

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY) NORTHWESTERN CORPORATION DBA) NORTHWESTERN ENERGY FOR) APPROVAL OF ITS SOUTH DAKOTA) DEMAND SIDE MANAGEMENT PLAN))))	ORDER APPROVING DEMAND SIDE MANAGEMENT PLAN AND ENERGY EFFICIENCY ADJUSTMENT RATES GE15-002
---	--

On July 6, 2015, NorthWestern Corporation, dba NorthWestern Energy (NorthWestern), filed with the South Dakota Public Utilities Commission (Commission) a report on the first year of activity under NorthWestern's two-year South Dakota Demand Side Management (SDDSM) plan. The report outlines the SDDSM plan's Year 1 activities and expenses; provides program and budget updates for the Year 2 plan proposed for July 1, 2015, through June 30, 2016; and requests changes to NorthWestern's tariffs to true up the Energy Efficiency Adjustment rates based upon Year 1 results and the Year 2 proposed budget. The requested tariff revisions are as follows:

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

- Section No. 1, 9th Revised Sheet No. 2, Canceling 8th Revised Sheet No. 2
- Section No. 3, 14th Revised Sheet No. 1, Canceling 13th Revised Sheet No. 1
- Section No. 3, 9th Revised Sheet No. 2, Canceling 8th Revised Sheet No. 2
- Section No. 3, 12th Revised Sheet No. 3, Canceling 11th Revised Sheet No. 3
- Section No. 3, 11th Revised Sheet No. 4, Canceling 10th Revised Sheet No. 4
- Section No. 3, 16th Revised Sheet No. 5, Canceling 15th Revised Sheet No. 5
- Section No. 3, 13th Revised Sheet No. 6, Canceling 12th Revised Sheet No. 6
- Section No. 3, 11th Revised Sheet No. 7, Canceling 10th Revised Sheet No. 7
- Section No. 3, 9th Revised Sheet No. 8, Canceling 8th Revised Sheet No. 8
- Section No. 3, 16th Revised Sheet No. 9, Canceling 15th Revised Sheet No. 9
- Section No. 3, 12th Revised Sheet No. 10, Canceling 11th Revised Sheet No. 10
- Section No. 3, 13th Revised Sheet No. 11, Canceling 12th Revised Sheet No. 11
- Section No. 3, 13th Revised Sheet No. 12, Canceling 12th Revised Sheet No. 12
- Section No. 3, 14th Revised Sheet No. 14, Canceling 13th Revised Sheet No. 14
- Section No. 3, 13th Revised Sheet No. 15, Canceling 12th Revised Sheet No. 15
- Section No. 3, 8th Revised Sheet No. 18, Canceling 7th Revised Sheet No. 18
- Section No. 3, 12th Revised Sheet No. 23, Canceling 11th Revised Sheet No. 23
- Section No. 3, 5th Revised Sheet No. 25.1, Canceling 4th Revised Sheet No. 25.1
- Section No. 3, 12th Revised Sheet No. 28, Canceling 11th Revised Sheet No. 28
- Section No. 3, 6th Revised Sheet No. 36, Canceling 5th Revised Sheet No. 36

SOUTH DAKOTA GAS RATE SCHEDULE

Section No. 1, 32nd Revised Sheet No. 1, Canceling 31st Revised Sheet No. 1
Section No. 3, 21st Revised Sheet No. 1, Canceling 20th Revised Sheet No. 1
Section No. 3, 7th Revised Sheet No. 2, Canceling 6th Revised Sheet No. 2
Section No. 3, 6th Revised Sheet No. 3.2, Canceling 5th Revised Sheet No. 3.2
Section No. 3, 12th Revised Sheet No. 4.1, Canceling 11th Revised Sheet No. 4.1
Section No. 3, 3rd Revised Sheet No. 5.2, Canceling 2nd Revised Sheet No. 5.2
Section No. 3, 6th Revised Sheet No. 11, Canceling 5th Revised Sheet No. 11

At its regularly scheduled meeting on September 15, 2015, the Commission considered this matter. Following a presentation by NorthWestern, Staff recommended that NorthWestern's South Dakota Demand Side Management Plan be approved with the following conditions:

1. The Commission allow for a Year 2 spending flexibility up to 30% over the approved Year 2 budget;
2. The Commission cap the Year 2 electric and gas performance incentive based on the lesser of Year 2 actual spending or Year 2 approved budget; and
3. The Commission approve NorthWestern's proposed electric and gas Energy Efficiency Adjustment rates for Year 2 and tariff sheets, with an effective date of October 1, 2015.

After discussing the matter, the Commission voted unanimously to approve the Energy Efficiency Adjustment rates and tariff sheets with an effective date of October 1, 2015. With Commissioner Nelson dissenting, the Commission voted to approve NorthWestern's Year 1 SDDSM report, NorthWestern's proposed SDDSM plan's Year 2 program changes, and NorthWestern's SDDSM plan's Year 2 proposed budget.

The Commission finds it has jurisdiction in this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-8.2, 49-34A-10, and 49-34A-11. Further, the Commission finds that NorthWestern's request for approval of its energy efficiency plan, with the conditions recommended by Staff, is just and reasonable and shall be approved. It is therefore

ORDERED, that NorthWestern's Energy Efficiency Adjustment Rates and tariff sheets set forth above are hereby approved with an effective date of October 1, 2015. It is further

ORDERED, that the performance incentive shall be based on the lesser of the approved Year 2 SDDSM plan budget or Year 2 actual expenses. It is further

ORDERED, that a spending flexibility up to 30% over the Year 2 proposed budget is hereby approved.

Dated at Pierre, South Dakota, this 18th day of September, 2015.

<p style="text-align: center;">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.</p> <p>By: <u>Rolayne Wiest</u></p> <p>Date: <u>9-18-15</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p>

BY ORDER OF THE COMMISSION:

Chris Nelson

CHRIS NELSON, Chairman, dissenting in part

Kristie Fiegen

KRISTIE FIEGEN, Commissioner

Gary Hanson

GARY HANSON, Commissioner