NorthWestern Energy South Dakota Revenue Requirement Model Description

Section O

20:10:13:98. Statement O -- Comparison of cost of service. Statement O shall be provided with the initial application under this chapter for a rate increase greater than \$85,000, when a material change in rate structure is proposed, or when the commission so orders. Statement O shall compare the allocated cost of service provided pursuant to § 20:10:13:43 with the revenues under the proposed rates. If the amount of revenue under the proposed new rates differs significantly from allocated cost of service, including allowances for claimed return and income taxes, the filing public utility shall show the amounts available for return and taxes on income and shall show return expressed as a percentage of rate base allocated to the service concerned. If the filing public utility considers certain facilities as being devoted entirely to the service involved, it shall show, in addition to the overall cost of service, the cost of service related to such special facilities. The schedule described in § 20:10:13:100 shall be submitted as a part of statement O.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority: SDCL 49-34A-4.

Law Implemented: SDCL <u>49-34A-10</u>, <u>49-34A-12</u>, <u>49-34A-41</u>.

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44

45

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Long-term debt

47 Weighted Cost of Capital

Long-term debt

Preferred stock & securities

Preferred stock & securities

Common stock equity

Common stock equity

PRESENT RATES

Line No.		eference	Total Service Area	Total Residential	Total Irrigation	Total Commercial	Total Comm & Ind	Total Municipal	Total Lighting	Controlled Off-Peak 70
NO.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	_									
1 2	Revenues: Electric Sales Base Revenues Present Rates		73,327,430	29,993,831	97,783	9,081,955	32,398,583	411,424	1,337,952	5,901
3	Fuel Revenues		44,843,447	16,516,983	60,477	4,751,696	22,800,907	197,475	514,500	1,410
4	Yankton Sioux Billing Credit		(47,405)	(17,461)	(64)	(5,023)	(24,103)	(209)	(544)	(1)
5	External Transmission Revenues		3,520,526	1,512,044	6,048	475,179	1,463,696	16,166	47,291	102
6	Ad Valorem Revenues		5,340,668	2,297,143	9,173	720,736	2,216,987	24,562	71,914	153
7	Wholesale Sales Revenues		1,190,132	438,323	1,605	126,099	605,173	5,241	13,654	37
8	Other Revenues	_	2,832,603	1,257,776	6,010	328,186	1,208,729	9,836	21,943	122
9	Total Revenues		131,007,400	51,998,640	181,032	15,478,828	60,669,971	664,496	2,006,710	7,723
10										
11	Expenses:									
12	Operations & maintenance expenses		85,922,874	36,296,097	178,858	9,789,732	37,959,695	364,461	1,329,571	4,459
13	Depreciation & amortization expense		21,452,987	10,095,491	68,524	2,507,348	8,073,998	75,862	630,486	1,279
14	Regulatory Credits		856,586	412,495	2,658	111,515	305,684	3,762	20,413	60
15 16	Taxes Other than Income taxes		6,388,024	2,840,062	13,768	843,110	2,555,287	28,749	106,778	268
17	Total Expenses	-	114,620,471	49,644,146	263,808	13,251,705	48,894,663	472,834	2,087,248	6,066
18	Total Expenses	-	114,020,471	43,044,140	203,000	13,231,703	40,034,003	472,034	2,007,240	0,000
19	Operating Income Before Income Taxes		16,386,929	2,354,493	(82,776)	2,227,123	11,775,308	191,662	(80,538)	1,657
20	Operating moonic Bolore moonic raxes		10,000,020	2,004,400	(02,770)	2,221,120	11,770,000	101,002	(00,000)	1,001
21	Federal Income Taxes		0	0	0	0	0	0	0	0
22										
23	Adjustments to Taxes		(1,125,788)	(529,277)	(3,267)	(133,196)	(432,434)	(4,157)	(23,386)	(71)
24		_								
25	Net Operating Income		17,512,718	2,883,770	(79,509)	2,360,319	12,207,742	195,819	(57,152)	1,728
26		_								
27		_								
28	Rate Base	=	447,397,986	201,424,173	1,126,861	51,803,776	185,604,876	1,561,056	5,855,848	21,396
29										
30		_								
31	Return on Rate Base	=	3.91%	1.43%	-7.06%	4.56%	6.58%	12.54%	-0.98%	8.08%
32										
33	B	_	0.000/	1.010/	17.040/	1.000/	7 700/	10.000/	0.000/	10.500/
34	Return on Equity	-	2.82%	-1.81%	-17.64%	4.02%	7.79%	18.92%	-6.30%	10.59%
35										
36										
37										
38 39										
40	Federal Effective Tax Rate	35.00%								
41	1 Oddiai Endonive Tax Nate	33.00 /8								
42	Capital Ratios									

46.39%

0.00%

53.61%

2.40%

0.00%

5.36%

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Present Rates South Dakota Electric Test Year Ended September 30, 2014

PRESENT RATES

Line			Residential	Residential	Sp Htg &	Residential	Irrigation Interr	Irrigation
No.	Description	Reference	Basic 10	w/Sp Htg 11	Cooling 14	Dual-Fuel 15	Irr 16 & 18	Irr 17
	(a)	(b)	(k)	(1)	(m)	(n)	(o)	(p)
1	Revenues:							
2	Electric Sales Base Revenues Present Rates		23,064,907	6,710,910	216,959	1,055	84,594	13,190
3	Fuel Revenues		11,188,968	4,877,499	447,168	3,348	54,430	6,047
4	Yankton Sioux Billing Credit		(11,828)	(5,156)	(473)	(4)	(58)	(6)
5	External Transmission Revenues		1,024,292	446,510	40,936	306	5,443	605
6	Ad Valorem Revenues		1,556,135	678,351	62,191	466	8,256	917
7	Wholesale Sales Revenues		296,930	129,438	11,867	89	1,444	160
8	Other Revenues		838,337	382,590	36,577	273	5,575	435
9	Total Revenues	_	37,957,740	13,220,141	815,224	5,533	159,685	21,347
10		_						
11	Expenses:							
12	Operations & maintenance expenses		24,784,116	10,527,145	977,502	7,334	165,164	13,693
13	Depreciation & amortization expense		6,675,427	3,120,497	297,336	2,231	64,311	4,213
14	Regulatory Credits		280,972	120,067	11,371	86	2,480	178
15	Taxes Other than Income taxes		1,926,793	835,204	77,484	581	12,608	1,160
16		_						
17	Total Expenses	_	33,667,308	14,602,913	1,363,693	10,232	244,563	19,245
18								
19	Operating Income Before Income Taxes		4,290,432	(1,382,771)	(548,469)	(4,699)	(84,879)	2,103
20								
21	Federal Income Taxes		0	0	0	0	0	0
22								
23	Adjustments to Taxes		(355,744)	(158,324)	(15,096)	(113)	(3,059)	(208)
24		_						
25	Net Operating Income	_	4,646,176	(1,224,448)	(533,373)	(4,585)	(81,819)	2,310
26		_						
27		_						
28	Rate Base	_	133,539,375	61,889,649	5,950,611	44,538	1,050,998	75,864
29		_						
30								
31	Return on Rate Base	_	3.48%	-1.98%	-8.96%	-10.30%	-7.78%	3.05%
32		_						
33								
34	Return on Equity	_	2.01%	-8.17%	-21.20%	-23.68%	-19.00%	1.20%
35		_						
36								
37								
38								
39								
40	Federal Effective Tax Rate	35.00%						
41								
42	Capital Ratios							
43	Long-term debt	46.39%						
44	Preferred stock & securities	0.00%						
45	Common stock equity	53.61%						
46								
47	Weighted Cost of Capital							
48	Long-term debt	2.40%						
49	Preferred stock & securities	0.00%						
50	Common stock equity	5.36%						

Residential

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Present Rates South Dakota Electric Test Year Ended September 30, 2014

PRESENT RATES

Line			Commercial	Commercial Sep Mtr	Commercial Comm Sp Htg	Commercial All-Inclusive	Comm & Ind	Comm & Ind Lg Comm	Municipal	Lighting Reddy-Guard	Lighting Hwy Str &	Controlled
No.	•	Reference	Gen Serv 21	Water Htg 23	& Cooling 24	Comm 25	33	& Ind 34	Pumping 41	Ltg 19	Area Ltg 56	Off-Peak 70
	(a)	(b)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
1	Revenues:											
2	Electric Sales Base Revenues Present Rates		6,702,445	22,803	596,960	1,759,748	10,566,129	21,832,455	411.424	391.458	946,494	5,901
3	Fuel Revenues		2,288,083	18,113	1,149,197	1,296,303	4,422,562	18,378,344	197,475	153,437	361,064	1,410
4	Yankton Sioux Billing Credit		(2,419)	(19)	(1,215)	(1,370)	(4,675)	(19,428)	(209)	(162)	(382)	(1)
5	External Transmission Revenues		228,813	1,811	114,922	129,633	405,676	1,058,019	16,166	14,103	33,188	102
6	Ad Valorem Revenues		347,056	2,747	174,310	196,623	614,458	1,602,529	24,562	21,447	50,467	153
7	Wholesale Sales Revenues		60,721	481	30,497	34,401	117,365	487,808	5,241	4,072	9,582	37
8	Other Revenues		166,210	1,324	77,436	83,215	270,699	938,030	9,836	5.809	16,134	122
9	Total Revenues		9,790,908	47,261	2,142,107	3,498,552	16,392,215	44,277,756	664,496	590,163	1,416,548	7,723
10			-,,	, -		-,,	-,,	, , ,	,		, -,	
11	Expenses:											
12	Operations & maintenance expenses		5,051,844	39,122	2,215,822	2,482,944	8,312,222	29,647,473	364,461	384,000	945,572	4,459
13	Depreciation & amortization expense		1,279,779	10,108	590,105	627,356	1,929,581	6,144,416	75,862	118,831	511,654	1,279
14	Regulatory Credits		58,356	455	25,023	27,681	86,596	219,087	3,762	5,426	14,987	60
15	Taxes Other than Income taxes		417,400	3,288	199,205	223,217	699,989	1,855,298	28,749	30,076	76,702	268
16												
17	Total Expenses		6,807,380	52,973	3,030,155	3,361,198	11,028,388	37,866,275	472,834	538,333	1,548,915	6,066
18												
19	Operating Income Before Income Taxes		2,983,529	(5,712)	(888,048)	137,354	5,363,826	6,411,482	191,662	51,829	(132,367)	1,657
20												
21	Federal Income Taxes		0	0	0	0	0	0	0	0	0	0
22	A.E 		(70.040)	(5.40)	(00.400)	(00.500)	(400.004)	(000.040)	(4.4 53)	(5.070)	(40.040)	(74)
23 24	Adjustments to Taxes		(70,010)	(546)	(30,138)	(32,502)	(103,624)	(328,810)	(4,157)	(5,370)	(18,016)	(71)
25	Net Operating Income		3,053,538	(5,165)	(857,910)	169,856	5,467,450	6,740,292	195,819	57,200	(114,351)	1,728
26	Net Operating income		3,033,330	(5,105)	(037,310)	103,030	3,407,430	0,740,232	190,019	37,200	(114,551)	1,720
27												
28	Rate Base		26,106,355	208,796	12,346,046	13,142,578	41,756,420	143,848,456	1,561,056	1,288,409	4,567,439	21,396
29					1_,0 10,0 10	,,	,,		1,001,000	.,,	1,001,100	
30												
31	Return on Rate Base		11.70%	-2.47%	-6.95%	1.29%	13.09%	4.69%	12.54%	4.44%	-2.50%	8.08%
32												
33												
34	Return on Equity		17.34%	-9.09%	-17.44%	-2.07%	19.95%	4.26%	18.92%	3.80%	-9.15%	10.59%
35	• •											
36												
37												

38		
39		
40	Federal Effective Tax Rate	35.00%
41		
42	Capital Ratios	
43	Long-term debt	46.39%
44	Preferred stock & securities	0.00%
45	Common stock equity	53.61%
46		
47	Weighted Cost of Capital	
48	Long-term debt	2.40%
49	Preferred stock & securities	0.00%
50	Common stock equity	5.36%

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Claimed Rates South Dakota Electric Test Year Ended December 31, 2011

CLAIMED ROR

Line No.	Description	Reference	Total Service Area	Total Residential	Total Irrigation	Total Commercial	Total Comm & Ind	Total Municipal	Total Lighting	Controlled Off-Peak 70
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	_									
1	Revenues:			40.000.000	054 750	44 000 074	05 704 000	000.077	0.405.000	5.700
2	Electric Sales Base Rev Required for Claimed ROR		99,836,988	49,622,903	354,750	11,639,974	35,791,083	296,677	2,125,802	5,799
3	Fuel Revenues		44,843,447	16,516,983	60,477	4,751,696	22,800,907	197,475	514,500	1,410
4 5	Yankton Sioux Billing Credit External Transmission Revenues		(47,405) 3,520,526	(17,461)	(64)	(5,023)	(24,103)	(209)	(544)	(1)
6	Ad Valorem Revenues			1,512,044	6,048	475,179	1,463,696	16,166	47,291	102 153
7	Wholesale Sales Revenues		5,340,668 1,190,132	2,297,143 438,323	9,173 1,605	720,736 126,099	2,216,987 605,173	24,562	71,914 13,654	37
8								5,241		
9	Other Revenues Total Revenues	-	2,832,603 157,516,958	1,257,776 71,627,712	6,010 437,999	328,186 18,036,847	1,208,729 64,062,471	9,836 549,749	21,943 2,794,560	7,621
10	Total Revenues	-	137,310,936	11,021,112	437,999	10,030,047	04,002,471	549,749	2,794,300	7,021
11	Expenses									
12	Expenses: Operations & maintenance expenses		85,922,874	36,296,097	178,858	9,789,732	37,959,695	364,461	1,329,571	4,459
13	Depreciation & amortization expense		21,452,987	10,095,491	68,524	2,507,348	8,073,998	75,862	630,486	1,279
14	Regulatory Credits		856,586	412,495	2,658	2,507,546 111,515	305,684	3,762	20,413	60
15	Taxes Other than Income taxes		6,427,788	2,858,757	13,884	847,815	2,570,561	28,896	107,604	271
16	Taxes Other than income taxes		0,421,100	2,030,737	13,004	047,013	2,370,361	20,090	107,604	211
17	Total Evangan	-	114,660,235	49,662,841	263,923	13,256,410	48,909,937	472,981	2,088,074	6,068
18	Total Expenses	_	114,000,233	49,002,041	203,923	13,230,410	40,909,937	472,901	2,000,074	0,000
	Oneseting Income Refere Income Toyon		40 0EC 700	24 004 074	474.070	4 700 407	45 450 500	70.700	700 400	4.550
19 20	Operating Income Before Income Taxes		42,856,723	21,964,871	174,076	4,780,437	15,152,533	76,768	706,486	1,553
	Federal Income Taxes		0.004.400	0.000.000	00.000	000.000	4 402 020	(40.040)	075 450	(27)
21 22	rederal income raxes		9,264,428	6,863,632	89,898	893,660	1,182,029	(40,213)	275,458	(37)
	A divetments to Tayon		(4.405.700)	(500.077)	(2.207)	(422.400)	(422, 424)	(4.457)	(22.200)	(74)
23 24	Adjustments to Taxes		(1,125,788)	(529,277)	(3,267)	(133,196)	(432,434)	(4,157)	(23,386)	(71)
25	Net Operating Income	_	34,718,084	15,630,516	87,444	4,019,973	14,402,938	121,138	454,414	1,660
	Net Operating income	=	34,710,004	13,030,310	07,444	4,019,973	14,402,930	121,130	454,414	1,000
26										
27 28	Rate Base	_	447,397,986	201,424,173	1,126,861	51,803,776	185,604,876	1,561,056	5,855,848	21,396
	Rate base	=	441,391,900	201,424,173	1,120,001	31,003,770	100,004,070	1,301,030	3,033,040	21,390
29										
30	Determine Dete Dese	_	7.700/	7 700/	7 700/	7.700/	7.700/	7 700/	7.700/	7 700/
31	Return on Rate Base	=	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%
32										
33		_								
34	Return on Equity	=	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
35		_								
36	Revenue Increase for Claimed	=	26,509,558	19,629,072	256,967	2,558,018	3,392,500	(114,747)	787,850	(102)
37		_								
38	Percent Increase for Claimed	_	36.15%	65.44%	262.79%	28.17%	10.47%	-27.89%	58.88%	-1.73%
39		_								
40	Federal Effective Tax Rate	35.00%								
41										
42	Capital Ratios									
43	Long-term debt	46.39%								
44	Preferred stock & securities	0.00%								
45	Common stock equity	53.61%								
46										
47	Weighted Cost of Capital									
48	Long-term debt	2.40%								
49	Preferred stock & securities	0.00%								
50	Common stock equity	5.36%								
1										

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Claimed Rates South Dakota Electric Test Year Ended December 31, 2011

CLAIMED ROR

No. Description Reference Sasic 10 Solution		CLAIMED ROR							
No. Patern Pate	Line			Posidontial	Pacidontial		Posidontial	Irrigation Interr	Irrigation
Revenues: 1,800	-	Description	Reference					· ·	•
Revenues:	140.								
Electric Sales Base Rev Required for Claimed ROR 31,877,605 15,988,940 17,44,477 31,431 336,051 18,699 17,404,077 17,405 14,005 16,007 14,007		(-)	(-)	()	(-7	(,	()	(-)	(1-7
1,188,088	1	Revenues:							
A garkton Sioux Billing Credit		Electric Sales Base Rev Required for Claimed ROR							
5 External Transmission Revenues 1,024,222									
6 Ad Valorem Revenues 1,556,135 67,351 62,191 468 8,266 917 7 Wholeads Sales Revenues 296,330 129,438 36,577 273 5,756 436 7 Uniform Revenues 88,337 32,500 36,577 273 5,576 436 Cher Revenues 88,337 32,500 36,577 273 5,576 436 Cher Revenues 88,337 32,500 36,577 273 5,576 436 Cher Revenues 24,784,116 10,527,145 977,502 7,334 165,164 13,085 10 Poperations & amoritazion expenses 6,675,427 31,20,497 297,336 22,231 64,311 42,131 14 Regulatory Credits 280,972 10,067 11,311 68 2,481 1,161 17 Total Expenses 33,679,874 14,080,505 1,364,226 10,236 244,671 19,252 18 Gederal Income Taxes 3,078,104 3,245,353 355,645 4,333 166,470 7,676 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Modesale Sales Revenues 286,390 129,48 11,867 89 1,444 160 160 161									
8									
Total Evenues 46,764,889 22,498,171 2,346,743 17,909 411,142 26,875 Expenses									
			-						
1 Expenses	-	Total Novolidos	_	40,104,000	22,400,171	2,010,110	17,000	711,172	20,001
2		Expenses:							
Regulatory Credits 120.067 11.371 86 2.480 178				24,784,116	10,527,145	977,502	7,334	165,164	13,693
Taxes Other than Income taxes	13	Depreciation & amortization expense		6,675,427	3,120,497	297,336	2,231	64,311	4,213
Total Expenses 33,679,874 14,608,505 1,364,226 10,236 244,671 19,226 18,226 19,236	14	Regulatory Credits		280,972	120,067	11,371	86	2,480	178
Total Expenses 33,679,674 14,608,055 1,364,226 10,236 244,671 19,252		Taxes Other than Income taxes		1,939,358	840,796	78,018	585	12,716	1,167
18			_						
13,085,015 7,889,666 982,516 7,673 166,470 7,605 7,805		Total Expenses	_	33,679,874	14,608,505	1,364,226	10,236	244,671	19,252
Pederal Income Taxes 3,078,104 3,245,353 535,845 4,330 87,972 1,926		On anti-on language Batana language Tanana		40.005.045	7 000 000	000 540	7.070	400 470	7.005
Federal Income Taxes 3,078,104 3,245,353 535,845 4,300 87,972 1,926		Operating income Before income Taxes		13,085,015	7,889,666	982,516	7,673	166,470	7,605
Adjustments to Taxes (355,744) (15,8324) (15,096) (113) (3,059) (208) Net Operating Income 10,362,656 4,802,637 461,767 3,456 81,557 5,887 Rate Base 133,539,375 61,889,649 5,950,611 44,538 1,050,998 75,864 Return on Rate Base 7,76%		Federal Income Tayes		3 078 104	3 2/15 353	535 845	4 330	87 072	1 026
Adjustments to Taxes (355,744) (158,324) (15,096) (113) (3,059) (208) 24 Net Operating Income 10,362,656 4,802,637 461,767 3,456 81,557 5,887 25 Rate Base 133,539,375 61,889,649 5,950,611 44,538 1,050,998 75,864 29 Return on Rate Base 7,76% 7,76% 7,76% 7,76% 7,76% 7,76% 7,76% 7,76% 20 Return on Equity 10,00% 10,		Tederal income Taxes		3,070,104	3,243,333	333,043	4,330	01,912	1,920
Net Operating Income 10,362,656 4,802,637 461,767 3,456 81,557 5,887		Adjustments to Taxes		(355.744)	(158.324)	(15.096)	(113)	(3.059)	(208)
Rate Base 133,539,375 61,889,649 5,950,611 44,538 1,050,998 75,864 Part		.,		(, ,	(,- ,	(-,,	(-/	(-,,	(/
27 Rate Base 133,539,375 61,889,649 5,950,611 44,538 1,050,998 75,864 30 Return on Rate Base 7.76%	25	Net Operating Income	_	10,362,656	4,802,637	461,767	3,456	81,557	5,887
28 Rate Base 133,539,375 61,889,649 5,950,611 44,538 1,050,998 75,864 29 7,76% 7,7	26		=						
Return on Rate Base			_						
Return on Rate Base		Rate Base	_	133,539,375	61,889,649	5,950,611	44,538	1,050,998	75,864
Return on Rate Base	-								
Return on Equity 10.00%			_						
Return on Equity 10.00%		Return on Rate Base	=	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%
Return on Equity 10.00%									
Revenue Increase for Claimed 8,807,148 9,278,030 1,531,518 12,376 251,457 5,510		Poturn on Equity	_	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Revenue Increase for Claimed 8,807,148 9,278,030 1,531,518 12,376 251,457 5,510		Return on Equity	-	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Second Increase for Claimed 38.18% 138.25% 705.90% 1173.06% 297.25% 41.77%		Revenue Increase for Claimed	_	8 807 1/8	0 278 030	1 531 518	12 376	251 /157	5 510
38.18% 138.25% 705.90% 1173.06% 297.25% 41.77% 39		Nevertue increase for Glaimed	=	0,007,140	3,270,030	1,331,310	12,570	201,401	3,310
Sederal Effective Tax Rate 35.00%		Percent Increase for Claimed	-	38 18%	138 25%	705 90%	1173 06%	297 25%	41 77%
40 Federal Effective Tax Rate 35.00% 41 42 Capital Ratios 43 Long-term debt 46.39% 44 Preferred stock & securities 0.00% 45 Common stock equity 53.61% 46 47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%		Toront moreage for claimed	-	00.1070	100.2070	7 00.0070	1170.0070	201.2070	
41		Federal Effective Tax Rate	35.00%						
43 Long-term debt 46.39% 44 Preferred stock & securities 0.00% 45 Common stock equity 53.61% 46 47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%	-								
44 Preferred stock & securities 0.00% 45 Common stock equity 53.61% 46 Weighted Cost of Capital 47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%	42	Capital Ratios							
45 Common stock equity 53.61% 46 Veighted Cost of Capital 47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%	43	Long-term debt	46.39%						
46 47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%	44	Preferred stock & securities	0.00%						
47 Weighted Cost of Capital 48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%		Common stock equity	53.61%						
48 Long-term debt 2.40% 49 Preferred stock & securities 0.00%									
49 Preferred stock & securities 0.00%			0.405						
O Continued stock equity 5.50%									
	30	Common Stock Equity	3.30%						

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Claimed Rates South Dakota Electric Test Year Ended December 31, 2011

CLAIMED ROR

	CLAIMED NON											
Line No.		eference	Commercial Gen Serv 21	Commercial Sep Mtr Space Htg 23	Commercial Comm Sp Htg & Cooling 24	Commercial All-Inclusive Comm 25	Comm & Ind	Comm & Ind Lg Comm & Ind 34	Municipal Pumping 41	Lighting Reddy-Guard Ltg 19	Lighting Hwy Str & Area Ltg 56	Controlled Off-Peak 70
-110.	(a)	(b)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
	(4)	(3)	(4)	(.)	(=)	(-)	(4)	(-)	(/	(*)	(37	(-)
1	Revenues:											
2	Electric Sales Base Rev Required for Claimed ROR		5,123,863	55,696	3,391,813	3,068,601	7,143,402	28,647,681	296,677	457,464	1,668,338	5,799
3	Fuel Revenues		2,288,083	18,113	1,149,197	1,296,303	4,422,562	18,378,344	197,475	153,437	361,064	1,410
4	Yankton Sioux Billing Credit		(2,419)	(19)	(1,215)	(1,370)	(4,675)	(19,428)	(209)	(162)	(382)	(1)
5	External Transmission Revenues		228,813	1,811	114,922	129,633	405,676	1,058,019	16,166	14,103	33,188	102
6	Ad Valorem Revenues		347,056	2,747	174,310	196,623	614,458	1,602,529	24,562	21,447	50,467	153
7	Wholesale Sales Revenues		60,721	481	30,497	34,401	117,365	487,808	5,241	4,072	9,582	37
8	Other Revenues	-	166,210	1,324	77,436	83,215	270,699	938,030	9,836	5,809	16,134	122
9	Total Revenues		8,212,327	80,154	4,936,961	4,807,405	12,969,488	51,092,983	549,749	656,169	2,138,391	7,621
10	_											
11	Expenses:		5.054.044	00.400	0.045.000	0.400.044	0.040.000	00 047 470	201.101	004.000	0.45 570	4.450
12	Operations & maintenance expenses		5,051,844	39,122	2,215,822	2,482,944	8,312,222	29,647,473	364,461	384,000	945,572	4,459
13	Depreciation & amortization expense Regulatory Credits		1,279,779 58,356	10,108 455	590,105 25,023	627,356 27,681	1,929,581 86,596	6,144,416 219,087	75,862 3,762	118,831 5,426	511,654 14,987	1,279 60
14 15	Taxes Other than Income taxes		419,873	3,307	25,023	224,365	703,649	1,866,912	28,896	30,266	77,338	271
16	raxes Other than income taxes		419,873	3,307	200,270	224,300	703,649	1,000,912	28,890	30,200	11,338	2/1
17	Total Expenses	-	6,809,852	52,992	3,031,219	3,362,346	11,032,049	37,877,889	472,981	538,523	1,549,551	6,068
18	Total Expenses	-	0,000,002	32,332	3,031,213	3,302,340	11,002,040	37,077,003	472,301	330,323	1,040,001	0,000
19	Operating Income Before Income Taxes		1,402,474	27,162	1,905,741	1,445,059	1,937,439	13,215,094	76,768	117,646	588,840	1,553
20	operating income perere meetic raise		.,.02,	27,102	1,000,111	1,110,000	1,001,100	10,210,001	. 0,. 00	,	000,010	1,000
21	Federal Income Taxes		(553,369)	11,506	977,826	457,697	(1,199,235)	2,381,264	(40,213)	23,036	252,422	(37)
22			(000,000)	,	511,525	,	(1,100,00)	_,	(,)		,	()
23	Adjustments to Taxes		(70,010)	(546)	(30,138)	(32,502)	(103,624)	(328,810)	(4,157)	(5,370)	(18,016)	(71)
24	.,		(-,,	(/	(,,	(- , ,	(,- ,	(,,	(, - ,	(-,,	(-,,	` '
25	Net Operating Income	-	2,025,853	16,203	958,053	1,019,864	3,240,298	11,162,640	121,138	99,981	354,433	1,660
26		-										
27												
28	Rate Base		26,106,355	208,796	12,346,046	13,142,578	41,756,420	143,848,456	1,561,056	1,288,409	4,567,439	21,396
29		-										
30												
31	Return on Rate Base		7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%	7.76%
32		-										
33		_										
34	Return on Equity		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
35												
36	Revenue Increase for Claimed		(1,578,581)	32,893	2,794,853	1,308,853	(3,422,727)	6,815,226	(114,747)	66,006	721,843	(102)
37		-										
38	Percent Increase for Claimed		-23.55%	144.25%	468.18%	74.38%	-32.39%	31.22%	-27.89%	16.86%	76.26%	-1.73%
39		-										
40	Federal Effective Tax Rate	35.00%										

-		
40	Federal Effective Tax Rate	35.00%
41		
42	Capital Ratios	
43	Long-term debt	46.39%
44	Preferred stock & securities	0.00%
45	Common stock equity	53.61%
46		
47	Weighted Cost of Capital	
48	Long-term debt	2.40%
49	Preferred stock & securities	0.00%
50	Common stock equity	5.36%

PROPOSED RATES

Line No.	Description	Reference	Total Service Area	Total Residential	Total Irrigation	Total Commercial	Total Comm & Ind	Total Municipal	Total Lighting	Controlled Off-Peak 70
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	_									
1	Revenues:									
2	Electric Sales Base Rev Required Proposed Rates		99,836,926	40,516,253	134,430	12,213,980	44,676,980	545,913	1,741,915	7,455
3	Fuel Revenues		44,843,447	16,516,983	60,477	4,751,696	22,800,907	197,475	514,500	1,410
4	Yankton Sioux Billing Credit		(47,405)	(17,461)	(64)	(5,023)	(24,103)	(209)	(544)	(1)
5 6	External Transmission Revenues		3,520,526	1,512,044	6,048	475,179	1,463,696	16,166	47,291	102
7	Ad Valorem Revenues Wholesale Sales Revenues		5,340,668 1,190,132	2,297,143	9,173 1,605	720,736 126,099	2,216,987 605,173	24,562	71,914 13,654	153 37
8				438,323				5,241		
9	Other Revenues Total Revenues	_	2,832,603 157,516,897	1,257,776 62,521,062	6,010 217,679	328,186 18,610,853	1,208,729 72,948,368	9,836 798,985	21,943 2,410,673	9,278
10	Total Revenues	_	137,310,097	02,321,002	217,079	10,010,000	12,940,300	790,900	2,410,073	9,270
11	Expenses:									
12	Operations & maintenance expenses		85,922,874	36,296,097	178,858	9,789,732	37,959,695	364,461	1,329,571	4,459
13	Depreciation & amortization expense		21,452,987	10,095,491	68,524	2,507,348	8,073,998	75,862	630,486	1,279
14	Regulatory Credits		856,586	412,495	2,658	111,515	305,684	3,762	20,413	60
15	Taxes Other than Income taxes		6,427,788	2,858,757	13,884	847,815	2,570,561	28,896	107,604	271
16	Taxes Other triair income taxes		0,427,700	2,030,737	13,004	047,013	2,370,301	20,090	107,004	211
17	Total Expenses	-	114,660,235	49,662,841	263,923	13,256,410	48,909,937	472,981	2,088,074	6,068
18	Total Expenses	-	114,000,200	43,002,041	200,020	13,230,410	40,303,331	472,301	2,000,074	0,000
19	Operating Income Before Income Taxes		42,856,662	12,858,221	(46,245)	5,354,443	24,038,431	326,004	322,599	3,209
20	Operating income before income raxes		42,030,002	12,000,221	(40,243)	3,334,443	24,000,401	320,004	322,333	3,203
21	Federal Income Taxes		9,264,406	3,676,305	12,786	1,094,562	4,292,093	47,020	141,098	543
22	rederal income raxes		3,204,400	3,070,303	12,700	1,094,302	4,232,033	47,020	141,090	343
23	Adjustments to Taxes		(1,125,788)	(529,277)	(3,267)	(133,196)	(432,434)	(4,157)	(23,386)	(71)
24	Adjustments to Taxes		(1,125,766)	(323,211)	(3,207)	(133,130)	(402,404)	(4,137)	(23,300)	(71)
25	Net Operating Income	-	34,718,044	9,711,193	(55,764)	4,393,077	20,178,772	283,141	204,887	2,737
26	That operating moonie	=	0 1,1 10,0 1 1	0,7 1 1,100	(00,101)	1,000,011	20,110,112	200,111	20 1,001	2,7.07
27										
28	Rate Base	-	447,397,986	201,424,173	1,126,861	51,803,776	185,604,876	1,561,056	5,855,848	21,396
29	Trace Base	=	,001,000	201,121,110	1,120,001	0.1,000,1.10	100,001,010	1,001,000	0,000,010	21,000
30										
31	Return on Rate Base	-	7.76%	4.82%	-4.95%	8.48%	10.87%	18.14%	3.50%	12.79%
32	Notalli oli Nato Base	=	7.7070	4.0270	4.0070	0.4070	10.07 70	10.1470	0.0070	12.7070
33										
34	Return on Equity	-	10.00%	4.52%	-13.71%	11.34%	15.80%	29.36%	2.05%	19.39%
35	Neturn on Equity	=	10.0070	7.52 /0	-13.7170	11.5470	13.0070	23.3070	2.0370	13.5570
36	Revenue Increase for Proposed Rates	_	26,509,496	10,522,422	36,647	3,132,025	12,278,397	134,489	403,962	1,555
	Nevertue increase for Froposed Nates	-	20,309,490	10,322,422	30,047	3,132,023	12,210,391	134,409	403,902	1,555
37	Devent Ingress for Dranged Dates	-	36.15%	35.08%	37.48%	34.49%	37.90%	32.69%	30.19%	20.240/
38	Percent Increase for Proposed Rates	=	30.13%	33.08%	37.48%	34.49%	37.90%	32.09%	30.19%	26.34%
39	Fordered Fifteening Ten Dete	05.000/								
40	Federal Effective Tax Rate	35.00%								
41 42	Conital Dating									
	Capital Ratios	46.200/								
43 44	Long-term debt	46.39% 0.00%								
	Preferred stock & securities									
45 46	Common stock equity	53.61%								
46	Weighted Cost of Capital									
48	Long-term debt	2.40%								
48	Preferred stock & securities	0.00%								
50	Common stock & securities	5.36%								
30	Common Stock equity	3.30 /6								

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Proposed Rates South Dakota Electric Test Year Ended December 31, 2011

PROPOSED RATES

	PROPOSED RATES							
Line No.	Description	Reference	Residential Basic 10	Residential w/Sp Htg 11	Residential Sp Htg & Cooling 14	Residential Dual-Fuel 15	Irrigation Interr Irr 16 & 18	Irrigation Irr 17
	(a)	(b)	(k)	(I)	(m)	(n)	(0)	(p)
	_							
1	Revenues:		00.740.440	0.000.007	004.004	0.474	440.047	47.540
2	Electric Sales Base Rev Required Proposed Rates Fuel Revenues		30,746,118 11,188,968	9,386,097 4,877,499	381,864 447,168	2,174 3,348	116,917 54,430	17,512 6,047
4	Yankton Sioux Billing Credit		(11,828)	(5,156)	(473)	(4)	(58)	(6)
5	External Transmission Revenues		1,024,292	446,510	40,936	306	5,443	605
6	Ad Valorem Revenues		1,556,135	678,351	62,191	466	8,256	917
7	Wholesale Sales Revenues		296,930	129,438	11,867	89	1,444	160
8	Other Revenues	_	838,337	382,590	36,577	273	5,575	435
9	Total Revenues	_	45,638,952	15,895,328	980,130	6,652	192,008	25,670
10	F							
11 12	Expenses: Operations & maintenance expenses		24,784,116	10,527,145	977,502	7,334	165,164	13,693
13	Depreciation & amortization expense		6,675,427	3,120,497	297,336	2,231	64,311	4,213
14	Regulatory Credits		280,972	120,067	11,371	86	2,480	178
15	Taxes Other than Income taxes		1,939,358	840,796	78,018	585	12,716	1,167
16			,,	,	-,-		,	, -
17	Total Expenses	_	33,679,874	14,608,505	1,364,226	10,236	244,671	19,252
18								
19	Operating Income Before Income Taxes		11,959,078	1,286,823	(384,096)	(3,584)	(52,663)	6,418
20	Fodoval Incomo Toyan		2 604 026	024.250	E7 E20	200	44.070	4.540
21 22	Federal Income Taxes		2,684,026	934,358	57,530	390	11,276	1,510
23	Adjustments to Taxes		(355,744)	(158,324)	(15,096)	(113)	(3,059)	(208)
24	rajustificate to raxes		(000,144)	(100,024)	(10,000)	(110)	(0,000)	(200)
25	Net Operating Income	_	9,630,796	510,789	(426,531)	(3,861)	(60,879)	5,115
26		=						
27		_						
28	Rate Base	_	133,539,375	61,889,649	5,950,611	44,538	1,050,998	75,864
29								
30	Determ on Dete Dese	_	7.040/	0.000/	7.470/	0.070/	F 700/	0.740/
31	Return on Rate Base	=	7.21%	0.83%	-7.17%	-8.67%	-5.79%	6.74%
32 33								
34	Return on Equity	=	8.98%	-2.94%	-17.85%	-20.65%	-15.28%	8.10%
35	rioiani on Equity	=	0.0070	2.0 170	17.0070	20.0070	10.2070	0.1070
36	Revenue Increase for Proposed Rates	_	7,681,211	2,675,186	164,906	1,119	32,324	4,323
37	·	=		<u> </u>	<u> </u>	<u> </u>	<u> </u>	
38	Percent Increase for Proposed Rates	_	33.30%	39.86%	76.01%	106.05%	38.21%	32.77%
39		=						
40	Federal Effective Tax Rate	35.00%						
41								
42	Capital Ratios							
43	Long-term debt	46.39%						
44	Preferred stock & securities	0.00%						
45 46	Common stock equity	53.61%						
47	Weighted Cost of Capital							
48	Long-term debt	2.40%						
49	Preferred stock & securities	0.00%						
50	Common stock equity	5.36%						

NorthWestern Corporation, dba NorthWestern Energy Class Cost of Service Study Income Statement-Proposed Rates South Dakota Electric Test Year Ended December 31, 2011

44

45

46 47

48

49

Preferred stock & securities

Preferred stock & securities

Common stock equity

Weighted Cost of Capital

Common stock equity

Long-term debt

0.00%

53.61%

2.40%

0.00%

5.36%

PROPOSED RATES

	PROPOSED RATES											
Line No.		Reference	Commercial Gen Serv 21	Commercial Sep Mtr Space Htg 23	Commercial Comm Sp Htg & Cooling 24	Commercial All-Inclusive Comm 25	Comm & Ind 33	Comm & Ind Lg Comm & Ind 34	Municipal Pumping 41	Lighting Reddy-Guard Ltg 19	Lighting Hwy Str & Area Ltg 56	Controlled Off-Peak 70
NO.	(a)	(b)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
	(α)	(6)	(4)	(1)	(3)	(4)	(u)	(*)	(**)	(^)	(9)	(2)
1	Revenues:											
2	Electric Sales Base Rev Required Proposed Rates		8,683,588	32,373	1,030,414	2,467,604	13,883,111	30,793,869	545,913	510,878	1,231,037	7,455
3	Fuel Revenues		2,288,083	18,113	1,149,197	1,296,303	4,422,562	18,378,344	197,475	153,437	361,064	1,410
4	Yankton Sioux Billing Credit		(2,419)	(19)	(1,215)	(1,370)	(4,675)	(19,428)	(209)	(162)	(382)	(1)
5	External Transmission Revenues		228,813	1,811	114,922	129,633	405,676	1,058,019	16,166	14,103	33,188	102
6	Ad Valorem Revenues		347,056	2,747	174,310	196,623	614,458	1,602,529	24,562	21,447	50,467	153
7	Wholesale Sales Revenues		60,721	481	30,497	34,401	117,365	487,808	5,241	4,072	9,582	37
8	Other Revenues		166,210	1,324	77,436	83,215	270,699	938,030	9,836	5,809	16,134	122
9	Total Revenues		11,772,052	56,831	2,575,562	4,206,409	19,709,197	53,239,171	798,985	709,582	1,701,090	9,278
10												
11	Expenses:											
12	Operations & maintenance expenses		5,051,844	39,122	2,215,822	2,482,944	8,312,222	29,647,473	364,461	384,000	945,572	4,459
13	Depreciation & amortization expense		1,279,779	10,108	590,105	627,356	1,929,581	6,144,416	75,862	118,831	511,654	1,279
14	Regulatory Credits		58,356	455	25,023	27,681	86,596	219,087	3,762	5,426	14,987	60
15	Taxes Other than Income taxes		419,873	3,307	200,270	224,365	703,649	1,866,912	28,896	30,266	77,338	271
16												
17	Total Expenses		6,809,852	52,992	3,031,219	3,362,346	11,032,049	37,877,889	472,981	538,523	1,549,551	6,068
18												
19	Operating Income Before Income Taxes		4,962,199	3,839	(455,658)	844,062	8,677,149	15,361,282	326,004	171,059	151,539	3,209
20			000 505	0.040	454.000	0.47.040	4 450 000	0.400.400	47.000	44 =04	22.22	540
21	Federal Income Taxes		692,535	3,343	151,336	247,348	1,159,663	3,132,430	47,020	41,731	99,367	543
22	A divistments to Toylor		(70.040)	(F4C)	(20.420)	(22 F02)	(402.624)	(220.040)	(4.457)	(F 270)	(40.046)	(71)
23 24	Adjustments to Taxes		(70,010)	(546)	(30,138)	(32,502)	(103,624)	(328,810)	(4,157)	(5,370)	(18,016)	(71)
25	Net Operating Income	-	4,339,674	1,043	(576,856)	629,216	7,621,109	12,557,662	283,141	134,699	70,188	2,737
	Net Operating income	=	4,339,074	1,043	(376,636)	029,210	7,021,109	12,557,002	203,141	134,099	70,100	2,131
26 27												
28	Rate Base	-	26,106,355	208,796	12,346,046	13,142,578	41,756,420	143,848,456	1,561,056	1,288,409	4,567,439	21,396
	Nate base		20,100,333	200,790	12,340,040	13,142,376	41,730,420	143,040,430	1,301,030	1,200,409	4,507,459	21,390
29 30												
31	Return on Rate Base	-	16.62%	0.50%	-4.67%	4.79%	18.25%	8.73%	18.14%	10.45%	1.54%	12.79%
	Return on Rate base	:	10.02%	0.30%	-4.07 %	4.79%	10.23%	0.73%	10.14%	10.45%	1.34%	12.79%
32 33												
34	Return on Equity	-	26.53%	-3.55%	-13.19%	4.45%	29.57%	11.81%	29.36%	15.02%	-1.61%	19.39%
	Return on Equity		20.33%	-3.33%	-13.19%	4.45%	29.37 %	11.01%	29.30%	13.02%	-1.01%	19.39%
35	Revenue Increase for Proposed Rates	-	1,981,144	9,570	433,454	707,857	3,316,983	8,961,415	134,489	119,420	284,543	1,555
36	Revenue increase for Proposed Rates	•	1,981,144	9,570	433,434	707,857	3,310,963	8,901,415	134,469	119,420	284,343	1,555
37	Descent Increase for Dranger Detail		29.56%	41.97%	72.61%	40.22%	31.39%	41.05%	32.69%	30.51%	30.06%	26.34%
38	Percent Increase for Proposed Rates		29.56%	41.97%	72.61%	40.22%	31.39%	41.05%	32.69%	30.51%	30.06%	26.34%
39	Fadaral Effective Toy Date	2F 000/										
40	Federal Effective Tax Rate	35.00%										
41	Canital Dating											
42	Capital Ratios	46.39%										
43	Long-term debt	46.39%										