

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

Section No. 3

HURON

~~65th Revised~~

Sheet No. ~~11~~

SOUTH DAKOTA

Canceling ~~54th Revised~~

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ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT

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ADJUSTMENT

APPLICABILITY

This Energy Efficiency Demand Side Management Adjustment (EEDSMA) applies to retail customers rates 81, 82, 84, 85 and 86 as authorized by the South Dakota Public Utilities Commission (Commission).

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The EEDSMA shall be calculated annually based on actual versus forecasted EEDSM program costs and residential therm sales for the applicable rate schedules for the twelve months of June through May, and shall include an over or under recovery from prior years' adjustments through the Balancing Account. NorthWestern Energy (the Company) will update and make a EEDSMA filing with the Commission on an annual basis no later than August 1. The first year rate recovery period will be from June 1, 2014 through May 31, 2015. The 2nd year filing will be made by August 1, 2015 with an effective date of October 1, 2015. A filing will be made by August 1 each year thereafter.

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ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT ADJUSTMENT RATE

A EEDSMA rate shall be determined by dividing the EEDSM program costs and the forecasted balance of the EEDSMA Balancing Account by the forecasted sales volumes for the upcoming year. The EEDSMA rate shall be rounded to the nearest \$0.0001 per therm.

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The EEDSMA rate may be adjusted annually with approval of the Commission. The EEDSMA rate for the applicable rate schedules is a credit of \$0.0013467 per therm.

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EEDSM Program Costs shall include all expenses associated with EEDSM programs and an incentive approved by the Commission. All revenues recovered pursuant to the EEDSMA shall be credited to the Balancing Account.

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EEDSMA Balancing Account amount is the EEDSM program costs incurred, less all revenues recovered pursuant to the EEDSMA for the annual year, as adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the rate of return from the Company's last approved natural gas rate case. The EEDSMA revenues will be applied monthly to the Balancing Account for each customer class.

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Forecasted Sales Volumes shall be the most recent twelve month ended estimated natural gas sales for the applicable rate schedules for the designated recovery period.

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Date Filed: July 6, 2015~~January 27, 2012~~

Effective Date: October 1, 2015~~July 1, 2014~~

Service on and after

October 1, 2015~~July 1, 2014~~

Jeff J. Decker

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