700	\$14,100		\$53,898
Construction Management		\$7,869,268	\$452,240	\$2,283,771	\$2,369,347	\$2,283,212	\$625,598		\$7,869,268
Project Total (1600V)		\$667,771,576	\$2,916,542	\$16,682,461	\$86,466,646	\$85,331,839	\$173,245,167	\$1,077,882	\$667,771,576
500kV									
ROW (By NWE)		\$16,573,009	\$868,768	\$6,892,714	\$8,813,526				\$16,573,009
Environmental / Permitting (By NWE)		\$6,473,141		\$776,777	\$3,238,570	\$2,459,794			\$6,473,141
Internal Labor and Supervision (By NWE)		\$1,648,301				\$824,650	\$393,748		\$1,648,301
Transmission Lines - Cones	232.4	\$222,947,908		\$44,589,582	\$88,057,080	\$80,261,247			\$222,947,908
Access Road Const		\$1,124,292							\$1,124,292
Substations - Cones		\$37,507,227		\$3,750,723	\$20,628,975	\$11,252,168	\$1,875,361		\$37,507,227
Microwave Facilities		\$1,959,837		\$239,754	\$1,042,140	\$887,951	\$97,992		\$1,959,837
Communication - Cones		\$1,959,837		\$239,754	\$1,042,140	\$887,951	\$97,992		\$1,959,837
Transmission Line		\$4,186,800	\$334,044	\$2,135,268	\$1,507,248	\$209,340			\$4,186,800
Substation		\$201,987	\$27,179	\$108,715	\$138,014	\$27,179			\$201,987
Dubois Shunt Reactance Compensation Station		\$201,987	\$27,179	\$108,715	\$138,014	\$27,179			\$201,987
Communication		\$63,898	\$13,500	\$27,000	\$6,750				\$63,898
Engineering		\$6,256,321	\$527,951	\$2,888,295	\$2,459,228	\$388,847			\$6,256,321
Transmission Line		\$152,260		\$91,356	\$33,452	\$33,452			\$152,260
Substation		\$119,292		\$70,901	\$23,693	\$23,693			\$119,292
Communication		\$20,398		\$17,639	\$6,880	\$6,880			\$20,398
Procurement		\$229,309		\$173,946	\$83,982	\$83,982			\$229,309
Transmission Line		\$652,370	\$76,161	\$173,002	\$173,002	\$159,245	\$86,352	\$13,847	\$652,370
Substation		\$80,003	\$8,000	\$16,001	\$16,001	\$16,001	\$8,000		\$80,003
Dubois Shunt Reactance Compensation Station		\$80,003	\$8,000	\$16,001	\$16,001	\$16,001	\$8,000		\$80,003
Communications		\$20,478	\$2,549	\$5,098	\$5,098	\$5,098	\$2,548		\$20,478
Project Management		\$268,247	\$32,248	\$306,298	\$156,421	\$188,167	\$34,845		\$268,247
Transmission Line		\$6,678,000	\$348,900	\$2,093,400	\$2,093,400	\$348,900			\$6,678,000
Substation		\$289,781	\$23,182	\$72,440	\$72,440	\$72,440	\$48,263		\$289,781
Dubois Compensation Station		\$120,795	\$9,664	\$26,169	\$26,169	\$26,169	\$10,063		\$120,795
Communications		\$33,894		\$6,377	\$2,699	\$1,769	\$2,695		\$33,894
Construction Management		\$74,424,471	\$391,746	\$1,202,417	\$2,248,798	\$2,272,213	\$441,399		\$74,424,471
Project Total (500kV)		\$301,967,371	\$2,264,240	\$13,593,994	\$65,124,138	\$123,468,796	\$66,097,416	\$2,425,181	\$301,967,371



APPENDIX A-1-A(a) Supplemental Information 12/08/08