

**SOUTH DAKOTA ELECTRIC RATE SCHEDULE**

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

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(Continued)

- vi. Revenue generated by the Sale of Renewable Energy Credits less expenses will be credited to customers.
  
- c. Ad Valorem Taxes paid:  
All ad valorem taxes accrued and adjusted for actual tax payments less recovery through (a) or (b) above, if any.
  
- d. Commission approved fuel incentives:  
All Commission approved incentives, if any, less recovery pursuant to (a), (b), or (c) above, if any.
  
- 1. Sales shall be all kilowatt hours sold, excluding inter-system sales. Sales shall be equated to the sum of generation, purchases, and interchange-in, less energy associated with pumped storage operations, less inter-system sales referred to in paragraph (2) (b) (iv) above, less system losses.
  
- 2. 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 South Dakota Public Utilities 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 South Dakota Public Utilities 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.

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**Issued by: Jeff Decker, Specialist Regulatory**