



Customer Notice: Electric Fuel & Purchased Power Adjustment Increase

As part of NorthWestern Energy's continued commitment to keeping open communications with our customers, we would like to officially notify you that on March 3, 2015, NorthWestern Energy submitted a filing to the South Dakota Public Utilities Commission (SDPUC) requesting a change to its fuel and purchased power adjustment clause. This change will allow NorthWestern to collect the costs of reagent for its coal plants and treated water for its peaking plants, through this adjustment clause. As part of the federal government's environmental regulatory mandates, the reagents are used as part of the process for plant emissions control, in newly installed equipment at NorthWestern's coal and peaking plants.

Beginning in 2013, NorthWestern joined with other utilities in the state to upgrade its jointly owned power plant at Big Stone, South Dakota to meet federal regulations that limit pollutants linked to regional haze. This project is expected to be completed in 2015. The Neal Unit 4 plant in western Iowa and Coyote plant in North Dakota were also upgraded last year. All generating plants are in excellent operating condition and continue to be vital to our customer base. Therefore, the necessary improvements to reduce mercury, sulfur dioxide and nitrous oxide emissions made the best economic sense for our customers.

The actual impact of the requested change will be minimal in 2015. The full costs are anticipated to be included with the November 1, 2016 quarterly fuel adjustment filing. At that time, the reagent costs are anticipated to be \$0.00101 per kwh. The estimated bill impact for a residential customer using 750 kwh per month will be \$0.76 per month. An average commercial customer using 6,600 kwh per month can expect an increase of \$6.67 per month. If approved, a small amount of reagent costs will be included in the quarterly May 1, 2015 fuel and purchased power filing.

A copy of the filing is available at each of our office locations, where you can request a copy of the filing to look at in-person. If you have any questions about our electric services or the proposed fuel and purchased power adjustment increase, please call our customer service number at: (800) 245-6977.

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