



NorthWestern Corporation
d/b/a NorthWestern Energy
3010 West 69th Street
Sioux Falls, SD 57108-5613
Telephone: (605) 978-2900
Facsimile: (605) 978-2910
www.northwesternenergy.com

May 21, 2010

Claude Matney
Matney Frantz Engineering, LLC
119 West Cleveland
Bozeman, MT 59715

Dear Mr. Matney:

Thank you for your recent inquiries regarding the proposed Oak Tree wind energy project near Clark, SD as a Qualified Facility (QF) under PURPA. There are two separate processes that come into play as we consider your questions about this project in South Dakota. First is the interconnection process for Oak Tree and the second is the avoided costs for purchasing generation output.

NorthWestern Energy will first address the interconnection process for South Dakota. Your initial application indicated that Oak Tree intended to sell its generation to an outside entity that was not NorthWestern Energy. This triggered a review of your request as an energy resource under federal guidelines established in PURPA. Subsequent communications from you indicate that Oak Tree wishes to sell generation to NorthWestern Energy in South Dakota. This will require changing the review process for your project from an energy designation to a network designation.

PURPA gave state regulatory commissions the authority to consider rules related to the interconnection of small generation Qualified Facilities (QFs) to local energy distribution systems. As provided under PURPA, the South Dakota Public Utilities Commission (PUC) initiated a public process in 2008 to develop administrative rules governing the interconnection process, including required forms, for small QFs. The rules process was completed by the PUC in 2009. The following link refers you to the administrative rules that resulted from this process: <http://legis.state.sd.us/rules/DisplayRule.aspx?Rule=20:10:36>.

As per your email to NorthWestern Energy dated May 15, 2010, NorthWestern Energy concurs with you that the Tier 4 process, described in ARSD 20:10:36:50 - 20:20:36:61, is appropriate for reviewing the Oak Tree application for a possible interconnection. As such, you will need to submit the forms as required by PUC administrative rules to NorthWestern Energy to initiate a formal review and study of your interconnection request in South Dakota. For your convenience and use, Attachment A contains the required forms with our contact information. You may also view the forms as approved by the PUC by going to the following website link:

<http://www.puc.sd.gov/Dockets/Rulemaking/2008/rm08-002.aspx> and referring to the date of August 19, 2009 in the docket proceeding.

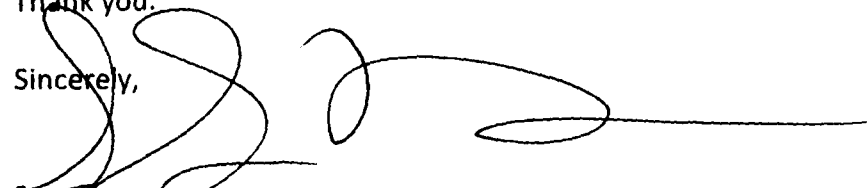
Because you previously submitted a filing fee and an initial feasibility study fee with your prior application, NorthWestern Energy is willing to waive the Tier 4 filing fee of \$1000.00 and accept your initial \$1000.00 feasibility study fee payment to continue the process under SD requirements. NorthWestern Energy is currently performing a System Impact Study for your project. Again, the \$5000.00 that has been submitted for this request will be appropriate with the Tier 4 requirements. Additionally, NorthWestern Energy is continuing with our system impact study related to your interconnection request while we wait for you to clarify your intentions for the project.

As for your request to see data as to how avoided costs are computed in South Dakota, we file a quarterly report with the South Dakota Public Utilities Commission (PUC) that details our fuel adjustment rates and purchase power costs. These are filed under confidential treatment with the PUC. NorthWestern Energy is willing to share these filings with you once you sign a confidentiality agreement. Attached for your review is a confidentiality agreement as Attachment B. If you find the enclosed agreement acceptable, please sign and return it to me at the address contained in our letterhead. Once I receive a signed confidentiality agreement, we will provide you with our PUC quarterly filings containing the information you requested.

NorthWestern Energy looks forward to working with you and the Oak Tree wind energy project sponsors. Please do not hesitate to contact me with any additional questions.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sara Dannen', with a long horizontal flourish extending to the right.

Sara Dannen

Corporate Counsel and FERC Compliance Officer

Cc: Pamela A. Bonrud – Director Government and Regulatory Affairs
Dennis Wagner – General Manager South Dakota Production and Transmission
Autumn Mueller – Coordinator Generator Transmission
Michael Cashell – Chief Transmission Officer
David Gates – VP Wholesale Operations
Patrick Corcoran – VP Government and Regulatory Affairs

Attachment A

SD PUC Approved Forms

Tier 4 Interconnections

May 21, 2010

**Application for Small Generator Facility Interconnection
Tier 2, Tier 3 or Tier 4 Interconnection**

(See ARSD chapter 20:10:36 for the requirements for a Tier 2, Tier 3, or
Tier 4 Interconnection.)

Applicant/Interconnection Customer Contact Information:

Name: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Daytime): _____ (Evening): _____

Facsimile Number: _____

E-Mail Address: _____

**Address of Customer Facility Where Small Generator Facility will be
Interconnected:**

(if different from above)

Street Address: _____

City: _____ State: _____ Zip Code: _____

System Installer/Consulting Engineer:

Name: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Daytime): _____ (Evening): _____

Facsimile Number: _____

E-Mail Address: _____

**Electric Service Information for Applicant's Facility Where Generator Will Be
Interconnected:**

Capacity: _____ (Amps) Voltage: _____ (Volts)

Type of Service: Single Phase Three Phase

If Three-Phase Transformer, Indicate Type: Wye Delta

Requested Procedure Under Which to Evaluate Interconnection Request:

Please indicate below which review procedure applies to the inter connection request.

Tier 2 - Certified interconnection equipment with an aggregate Electric Nameplate Capacity of 2 MW or less. Indicate type of certification below. The application fee amount is _____ (\$50 plus \$1 per KW of rated generation output up to a maximum of \$500).

Lab Tested -- tested to IEEE 1547.1 and other specified standards by a nationally recognized testing laboratory and is appropriately labeled.

Field Tested – an identical small generator facility has been approved by the Public Utility under a Tier 4 study review process within the prior 36 months of the date of this interconnection request.

Tier 3 – A Small Generator Facility connected to the EDS that does not export power. The Electric Nameplate Capacity rating must be 50 KW or smaller if connecting to an area network, or 2 MW or smaller if connecting to a radial distribution feeder. The application fee amount is _____ (\$100 plus \$2 per KW of rated generation output up to a maximum of \$1,000).

Tier 4 – Electric Nameplate Capacity rating is 10 MW or smaller and the Small Generator Facility does not qualify for a Tier 1, Tier 2, or Tier 3 review or has been reviewed but not approved under a Tier 1, Tier 2, or Tier 3 review. Application fee amount is _____ (\$100 plus \$2 per KW of rated generation output up to a maximum of \$1,000).

Field Tested Equipment:

If the field tested equipment box is checked above, please include with the completed application the following information which will be required for review of Tier 2 field tested small generator facilities:

- A copy of the Certificate of Completion, signed by the Public Utility that has approved an identical small generator facility for parallel operation.
- A copy of all documentation submitted to the Public Utility that approved the Small Generator Facility for parallel operation under a Tier 4 study process.
- A written statement by the Applicant indicating that the small generator facility being proposed is identical, except for Minor Equipment Modification, to the one previously approved by the Public Utility for parallel operation.
- If a Tier 2 Application utilizing Field Tested equipment is proposed, the remainder of the application will not be required to be completed.

Small Generator Facility Information:

List interconnection components/system(s) to be used in the Small Generation Facility that is lab certified (required for Lab Tested, Tier 2 Interconnection requests only).

Component/System

NRTL Providing Label & Listing

1. _____
2. _____
3. _____
4. _____
5. _____

Please provide copies of manufacturer brochures or technical specifications.

Energy Production Equipment/Inverter Information:

Synchronous Induction Inverter Other _____

Electric Nameplate Rating: _____ KW _____ kVA

Rated Voltage: _____ Volts

Rated Current: _____ Amps

System Type Tested (Total System): Yes No (attach product literature)

For Synchronous Machines:

Manufacturer: _____

Model No.: _____ Version No.: _____

Submit copies of the Saturation Curve and the Vee Curve.

Salient Non-Salient

Torque: _____ lb-ft Rated RPM: _____

Field Amperes: _____ at rated generator voltage and current and _____ % PF over-excited

Type of Exciter: _____

Output Power of Exciter: _____

Type of Voltage Regulator: _____

Locked Rotor Current: _____ Amps

Synchronous Speed: _____ RPM

Winding Connection: _____

Min. Operating Frequency/Time: _____

Generator Connection: Delta Wye Wye Grounded

Direct-axis Synchronous Reactance: (Xd) _____ ohms

Direct-axis Transient Reactance: (X'd) _____ ohms

Direct-axis Sub-transient Reactance: (X''d) _____ ohms

For Induction Machines:

Manufacturer: _____

Model No.: _____ Version No.: _____

Locked Rotor Current: _____ Amps

Rotor Resistance: (Rr) _____ ohms Exciting Current: _____ Amps

Rotor Reactance: (Xr) _____ ohms Reactive Power Required: _____
Magnetizing Reactance: (Xm) _____ ohms _____ VARs (No Load)
Stator Resistance: (Rs) _____ ohms _____ VARs (Full Load)
Stator Reactance: (Xs) _____ ohms
Short Circuit Reactance: (X'd) _____ ohms
Phase: Single Three-Phase
Frame Size: _____ Design Letter: _____ Temp. Rise: _____ °C.

Reverse Power Relay Information: (This section applies to Tier 3 Review only.)

Manufacturer: _____ Model: _____
Electric Nameplate Capacity rating: (kVA) _____

Additional Information For Inverter Based Facilities:

Inverter Information:

Manufacturer: _____ Model: _____
Type: Forced Commutated Line Commutated
Electric Nameplate Capacity Rated Output: _____ Amps _____ Volts
_____ KW
Efficiency: _____ % Power Factor: _____ %

DC Source / Prime Mover:

Solar Wind Hydro Other _____
Electric Nameplate Capacity Rating: _____ KW Rating: _____ kVA
Rated Voltage: _____ Volts
Open Circuit Voltage (if applicable): _____ Volts
Rated Current: _____ Amps
Short Circuit Current (if applicable): _____ Am ps

Other Facility Information:

Is Facility a Qualified Facility? Yes No
If yes, has Applicant completed FERC's "Notice of Self Certification"? Yes No
Verification Number Received from FERC: _____
One Line Diagram attached: Yes No
Plot Plan attached: Yes No
Installation Test Plan attached: Yes No
Estimated Commissioning Date (if known): _____

Applicant Signature:

I hereby certify that all of the information provided in this application request form is correct.

Applicant Signature: _____

Title: _____ Date: _____

An application fee is required before the application can be processed. Please verify that the appropriate fee is included with the application:

Application fee included:

Amount _____

Submit to:

NorthWestern Energy
Attn: Autumn Mueller
40 E. Broadway
Butte, MT 59701

Phone: (406) 497-3174

Tier 2, 3, or 4 Interconnection Request Acknowledgement

I hereby acknowledge the receipt of an Interconnection Request and Application Fee.

Approval for a Tier 2, Tier 3, or Tier 4 Small Generator Facility interconnection is contingent upon the Applicant's Small Generator Facility passing the screens and completing the review process set forth in ARSD chapter 20:10:36 and is not granted by the Public Utility's signature on this Application form.

Public Utility Signature: _____ Date: _____

Printed Name: _____ Title: _____

Note: The Public Utility shall retain a copy of this completed and signed form and return the original and any attachments to the Applicant.

**Small Generator Facility Interconnection
Certificate of Completion Form**

Applicant Information

Name: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Telephone (Daytime): _____ (Evening): _____
Fax number: _____
E-Mail Address: _____

Installer

Check if owner-installed:

Name: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Telephone (Daytime): _____ (Evening): _____
Facsimile number: _____
E-Mail Address: _____

Final Electric Inspection and Applicant Signature

The Small Generator Facility is complete and has been approved by the local electric inspector having jurisdiction. A signed copy of the electric inspector's form indicating final approval is attached. The interconnection customer acknowledges that the Small Generator Facility is not ready for operation until receipt of the final acceptance and approval by the Public Utility as provided below.

Applicant Signature: _____ Date: _____
(Signature of Applicant)

Printed Name: _____

Check if copy of signed electric inspection form is attached:

Submit to:
NorthWestern Energy
Attn: Autumn Mueller
40 E. Broadway St.
Butte, MT 59701

Phone: (406) 497-3174

Acceptance and Final Approval of Interconnection Installation

The interconnection installation is approved and the Small Generator Facility is approved for operation under the terms and conditions of the Public Utilities Commission's rules found at ARSD chapter 20:10:36 and a duly signed and executed Interconnection Agreement.

Public Utility waives Witness Test? *(Initial)* Yes (_____) No (_____)

If not waived, date of successful Witness Test: _____ Passed: *(Initial)* (_____)

Public Utility Signature: _____ Date: _____

Printed Name: _____ Title: _____

The interconnection shall not be deemed complete and ready for operation until the Applicant has completed this form, secured the necessary attachments and signatures, and returned a copy to the Public Utility at the Public Utility's designated address.

**Interconnection Agreement for Small Generator Facility
Tier 1, Tier 2, Tier 3, or Tier 4 Interconnection
(Small Generator Facilities with Electric Nameplate Capacities
of 10 MW or smaller)**

This agreement is made and entered into this _____ day of _____, _____
by and between _____,
a _____ (corporation/limited liability company organized and
existing under the laws of the State of _____, or an individual) ("Applicant")
and _____, a _____
existing under the laws of the State of _____, (Public Utility).
Applicant and Public Utility each may be referred to as a "Party," or collectively as the
"Parties."

Recitals:

Whereas, the Applicant is proposing to develop a Small Generator Facility, or to add
generating capacity to an existing Small Generator Facility, consistent with the Application
completed on _____;

Whereas, the Applicant desires to interconnect the Small Generator Facility with the
Public Utility's Electric Distribution System ("EDS"); and

Whereas, the Agreement shall be used for all approved Tier 1, Tier 2, Tier 3, and Tier 4
Applications according to the procedures set forth in South Dakota Public Utilities
Commission's ("Commission") rules, ARSD chapter 20:10:36. Terms with initial
capitalization, when used in this Agreement, shall have the meanings given in such rules
and, to the extent this Agreement conflicts with the rules, the rules shall take precedence.

Now, therefore, in consideration of and subject to the mutual covenants contained herein,
the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Scope

The Agreement establishes standard terms and conditions approved by the
Commission under which the Small Generator Facility with a Name Plate
Capacity of 10 MW or smaller will interconnect to, and operate in Parallel with,
the Public Utility's EDS. Additions, deletions, or changes to the standard terms
and conditions of an Interconnection Agreement will not be permitted unless they
are mutually agreed to by the Parties or approved by the Commission if required
by the rules.

1.2 Power Purchase

The Agreement does not constitute an agreement to purchase or deliver the
Applicant's power nor does it constitute an electric service agreement.

1.3 Other Agreements

Nothing in the Interconnection Agreement is intended to affect any other agreement between the Public Utility and the Applicant or another Interconnection Customer. However, in the event that the provisions of the Agreement are in conflict with the provisions of other Public Utility tariffs, the Public Utility tariff shall control.

1.4 Attachments to Interconnection Agreement

An Operations and Maintenance Schedule shall be attached to the Interconnection Agreement and the Applicant shall adhere to that schedule. Either Party may require that any of the following attachments be included as part of the Interconnection Agreement: (a) description of contingent facilities; (b) description of the project; (c) a billing schedule; (d) a list of non-binding milestones for each party; (e) scope of work; (f) operational guidelines; and (g) list of major permits needed by the Applicant.

1.5 Responsibilities of the Parties

The Parties shall perform all obligations of the Agreement in accordance with all applicable laws and rules.

The Applicant will construct, own, operate, and maintain its Small Generator Facility in accordance with the Agreement, IEEE Standard 1547 (2003 ed.), the most currently adopted National Electric Code, state and federal law, and all other applicable standards required by the Commission. Each Party shall be responsible for the safe installation, maintenance, repair, and condition of their respective lines and appurtenances on their respective sides of the Point of Interconnection. Each Party shall provide Interconnection Facilities that adequately protect the other Parties' facilities, personnel, and other persons from damage and injury.

The allocation of responsibility for the design, installation, operation, maintenance, and ownership of Interconnection Facilities is prescribed in the Commission's rules, ARSD chapter 20:10:36.

1.6 Parallel Operation and Maintenance Obligations

Once the Small Generator Facility has been authorized to commence Parallel Operation by execution of the Interconnection Agreement, the Applicant will abide by all written provisions for operation and maintenance as required by the Public Utility.

1.7 Power Quality

The Applicant will design its Small Generator Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection that meets the requirements set forth in IEEE 1547. Any special operating requirements will be detailed in an attached form. Under no circumstances shall

these additional requirements for voltage or reactive power support exceed the normal operating capabilities of the Small Generator Facility.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Testing and Inspection

Applicant will test and inspect its Small Generator Facility and Interconnection Facilities prior to interconnection in accordance with IEEE 1547 Standards as provided for in the rules. The Interconnection will not be final until the Witness Test and Certificate of Completion provisions in the rules have been satisfied. Operation of the Small Generator Facility requires an Interconnection Agreement; electricity sales require a Power Purchase Agreement.

To the extent that an Applicant decides to conduct interim testing of the Small Generator Facility prior to the Witness Test, it may request that the Public Utility observe these tests and that these tests be deleted from the final Witness Test. If the Public Utility sends qualified personnel to the Small Generator Facility to observe such interim testing, it will be doing so at its own expense.

2.2 Right of Access:

The Public Utility will have access to the Applicant's premises, at no cost, for any reasonable purpose in connection with the Interconnection Application and any Interconnection Agreement that is entered into pursuant to the rules or if necessary to meet the legal obligation to provide service to its customers. Access will be requested at reasonable hours and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

The Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

The Agreement will be effective on the Effective Date and will remain in effect for a period of twenty (20) years or a period mutually agreed to by Parties, unless terminated earlier by default of either Party or voluntary termination by the Interconnection Customer or by action of the Commission.

3.3 Termination

The Applicant may terminate this Agreement at any time by giving the Public Utility twenty (20) business days written notice. Either Party may terminate this Agreement after default. The Commission may order termination of this Agreement. Upon termination of this Agreement, the Small Generator Facility will be disconnected from the Public Utility's EDS at the Applicant's expense. The termination of this Agreement will not relieve either Party of its liabilities and

obligations, owed or continuing at the time of the termination. The provisions of this Article shall survive termination or expiration of this Agreement.

3.4 Restoration of Interconnection When Disconnected

The Parties shall cooperate with each other to restore the Small Generator Facility, Interconnection Facilities, and Public Utility's EDS to their normal operating state as soon as reasonably practicable following any disconnection pursuant to the rules.

Article 4. Cost Responsibility and Billing

The Applicant is responsible for the application fee and for such facilities, equipment, modifications, and upgrades identified under the process prescribed in the Commission's rules, ARSD chapter 20:10:36.

4.1 Minor EDS Modifications

The Applicant will bear the costs of making Minor Modifications as may be necessary to gain approval of an Application.

4.2 Interconnection Facilities

When necessary under the process prescribed in the Commission's rules, ARSD chapter 20:10:36, the Public Utility will identify the Interconnection Facilities necessary to safely interconnect the Small Generator Facility with the Public Utility. The Public Utility will itemize the Interconnection Facilities for the Applicant, including the cost of the facilities and the time required to build and install those facilities. The Applicant is responsible for the cost of the Interconnection Facilities.

4.3 Interconnection Equipment

The Applicant is responsible for all reasonable expenses, including overheads, associated with owning, operating, maintaining, repairing, and replacing its Interconnection Equipment.

4.4 System Upgrades

The Public Utility will design, procure, construct, install, and own any System Upgrades under the process prescribed in the Commission's rules, ARSD chapter 20:10:36. The actual cost of the System Upgrades, including overheads, will be directly assigned to the Applicant. An Interconnection Customer may be entitled to financial compensation from other utility Interconnection Customers who, in the future, benefit from the System Upgrades paid for by the Interconnection Customer. Such compensation will be governed by separate rules promulgated by the Commission or by terms of a tariff filed and approved by the Commission. Such compensation will only be available to the extent provided for in the separate rules or tariff.

4.5 Adverse System Impact

The Public Utility is responsible for identifying Adverse System Impacts on any Affected Systems and for determining what mitigation activities or upgrades may be required to accommodate a Small Generator Facility. The actual cost of any actions taken to address the Adverse System Impacts, including overheads, shall be directly assigned to the Applicant. The Applicant may be entitled to financial compensation from other utility Interconnection Customers or other Interconnection Customers who, in the future, utilize the upgrades paid for by the Applicant, to the extent allowed by the Commission.

4.6 Billings

The Public Utility may require a deposit of not more than 50% of the cost estimate, not to exceed \$1000 for small generator facilities proposing to interconnect 500 kilowatts or less, to be paid up front by the Applicant for studies necessary to complete an Application and to interconnect to the EDS under the process prescribed in the Commission's rules, ARSD chapter 20:10:36. The Public Utility may require a deposit of no more than 50% of the estimated costs, not to exceed \$10,000 for small generators proposing to interconnect 500 kilowatts or less, for Interconnection Facilities necessary to complete an Application and to interconnect to the EDS under the process prescribed in the Commission's rules, ARSD chapter 20:10:36. Progress billing, final billing, and payment schedules must be agreed to by Parties prior to commencing work.

Article 5. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

5.1 Assignment

The Interconnection Agreement may be assigned by either Party upon fifteen (15) business days prior written notice. Except as provided in Articles 5.1.1 and 5.1.2, said assignment shall only be valid upon the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld.

- 5.1.1 Either Party may assign the Agreement without the consent of the other Party to any affiliate (which shall include a merger of the Party with another entity), of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement.
- 5.1.2 The Applicant shall have the right to assign the Agreement, without the consent of the Public Utility, for collateral security purposes to aid in providing financing for the Small Generator Facility. For Small Generator systems that are integrated into a building facility, the sale of the building or property will result in an automatic transfer of this agreement to the new owner who shall be responsible for complying with the terms and conditions of this Agreement.
- 5.1.3 Any attempted assignment that violates this Article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An

assignee is responsible for meeting the same obligations as the Applicant.

5.2 Limitation of Liability and Consequential Damages

A Party is liable for any loss, cost claim, injury, or expense including reasonable attorney's fees related to or arising from any act or omission in its performance of the provisions of an Interconnection Agreement entered into pursuant to the rules. Neither Party will seek redress from the other Party in an amount greater than the amount of direct damage actually incurred.

5.3 Indemnity

- 5.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of the Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 5.2.
- 5.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 5.3.3 If an indemnified person is entitled to indemnification under this Article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this Article, to assume the defense of such a claim, such indemnified person may at the expense of the indemnifying Party contest, settle, or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 5.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this Article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 5.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

5.4 Consequential Damages

With the exception of third party claims, neither Party shall be liable to the other Party, under any provision of the Agreement, for any losses, damages, costs, or

expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

5.5 Force Majeure

5.5.1 As used in this Agreement, a Force Majeure Event shall mean “any act of God, labor disturbance, act of the public enemy, war, acts of terrorism, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment through no direct, indirect, or contributory act of a Party, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party’s control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing.

5.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (“Affected Party”) shall promptly notify the other Party of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. If the initial notification was verbal, it should be promptly followed up with a written notification. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be reasonably mitigated. The Affected Party will use reasonable efforts to resume its performance as soon as possible. The Parties shall immediately report to the Commission should a Force Majeure Event prevent performance of an action required by rule that the rule does not permit the Parties to mutually waive.

5.6 Default

5.6.1 No default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement. Upon a default, the non-defaulting Party shall give written notice of such default to the defaulting Party. Except as provided in Article 5.6.2, the defaulting Party shall have sixty (60) calendar days from receipt of the default notice within which to cure such default .

5.6.2 If a default is not cured as provided for in this Article, or if a default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate the Agreement by written

notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates the Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. Alternately, the non-defaulting Party shall have the right to seek dispute resolution with the Commission in lieu of default. The provisions of this Article will survive termination of the Agreement.

Article 6. **Insurance**

A Party is liable for any loss, cost claim, injury, or expense including reasonable attorney's fees related to or arising from any act or omission in its performance of the provisions of the rules or the Interconnection Agreement entered into pursuant to the rules. Insurance is required according to Commission rules, ARSD 20:10:36:26, 20:10:36:27, and 20:10:36:28.

Article 7. **Dispute Resolution**

Parties will adhere to the dispute resolution and complaint process in Commission rules, ARSD chapter 20:10:36.

Article 8. **Miscellaneous**

8.1 **Governing Law, Regulatory Authority, and Rules**

The validity, interpretation, and enforcement of the Agreement and each of its provisions shall be governed by the laws of the State of South Dakota, without regard to its conflicts of law principles. The Agreement is subject to all applicable laws. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a governmental authority.

8.2 **Amendment**

The Parties may mutually agree to amend the Agreement by a written instrument duly executed by both Parties in accordance with provisions of the rules and applicable Commission Orders and provisions of the laws of the State of South Dakota.

8.3 **No Third-Party Beneficiaries**

The Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest, and, where permitted, their assigns.

8.4 **Waiver**

8.4.1 The failure of a Party to the Agreement to insist, on any occasion, upon strict performance of any provision of the Agreement will not be

considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

8.4.2 The Parties may agree to mutually waive a section of this Agreement so long as prior Commission approval of the waiver is not required by the rules.

8.4.3 Any waiver at any time by either Party of its rights with respect to the Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of the Agreement. Any waiver of the Agreement shall, if requested, be provided in writing.

8.5 Entire Agreement

The Interconnection Agreement, including any supplementary form attachments that may be necessary, constitutes the entire Agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of the Agreement. There are no other agreements, representations, warranties, or covenants that constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under the Agreement.

8.6 Multiple Counterparts

The Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

8.7 No Partnership

The Agreement will not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

8.8 Severability

If any provision or portion of the Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other governmental authority: (1) such portion or provision shall be deemed separate and independent; (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (3) the remainder of the Agreement shall remain in full force and effect.

8.9 Subcontractors

Nothing in the Agreement shall prevent a Party from utilizing the services of any subcontractor, or designating a third party agent as one responsible for a specific obligation or act required in the Agreement (collectively subcontractors), as it deems appropriate to perform its obligations under the Agreement; provided, however, that each Party will require its subcontractors to comply with all applicable terms and conditions of the Agreement in providing such services and each Party will remain primarily liable to the other Party for the performance of such subcontractor.

8.9.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under the Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made. Any applicable obligation imposed by the Agreement upon the hiring Party shall be equally binding upon, and will be construed as having application to, any subcontractor of such Party.

8.9.2 The obligations under this Article will not be limited in any way by any limitation of subcontractor's insurance.

8.10 Reservation of Rights

Either Party will have the right to make a unilateral filing with the Commission to modify the Interconnection Agreement. This reservation of rights provision includes, but is not limited to, modifications with respect to any rates, terms, and conditions, charges, classification of service, tariff, or any applicable State or Federal law or regulation. Each Party shall have the right to protest any such filing and to participate fully in any proceeding before the Commission in which such modifications may be considered.

Article 9. Notices

Unless otherwise provided in the Agreement, any written notice, demand, or request required or authorized in connection with the Agreement shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Applicant:

Applicant: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ E-mail: _____

If to the Public Utility:

Public Utility: NorthWestern Energy

Attention: Autumn Mueller

Address: 40 E. Broadway St.

City: Butte State: MT Zip: 59701

Phone: 406-497-3174 Fax: _____ E-mail: autumn.mueller@northwestern.com

9.1 Billing and Payment

Billings and payments shall be sent to the addresses set out below: (complete if different than article 9.2 above)

If to the Applicant:

Applicant: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

If to the Public Utility:

Public Utility: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

9.2 Designated Operating Representative

The Parties will designate operating representatives to conduct the communications which may be necessary or convenient for the administration of the operations provisions of the Agreement. This person or persons will also serve as the point of contact with respect to operations and maintenance of the Party's facilities (complete if different than article 9 above)

Applicant's Operating Representative: _____

Attention: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____ E-Mail _____

Public Utility's Operating Representative: _____

Attention: Autumn Mueller _____

Address: 40 E. Broadway St. _____

City: Butte _____ State: MT _____ Zip: 59701

Phone: 406-497-3174 Fax: _____ E-Mail: autumn.mueller@northwestern.com

9.3 Changes to the Notice Information

Either Party may change this notice information by giving five business days written notice prior to the effective date of the change.

Article 10. Signatures

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed by their respective duly authorized representatives.

For the Applicant:

Name: _____

Title: _____

Date: _____

For the Public Utility:

Name: _____

Title: _____

Date: _____

ATTACHMENT 1

Operations and Maintenance Schedule

Operating Hours: _____ Availability (%): _____

Seasonal Effect: _____

Routine and Annual Maintenance Schedule: _____

* Initial operating set points and "as built" equipment data is to be recorded on or about the time of the Witness Test. Parties may not deviate from initial settings and agreed upon operating parameters except as permitted by the rules without written authorization of the Public Utility. The Interconnection Customer will furnish updated information to the Public Utility any time a special operating requirement initial set point or the Interconnection Equipment is materially changed.

Interconnection Facilities Study Agreement

This agreement is made and entered into this _____ day of _____, _____, by and between _____, a _____ (corporation/limited liability company organized and existing under the laws of the State of _____, or an individual) ("Applicant") and _____, a _____ existing under the laws of the State of _____ ("Public Utility"). Applicant and Public Utility each may be referred to as a "Party," or collectively as the "Parties."

Recitals:

Whereas, Applicant is proposing to develop a Small Generating Facility or adding generating capacity to an existing Small Generating Facility consistent with the Application completed by the Applicant on _____;

Whereas, The Applicant desires to interconnect the Small Generating Facility with the Public Utility's Electric Distribution System ("EDS");

Whereas, The Public Utility has completed an Interconnection System Impact Study and provided the results of the study to the Applicant; and

Whereas, The Applicant has requested the Public Utility to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement, and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility to the Public Utility's EDS.

Now, therefore, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

1. When used in this Agreement with initial capitalization, the terms specified shall have the meanings given in the SD Public Utilities Commission's rules, ARSD chapter 20:10:36.
2. Interconnection Customer and Public Utility shall proceed with an Interconnection Facilities Study consistent with the SD Public Utilities Commission's rules.
3. The Applicant will provide the data requested in Section 2 of this form. The scope of the Interconnection Facilities Study shall be subject to this data.
4. The Public Utility may require a 50% study deposit.

5. The Interconnection Facilities Study shall be completed and the results transmitted to the Applicant within a timeline as agreed to between the parties under the process prescribed in the Commission's rules, ARSD chapter 20:10:36.

6. Cost allocation for studies shall be done according to the SD Public Utilities Commission's rules, ARSD chapter 20:10:36.

In witness whereof, the Parties have caused this agreement to be duly executed by their duly authorized officers or agents on the day and year first above written:

[Insert name of the Public Utility]

Signed _____

Name (Printed): _____ T itle: _____

[Insert name of the Applicant]

Signed _____

Name (Printed): _____ T itle: _____

Section 2 to the Interconnection Facilities Study Agreement
Data To Be Provided by Applicant With the Interconnection Facilities Study Agreement

Provide location plan and simplified one-line diagram of the plant and station facilities.

For staged projects, please indicate future generation, distribution circuits, etc. On the one-line diagram, indicate the generation capacity attached at each metering location (maximum load on CT/PT).

On the one-line diagram, indicate the location of auxiliary power (minimum load on CT/PT), Amps.

One set of metering is required for each generation connection to the new or existing Public Utility station.

Number of generators: _____

Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?

Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation?

Yes _____ No _____ (Please indicate on the one-line diagram.)

What type of control system or PLC will be located at the Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, distribution line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length(s) from generation to interconnection station:

Line length from interconnection station to the Public Utility's EDS:

Tower number observed in the field (painted on tower leg):

Number of third party easements required for interconnection facilities:

To be completed in coordination with Public Utility

Is the Small Generating Facility located in Public Utility's service area?

Facility Location: _____

Yes _____ No _____

If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator Step-Up Transformers Receive Back Feed Power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

Submit to:
NorthWestern Energy
Attn: Autumn Mueller
40 E. Broadway St.
Butte, MT 59701

Phone: (406) 497-3174

Attachment B

Confidentiality Agreement

May 21, 2010

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement is dated as of the ___ day of _____, 2010 by and between NorthWestern Corporation d/b/a NorthWestern Energy ("NWE") and Oak Tree Energy, 7200 North MoPac, Suite 160, Austin, TX 78731 ("Oak Tree Energy") and/or 119 West Cleveland, Bozeman MT 59715.

WHEREAS, the parties wish to discuss and investigate a business relationship and desire to share certain information that is proprietary or valuable trade secret information (Confidential Information) to facilitate discussion of such a business relationship; and

WHEREAS, the parties wish to prohibit disclosure and use of the Confidential Information by either party for any purpose other than that stated above.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

1. Either party (the Disclosing Party) may disclose to the other party (the Receiving Party) such Confidential Information as it may choose to disclose. When disclosure of Confidential Information is made in writing, it shall be marked confidential, and, when made orally, the person providing the information shall indicate that the oral representation is Confidential Information.

2. The Receiving Party shall accept the Confidential Information for the sole purpose of discussing and investigating a business relationship, and will not use such Confidential Information except for such purpose. The Receiving Party agrees that only the persons actually participating in the discussion and investigation, and their designated staff, will have access to the Confidential Information. These persons are obligated to keep such information in confidence and shall not provide the Confidential Information to any other person without the written consent of the Disclosing Party.

3. The obligation not to disclose or use the Confidential Information shall not apply to information which is required to be disclosed (i) by court order, subpoena or other legal process, (ii) by regulatory agency or otherwise in connection with an examination of either party's records by appropriate authorities, or (iii) otherwise as required by law; provided, however, that the Receiving Party shall (x) give the Disclosing Party as much prior notice thereof as is reasonably practicable so that the Disclosing Party may seek such protective orders or other protection as it may elect, and (y) reasonably cooperate with the Receiving Party in protecting the confidential or proprietary nature of the Confidential Information that must be disclosed.

4. The Receiving Party's obligation not to use or disclose shall continue in effect for a period of ten (10) years from the date of this Agreement.

5. All documents identified by the Disclosing Party as containing Confidential Information shall be returned to the Disclosing Party after one (1) year.

6. The Receiving Party acknowledges that its breach of this Agreement could cause damage to the Disclosing Party which is irreparable and immeasurable in terms of monetary value. For this reason, the parties agree that this Agreement may be specifically enforced by any court of competent jurisdiction and they consent to the entry of such restraining orders and injunctions as may be necessary to prevent a breach of this Agreement and to carry out its terms. This remedy may not be exclusive and the Disclosing Party may have such other and further relief as may be permitted by law. No failure or delay by the Disclosing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercised thereof or the exercise of any right, power or privilege hereunder.

8. This Agreement shall be governed by and construed under the laws of the State of South Dakota.

9. This Agreement constitutes the entire agreement between the parties hereto concerning the subject matter hereof and may not be modified except in writing signed by a duly authorized representative of each party. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement may not be assigned by either party hereto without the express written consent of the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

By: _____

Title: _____

By: _____

Title: _____