

EL05-027

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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

STATE OF SOUTH DAKOTA
BEFORE THE
PUBLIC UTILITIES COMMISSION

Proposed Tariff Schedule Filing of)
NorthWestern Corporation, doing business) Docket No. EL05-____
as NorthWestern Energy)

APPLICATION FOR
AND
REPORT IN SUPPORT OF
REVISIONS TO ELECTRIC RATE SCHEDULE
GENERAL TERMS AND CONDITIONS

NorthWestern Corporation ("NorthWestern" of the "Company"), doing business as NorthWestern Energy, hereby applies to the South Dakota Public Utilities Commission (the "Commission") for approval of several revisions to the General Terms and Conditions ("GT&C"), in the Company's electric tariffs, as detailed and supported more fully below in this Report, filed pursuant to ARSD 20:10:13:26.

WHEREFORE, NorthWestern requests that the Commission accept and approve these tariff revisions, effective January 1, 2006.

Contents of Report:

- (1) Name and address of the public utility

NorthWestern Corporation, doing business as NorthWestern Energy
600 West Market Street
Huron, SD 57350-1500
Phone (605) 353-7500
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Those individuals to whom information concerning this filing should be provided:

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(2) Section and sheet numbers of tariff schedules:

Section	Sheet Numbers
5	1, 1a, 1b, 1c, 2, 3, 4, 5, 6, 6.1, 7, 8, 9, 10, 11

(3) Description of the changes:

In the attached Appendix A, the Company provides detailed information concerning these proposed tariff revisions, including references to similar language in other electric tariffs approved by the Commission.

(4) Reason for the changes:

In addition to this brief description of the proposed tariff revisions, NorthWestern explains the reasons for the suggested revisions in Appendix A. It has been many years since the Company undertook a comprehensive review of its GT&C and, in doing so, examined the current provisions, reviewed comparable provisions in the tariffs of other South Dakota public utilities, compared the provisions of the Company's Montana tariffs, and engaged in discussions with personnel with the organization. These proposed revisions reflect the outcome of that work, and NorthWestern believes contain reasonable and customary provisions to guide its electric operations. In addition, the Company has adopted uniform print size and reorganized the tariff sheets to group similar subject matter items together.

(5) Present rate:

The current provisions of NorthWestern's entire GT&C are included, with the additional proposed language highlighted.

(6) Proposed rate:

See response to item (5) above.

(7) Proposed effective date of modified rates:

NorthWestern proposes that these revised terms and conditions for electric service be effective on January 1, 2006.

(8) Approximation of annual amount of increase or decrease in revenue.

NorthWestern does not anticipate any changes in revenue as a result of these revisions.

(9) Points affected:

These proposed tariff changes would apply throughout the Company's electric service area.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers

NorthWestern does not anticipate any affects upon its electric customers from these revisions.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

Attached to this Report as Appendix A is an explanation of the tariff changes.

Dated this 23rd day of November, 2005.

NORTHWESTERN CORPORATION

By: Jeffrey Decker
Jeffrey Decker, Regulatory Specialist
600 Market Street West
Huron, SD 57350
Ph (605) 353-8315
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an original and one copy of this Application for and Report in Support of Revisions to Electric Rate Schedule General Terms and Conditions of NorthWestern Corporation, doing business as NorthWestern Energy, the proposed revised Tariffs, and the transmittal letter of Jeffrey Decker have been sent by first class mail, postage prepaid, to Heather Forney, Acting Executive Director, S. D. Public Utilities Commission, 500 East Capitol, Pierre, SD 57501, this 23rd day of November, 2005.

Jeffrey Decker
Jeffrey Decker, Regulatory Specialist
NorthWestern Energy

APPENDIX A

Access to Premises

NorthWestern is proposing some minor language changes to this section of the tariffs, to make it clear that the Company has access for all equipment and facilities used in serving its customers. The language changes suggested are similar to the language contained in the electric tariffs of Xcel Energy, §5.6 Sheet 31.

Owner's Consent to Occupy

Consistent with the above change, NorthWestern is proposing adding the word "operate" to its rights with regard to a customer's premises, so that it can not only install and maintain its equipment on the premises, but also operate such equipment. While this may have been implied earlier, the Company believes that this express language makes the right clearer.

Extension of Service

This is a new section that NorthWestern wishes to include in its tariffs, to provide an explicit statement of the Company's responsibilities with regard to extensions of electrical service to customers. In providing service, NorthWestern understands that it has an obligation to serve new customers in its assigned service area, but, at the same time, the Company has a responsibility to ensure that costs associated with serving new customers do not unnecessarily burden the existing customers on its system, through the Company incurring costs associated with new line extensions. The language in this proposed tariff is intended to strike a balance between the interests of the new customer and the existing customers.

The tariff identifies the distance in new facilities that a residential customer may receive with no contribution, and establishes a method to determine the contribution if the distance exceeds such maximum free extension. In addition, the tariff provides the formula for use in making a line extension for a new commercial or industrial customer. The language used in these tariffs is somewhat similar to that of several other South Dakota public utilities. See, for example, the following tariffs:

Xcel Energy, §5.1 Sheet 23

MidAmerican Energy, Sheets 14-15

Otter Tail Power §6 Sheet 99.9, page 2 of 6
§5 Sheet 12

Black Hills Power & Light, §5 Sheet 25

Underground Service

While NorthWestern has had provisions governing installation of underground electric service lines for many years, it has not had an explicit statement dealing with the situation when a customer with an overhead service line wishes to replace it with an underground line. As in the discussion concerning an initial line extension, the situation calls for the balancing of the interests of the individual customer with those of all other customers. The Company believes that the proposed language in this tariff strikes the appropriate balance. Similar provisions can be found in the electric tariffs of Xcel Energy, §5.1 Sheet 24 and §5.5 Sheet 29.

Protection of Company's Property

While NorthWestern has had a prohibition against tampering in its electric tariffs for many years, the Company has noticed that another South Dakota public utility has another provision that explicitly states that a person doing so may be subject to criminal prosecution and will be responsible for energy stolen as a result of such tampering. NorthWestern believes that this proposed tariff language addition is appropriate. The language used in this tariff is similar to that of MidAmerican Energy, §12 Sheet 3.

Metering

NorthWestern is recommending tariff language to specifically discuss primary metering and MV90 metering applications. In both primary metering and MV90 metering applications, the Company provides specialized equipment to meet a larger usage Customer's requirements and desires. With primary metering, the Company provides a distribution line to a single point of connection, and from that point of connection, a Customer has several service lines running to various locations, such as a number of different buildings or processes. With the installation of MV90 metering, the Company provides specialized metering equipment to allow larger customers to monitor their electrical consumption for individual processes. In both situations, this proposed tariff provision makes clear the ownership of the facilities and the type of billing that will be done. This clarity is in the best interest of both the Customer and the Company.

Master Metering

In reviewing its electric tariffs, the Company noticed that this tariff appears to have a typographical error, using the word "meter" in the second line, when "metered" was likely intended. To allow the tariff language to read correctly from a grammatical viewpoint, NorthWestern recommends changing this language.

Monthly Bills

In this proposed tariff change, NorthWestern is providing more detail on the factors used when the Company estimates a Customer's billing (in those situations where an actual

reading cannot be made). The Company believes that such detail is helpful in identifying how estimates are made.

Terms of Payment

NorthWestern is proposing to include in this tariff language that would specifically state that it is entitled to impose a \$30.00 charge for a check that is returned for insufficient funds, or otherwise not honored by the bank. SDCL 57A-3-421 specifically allows businesses to charge this fee (see language below), but the Company believes that it would be appropriate to include specific language in its tariff. The language used in this tariff to implement a dishonored check fee is similar to that contained in the tariffs of MidAmerican Energy, §5 Sheet 13a and Xcel Energy, §3.9 Sheet 15 to implement their dishonored check fee.

57A-3-421. Collection costs and expenses--Liability of issuer of dishonored check. If a merchant or place of business conspicuously posts a notice on its premises or if a merchant or place of business regularly extends credit and prints a notice on its customer statements of such size and location as to be conspicuous, stating that a fee will be assessed against returned checks, any person who issues a check or other draft to the merchant or place of business which is not honored for any of the following reasons upon presentment is liable for all reasonable costs and expenses of collection:

- (1) The drawer's account is closed;
- (2) The drawer's account does not have sufficient funds; or
- (3) The drawer does not have sufficient credit with the drawee.

The costs and expenses provided for in this section are reasonable if they do not exceed thirty dollars plus any applicable sales tax.

Customer's Equipment

NorthWestern is proposing several changes to its tariff provisions relating to a customer's electrical usage equipment. These suggested changes are intended to help the Company maintain the integrity of its system, to avoid needless outages or voltage fluctuations caused by a customer's equipment.

The first suggested change requires a customer to notify NorthWestern, in advance, when there are going to be material increases in the load or equipment that the customer will be using. This notification will allow the Company to examine whether such increase would have a detrimental effect on the system without system modifications, so that those modifications can be made before the load increases or the additional customer equipment is added.

The second suggested change replaces the phrase "240 volt" before the word "circuit" in the second paragraph with the phrase "line to line" in order to recognize that sometimes the circuit is 480 volts, rather than 240 volts. By changing to "line to line circuit," it recognizes this additional service option.

The third suggested change deals with electrical motors. Currently, the tariff provides that motors greater than 5 horsepower cannot be connected without Company approval, and that provision continues to be valid. The Company suggests that the additional requirement that 3 phase power be required for any motor of 10 horsepower or greater is appropriate for the protection of the system.

The fourth suggested change has further requirements concerning electrical motors, to avoid system problems caused by starting of such motors. The Company believes that this provision is necessary and proper for the system, and it will work with a Customer to come up with solutions that are affordable but provide the necessary protection. This proposed tariff provision is contained in the Company's tariff in the State of Montana, where it has proven to be valuable in safeguarding the integrity of the electric system, NW Montana service rule tariffs, Sheet R-7-5E.

Continuity of Service and Voltage Regulation

NorthWestern is proposing adding language to this tariff to specifically state that the Company can interrupt service to customers when it determines that such interruption is necessary to prevent threats to the system's integrity. This authority would be used sparingly, but a specific statement of the right to do so helps the Company protect its other customers. The language used in this tariff is similar to that of Xcel Energy, §6.2 Sheet 34 and MDU, §5 Sheets 14.1-14.2.

Cogeneration and Small Power Production

NorthWestern is suggesting several minor changes to its provisions governing proposed interconnections with cogeneration and small power production facilities. These suggested changes have been recommended by the Company's Montana operations, where such interconnections have been experienced.

First, the Company is suggesting referencing IEEE Standard 1547 (in several places in the tariff) for a Customer's qualifying facility and associated system, in addition to the reference to laws, regulations, codes, etc. This Standard is the appropriate professional engineering standard for such installations.

Second, the Company wishes to specify that all required equipment and facilities on the Company's side of the Point of Interconnection should be installed, owned, and operated by the Company, for the Customer's benefit, but at the Customer's expense. In addition, the Company is proposing to add similar language concerning any line extension to serve the Customer. NorthWestern believes that it is appropriate to add these specific statements to its tariff to make clear the ownership and operation of the facilities, as well as the cost responsibility.

Third, the Company wishes to impose a requirement of 60 days notice to the Company for periodic maintenance of the Customer's facility, to allow the Company to make adequate alternative energy supply plans.

Fourth, the Company wishes to increase the required insurance coverage of a qualifying facility to \$1,000,000 per occurrence and \$2,000,000 aggregate coverage, to be consistent with the levels of insurance coverage that are appropriate in these circumstances.

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 5
Sheet No. 1
6th Revised
Canceling 5th Revised Sheet No. 1

GENERAL TERMS AND CONDITIONS

APPLICABILITY

These General Terms and Conditions apply to all classes of electric service unless otherwise indicated on the rate schedule.

CUSTOMER CONNECTION CHARGE

Customer Connection is defined as attaching a Customer to receive utility service upon a request for new service or reconnection of discontinued service (Customer Connection does not include the reconnection of a Customer whose utility services were discontinued due to nonpayment of utility bills. Reconnection charges for such Customers are based on the Company's hourly rates for service work with a one hour minimum.) The amount of the Customer Connection Charge will be \$10.00 for all Customer Connections during normal business hours defined as 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, and \$15.00 for Customer Connections during other than regular business hours. The connection charge will be billed on all Customers applying for electric service. The Customer Connection Charge shall be paid by the Customer receiving power and energy from the Company, and is due and payable upon presentation. If a bill is not paid, the Company shall have the right to refuse service.

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ACCESS TO PREMISES

The Company has the right of access to the Customer's premise, including right-of-way, at all reasonable times for the purpose of installing, reading, inspecting, or repairing any service lines, meters, devices, and other equipment and facilities used in connection with furnishing of any or all service, including any necessary repairs and maintenance, or for the purpose of removing its property and for all other proper purposes.

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OWNER'S CONSENT TO OCCUPY

In case the Customer is not the owner of the premises or of the intervening property between the premises and the Company's lines, the Customer will obtain from the property owner(s) the necessary consent to install, operate and maintain in said premises all such electric equipment as is necessary or convenient for supplying electricity to the Customer.

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CUSTOMER'S INSTALLATION

The Customer will furnish and own all interior wiring and equipment for use of the service, conduit for underground services, and all poles, wires, meter sockets, and fixtures necessary to distribute such service from the point of service attachment to the various buildings served. Point of service attachment is defined as that point where the facilities of the Company are physically connected to the facilities of the Customer. In general, the point of attachment on overhead services is where the Company's conductors connect to the Customer's conductors prior to the point where the Customer's conductors enter the weatherhead and, for underground services, is where the Company's conductors connect to the top of the Customer's meter socket.

All wiring and equipment furnished by the Customer will be maintained by the Customer at all times in conformity with the requirements of the constituted authorities and with all Terms and Conditions of the Company.

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 5
Sheet No. 2
Canceling 3rd Revised
2nd Revised Sheet No. 2

GENERAL TERMS AND CONDITIONS
(Continued)

METERING

The service used will be measured by a meter or meters to be furnished and installed by the Company at its own expense; provided however Customers are responsible for arranging and paying for a telephone line when electronic metering is installed for a Customer. Upon the registration of said meters all bills will be calculated. If more than one meter is installed on different classes of service (each class being charged for at different rates) each meter will be considered by itself in calculating the amount of any bill. Meters include all measuring instruments. Meters will be located as near as possible to the service entrance and on the ground floor of the building in a clean, dry, safe and easily accessible place, free from vibration, or at such other point selected by the Company.

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Commercial Customers having more than one power or heating meter, or both will be billed under the appropriate commercial rate. The billing department will either add the consumption and bill in one amount under the proper rate or bill separately under the correct rates for services as used by the Customer. If the Customer has two or more services of different characteristics and does not care to change the necessary wiring and entrances, he will be billed at the applicable separate rate until the physical wiring changes are made at his expense.

Where, at the Customer's request, the Company has installed primary metering or MV90 metering with electronic totalizing application, unless otherwise approved by the Company, the Customer will own and be responsible for the maintenance of all electric lines and facilities, other than transformers, from a single point of delivery, and the Company will combine all usage for billing purposes.

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SUBMETERING

Submetering will not be permitted unless it is at the same premises and either the Customer or the Company have compelling reasons for not combining the existing services into one service and one meter. Under no circumstances shall a Customer's wiring cross a public street or alley.

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METERING FOR RESALE

A Customer is not permitted to receive power or energy through one meter and resell such power or energy to another user through separate meters, regardless of who owns the meter serving the ultimate user.

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METER TEST BY CUSTOMER REQUEST

Any Customer may request the Company to test its electric meter. The Company shall make such test as soon as possible after receipt of the request. If a request is made within one year after a previous request, the Company may require a residential Customer to pay a \$10 deposit and may require any other Customer to pay a deposit in the following amount:

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 5
Sheet No. 4
Canceling 5th Revised
6th Revised Sheet No. 4

GENERAL TERMS AND CONDITIONS
(Continued)

the metering point.

If the monthly average power factor of any metering point is less than 95% for:

- a) Accounts with measured demand

Adjusted demand will be determined by multiplying measured demand (kw) by 95% divided by the average power factor applicable to the billing period as previously determined. The billable power factor adjustment will be the resulting increase in billable demand at \$7.10 per kw.

- b) Accounts without measured demand

Adjusted energy will be determined by multiplying measured energy (kwh) by 95% divided by the average power factor applicable to the billing period as previously determined. The billable power factor adjustment will be the resulting increase in billable energy at energy rates pursuant to rate schedules otherwise applicable.

MONTHLY BILLS

(a) Bills for service will be rendered monthly unless otherwise specified. The term "month" for billing purposes will mean the period between any two consecutive readings of the meters by the Company, such readings to be taken as near practicable every thirty days.

(b) Failure to receive a bill in no way exempts Customers from the provisions of these Terms and Conditions.

(c) When the Company is unable to read a meter after a reasonable effort, the Customer will be billed based on the Company's best estimate, considering billings for the previous year, the previous month, and estimated peak usage, and the billing adjusted when the meter is read.

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TERMS OF PAYMENT

Bills are due and payable upon receipt and will be delinquent if not paid by the 20th day after billing. A late payment charge of 1% of the unpaid balance plus a collection fee of \$2.00 will be assessed against any delinquent account having an unpaid balance of \$5.00 or more at the time of processing of the next monthly bill. Where a Customer has been disconnected for non-payment of a bill, a reconnection

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 5
4th Revised Sheet No. 7
Canceling 3rd Revised Sheet No. 7

GENERAL TERMS AND CONDITIONS
(Continued)

furnished Customers is unsatisfactory for special apparatus requiring close regulation, or if the Customer's electrical appliances are subject to damage due to high or low voltage, the single phasing of three-phase service, phase reversals, or other fluctuations in the quality of service furnished by the Company, then the Customer shall install regulative apparatus and protective devices at his own expense. Without notice, the Company may curtail or interrupt service to any or all of its Customers when, in its judgment, such curtailment or interruption will prevent or alleviate a threat to the integrity of its power supply.

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To assure adequate safety to personnel and equipment, the customer shall provide and maintain code-approved protective devices in each phase to protect all motors against overloading, short circuits, ground faults and low voltage, and to protect all three-phase motors against single-phasing.

Computers and other sensitive electronic equipment, which require high grade, uninterrupted power, may, on occasion, experience problems when connected directly to the Company's distribution system. The Customer should check with an electric dealer, wireman, contractor, engineer, or architect to ascertain the need for Customer-supplied lightning arresters, surge suppressors, isolation transformers, bypass meter socket, standby or uninterruptible power supplies.

LIABILITY

The Customer assumes all responsibility for all service and equipment at and from the Customer's point of service attachment of such service, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring by such services and equipment, except where said injury or damage is shown to have been occasioned solely by the negligence of the Company.

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AGENTS CANNOT MODIFY AGREEMENT

No agent has power to amend, modify, alter or waive any of these Terms and Conditions, or to bind the Company by making any promise or representation not contained herein. However, the Company will continue its policy of attempting to accommodate Customers and Customer problems wherever possible.

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COGENERATION AND SMALL POWER PRODUCTION

Qualifying Facility. A qualifying facility is a power production or cogeneration facility which has received qualifying status under the Public Utility Regulatory Policies Act of 1978 (PURPA), Sections 201 and 210 and regulations established by the Federal Energy Regulatory Commission (FERC), 18 CFR Part 292. Any interconnection between the Company and a qualifying facility shall be in compliance with PURPA, the FERC regulations, and the Decision and Order of the Public Utilities Commission in Docket F-3365.

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