



# NorthWestern Energy Customer Notice Electric Rate Increase

On December 19, 2014, NorthWestern Energy filed a request with the South Dakota Public Utilities Commission (Commission) to increase its electric rates by \$26,509,557 or 20.24%. It had been 34 years since we last requested an increase to our South Dakota electric rates. The primary reason for NorthWestern Energy's request to increase its electric rates was due to continued investment in its electric system to maintain system reliability to meet the growing needs of our communities and customers. Also, increasing federal environmental mandates contributed to the need to ask for an electric rate increase.

NorthWestern Energy received permission from the South Dakota Public Utilities Commission on October 29, 2015 to increase its electric rates by \$20,919,313 or 15.5% effective January 1, 2016. The actual impact to customer's bills as a result of this rate increase will vary depending on the customer's rate class and amount of energy used. As a result of the change in base rates, a typical residential customer using an average of 750 kilowatt-hours (kWh) of energy every month will see an increase of approximately \$16.41 per month, or about 55 cents per day based on average rates. A moratorium of three years is in effect before NorthWestern Energy may file a request for another electric rate increase.

State law allowed NorthWestern Energy to collect an interim (temporary) rate increase while the Commission considered our rate increase request. The incremental interim rate increase of \$26,509,557 began on July 1, 2015. Because the final rate that was approved by the Commission is less than the interim rate in effect, NorthWestern Energy will refund the difference, with interest (7% annual interest rate), to customers no later than April of 2016. The average residential customer's interim rate refund will be approximately \$54.97.



A sample of the new rates, based on average use by customer class, that will become effective with service rendered on or after January 1, 2016, is shown below. The first bill you receive may be prorated, depending on your meter reading date. This means that any service provided before January 1, 2016, will be billed at the old rates, and any service provided on or after January 1, 2016, will be billed at the new rates.

### Residential Customers

kWh	Prior Rate	New Rate	Amount of Increase	Percentage Increase
400	\$45.72	\$54.99	\$9.27	20.3%
500	\$55.84	\$67.16	\$11.32	20.3%
600	\$65.97	\$79.33	\$13.36	20.3%
750	\$81.17	\$97.58	\$16.41	20.2%
1000	\$105.29	\$126.16	\$20.87	19.8%
2000	\$171.18	\$193.26	\$22.08	12.9%

### South Dakota Residential Rate Comparison

	Old rate	New Rate
Customer Charge	\$5.00	\$6.00
First 200 kWh	0.06146	0.09476
next 600 kWh	0.06046	0.09322
next 200 kWh	0.05446	0.08397
next 200 kWh	0.04346	0.06701
over 1,200 kWh	0.02046	0.03153
Ad valorem Taxes	0.00393	0.00428
Delivered Cost of Energy	0.00259	0.00259
Delivered Cost of Fuel	0.03351	0.02081
Energy Efficiency	0.00080	0.00080

### Commercial Customers

kWh	Prior Rate	New Rate	Amount of Increase	Percentage Increase
400	\$57.80	\$67.22	\$9.42	16.3%
1,000	\$126.53	\$148.76	\$22.23	17.6%
*5,000	\$484.28	\$541.37	\$57.09	11.8%
*10,000	\$968.55	\$1,082.74	\$114.19	11.8%
*50,000	\$3,689.65	\$4,228.94	\$539.29	14.6%
*100,000	\$7,309.30	\$8,331.88	\$1,022.58	14.0%
*1,000,000	\$70,909.00	\$79,387.56	\$8,478.56	12.0%
* Assumes a 50% load factor				

Rate increases are always a last resort, but we are pleased that we are able to provide E+ energy efficiency programs and services to our slate of customer offerings. We encourage customers to learn more about these opportunities, as well as learn more about the many low-cost/no-cost options to reduce their electric use.

If you have any questions about our electric services or the approved rate increase, please call our customer service number at: (800)245-6977.