

NorthWestern Energy
Docket EL10-008 Data Questions
August 6, 2010

- 1-1. Provide the guidelines that will be utilized by the Company to determine when it is necessary to file changes in the payment schedule for energy and capacity or the timelines i.e. annually, etc. that the Company intends to follow for filing changes in the payment schedule for energy and capacity.

The company intends to file an update to the rate each year. This filing should be made by March 1 of the year, based on the 12 months ended December 31. This provides a consistent approach to setting the prices paid to customers and maintains compliance with PURPA requirements

- 1-2. The Company has proposed adding the following language to the tariff: In order to qualify for capacity payments, the small qualifying facility must be able to deliver power at a minimum on-peak capacity factor of 65% in the months of June - September and must be able to deliver during the Company's summer peak. Capacity payments will only be made in the months of June - September and will be updated annually as needed. Provide full support/justification for the addition of the proposed language.

The Company purchases additional firm capacity under multi-year contracts for the months of June thru September. During the months of October – May, additional capacity is not currently required. Capacity made available to the Company during that period would have no value because no costs could be avoided.

Firm capacity is defined as capacity that is as firm as native load during the period in question. During the months of June thru September, Northwestern's system load typically exhibits a monthly load factor between 60 and 70%. (Monthly load factor compares average load during the month versus peak hourly load during the month.) For example, during June thru September 2009, the monthly load factors were 61.5%, 65.9%, 60.2% and 69.3% for a simple average of 64.3% (65% chosen for convenience). That level represents the minimum of what is expected of all other forms of firm capacity within Northwestern's portfolio.

- 1-3. Refer to Confidential Exhibit B. Reconcile the differences between the avoided costs supply for fuel and purchased costs and MWH for generation and purchased power costs on line 12 with the amounts for the categories of on-peak avoided costs supply and off-peak avoided costs supply on line 12. In other words should not the total for the on-peak avoided costs and the off-peak avoided costs equal the total avoided costs.

Exhibit B and tariff sheets have been updated to reflect revised numbers from our energy supplier and are attached.

- 1-4. Refer to Confidential Exhibit C, page 2 of 2. Provide the justification for utilizing 50% of the annual cost for ad valorem taxes in the calculation.

The calculation has been revised to calculate ad valorem taxes on the plant purchase cost less ½ year of depreciation. This will mirror an average rate base balance for the first year of plant operation.

- 1-5. Refer to Confidential Exhibit C, page 2 of 2, line 11, RORB. It appears that RORB is calculated using total plant cost times overall ROR. Provide justification for not reducing total plant cost by accumulated depreciation.

The calculation has been revised to calculate RORB on the plant purchase cost less ½ year of depreciation. This will mirror an average rate base balance for the first year of plant operation.

- 1-6. Refer to Confidential Exhibit C, page 2 of 2. Is the peaker plant estimated costs based on a simple cycle combustion turbine? If not, provide the type of turbine that the costs are based upon.

The estimate is for a simple cycle combustion turbine.

- 1-7. Refer to Section No. 3, 1st Revised Sheet No. 31.1, paragraph (2), change "customer" to "customers" and delete "." after load.

Corrected as suggested.

- 1-8. Provide revised tariffs for changes, if any, related to questions 1-3, 1-4, 1-5 and 1-7.

Revised tariff sheets are attached.

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA

Section No. 3
9th Revised Sheet No. 30
 Canceling 8th Revised Sheet No. 30

CLASS OF SERVICE: Small Qualifying Facility Rider RATE NO. 73
 (Occasional delivery energy service)

APPLICABILITY

This schedule is available to all retail electric customers for any customer-owned or operated small qualifying facility for which qualifying status has been obtained under the rules of the Public Utility Regulatory Policies Act of 1978, and as further revised in EPAct 2005.

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TERRITORY

Company's Assigned Service Area,

RATE

	<u>Per Meter Per Month</u>
Customer Charge	
Customer Charge	\$2.00
Payment schedule for energy	
All kilowatt hours per KWH	.0194
Payment for Capacity per KW	\$13.03

OTHER PROVISIONS

Service will be furnished under the Company's General Terms and Conditions and the following provisions:

1. Customer shall be billed monthly for the following:
 - a) Demand and energy consumed during the billing period pursuant to appropriate retail rate schedule(s).
 - b) Net compensation or billing applicable to energy delivered during the billing period at above prescribed rate.
 - (1) to customers who purchase from the Company all electric load requirements which are in excess of the simultaneous output from the facility and sell to the Company all output which is in excess of the simultaneous load, or

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Effective Date: September 1, 2010
Jeffrey Decker
 Issued By: Regulatory Department

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

**NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA**

**Section No. 3
Sheet No.30.1
Canceling 1st Revised Original Sheet No.30.1**

CLASS OF SERVICE: Small Qualifying Facility Rider RATE NO. 74 (L,N)
(Occasional delivery energy service)

(continued)

(2) to customers who purchase their entire electric load requirements from the Company and sell the entire output from the facility to the Company.

- 2. Customer must comply with the applicable requirements of SD PUC Administrative Rules 20:10:36 including but not limited to a Tier 1 or Tier 2 Interconnect Request, an Interconnect Agreement and a Certificate of Completion. The minimum contracted term of service is 12 months. The rate contained in this tariff is subject to annual review.
- 3. Customer must provide a service disconnect that is accessible by Company employees at all times.
- 4. In order to qualify for capacity payments, the small qualifying facility must be able to deliver power at a minimum on-peak capacity factor of 65% in the months of June – September and must be able to deliver during the Company’s summer peak. Capacity payments will only be made in the months of June – September and will be updated annually as needed.

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA

Section No. 3
8th Revised Sheet No. 31
 Canceling 7th Revised Sheet No. 31

CLASS OF SERVICE: Small Qualifying Facility Rider **RATE NO. 74 (D,N)**
 (Time of delivery energy service)

APPLICABILITY

This schedule is available to all retail electric customers for any customer-owned or operated small qualifying facility for which qualifying status has been obtained under the rules of the Public Utility Regulatory Policies Act of 1978, and as further revised in EAct 2005.

TERRITORY

Company's assigned service area.

RATE

	<u>Per Meter</u> <u>Per Month</u>
Customer Charge	
Customer Charge	\$2.00
Payment schedule for energy delivered to the Company	
On-peak energy payment per KWH (6 a.m. to 10 p.m. Monday through Saturday, inclusive, excluding Holidays)	.0220
Off-peak energy payment per KWH (All hours not designated as on-peak)	.0171
Payment for Capacity per KW	\$13.03

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OTHER PROVISIONS

Service will be furnished under the Company's General Terms and Conditions and the following provisions:

1. Customer shall be billed monthly for the following:
 - a) Demand and energy consumed during the billing period pursuant to appropriate retail rate schedule(s).
 - b) Net compensation or billing applicable to energy delivered during the billing period at above prescribed rate.

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

**NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA**

**Section No. 3
Sheet No.31.1**
1st Revised
Canceling Original Sheet No.31.1

CLASS OF SERVICE: Small Qualifying Facility Rider . **RATE NO. 74 (D,N)**
(Time of delivery energy service)

(continued)

- (1) to customers who purchase from the Company all electric load requirements which are in excess of the simultaneous output from the facility and sell to the Company all output which is in excess of the simultaneous load, or
 - (2) to customers who purchase their entire electric load requirements from the Company and sell the entire output from the facility to the Company.
2. Customer must comply with the applicable requirements of SD PUC Administrative Rules 20:10:36 including but not limited to a Tier 1 or Tier 2 Interconnect Request, an Interconnect Agreement and a Certificate of Completion. The minimum contracted term of service is 12 months. The rate contained in this tariff is subject to annual review.
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