

**SOUTH DAKOTA ELECTRIC RATE SCHEDULE**

<b>NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY</b>	<b>Section No. 3</b>
<b>SIOUX FALLS</b>	<b>3rd Revised</b> <u>Sheet No.33.1</u>
<b>SOUTH DAKOTA</b>	<b>Canceling 2nd Revised</b> <u>Sheet No.33.1</u>

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(Continued)

- (e) Revenue generated by the Sale of Renewable Energy Credits less expenses will be credited to customers.
- (f) The cost of reagents and treated water used by the Company, to operate its generating plants, in compliance with the associated United States Environmental Protection Agency rules and regulations. N  
N  
N

(III.) Ad Valorem Taxes paid:

All ad valorem taxes accrued and adjusted for actual tax payments less recovery through (I) or (II) above, if any.

(IV.) Commission approved fuel incentives:

All Commission approved incentives, if any, less recovery pursuant to (I), (II), or (III) above, if any.

- (3) Sales shall be all KWH's sold, excluding inter-system sales. Sales shall be equated to the sum of (a) generation, (b) purchases, (c) interchange-in, less (d) energy associated with pumped storage operations, less (e) inter-system sales referred to in paragraph (2) (II) (d) above, less (f) system losses.
- (4) The cost of fossil fuel shall include those items listed in Account 151 of the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518, except that if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.
- (5) Variances in actual qualified costs incurred and costs recovered through the Adjustment Clause mechanism will be separately measured monthly for the delivered cost of energy, delivered cost of fuel, ad valorem taxes paid, and Commission approved fuel incentives. All accrued over or under variances shall be assessed a carrying charge or credit based upon the overall rate of return allowed by the Commission in the Company's last general rate filing. Each applicable end-of-quarter true-up balance, adjusted for the next nine month's estimated over or under collection of cost, will be amortized into rates over the last twelve months of the subsequent thirteen month period.