



September 30, 2015

via eFiling

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, DC 20426

Re: *NorthWestern Corporation (South Dakota)*, Docket No. ER15-____-000

ER15-2746-000

Revised Point-to-Point Transmission Service Agreements with the Town of Langford and the City of Bryant

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Part 35 of the Regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. Part 35, NorthWestern Corporation d/b/a NorthWestern Energy, on behalf of its South Dakota operations ("NorthWestern"), hereby requests approval of two revised and executed transmission service agreements ("TSAs") for long-term, firm point-to-point transmission service under NorthWestern's Open Access Transmission Tariff ("NW-SD OATT"). The two TSAs are (1) Service Agreement No. 32-SD, the TSA between NorthWestern and the Town of Langford, South Dakota ("Langford"); and (2) Service Agreement No. 33-SD, the TSA between NorthWestern and the City of Bryant, South Dakota ("Bryant"). This filing is necessary to implement NorthWestern's plan to join the Southwest Power Pool, Inc. ("SPP") Regional Transmission Organization ("RTO") and to transfer certain transmission facilities to SPP's functional control effective October 1, 2015.

NorthWestern requests an effective date of October 1, 2015, for the revised and executed TSAs attached to this filing. NorthWestern submits that "good cause" exists to waive the 60-day notice requirement and allow the requested effective date because the revisions are mutually agreeable between NorthWestern and its customers and because the revisions are necessary to allow NorthWestern to integrate into SPP on October 1, 2015, as planned, thus fulfilling the Commission's goal of promoting RTO expansion.



I. Background and Description of the Filing

A. NorthWestern and its Transmission System

NorthWestern Energy is a public utility engaged in the generation, transmission, and distribution of electricity and supply and transportation of natural gas. NorthWestern Energy owns and operates electric transmission facilities in both Montana and South Dakota. These transmission facilities are not physically connected and are not located in the same geographic regions. As a result, NorthWestern Energy maintains separate OATTs for its Montana and South Dakota operations. This filing involves only NorthWestern Energy's South Dakota operations (which are referred to as "NorthWestern" in this filing).

NorthWestern owns transmission facilities in eastern South Dakota that serve approximately 62,500 retail customers, with a 2014 peak demand of approximately 304 MW and an annual electric load of approximately 1.57 GWh. NorthWestern owns approximately 339 miles of 115-kV transmission facilities that span from Western Area Power Administration's ("Western's") Gavins Point substation near Yankton, South Dakota, to Montana-Dakota's Ellendale substation in North Dakota. NorthWestern also owns approximately 260 miles of 69-kV lines and 595 miles of 34.5-kV lines in and around the load centers in the area.

Most of NorthWestern's 115-kV transmission facilities are administered under Western's OATT¹. NorthWestern's 69-kV and 34.5-kV facilities are used primarily for local distribution and to provide wholesale distribution service to certain customers.

B. NorthWestern's TSAs under the NWE-SD OATT

NorthWestern currently has eleven long-term, firm point-to-point transmission customers under the NW-SD OATT who take transmission service on NorthWestern's lower voltage transmission facilities that are not under the Western OATT to transmit power and energy obtained from Western. The eleven point-to-point customers under the NW-SD OATT are: (1) City of Groton, S.D. ("Groton"); (2) City of Miller, S.D. ("Miller"); (3) Rolling Thunder I Power Partners, LLC/Titan Wind ("Titan Wind"); (4) Oak Tree Energy, LLC ("Oak Tree"); (5) Town of Langford, S.D. ("Langford"); (6) City of Bryant, S.D. ("Bryant"); (7) City of Aberdeen, S.D. ("Aberdeen"); (8) the State of South Dakota – South Dakota Human Services Center ("SD Services Center"); (9) the State of South Dakota – Mike Durfee State Prison ("SD Durfee Prison"); (10) the State of South

¹ The Western OATT is a reciprocity tariff that was originally accepted for filing by the Commission in Docket No. NJ98-1-000.



Dakota – Northern State University (“SD NSU”); and (11) the State of South Dakota – South Dakota Development Center (“SD Development Center”).²

Each of these TSAs provides delivery service over NorthWestern’s lower voltage (< 100 kV) facilities that are not subject to the Western OATT. For each TSA, the Point of Receipt (“POR”) is the point where power is delivered from the 115-kV transmission system under the Western OATT to the lower voltage facilities, and the Point of Delivery is the point where the power is delivered to the particular customer. All of the TSAs, except the TSA for Oak Tree, include a direct assignment charge to the customer based on the costs of the lower voltage facilities that are used to serve the customer under the TSA. The direct assignment charge is developed under a formula that is included in Attachment A of the TSA. All of the TSAs, except the TSA for Oak Tree, have been filed with and accepted by the Commission.³

The following table lists the eleven TSAs under the NW-SD OATT:

Service Agreement No. ⁴	Customer	Docket for Last Filing at FERC
10-SD / 19-SD	Langford	ER04-1029
11-SD / 20-SD	Groton	ER04-1031
12-SD / 21-SD	Aberdeen	ER04-1029
13-SD / 22-SD	SD Services Center	ER04-1029
14-SD / 23-SD	SD Durfee Prison	ER04-1029
15-SD / 24-SD	SD NSU	ER04-1029
16-SD / 25-SD	SD Development Center	ER04-1029
17-SD / 26-SD	Bryant	ER05-1526
18-SD / 27-SD	Miller	ER05-1175
SD-19	Titan Wind	ER10-270
31-SD	Oak Tree	N/A

² NorthWestern has no non-firm or network service customers under the NW-SD OATT.

³ The TSA with Titan Wind was not required to be filed with the Commission because it conforms to the *pro forma* service agreement under the NW-SD OATT and does not include a direct assignment charge.

⁴ Amendments to extend the terms for Service Agreement Nos. 10-SD through 18-SD were filed through the Electric Quarterly Report (“EQR”) under the second service agreement number listed.



C. NorthWestern's TSAs after NorthWestern Joins SPP

NorthWestern has decided to join SPP and transfer functional control of its transmission facilities to SPP on October 1, 2015. NorthWestern has proposed to transfer to SPP functional control of all of its-115 kV transmission facilities that are currently under the Western OATT and certain 69-kV transmission facilities that satisfy the requirements of Attachment AI of the SPP OATT. Once NorthWestern joins SPP, transmission service over the facilities that are transferred to SPP's functional control will be provided by SPP under the SPP OATT.⁵

When NorthWestern joins SPP on October 1, 2015, four of the TSAs—Groton, Miller, Titan Wind, and Oak Tree—will no longer be necessary because the lower voltage facilities serving those customers under the TSAs will be transferred to SPP's functional control. As a result, those customers will receive transmission service to their points of delivery under the SPP OATT, not the NW-SD OATT.

Also, for five of the TSAs—Aberdeen, SD-Services Center, SD-Durfee Prison, SD-NSU, and SD-Development Center—the TSAs will no longer be necessary after NorthWestern joins SPP because those customers will take distribution service under a South Dakota state tariff for delivery of power from the SPP-controlled transmission system to their points of delivery. All of these customers are end-use customers that will consume the power delivered to them. Further, NorthWestern has determined that the lower voltage facilities used to serve those customers are radial facilities that qualify as distribution facilities under the Commission's seven-factor test.⁶ Accordingly, service to those customers is appropriately provided under a South Dakota state-jurisdictional tariff.

In a separate filing made today with the Commission, NorthWestern is seeking Commission approval under 18 C.F.R. § 35.15 to terminate these nine TSAs because the TSAs will no longer be necessary after NorthWestern joins SPP.⁷ NorthWestern has discussed with these customers the need to terminate the TSAs, and all customers agree that they should be terminated.

⁵ On June 29, 2015, in Docket No. ER15-2069-000, NorthWestern requested approval of a transmission formula rate and protocols under the SPP OATT to allow NorthWestern to recover the costs of its transmission facilities that will be placed under the SPP OATT. This filing remains pending before the Commission.

⁶ See *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Servs. by Pub. Utils.; Recovery of Stranded Costs by Pub. Utils. and Transmitting Utils.*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 at 31,771, 31,981, *clarified*, 76 FERC ¶ 61,009 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in substantial part sub nom. Transmission Access Policy Study Grp. v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

⁷ Consistent with Order No. 2001, the current TSAs will be terminated on the EQR.



For the remaining two TSAs—Langford and Bryant—the customers are wholesale customers, *i.e.*, municipalities that will resell the power to end-use customers. For this reason, this Commission retains jurisdiction over delivery service to those customers through facilities that are not being transferred to SPP, regardless of whether the facilities qualify as transmission or distribution facilities. NorthWestern is not seeking to terminate these two TSAs at this time. Instead, NorthWestern is requesting in this filing Commission approval to revise those TSAs to change the POR and to change the rate for service provided under those TSAs.

NorthWestern expects the revised TSAs to be an interim step to serve Langford and Bryant over NorthWestern's non-transferred facilities. Subsequently, NorthWestern intends to transition those customers to wholesale distribution service under Schedule 10 of the SPP OATT rather than point-to-point transmission service under the NW-SD OATT. After those customers are transitioned to wholesale distribution service under the SPP OATT, NorthWestern will no longer have any customers under the NW-SD OATT, and, therefore, NorthWestern intends to make a filing with the Commission to terminate the NW-SD OATT. *See, e.g., Entergy Servs., Inc.*, 148 FERC ¶ 61,209, P 6 (2013) (describing termination of Entergy's OATT upon Entergy joining the Midcontinent Independent System Operator, Inc.) (citing *Entergy Servs., Inc.*, Docket No. ER14-648-000 (Jan. 31, 2004) (unpublished delegated letter order accepting termination of Entergy's OATT)).

II. Requests for Approval of the Revised and Executed TSAs

NorthWestern requests Commission approval of the revised and executed TSAs between NorthWestern and Langford (SA No. 32-SD) and Bryant (SA No. 33-SD), effective October 1, 2015. The clean versions of those two TSAs are attached hereto at Attachments 1 and 2, respectively, and redlined versions showing the proposed changes to the TSAs are attached at Attachments 3 and 4.

These TSAs are being revised in two respects: (1) the POR in each TSA is being revised to reflect the point where the power leaves the SPP-controlled facilities and is delivered to NorthWestern's non-transferred facilities; and (2) the formula in Attachment A of the TSAs that calculates the direct assignment charge is being eliminated and replaced by a fixed rate established in NorthWestern's South Dakota state rate case.

The PORs in the two TSAs are being revised to more accurately reflect the point where power is delivered from the SPP-controlled transmission system to NorthWestern's non-transferred facilities after NorthWestern joins SPP and transfers functional control of its transmission facilities to SPP. The following table shows the changes to the PORs proposed in this filing:



TSA Customer	Existing POR	New POR
City of Langford	Western's Huron 115 kV Bus	Andover Jct Sub
City of Bryant	Western's Huron 115 kV Bus	Henry Jct Sub

In addition, the direct assignment rate in Section 8.3 of the TSAs is being revised in this filing. Under the existing TSAs, the customers pay a direct assignment charge described in Section 8.3 of the service specifications and in the formula in Attachment A of the TSAs. These direct assignment charges are based on the net book value of the NorthWestern transmission facilities that are used to provide service multiplied by a rate factor based on the costs of facilities under the Western OATT. The rate factor is updated every July based on information from the Western OATT.

For both TSAs, the formula in Attachment A has been deleted, and a new fixed charge is stated in the TSAs. Because this is a fixed charge that is not developed through the formula in Attachment A, the language in section 8.3 describing the formula calculation under Attachment A also has been deleted.

The fixed charge stated in the revised TSAs is \$3.34 per kW per Month. This charge is based on the costs of NorthWestern's distribution system in South Dakota, which includes the lower voltage facilities used to serve the customers under the TSAs. As stated above, NorthWestern has determined that the facilities used to serve Langford and Bryant are radial facilities that function as distribution rather than transmission facilities under the Commission's seven-factor test. In a settlement of a rate proceeding before the South Dakota Public Utilities Commission ("SD PUC"), the facilities used to serve these customers have been included as part of NorthWestern's distribution system, and a rate has been developed based on the costs of NorthWestern's distribution facilities. This rate—which is the fixed charge under the TSAs—is recovered under a state-jurisdictional tariff that governs delivery service and charges over those facilities.

The settlement has been filed with the SD PUC, and it is currently pending before that commission.⁸ Staff of the SD PUC has recommended approval of the settlement. Support for this fixed charge and a description of how it was derived is attached hereto at Attachment 5.

NorthWestern has discussed the revisions to these TSAs with the customers under the TSAs. The customers have consented to these revisions and have executed the revised TSAs.

⁸ See *Application of NorthWestern Corp. d/b/a NorthWestern Energy for Auth. to Increase Elec. Rates*, Docket No. EL14-106, Settlement Stipulation (SD PUC filed Sept. 24, 2015).



III. Proposed Effective Date and Request for Waivers

NorthWestern respectfully requests that the Commission accept the revised and executed TSAs, with an effective date of October 1, 2015—the date on which NorthWestern will join SPP.

NorthWestern requests waiver of the 60-day notice requirement under section 205 of the FPA to allow the October 1, 2015 effective date. The Commission has authority to waive the 60-day notice requirement upon a showing of “good cause.” *See, e.g., Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106 at 61,338–39 (1992), *reh’g denied*, 61 FERC ¶ 61,089 (1992). Here, good cause exists to approve an October 1, 2015 effective date because the customers under the TSAs consent to and have executed the revised TSAs, and because an October 1, 2015 effective date will allow timely integration of NorthWestern’s transmission facilities into SPP in accordance with the parties’ plans, thereby promoting this Commission’s goal of expanding the reach of RTOs.

NorthWestern requests waiver of section 35.13 of the Commission’s regulations, 18 C.F.R. § 35.13, to the extent applicable to this filing, and request waiver of any other applicable requirement of 18 C.F.R. Part 35 for which waiver is not specifically requested in order for the Commission to accept NorthWestern’s filing, with an effective date of October 1, 2015.

IV. Communications

Please place the following individuals on the official service list for this proceeding:

Michael Cashell
Vice President – Transmission
NorthWestern Energy
40 East Broadway
Butte, MT 59701
Phone: (406) 497-4575
michael.cashell@northwestern.com

M. Andrew McLain
Corporate Counsel & FERC Compliance Officer
NorthWestern Energy
208 N. Montana Avenue, Suite 205
Helena, MT 59601
Phone: (406) 443-8987
andrew.mclain@northwestern.com

John S. Moot
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Ave., N.W.
Washington, DC 20005
(202) 371-7890
jmoot@skadden.com

Gerard A. Clark
Skadden, Arps, Slate,
Meagher & Flom LLP
1440 New York Ave., N.W.
Washington, DC 20005
(202) 371-7890
gclark@skadden.com



V. Persons Served

NorthWestern has served a copy of this filing on SPP, Western, the SD PUC, Langford, and Bryant.

VI. Contents of Filing

The following documents are included in this filing:

This transmittal letter;

Attachment 1 Langford TSA, Service Agreement No. 32-SD, Clean Version

Attachment 2 Bryant TSA, Service Agreement No. 33-SD, Clean Version

Attachment 3 Marked version of Langford TSA, *comparing* Service Agreement No. 32-SD to Service Agreement No. 19-SD

Attachment 4 Marked version of Bryant TSA, *comparing* Service Agreement No. 33-SD to Service Agreement No. 26-SD

Attachment 5 Cost Support for Direct Assignment Charge

VII. Conclusion

For the reasons stated herein, NorthWestern respectfully requests that the Commission accept the revised and executed TSAs filed herein, with an effective date of October 1, 2015.

Respectfully submitted,

s/ M. Andrew McLain

M. Andrew McLain

Corporate Counsel & FERC Compliance Officer

andrew.mclain@northwestern.com | ☎ (406) 443-8987

Attachments

cc: Town of Langford
City of Bryant
Southwest Power Pool
Western Area Power Administration
South Dakota Public Utilities Commission



Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated in the foregoing transmittal letter, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated this 30th day of September, 2015.

s/ M. Andrew McLain

M. Andrew McLain
Corporate Counsel & FERC Compliance Officer
NorthWestern Energy
208 N. Montana Avenue, Suite 205
Helena, MT 59601
(406) 443-8987
andrew.mclain@northwestern.com

Attachment 1

Service Agreement No. 32-SD

Firm Point-to-Point Transmission Service Agreement
between NorthWestern Corporation d/b/a NorthWestern Energy
and The Town of Langford, South Dakota

Clean Tariff Record

NorthWestern Corporation
(South Dakota)

FERC Open Access Transmission Tariff
Volume No. 2

Firm Point to Point Transmission Service Agreement between
NorthWestern Corporation d/b/a NorthWestern Energy
and
The Town of Langford, South Dakota

Service Agreement For
Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of Sept. 29, 2015, is entered into, by and between NorthWestern Corporation d/b/a NorthWestern Energy (the “Transmission Provider”), and the Town of Langford, South Dakota (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Transmission Provider’s Open Access Transmission Tariff (“Tariff”).
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities *and/or* Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Michael Cashell
NorthWestern Energy
40 E. Broadway
Butte, MT 59701-9394

Transmission Customer:

Town of Langford
302 Main St.
P.O. Box 191
Langford, S.D. 57454

- 7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: Petrick R. Coonan VP Govt. Reg. Affairs 9/29/15
Title Date

Attest:

By: Maile Amundson Hunt Executive Assistant 9/29/15
Title Date

Transmission Customer:

By: David Seel President 9/25/15
Title Date

Attest:

By: Mindy Swearingen Finance 09-25-15
Title Officer Date

Specifications For Long-Term Firm Point-To-Point
Transmission Service

- 1.0 Term of Transaction: 10 years
Start Date: 10/1/2015
Termination Date: 9/30/2025
- 2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates: Firm power and energy from Western Area Power Administration's (Western) Contract with the Town of Langford, South Dakota ("Transmission Customer"). The transaction takes place within Western's control area.
- 3.0 Point(s) of Receipt: Andover Jct. Sub
Delivering Party: Western
- 4.0 Point(s) of Delivery: Langford 12.5 kV distribution system
Receiving Party: Town of Langford, South Dakota
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): 1 MW Summer, 1 MW Winter.
- 6.0 Designation of party(ies) subject to reciprocal service obligation: None
- 7.0 Name(s) of any Intervening Systems providing transmission service: None
- 8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
- 8.1 Transmission Charge: \$ 3.34 per KW per Month.
- 8.2 System Impact and/or Facilities Study Charge(s): None
- 8.3 Ancillary Services Charges: N/A.

Attachment 2

Service Agreement No. 33-SD

Firm Point-to-Point Transmission Service Agreement
between NorthWestern Corporation d/b/a NorthWestern Energy
and The City of Bryant, South Dakota

Clean Tariff Record

NorthWestern Corporation
(South Dakota)

FERC Open Access Transmission Tariff
Volume No. 2

Firm Point to Point Transmission Service Agreement between
NorthWestern Corporation d/b/a NorthWestern Energy
and
The City of Bryant, South Dakota

Service Agreement For
Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of Sept. 29, 2015, is entered into, by and between NorthWestern Corporation d/b/a NorthWestern Energy (the “Transmission Provider”), and the City of Bryant, South Dakota (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Transmission Provider’s Open Access Transmission Tariff (“Tariff”).
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities *and/or* Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Michael Cashell
NorthWestern Energy
40 E. Broadway
Butte, MT 59701-9394

Transmission Customer:

City of Bryant
P.O Box 145
Bryant, S.D. 57221

- 7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: Patricia R. Corcoran VP Govt & Reg Affairs 9/29/15
Title Date

Attest:

By: Michelle Griesbach Hunt Executive Assistant 9/29/15
Title Date

Transmission Customer:

By: Shawn R. Schaefer Mayor 9-24-15
Title Date

Attest:

By: Nancy Rawlins Secy of Utilities 9-24-15
Title Date

Specifications For Long-Term Firm Point-To-Point
Transmission Service

- 1.0 Term of Transaction: 10 years
Start Date: 10/1/2015
Termination Date: 9/30/2025
- 2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates: Firm power and energy from Western Area Power Administration's (Western) Contract with the City of Bryant, South Dakota (Transmission Customer). The transaction takes place within Western's control area.
- 3.0 Point(s) of Receipt: Henry Jct. Sub
Delivering Party: Western
- 4.0 Point(s) of Delivery: Bryant Distribution system
Receiving Party: The City of Bryant, South Dakota
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): 1MW Summer, 1MW Winter.
- 6.0 Designation of party(ies) subject to reciprocal service obligation: None
- 7.0 Name(s) of any Intervening Systems providing transmission service: None
- 8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)
- 8.1 Transmission Charge: \$ 3.34 per KW per Month.
- 8.2 System Impact and/or Facilities Study Charge(s): None
- 8.3 Ancillary Services Charges: N/A.

Attachment 3

Service Agreement No. 32-SD

Firm Point-to-Point Transmission Service Agreement
between NorthWestern Corporation d/b/a NorthWestern Energy
and The Town of Langford, South Dakota

Marked Tariff Record

NorthWestern Corporation
(South Dakota)

FERC Open Access Transmission Tariff
Volume No. 2

Firm Point to Point Transmission Service Agreement between

NorthWestern Corporation d/b/a NorthWestern Energy

and

~~the City~~The Town of Langford, South Dakota

Service Agreement For
Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of ~~3-1-12~~[Sept. 29, 2015](#), is entered into, by and between NorthWestern Corporation d/b/a NorthWestern Energy (the "Transmission Provider"), and the [CityTown](#) of Langford, South Dakota ("Transmission Customer").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Transmission Provider's Open Access Transmission Tariff ("Tariff").
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities *and/or* Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

~~Dennis Wagner~~[Michael Cashell](#)
NorthWestern Energy
~~600 Market Street West~~
~~Huron, South Dakota 57350-1318~~
~~40 E. Broadway~~
~~Butte, MT 59701-9394~~

Transmission Customer:

Town of Langford,~~SD~~
302 Main St.
P.O. Box 191
Langford, SD 57454

- 7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____ Title _____ Date _____

Attest:

By: _____ Title _____ Date _____

Transmission Customer:

By: _____ Title _____ Date _____

Attest:

By: _____ Title _____ Date _____

Specifications For Long-Term Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: 10 years

Start Date: ~~March 10/1, 2012/2015~~

Termination Date: ~~February 28, 2022~~9/30/2025

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates: Firm power and energy from Western Area Power Administration's (Western) Contract with the CityTown of Langford, South Dakota ("Transmission Customer"). The transaction takes place within Western's control area.

3.0 Point(s) of Receipt: ~~Western's Huron 115 kV Bus~~ Andover Jct. Sub

Delivering Party: Western

4.0 Point(s) of Delivery: Langford 12.5 kV distribution system

Receiving Party: CityTown of Langford, South Dakota

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): ~~0.542~~1 MW Summer, ~~0.411~~1 MW Winter.

6.0 Designation of party(ies) subject to reciprocal service obligation: None

7.0 Name(s) of any Intervening Systems providing transmission service: None

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

~~8.1 — Transmission Charge: Standard tariff rate discounted by the facilities credit allowed by Western for the Transmission Provider's contiguous high voltage (115 kV and above system). Since the credit is based on 100% of the revenue requirement for the portions of the high voltage system used by this transaction, and the Transmission Customer is also an Integrated System Network Service Customer of Western or grandfather equivalent, this portion of the transmission charge is set to \$0.00.~~

8.1 Transmission Charge: \$ 3.34 per KW per Month.

8.2 System Impact and/or Facilities Study Charge(s): None

~~8.3 Direct Assignment Facilities Charge: \$2.4915 per kW per Month (12 CP), with such charge to be adjusted annually, effective July 1st of each year that the Agreement remains in effect, through a recalculation of the Direct Assignment Charge formula based upon data from the previous calendar year. See Attachment A for development of formula based Direct Assignment Charge which includes the lower voltage facilities not included in the Integrated System facilities credit.~~

~~8.4 Ancillary Services Charges: No additional charge. As a Network Service Customer or grandfathered equivalent, this Transmission Customer receives ancillary services directly from Western, the control area operator.~~

8.3 Ancillary Services Charges: N/A.

Attachment 4

Service Agreement No. 33-SD

Firm Point-to-Point Transmission Service Agreement
between NorthWestern Corporation d/b/a NorthWestern Energy
and The City of Bryant, South Dakota

Marked Tariff Record

NorthWestern Corporation
(South Dakota)

FERC Open Access Transmission Tariff
Volume No. 2

Firm Point to Point Transmission Service Agreement between
NorthWestern Corporation d/b/a NorthWestern Energy
and
The City of Bryant, South Dakota

Service Agreement For
Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of ~~3-1-12~~[Sept. 29, 2015](#), is entered into, by and between NorthWestern Corporation d/b/a NorthWestern Energy (the “Transmission Provider”), and the City of Bryant, South Dakota (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Transmission Provider’s Open Access Transmission Tariff (“Tariff”).
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities *and/or* Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

~~Dennis Wagner~~[Michael Cashell](#)
NorthWestern Energy
~~600 Market Street West~~
~~Huron, South Dakota 57350-1318~~
[40 E. Broadway](#)
[Butte, MT 59701-9394](#)

Transmission Customer:

City of Bryant
PO Box 145
Bryant, SD 57221

- 7.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: _____ Title _____ Date _____

Attest:

By: _____ Title _____ Date _____

Transmission Customer:

By: _____ Title _____ Date _____

Attest:

By: _____ Title _____ Date _____

Specifications For Long-Term Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: 10 years

Start Date: ~~March 10/1, 2012/2015~~

Termination Date: ~~February 28, 2022/30/2025~~

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates: Firm power and energy from Western Area Power Administration's (Western) Contract with the City of Bryant, South Dakota (Transmission Customer). The transaction takes place within Western's control area.

3.0 Point(s) of Receipt: ~~Western's Huron 115 kV Bus~~ Henry Jct. Sub

Delivering Party: Western

4.0 Point(s) of Delivery: ~~Bryant 25 kV System~~ Distribution system

Receiving Party: The City of Bryant, South Dakota

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): ~~0.910 MW~~ 1MW Summer, ~~0.999 MW~~ 1MW Winter.

6.0 Designation of party(ies) subject to reciprocal service obligation: None

7.0 Name(s) of any Intervening Systems providing transmission service: None

8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.)

~~8.1 — Transmission Charge: Standard tariff rate discounted by the facilities credit allowed by Western for the Transmission Provider's contiguous high voltage (115 kV and above system). Since the credit is based on 100% of the revenue requirement for the portions of the high voltage system used by this transaction, and the Transmission Customer is also an Integrated System Network Service Customer of Western or grandfather equivalent, this portion of the transmission charge is set to \$0.00.~~

8.1 Transmission Charge: \$ 3.34 per KW per Month.

8.2 System Impact and/or Facilities Study Charge(s): None

~~8.3 Direct Assignment Facilities Charge: \$4.6578 per kW per Month (12 CP), with such charge to be adjusted annually, effective July 1st of each year that the Agreement remains in effect, through a recalculation of the Direct Assignment Charge formula based upon data from the previous calendar year. See Attachment A for development of formula based Direct Assignment Charge which includes the lower voltage facilities not included in the Integrated System facilities credit.~~

~~8.4 Ancillary Services Charges: No additional charge. As a Network Service Customer or grandfathered equivalent, this Transmission Customer receives ancillary services directly from Western, the control area operator.~~

8.3 Ancillary Services Charges: N/A.

Attachment 5

**Cost Support for
Direct Assignment Charge**

Commercial & Industrial Distribution Costs	\$6,631,468
Commercial & Industrial 12CP Transmission kW	<u>127,076</u>
Rate per kw	\$4.35
Diversity Factor	<u>1.20381</u>
	\$3.61
Conversion Factor from 60 to 15 minute demands	<u>1.08</u>
Rate per kw	<u><u>\$3.34</u></u>

	A	B	C	D	E	F
1		NorthWestern Corporation				
2		dba NorthWestern Energy				
3		Class Cost of Service Study				
4		Summary Cost of Service Component Costs				
5		South Dakota Electric				
6		Test Year Ended September 30, 2014				
7						
8						
9			Table 2. Total Claimed Electric Revenues Component Cost for the Test Year			
10	Line					
11	No.	Customer Class	Total	Production	Transmission	Distribut Subs
12						
13	1	Total Residential	48,009,994	15,352,425	7,908,926	3,304,611
14	2	Total Irrigation	345,708	52,245	26,557	41,528
15	3	Total Commercial	11,225,340	3,783,400	1,962,655	747,371
16	4	Total Commercial & Industrial	34,308,415	14,833,738	7,730,147	2,099,127
17	5	Total Municipal	284,173	84,907	45,156	15,922
18	6	Total Lighting	2,078,547	114,029	58,530	78,016
19	7	Controlled Off-Peak	5,626	846	443	418
20	8	Residential Basic	30,802,400	9,742,483	5,039,942	1,946,958
21	9	Residential With Space Heating	15,493,654	5,057,026	2,588,719	1,196,550
22	10	Residential Sp Htg & Cooling	1,700,866	548,706	278,134	159,880
23	11	Residential Dual Fuel	13,074	4,209	2,130	1,222
24	12	Irrigation Interruptible	327,617	48,302	24,519	39,679
25	13	Irrigation	18,091	3,943	2,038	1,848
26	14	Commercial General Service	4,914,713	1,495,764	792,785	259,916
27	15	Commercial Sep Metered Sp Htg	54,024	18,689	9,559	3,380
28	16	Commercial Sp Htg & Cooling	3,293,107	1,191,487	605,479	280,245
29	17	Commercial All Inclusive	2,963,496	1,077,460	554,831	203,829
30	18	Commercial & Industrial	6,809,431	2,441,094	1,301,298	375,854
31	19	Commercial & Industrial Large	27,498,984	12,392,644	6,428,849	1,723,273
32	20	Municipal Pumping	284,173	84,907	45,156	15,922
33	21	Lighting Reddy-Guard	447,041	29,692	15,394	20,683
34	22	Lighting Hwy Street & Area Light	1,631,506	84,336	43,135	57,333
35	23	Controlled Off-Peak	5,626	846	443	418
36	24	Total	96,257,804	34,221,589	17,732,414	6,286,992
37						
38						
39				Comm & Ind Distribut Subs		375,854
40				Comm & Ind Distri Primary		869,355
41				Comm & Ind Large Distribut Subs		1,723,273
42				Comm & Ind Large Distri Primary		3,662,985
43						
44				Total Distribution Costs		6,631,468

	G	H	I	J	K	L
1						
2						
3						
4						
5						
6						
7						
8						
9	ar at Equalized ROR		Table 2. Total Claimed Electric Revenues Comp			
10						
11	Distri Primary	Distri Second	Distri Transf	Services	Meters	Cust Mtr Read
12						
13	6,837,382	3,574,985	2,012,106	1,746,236	2,618,003	727,109
14	81,685	42,958	27,347	16,638	41,349	3,558
15	1,572,210	820,529	442,473	197,567	699,929	160,649
16	4,532,341	447,623	1,186,088	821,128	339,101	525,770
17	36,584	18,915	7,924	7,053	23,148	18,576
18	159,679	83,591	48,349	0	0	0
19	916	476	230	200	623	1,169
20	4,098,735	2,138,938	1,151,213	1,052,653	2,130,575	577,047
21	2,424,615	1,270,723	753,414	693,583	435,830	145,914
22	311,665	164,077	106,657	0	51,106	4,119
23	2,367	1,247	823	0	491	28
24	77,807	40,933	26,248	15,869	40,185	3,363
25	3,878	2,024	1,099	770	1,164	195
26	591,317	306,040	132,211	118,675	536,178	116,047
27	6,829	3,580	2,139	0	5,386	296
28	551,907	290,205	184,224	0	64,078	1,974
29	422,158	220,704	123,899	78,891	94,287	42,331
30	869,355	447,623	184,238	163,304	263,362	387,494
31	3,662,985	0	1,001,850	657,824	75,739	138,276
32	36,584	18,915	7,924	7,053	23,148	18,576
33	43,879	22,879	12,066	0	0	0
34	115,800	60,713	36,283	0	0	0
35	916	476	230	200	623	1,169
36	13,220,796	4,989,077	3,724,516	2,788,822	3,722,153	1,436,831
37						
38						
39						
40						
41						
42						
43						
44						

	M	N	O	P	Q	R	S
1							
2							
3							
4							
5							
6							
7							
8							
9	Component Cost for the Test Year at Equalized ROR						
10							
11	Cust Records	Cust Other	Lighting	Energy Rel	Fuel	Ext Transm	Ad Valorem
12							
13	1,426,710	1,747,347	0	754,155	0	0	0
14	4,570	3,873	0	3,402	0	0	0
15	254,959	383,572	0	200,027	0	0	0
16	67,606	827,244	0	898,502	0	0	0
17	7,394	12,381	0	6,215	0	0	0
18	29,953	104,598	1,377,014	24,788	0	0	0
19	113	139	0	52	0	0	0
20	1,137,277	1,303,820	0	482,757	0	0	0
21	281,587	400,959	0	244,734	0	0	0
22	7,793	42,268	0	26,460	0	0	0
23	52	300	0	204	0	0	0
24	4,164	3,411	0	3,138	0	0	0
25	406	462	0	264	0	0	0
26	227,889	263,388	0	74,503	0	0	0
27	616	2,629	0	920	0	0	0
28	3,852	54,636	0	65,020	0	0	0
29	22,602	62,919	0	59,583	0	0	0
30	52,361	187,401	0	136,046	0	0	0
31	15,244	639,843	0	762,456	0	0	0
32	7,394	12,381	0	6,215	0	0	0
33	25,910	88,460	181,648	6,429	0	0	0
34	4,043	16,138	1,195,366	18,359	0	0	0
35	113	139	0	52	0	0	0
36	1,791,304	3,079,154	1,377,014	1,887,141	0	0	0
37							
38							
39							
40							
41							
42							
43							
44							

NorthWestern Corporation, dba NorthWestern Energy
 Class Cost of Service Study
 Income Statement-Claimed Rates
 South Dakota Electric
 Test Year Ended September 30, 2014

CLAIMED ROR

Line No.	Description (a)	Reference (b)	Total Service Area (c)
1	Revenues:		
2	Electric Sales Base Rev Required for Claimed ROR		96,257,804
3	Fuel Revenues		44,843,447
4	Yankton Sioux Billing Credit		(47,405)
5	External Transmission Revenues		3,520,526
6	Ad Valorem Revenues		5,340,668
7	Wholesale Sales Revenues		1,190,132
8	Other Revenues		2,832,603
9	Total Revenues		<u>153,937,774</u>
10			
11	Expenses:		
12	Operations & maintenance expenses		85,922,874
13	Depreciation & amortization expense		21,452,987
14	Regulatory Credits		856,586
15	Taxes Other than Income taxes		6,427,788
16			
17	Total Expenses		<u>114,660,235</u>
18			
19	Operating Income Before Income Taxes		39,277,539
20			
21	Federal Income Taxes		8,011,713
22			
23	Adjustments to Taxes		(1,125,788)
24			
25	Net Operating Income		<u>32,391,614</u>
26			
27			
28	Rate Base		<u>447,397,986</u>
29			
30			
31	Return on Rate Base		<u>7.24%</u>