



## Notice of Annual Update

---

*Rate Year: April 1, 2019 – March 31, 2020*

The Annual Update of NorthWestern Corporation d/b/a NorthWestern Energy's Formula Rate Template provides the annual transmission revenue requirement for service in the Upper Missouri Zone of the Southwest Power Pool, Inc. (SPP) footprint for the Rate Year that begins April 1, 2019.

NorthWestern Energy's Annual Update was posted to the SPP OASIS on March 1, 2019. The posted information includes:

- A workable, fully populated Formula Rate Template and underlying workpapers;
- 2018 FERC Form No. 1 (Accession No. 20190226-8001); and
- Narrative providing additional information regarding the Annual Update.

The Annual Update is based on the 2018 FERC Form No. 1. The posted information is available on the SPP Member Related Postings page, [HERE](#).

### Annual Update Meeting

NorthWestern Energy's 2019 Annual Meeting will be held before June 1. Time, date, location, and remote access instructions will be provided at least 7 days before the Annual Meeting.

### Contact Information

Please submit all communications regarding the Annual Update to the following:

Andrew McLain  
Director – Transmission Market Strategy &  
FERC Compliance Officer  
[Andrew.McLain@northwestern.com](mailto:Andrew.McLain@northwestern.com)

Dori Quam  
Lead – Transmission Regulatory Support  
[Dori.Quam@northwestern.com](mailto:Dori.Quam@northwestern.com)

**ADDENDUM 27 TO ATTACHMENT H, Page 1 of 18**  
**NorthWestern Corporation (South Dakota)**

**TABLE OF CONTENTS**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

<u>Spreadsheet Title</u>	<u>Page Number</u>
TABLE OF CONTENTS	1
FORMULA RATE TEMPLATE INPUTS	2-3
APPENDIX A, ADDENDUM 27	4-6
ATTACHMENT 1 - ACCUMULATED DEFERRED INCOME TAXES	7
ATTACHMENT 2 - TAXES OTHER THAN INCOME	8
ATTACHMENT 3 - REVENUE CREDITS	9
ATTACHMENT 4 - NON-ESCROWED FUNDS	10
ATTACHMENT 5 - COST SUPPORT	11
ATTACHMENT 6 - WEIGHTED AVERAGE COST OF CAPITAL	12
ATTACHMENT 7 - COMMON STOCK	13
ATTACHMENT 8 - PREFERRED STOCK	14
ATTACHMENT 9 - LONG-TERM DEBT	15-16
ATTACHMENT 10 - DEPRECIATION RATES	17
ATTACHMENT 11 - LIST OF QUALIFYING FACILITIES	18

**ADDENDUM 27 TO ATTACHMENT H, Page 2 of 18**  
**NorthWestern Corporation (South Dakota)**

**Formula Rate Template Inputs**  
**(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)**

**Data Entered Directly From FERC Form No. 1 ("FF1"):**

Line No	Account/Description/Classification	Inputs From 2018	FF1 Page Location	Template Sheet of the Link
1	Prepayments (165)	8,305,165	110.57c footnote	ATT 5 - Cost Support, Ln. 37
2	Preferred Stock Issued (204) - End of Year	0	112.3c	ATT 8 - Pref Stock, Ln. 2, Col. A
3	Preferred Stock Issued (204) - Beg of Year	0	112.3d	ATT 8 - Pref Stock, Ln. 1, Col. A
4	Unappropriated Undistrib Subsid Earnings (216.1) - End of Yr	1,650,165	112.12c	ATT 7 - Com Stock, Ln. 2, Col. G
5	Unappropriated Undistrib Subsid Earnings (216.1) - Beg of Yr	2,143,146	112.12d	ATT 7 - Com Stock, Ln. 1, Col. G
6	Accum Other Comp Income (219) - End of Year	(7,791,798)	112.15c	ATT 7 - Com Stock, Ln. 2, Col. F
7	Accum Other Comp Income (219) - Beginning of Year	(8,772,079)	112.15d	ATT 7 - Com Stock, Ln. 1, Col. F
8	Total Proprietary Capital - End of Year (Total Company)	1,942,381,150	112.16c	ATT 7 - Com Stock, Ln. 2, Col. A
9	Total Proprietary Capital - Beginning of Year (Total Company)	1,798,914,837	112.16d	ATT 7 - Com Stock, Ln. 1, Col. A
10	Bonds (221) - End of Year (Total Company)	1,779,660,000	112.18c	ATT 9 - LTD, Pg. 1, Ln. 2, Col. B
11	Bonds (221) - Beginning of Year (Total Company)	1,779,660,000	112.18d	ATT 9 - LTD, Pg. 1, Ln. 1, Col. B
12	(Less) Recquired Bonds (222) - End of Year	0	112.19c	ATT 9 - LTD, Pg. 1, Ln. 2, Col. C
13	(Less) Recquired Bonds (222) - Beginning of Year	0	112.19d	ATT 9 - LTD, Pg. 1, Ln. 1, Col. C
14	Advances from Assoc Companies (223) - End of Year	0	112.20c	ATT 9 - LTD, Pg. 1, Ln. 2, Col. A
15	Advances from Assoc Companies (223) - Beginning of Year	0	112.20d	ATT 9 - LTD, Pg. 1, Ln. 1, Col. A
16	Other Long Term Debt (224) - End of Year	334,976,900	112.21c	ATT 9 - LTD, Pg. 1, Ln. 2, Col. D
17	Other Long Term Debt (224) - Beginning of Year	26,976,900	112.21d	ATT 9 - LTD, Pg. 1, Ln. 1, Col. D
18	Unamortized Premium on Long Term Debt - End of Year (Acct 225)	0	112.22c	ATT 9 - LTD, Pg. 1, Ln. 5
19	Unamortized Premium on Long Term Debt - Beginning of Year (Acct 225)	0	112.22d	ATT 9 - LTD, Pg. 1, Ln. 4
20	(Less) Unamortized Disc. on Long-Term Debt (Debit) - End of Yr (Acct 226)	0	112.23c	ATT 9 - LTD, Pg. 1, Ln. 8
21	(Less) Unamortized Disc. on Long-Term Debt (Debit) - Beg of Yr (Acct 226)	0	112.23d	ATT 9 - LTD, Pg. 1, Ln. 7
22	Accumulated Provision for Injuries and Damages (228.2)	904,069	112.28c footnote	ATT 4 - Non-Escrowed Funds, Ln. 4
23	Elec - Taxes Other than Income Taxes (408.1)	5,816,886	115.14g or 262 footnote	ATT 2 - Other Taxes, Ln. 22
24	Interest on LTD (427)	78,575,360	117.62c	ATT 9 - LTD, Pg. 2, Ln. 1
25	Amort of Debt Disc & Expenses (428)	1,201,220	117.63c	ATT 9 - LTD, Pg. 2, Ln. 2
26	Amort of Loss on Recquired Debt (428.1)	2,829,889	117.64c	ATT 9 - LTD, Pg. 2, Ln. 3
27	(less) Amort of Premium on Debt-Credit (429)	0	117.65c	ATT 9 - LTD, Pg. 2, Ln. 4
28	(less) Amort of Gain on Recquired Debt-Credit (429.1)	0	117.66c	ATT 9 - LTD, Pg. 2, Ln. 5
29	Total Dividends Declared Pref Stock (437)	0	118.29c	ATT 8 - Preferred Stock, Ln. 4, Col. G
30	Electric - Amortization of Other Utility Plant - Average of BOY/EOY Balances	(39,193)	200.21c footnote	Appendix A - Ln. 8
31	Total Intangible Plant - Average of BOY/EOY Balances	73,035	205.5b and 5g footnote average	Appendix A - Ln. 22
32	Total Electric Plant in Service - Average of BOY/EOY Balances	894,573,817	207.91b and 91g footnote average	Appendix A - Ln. 6
33	Trn - Total Transmission Plant - Average of BOY/EOY Balances	179,905,814	207.55b and 55g footnote average	ATT 5 - Cost Support, Ln. 1a
34	Transmission Materials & Supplies	2,078,361	227.8.c footnote	Appendix A - Ln. 41
35	Stores Expense Undistributed (Account 163)	0	227.15.c footnote	Appendix A - Ln. 38
36	Total (Acct 190)	13,720,706	234.22e footnote	ATT 1 - ADIT, Pg. 1, Ln. 9
37	Total (Acct 281)	0	273.17k	Line not used
38	Total (Acct 282)	60,783,037	274.9k footnote	ATT 1 - ADIT, Pg. 1, Ln. 18
39	Total (Acct 283)	7,969,098	276.19k footnote	ATT 1 - ADIT, Pg. 1, Ln. 28
40	Interest on Debt to Assoc. Companies (430)	0	117.67c	ATT-9 - LTD, Pg. 2, Ln. 5a
41	Gen - Total General Plant - Average of BOY/EOY Balances	21,287,080	207.86b and 86g footnote average	Appendix A - Ln. 21
42	Transmission Accum. Depreciation - Average of BOY/EOY Balances	62,569,521	219.25c footnote average	Line not used
43	General Accum. Depreciation - Average of BOY/EOY Balances	6,567,769	219.27c footnote average	Appendix A - Ln. 29
44	Total Accum Depr Utility Plant - Average of BOY/EOY Balances	307,376,372	219.28.c footnote average	Appendix A - Ln. 7
45	Amortized Investment Tax Credit	25,663	266.8f	ATT 5 - Cost Support, Ln. 103
46	Trn Oper Transmission of Elec by Others	21,256,604	321.96b footnote	ATT 5 - Cost Support, Ln. 50
47	Total Transmission Expenses	22,921,292	321.112b footnote	ATT 5 - Cost Support, Ln. 49
48	A&G Oper Regulatory Commission Expenses	62,921	323.189b footnote	Appendix A - Ln. 58 & ATT - 5, Ln. 63
49	A&G Oper General Advertising Expenses	14,147	323.191b footnote	Appendix A - Ln. 59
50	Total Admin & General Expenses	9,827,125	323.197b footnote	Appendix A - Ln. 54
51	Depreciation Exp (403) - Intangible Plant	0	336.1b footnote	Appendix A - Ln.69
52	Depr Exp Asset Retire (403.1) - Intangible Plant	0	336.1c footnote	Appendix A - Ln. 69
53	Amort Lim Term (404) - Intangible Plant	12,376	336.1d footnote	Appendix A - Ln. 69
54	Amort of Other Intangible Electric Plant (405)	0	336.1e footnote	Appendix A - Ln. 69
55	Depreciation Exp (403) - Transmission Plant	0	336.7f footnote	Line not used
56	Depr Exp Asset Retire (403.1) - Transmission Plant	0	336.7c footnote	Line not used
57	Amort Lim Term (404) - Transmission Plant	0	336.7d footnote	Line not used
58	Depreciation Exp (403) - General Plant	1,248,448	336.10f footnote	Appendix A - Ln. 68
59	Depr Exp Asset Retire (403.1) - General Plant	0	336.10c footnote	Appendix A - Ln. 68
60	Amort Lim Term (404) - General Plant	0	336.10d footnote	Appendix A - Ln. 68
61	Tot Elec O & M Transmission Direct Payroll	746,109	354.21b footnote	Appendix A - Ln. 1
62	Tot Elec O & M Admin & General Direct Payroll	4,513,160	354.27b footnote	Appendix A - Ln. 3
63	Total Elec O & M Direct Payroll	11,554,710	354.28b footnote	Appendix A - Ln. 2
64	Transmission Towers and Fixtures - Average of BOY/EOY Balances	0	206.49.b	Appendix A - Ln. 16
65	Transmission Poles And Fixtures - Average of BOY/EOY Balances	47,941,051	206.50b and 50g footnote average	Appendix A - Ln. 16
66	Distribution Poles, Towers, and Fixtures - Average of BOY/EOY Balances	43,219,508	206.61b and 61g footnote average	Appendix A - Ln. 15
67	Rent from Electric Property	193,431	300.19.b footnote	ATT 3 - Revenue Credits, Ln. 1
68	SD Property Taxes	4,083,967	263.23i	ATT 2 - Other Taxes, Ln. 1
69	ND Property Taxes	18,299	263.37i	ATT 2 - Other Taxes, Ln. 1
70	IA Property Taxes	244,941	263.1.12i	ATT 2 - Other Taxes, Ln. 1
71	Coal Conversion	214,412	263.1.18i	ATT 2 - Other Taxes, Ln. 16
72	Gross Revenue	264,133	263.1.24i	ATT 2 - Other Taxes, Ln. 17
73	Delaware Franchise	33,732	263.1.31i	ATT 2 - Other Taxes, Ln. 15
74	Vehicle Tax	120,816	263.5i	ATT 2 - Other Taxes, Ln. 3
75	Payroll Tax - FICA	657,236	263.7i	ATT 2 - Other Taxes, Ln. 8
76	Payroll Tax - Medicare	167,780	263.14i	ATT 2 - Other Taxes, Ln. 8
77	Payroll Tax - FUT	5,785	263.25i	ATT 2 - Other Taxes, Ln. 9
78	Payroll Tax - FUT-SD	5,785	263.32i	ATT 2 - Other Taxes, Ln. 10

**ADDENDUM 27 TO ATTACHMENT H, Page 3 of 18**  
**NorthWestern Corporation (South Dakota)**

**Formula Rate Template Inputs**  
**(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)**

**Data Input from Company Records and/or Verification Required (Manual Input)**

Line No	Account/Description/Classification	Inputs From End of Year	Source of Data	Template Sheet of the Link
1	Federal Income Tax Rate	21%	From Tax Department	Appendix A - Ln. 98
2	State Income Tax Rate	0.00%	From Tax Department	Appendix A - Ln. 99
3	Percent of Federal Tax Eligible for Deduction by South Dakota	0.00%	From Tax Department	Appendix A - Ln. 100
4	State Income Tax Rate	0.00%	From Tax Department	Line not used
5	State Income Tax Rate	0.00%	From Tax Department	Line not used
6	State Income Tax Rate	0.00%	From Tax Department	Line not used
7	Specific FERC 909 Ad costs	146,786	321.169b footnote	ATT 5 - Cost Support, Ln. 64
8	EPRI Annual Membership Dues	0	Company Records	Line not used
9	Plant Held for Future Use (Account 105) - Total	0	214.47.d footnote	Appendix A - Ln. 26
10	Plant Held for Future Use (Account 105) - Non-Transmission	0	214.47.d footnote	Appendix A - Ln. 26
11	Transmission Related Regulatory Expenses	62,303	350.8.d	ATT - 5, Ln. 63
12	Plant Held for Future Use (Non-Land) - Transmission Only	0	214.47.d footnote	Appendix A - Ln. 26
13	Average BOY/EOY Transmission Gross Plant under SPP tariff	60,584,976	From ATT 11, Col L, L3644 company records	Appendix A - Ln. 20
14	Average BOY/EOY Transmission Accum Depreciation on assets under SPP tariff	24,264,178	From ATT 11, Col M, L3644 company records	Appendix A - Ln. 28
15	Revenues from Directly Assigned Transmission Facilities (ATT 3, Note 2)	0	ATT 5 - Cost Support, Ln. 117	
16	Charges billed to Transmission Owner for system integration and transmission costs paid to others that benefit transmission customers and are recorded in Account 565.	0	Verify amount annually	
17	Line left intentionally blank.	0	Line left intentionally blank.	
18	Other Electric Revenues - Transmission for Others (Schedules 7 & 8)	410,705	330.14 L17.n (Acct 4576.1). To: ATT-3, Line 4. Also see ATT-3, Notes 1 & 4	
19	Net revenues associated with Transmission Service Requests, Sponsored Upgrades, and Generation Interconnections for which the load is not included in the divisor.	0	Need to verify during each annual update if there are any such TSR revenues (including TSR revenue from SPP customers not in zone) for load that is NOT included in the UMZ divisor.	
20	Pre-OATT grandfathered Non-Firm Point to Point Service bundled demand revenues for which the load is not included in the divisor received by Transmission Owner and for which the revenues are divided between production and transmission functions.	0	This represents "Point-To-Point" demand revenue margins derived from any "grandfathered" agreements. The non-RQ "Demand Revenues" found in FF1, Pg. 311, Col. h (and page 311 extensions) for these customers should be reduced by the sum of the Demand Charges (costs) found in FF1, Pg. 327, col. j (and page 327 extensions) for these customers.	
21	Annual Depreciation Expense for Transmission Assets under SPP tariff	1,926,616	From ATT 11, Col O, L3644 company records	Appendix A - Ln. 67
22	Average BOY/EOY Gross Transmission Pole/Structures Investment (Accts 354+355) under SPP tariff	18,085,691	From ATT 11, Col L, L4351 company records	Appendix A - Ln. 17
23	Unamortized Debt Expense (Acct 181) - Beginning of Year	13,221,232	111.69d	ATT-9 - LTD, Pg. 1, Ln. 10
24	Unamortized Debt Expense (Acct 181) - End of Year	12,291,542	111.69c	ATT-9 - LTD, Pg. 1, Ln. 11
25	Unamortized Loss on Reacquired Debt - Beginning of Year (Acct 189)	37,090,302	111.81d	ATT-9 - LTD, Pg. 1, Ln. 13
26	Unamortized Loss on Reacquired Debt - End of Year (Acct 189)	34,079,779	111.81c	ATT-9 - LTD, Pg. 1, Ln. 14
27	Unamortized Gain on Reacquired Debt - Beginning of Yr (Acct 257)	0	113.61d	ATT-9 - LTD, Pg. 1, Ln. 16
28	Unamortized Gain on Reacquired Debt - End of Yr (Acct 257)	0	113.61c	ATT-9 - LTD, Pg. 1, Ln. 17

**The Worksheets listed below require Input of Data directly into the Worksheets themselves:**

Line	Sheet	Description/Source
29	ATT 1 - ADIT	Accumulated Def Inc Taxes - Verify with Tax Department.
30	ATT 5 - Cost Support	From company records

**ADDENDUM 27 TO ATTACHMENT H Page 4 of 18**  
**NorthWestern Corporation (South Dakota)**

**APPENDIX A**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

	Notes	FF1 Page # or Instruction
--	-------	---------------------------

**Shaded cells are input cells**

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense	p354.21.b [From Inputs, Pg. 1, Ln. 61]	746,109
1a	Transmission under SPP Tariff Factor	[From ATT-5, Ln. 1a]	33.68%
2	Total Wages Expense	p354.28.b [From Inputs, Pg. 1, Ln. 63]	11,554,710
3	Less A&G Wages Expense	p354.27.b [From Inputs, Pg. 1, Ln. 62]	4,513,160
4	Total Wages Less A&G Wages Expense	(Line 2 - Line 3)	7,041,550
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 * Line 1a) / Line 4	<b>3.57%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant in Service	p207.104.g [From Inputs, Pg. 1, Ln. 32]	894,573,817
7	Accumulated Depreciation (Total Electric Plant)	p219.29.c [From Inputs, Pg. 1, Ln. 44]	307,376,372
8	Accumulated Intangible Amortization (Other Utility Plant)	(Note A) p200.21.c [From Inputs, Pg. 1, Ln. 30]	(39,193)
9	Total Accumulated Depreciation	(Line 7 + 8)	307,337,180
10	Net Plant	(Line 6 - Line 9)	587,236,637
11	Transmission Gross Plant under SPP tariff (excluding Land Held for Future Use)	(Line 27 - Line 26)	61,347,156
12	<b>Gross Plant Allocator</b>	(Line 11 / Line 6)	<b>6.86%</b>
13	Transmission Net Plant under SPP tariff (excluding Land Held for Future Use)	(Line 35 - Line 26)	36,850,023
14	<b>Net Plant Allocator</b>	(Line 13 / Line 10)	<b>6.28%</b>
<b>T/D Pole Allocation Factor</b>			
15	Gross Distribution Pole/Structure Investment (Acct 364)	p206.64.b [From Inputs, Pg. 1, Ln. 66]	43,219,508
16	Gross Transmission Pole/Structure Investment (Accts 354 + 355)	p206.51.b + p206.52.b [From Inputs, Pg. 1, Lns. 64 & 65]	47,941,051
17	Transmission Pole/Structure Investment (Accts 354 + 355) under SPP tariff	From Inputs, Pg. 2, Line 22	18,085,691
18	Total Pole/Tower Gross Plant	(Line 15 + Line 16)	91,160,559
19	<b>T/D Revenue Allocation Factor (For Pole Attachment Revenue)</b>	(Line 17 / Line 18)	<b>19.84%</b>

**Plant Calculations**

<b>Plant In Service</b>			
20	Transmission Plant In Service under SPP tariff	[From Inputs, Pg. 2, Ln. 13]	<b>60,584,976</b>
21	General	p207.99.g [From Inputs, Pg. 1, Ln. 41]	21,287,080
22	Intangible	p205.5.g [From Inputs, Pg. 1, Ln. 31]	73,035
23	Total General and Intangible Plant	(Line 21 + Line 22)	21,360,115
24	Wage & Salary Allocator	(Line 5)	3.57%
25	<b>Total General and Intangible Functionalized to Transmission</b>	(Line 23 * Line 24)	<b>762,180</b>
26	Land Held for Future Use	(Note C) [From Inputs, Pg. 2, Lns. 9, 10, & 12]	<b>0</b>
27	<b>Total Plant In Rate Base</b>	<b>(Line 20 + Line 25 + Line 26)</b>	<b>61,347,156</b>
<b>Accumulated Depreciation</b>			
28	Transmission Accumulated Depreciation for assets under SPP tariff	(Note B) [From Inputs, Pg. 2, Ln. 14]	<b>24,264,178</b>
29	General Plant Accumulated Depreciation	p219.28.c [From Inputs, Pg. 1, Ln. 43]	6,567,769
30	Accumulated Intangible Amortization (Other Utility Plant)	(Line 8)	(39,193)
31	Total Accumulated Depreciation	(Line 29 + 30)	6,528,577
32	Wage & Salary Allocator	(Line 5)	3.57%
33	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission	(Line 31 * Line 32)	232,955
34	<b>Total Accumulated Depreciation</b>	<b>(Sum Lines 28 + 33)</b>	<b>24,497,134</b>
35	<b>Total Net Property, Plant &amp; Equipment</b>	<b>(Line 27 - Line 34)</b>	<b>36,850,023</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>			
36	ADIT	[From ATT 1, Pg. 1, Ln. 32]	<b>(3,151,952)</b>
<b>Prepayments</b>			
37	Prepayments	(Note A) [From ATT-5, Ln. 37]	<b>569,543</b>
<b>Materials and Supplies</b>			
38	Undistributed Stores Expense	(Note A) p227.16.c [From Inputs, Pg. 1, Ln. 35]	0
39	Wage & Salary Allocator	(Line 5)	3.57%
40	Total Undistributed Stores Expense Allocated to Transmission	(Line 38 * Line 39)	0
41	Transmission Materials & Supplies	p227.8.c [From Inputs, Pg. 1, Ln. 34]	2,078,361
42	<b>Total Materials &amp; Supplies Allocated to Transmission</b>	(Line 40 + Line 41)	<b>2,078,361</b>
<b>Cash Working Capital</b>			
43	Operation & Maintenance Expense	(Line 66)	999,929
44	1/8th Rule	1/8	12.5%
45	<b>Total Cash Working Capital Allocated to Transmission</b>	(Line 43 * Line 44)	<b>124,991</b>
46	<b>Non-Escrowed Funds/TCJA Excess Deferred Income Taxes</b>	[From ATT-4, Line 3, Col. C]	<b>(1,989,482)</b>
47	<b>Total Adjustment to Rate Base</b>	(Lines 36 + 37 + 42 + 45 + 46)	<b>(2,368,538)</b>
48	<b>Rate Base</b>	(Line 35 + Line 47)	<b>34,481,484</b>

**ADDENDUM 27 TO ATTACHMENT H Page 5 of 18**  
**NorthWestern Corporation (South Dakota)**  
**APPENDIX A**  
(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

**Operations & Maintenance Expense**

<b>Transmission O&amp;M</b>			
49	Transmission O&M	[From ATT-5, Ln. 49]	7,718,961
50	Less Account 565	[From ATT-5, Ln. 50]	7,158,362
51	Line left intentionally blank		
52	Plus Charges billed to Transmission Owner and booked to Account 565	[From ATT-5, Ln. 52]	0
53	<b>Transmission O&amp;M</b>	(Lines 49 - 50)	<b>560,599</b>
<b>Allocated Administrative &amp; General Expenses</b>			
54	Total A&G	323.197b [From Inputs, Pg. 1, Ln. 50]	9,827,125
55	Line left intentionally blank		
56	Line left intentionally blank		
57	Line left intentionally blank		
58	Less Regulatory Commission Exp Account 928	(Note D) p323.189.b [From Inputs, Pg. 1, Ln. 48]	62,921
59	Less General Advertising Exp Account 930.1	p323.191.b [From Inputs, Pg. 1, Ln. 49]	14,147
60	Administrative & General Expenses	Sum (Lines 54 to 55) - Sum (Lines 56 to 59)	9,750,057
61	Wage & Salary Allocator	(Line 5)	3.57%
62	<b>Administrative &amp; General Expenses Allocated to Transmission</b>	(Line 60 * Line 61)	<b>347,905</b>
<b>Directly Assigned A&amp;G</b>			
63	Regulatory Commission Exp Account 928	(Note F) [From ATT-5, Ln. 63]	62,303
64	Safety/Peak Alert Advertising Exp (Acct 909)	(Note E) [From ATT-5, Ln. 64]	29,121
65	<b>Subtotal - Accounts 909 and 928 - Transmission Related</b>	(Line 63 + Line 64)	<b>91,424</b>
66	<b>Total Transmission O&amp;M</b>	<b>(Lines 53 + 62 + 65)</b>	<b>999,929</b>

**Depreciation & Amortization Expense**

<b>Depreciation Expense</b>			
67	Transmission Depreciation Expense for Assets under SPP tariff	(Note B) p336.7.b&c&d [From Inputs, Pg. 2, Ln. 21]	1,926,616
68	General Depreciation Expense Including Amortization of Limited Term Plant	p336.10.b&c&d [From Inputs, Pg. 1, Lns. 58, 59, & 60]	1,248,448
69	Intangible Amortization	(Note A) p336.1.b&c&d&e [From Inputs, Lns. 51, 52, 53, & 54]	12,376
70	Total	(Line 68 + Line 69)	1,260,824
71	Wage & Salary Allocator	(Line 5)	3.57%
72	<b>General Depreciation &amp; Intangible Amortization Allocated to Transmission</b>	(Line 70 * Line 71)	<b>44,989</b>
73	<b>Total Transmission Depreciation &amp; Amortization</b>	<b>(Lines 67 + 72)</b>	<b>1,971,605</b>

**Taxes Other than Income Taxes**

74	<b>Taxes Other than Income Taxes</b>	[From ATT-2, Pg. 1, Ln. 14]	<b>336,255</b>
75	<b>Total Taxes Other than Income Taxes</b>	<b>(Line 74)</b>	<b>336,255</b>

**Return \ Capitalization Calculations**

<b>Long Term Interest</b>			
76	<b>Long Term Interest &amp; Hedging Costs</b>	[From ATT-9, Pg. 2, Ln. 6]	<b>82,606,469</b>
77	<b>Preferred Dividends</b>	[From ATT-8, Pg. 1, Ln. 4]	<b>0</b>
<b>Common Stock</b>			
78	Proprietary Capital	[From ATT-7, Pg. 1, Ln. 3, Col. A]	1,870,647,994
79	Less Accumulated Other Comprehensive Income Account 219	[From ATT-7, Pg. 1, Ln. 3, Col. F]	(8,281,939)
80	Less Preferred Stock	[From ATT-8, Pg. 1, Ln. 3, Col. F]	0
81	Less Account 216.1	[From ATT-7, Pg. 1, Ln. 3, Col. G]	1,896,656
82	<b>Common Stock</b>	(Line 78 - 79 - 80 - 81)	<b>1,877,033,277</b>
<b>Capitalization</b>			
83	Total Long Term Debt (Average)	[From ATT-6, Pg. 1, Ln. 1, Col A]	1,960,636,900
84	Preferred Stock	[From ATT-6, Pg. 1, Ln. 2, Col A]	0
85	Common Stock	[From ATT-6, Pg. 1, Ln. 3, Col A]	1,877,033,277
86	<b>Total Capitalization</b>	(Sum Lines 83 to 85)	<b>3,837,670,177</b>
87	Debt %	Total Long Term Debt [From ATT-6, Pg. 1, Ln. 1, Col B]	51.09%
88	Preferred %	Preferred Stock [From ATT-6, Pg. 1, Ln. 2, Col B]	0.00%
89	Common %	Common Stock [From ATT-6, Pg. 1, Ln. 3, Col B]	48.91%
90	Debt Cost	Total Long Term Debt [From ATT-6, Pg. 1, Ln. 1, Col C]	4.32%
91	Preferred Cost	Preferred Stock [From ATT-6, Pg. 1, Ln. 2, Col C]	0.00%
92	Common Cost	Common Stock [From ATT-6, Pg. 1, Ln. 3, Col C]	10.15%
93	Weighted Cost of Debt	Total Long Term Debt (WCLTD) (Line 87 * Line 90)	2.21%
94	Weighted Cost of Preferred	Preferred Stock (Line 88 * Line 91)	0.00%
95	Weighted Cost of Common	Common Stock (Line 89 * Line 92)	4.96%
96	<b>Rate of Return on Rate Base ( ROR )</b>	(Sum Lines 93 to 95)	<b>7.17%</b>
97	<b>Investment Return = Rate Base * Rate of Return</b>	<b>(Line 48 * Line 96)</b>	<b>2,472,795</b>

**ADDENDUM 27 TO ATTACHMENT H Page 6 of 18**

**NorthWestern Corporation (South Dakota)**

**APPENDIX A**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

**Composite Income Taxes**

<b>Income Tax Rates</b>					
98	FIT=Federal Income Tax Rate	(Note G)	[From Inputs, Pg. 2, Ln. 1]	21.00%	
99	SIT=State Income Tax Rate or Composite	(Note G)	[From Inputs, Pg. 2, Ln. 2]	0.00%	
100	p	(% of fed inc tax deductible for state purposes)	(Note G)	[From Inputs, Pg. 2, Ln. 3]	0.00%
101	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		21.00%	
102	T / (1-T)	Tax Gross-Up		26.58%	
<b>ITC Adjustment</b>					
103	Amortized Investment Tax Credit and Excess Deferred Income Tax Amortization- Transmission Related		[From ATT-5, Ln. 103]	95,289	
104	ITC Adjust. Allocated to Trans. - Grossed Up ITC Adjustment x 1 / (1-T)		((Line 103 and line 103a) * (1 / (1-Line 101)))	120,618	
105	<b>Income Tax Component =</b>	$(T/1-T) * \text{Investment Return} * (1-(WCLTD/ROR)) =$	[Line 102 * Line 97 * (1- (Line 93 / Line 96))]	455,039	
106	<b>Total Income Taxes</b>		<b>(Line 105 - Line 104)</b>	<b>334,420</b>	

**Revenue Requirement**

<b>Summary</b>				
107	Net Property, Plant & Equipment		(Line 35)	36,850,023
108	Total Adjustment to Rate Base		(Line 47)	(2,368,538)
109	Rate Base		(Line 48)	34,481,484
110	Total Transmission O&M		(Line 66)	999,929
111	Total Transmission Depreciation & Amortization		(Line 73)	1,971,605
112	Taxes Other than Income		(Line 75)	336,255
113	Investment Return		(Line 97)	2,472,795
114	Income Taxes		(Line 106)	334,420
<b>115</b>	<b>Gross Revenue Requirement</b>		<b>(Sum Lines 110 to 114)</b>	<b>6,115,005</b>
<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>				
116	Transmission Plant In Service under SPP tariff		(Line 20)	60,584,976
117	Revenues from Direct Assigned Transmission F	(Note H)	[From ATT-5, Ln. 117]	0
118	Included Transmission Facilities		(Line 116 - Line 117)	60,584,976
119	Inclusion Ratio		(Line 118 / Line 116)	100.00%
120	Gross Revenue Requirement		(Line 115)	6,115,005
121	<b>Adjusted Gross Revenue Requirement</b>		<b>(Line 119 * Line 120)</b>	<b>6,115,005</b>
<b>Revenue Credits &amp; Adjustments</b>				
122	Revenue Credits		[From ATT-3, Ln. 8 ]	449,081
122a	Refunds and Surcharges (Adjustments to Gross ATRR)			
122b	<b>Total Revenue Credits and Adjustments</b>		<b>(Line 122 + Line 122a)</b>	<b>449,081</b>
<b>123</b>	<b>Total Net Revenue Requirement</b>		<b>(Line 121 - Line 122b)</b>	<b>5,665,924</b>
124	WAPA Integrated System (IS) True Up of previous Rate Year			-
125	Adjustments to prior Rate Year Revenue Requirement			(183,890)
<b>126</b>	<b>Annual Total Net Revenue Requirement</b>		<b>(Line 123 - Line 125 )</b>	<b>5,482,034</b>

**Notes:**

- A Electric portion only.
- B Includes only transmission assets under the SPP tariff.
- C Includes Transmission portion only.
- D Includes all Regulatory Commission Expenses for all Electric jurisdictions.
- E Includes safety-related and load/grid congestion management advertising expense included in Account 909 (Product codes ADAS, ADCS, ADPA).
- F Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting; as itemized on ATT-5, Ln. 63.
- G The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the South Dakota income tax rate, and p = the percentage of federal income tax deductible for South Dakota state income taxes.
- H There are no direct assigned transmission facilities on our system as of 12/31/2015. Annual verification/updates will be documented on ATT 5.

**ADDENDUM 27 TO ATTACHMENT H, Page 7 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 1 - ACCUMULATED DEFERRED INCOME TAXES ACCOUNT 190**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

Line	Account	Identification	(A) YE Balance	(B) 100% Non- Transmission Related	(C) 100% Transmission Related	(D) Plant Related	(E) Labor Related	(F) Total Added to Ratebase	(G) Description
1	190.0	Deferred FIT - Unbilled Revenue and NOLs	5,841,418			5,841,418			
2	190.0	Deferred FIT - Officers & Directors Deferred Comp.	4,205,968				4,205,968		Deferred compensation, tax deductible when paid
3	190.0	Deferred FIT - Reserves & Accruals	430,696			430,696			
4	190.0	Deferred FIT - Post Retirement Benefits - Pension	(247,527)				(247,527)		Relates to pensions - tax funding vs book accrual
5	190.0	Environmental Liability	-	-					All natural gas related
6	190.0	Deferred FIT - Non-jurisdictional (SD Gas, NE Gas)	3,490,151	3,490,151					Not South Dakota Electric related
7									
8		<b>Total</b>	13,720,706	3,490,151	0	6,272,114	3,958,441		-
9		<b>Conform - [FF1, pg. 234, ln. 18, col. c] (From Inputs Pg. 1, Line 36)</b>	13,720,706						
10		<b>Allocator [EX-col. B, DIR-col. C, GP-col. D, SW-col. E]</b>		0.00%	100.00%	6.86%	3.57%		
11		<b>Total Transmission</b>		0	0	430,123	141,247	571,369	
12									
13									
14	282.0	Accum Def FIT - Accel Depr & Amort.	(54,294,049)			(54,294,049)			Accelerated Depreciation & Amortization of non-flow through items
15	282.0	Accum Def FIT - Non-jurisdictional (SD Gas, NE Gas)	(6,488,988)	(6,488,988)					Not South Dakota Electric related
16									
17		<b>Total</b>	(60,783,037)	(6,488,988)	0	(54,294,049)	0		
18		<b>Conform - [FF1, pg. 274, ln. 9, col. k] (Inputs Pg. 1, Line 38)</b>	(60,783,037)						
19		<b>Allocator [EX-col. B, DIR-col. C, GP-col. D, SW-col. E]</b>		0.00%	100.00%	6.86%	3.57%		
20		<b>Total Transmission</b>		-	0	(3,723,321)	0	(3,723,321)	
21									
22									
23	283.0	Regulatory Assets	(985,282)	(985,282)					MGP
24	283.0	FAS109 Flow through deferred taxes	(3,069,802)	(3,069,802)					tax gross up on FAS109 flow through deferred taxes
25	283.0	Non-jurisdictional (SD Gas, NE Gas)	(3,914,014)	(3,914,014)					Not South Dakota Electric related
26									
27		<b>Total</b>	(7,969,098)	(7,969,098)	0	0	0		
28		<b>Conform - [FF1, pg. 276, ln. 30, col. k] (Inputs Pg. 1, Line 39)</b>	(7,969,098)						
29		<b>Allocator [EX-col. B, DIR-col. C, GP-col. D, SW-col. E]</b>		0.00%	100.00%	6.86%	3.57%		
30		<b>Total Transmission</b>		0	0	0	0	0	
31									
32		<b>Total ADIT (Ln. 11 + Ln. 20 + Ln 30)</b>						(3,151,952)	To Appendix A, Line 36



**ADDENDUM 27 TO ATTACHMENT H, Page 8 of 18  
NorthWestern Corporation (South Dakota)**

**Attachment 2 - Taxes Other Than Income**  
(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

	Column A	Column B	Column C
<u>OTHER TAXES:</u>	FF1 Pg. 262-263 Col (i)	Allocator	Allocated Amount
<u>Currently Included on Appendix A</u>			
		<u>Gross Plant Allocator</u>	
<u>Plant Related:</u>			
1 Real and Personal Property (State, Municipal or Local) -Current FF1 Year [FF1, Pg. 262 Footnote [From Inputs, Pg. 1, Lns. 68-70]	4,347,207		
2			
3 Vehicle Taxes [From Inputs, Pg. 1, Ln. 74]	120,816		
4			
5			
6			
7 <b>Total Plant Related [GP Allocator from Appendix A, Ln. 12]</b>	<u>4,468,023</u>	6.8577%	<u>306,403</u>
		<u>Wages &amp; Salary Allocator</u>	
<u>Labor Related:</u>			
8 Social Security (FICA/OAB) [FF1, Pg. 262 footnote] [From Inputs, Pg. 1, Ln. 75-76]	825,016		
9 Federal Unemployment Comp. [FF1, Pg. 262 footnote] [From Inputs, Pg. 1, Ln. 77]	5,785		
10 State Unemployment Comp. (FF1 Pg. 262 footnote) [From Inputs, Pg. 1, Lines 78]	5,785		
11			
12			
13 <b>Total Labor Related [Wages &amp; Sal. Alloc. from Appendix A, Ln.5]</b>	<u>836,586</u>	3.5682%	<u>29,851</u>
14 <b>Total Included (Column C, Lines 7 + 13) [To Appendix A, Line 74]</b>			<u>336,255</u>
<u>Currently Excluded from Appendix A</u>			
15 Corporate Franchise-Retail [Current Year] [From Inputs, Pg. 1, Ln. 73] [FF1, Pg. 262 footnote]	33,732		
16 Coal Conversion [From Inputs Pg. 1, Ln. 71]	214,412		
17 SD Gross Receipts Tax [From Inputs, Pg. 2, Ln. 72]	264,133		
18			
19			
20 <b>Subtotal of Excluded Taxes, [Ln. 15 + Ln. 16 + Ln.17]</b>	<u>512,277</u>		
21 <b>Total, Included and Excluded (Column A, Lines 7 + 13 + 20)</b>	5,816,886		
22 <b>Total Other Taxes [FF1, pg. 115.14.g] [From Inputs, Pg. 1, Ln. 23]</b>	<u>5,816,886</u>		
23 Difference (Line 21 - Line 22)	-		

Criteria for Allocation:

- A Other Taxes that are incurred through ownership of plant, including transmission plant, will be allocated based on the Gross Plant Allocator.
- B Other Taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.

**ADDENDUM 27 TO ATTACHMENT H, Page 9 of 18  
NorthWestern Corporation (South Dakota)**

**Attachment 3 - Revenue Credits**

<b>Account 454 - Rent from Electric Property</b>		
1	Rent from Electric Property [FF1, Pg. 300, Ln. 19, Col. B footnote] [From Inputs, Pg. 1, Ln. 67]	193,431
2	T/D Revenue Allocation Factor [From Appendix A, Ln. 19]	<u>19.84%</u>
3	Rent from Electric Transmission Property [Line 1 x Line 2]	38,376
<b>Other Electric Revenues (Note 1)</b>		
4	SPP Schedule 7 & 8 Transmission Revenues (Note 1 & Note 3) [From Inputs, Pg. 2, Ln. 18]	410,705
5	Non-Firm Point-to-Point Service revenues for which the load is not included in the divisor received by Transmission Owner (Note 3) [From Inputs, Pg. 2, Ln. 20]	0
6	Direct Assigned Facilities Revenues (Note 2) [From Inputs, Pg. 2, Ln. 15]	0
7	Other Revenues Associated with Loads Outside of NorthWestern's Zone [From Inputs, Pg. 2, Ln. 19]	0
8	Gross Revenue Credits (sum Lines 3 thru 8) [To Appendix A, Line 122]	<b>449,081</b>

**Note 1:** All Schedule 7 & 8 revenues derived as a Transmission Owner from SPP for loads not included in the system peak and for which the cost of the service is recovered under this formula will be included in this revenue credit. These revenues are booked in Accounts ~~457.137-456.1~~ (Firm Point-to-Point) and ~~457.138~~ (Non-Firm Point-to-Point). All NorthWestern point-to-point transmission customers are included in the UMZ Load Divisor.

**Note 2:** If the costs associated with Directly Assigned Transmission Facility Charges are included in this TFR, the associated revenues will be included in this TFR. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in this TFR, the associated revenues will not be included in this TFR.

**Note 3:** The portion of Point-to-Point revenues collected by SPP and assigned to NorthWestern are included on ATT 3, Ln. 4. Any demand revenue margins collected directly by NorthWestern for "grandfathered" bundled contracts will be included on ATT 3, Ln. 8. See note on "Inputs" worksheet, Pg. 2, Ln. 20 regarding remaining pre-OATT contracts.

# ADDENDUM 27 TO ATTACHMENT H, Page 10 of 18 NorthWestern Corporation (South Dakota)

## Attachment 4, NON-ESCROWED FUNDS

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

The purpose of this worksheet is to individually document the value(s) of the non-escrowed reserve funds that will be credited against working capital. All inputs are derived from the Company's Books and Records, as described.

	FERC Reserve Acct	FERC Expense Acct <sup>1</sup>	Balance 12/31/2018	Allocator NP or GP	Working Capital Adjustment <small>(Col. C = Col. A x Col. B)</small>
			<u>COL. A</u>	<u>COL. B</u>	<u>COL. C</u>
<b>Description of Reserve:</b>					
<u>Line</u>					
1. Accum Prov for Inj/Damgs	228.2	925	\$ 904,069	6.28%	\$ 56,732
2. Other adjustments <sup>2</sup>	182.3/254		\$ 28,183,660	6.86%	\$ 1,932,750
3. <b>Total</b> (Ln. 1 + Ln. 2) [Appendix A, Pg. 1, Ln. 46]			\$ 29,087,729		\$ 1,989,482
4. Conformation [FF1, Pg. 112, Ln. 28, Col. C footnote] [From Inputs, Pg. 1, Ln. 22]			904,069		

<sup>1</sup> Account 925 is the FERC expense account which includes the cost of insurance, the cost of claims not covered by insurance, the re-imbursement from insurance companies, and amounts credited to account 228.2 as Accumulated Provision for Injuries and Damages.

<sup>2</sup> Account 182.3 and 254 are the FERC accounts which include the excess or deficient accumulated deferred income taxes as a result of TCJA. Prior to TCJA, these amounts were held in accounts 282 and 190. This represents the amount of TCJA Deficient and Excess ADIT for SD electric operations, as found on FF1, Page 278 Line 17, Column E footnote. In addition, flow through repairs for state commission filing purposes, which are currently a component of the Account 182.3 Regulatory Asset "FAS 109 and Other" taxes which total \$14,860,867 are also being reclassified as TCJA excess deferred.

**ADDENDUM 27 TO ATTACHMENT H, Page 11 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 5 - Cost Support**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

Prepayments			FF1 Amount	Gross Plant Allocator	Functionalized to Transmission	Details
37	Prepayments	FF1 Pg. 111.57.c [From Inputs, Pg. 1, Ln. 1]	8,305,165	6.86%	569,543	
Regulatory Expense Related to Transmission Cost Support:			FF1 Amount	Allocated to transmission	Functionalized to Transmission	Details
63	Regulatory Commission Exp Account 928	FF1 323.189.b [From Inputs, Pg. 1, Ln. 48] & 350.41.d thru 350.44.d [From Inputs, Pg. 2, Ln. 11]	62,921	62,303	62,303	
Advertisements:			FF1 Amount	T/D Allocator	Functionalized to Transmission	Details
64	Advertisements FERC 909	From Inputs, Pg. 2, Ln. 7	146,786	19.84%	29,121	NorthWestern uses Account 909 for its Safety and Informational Advertising. The account includes expenses incurred while conveying information to customers about safety and providing information to customers about utilizing their electric service. Costs during the test year included listing our phone number in telephone directories, safety campaigns around Call Before You Dig and Louie the Lightning Bug, tree safety and awareness, customer education on easy billing plans, and monthly bill inserts to customers.
ITC Adjustment:			FF1 Amount	GP Allocator	Functionalized to Transmission	Details
103	Amortized Investment Tax Credit	FF1 266.8.f [From Inputs, Pg.1, Ln. 45]	25,663	6.86%	1,760	
<b>103a Excess Deferred Income Tax Amortization</b>			<b>1,363,850</b>	<b>6.86%</b>	<b>93,529</b>	<b>Includes \$899,007 of the electric portion of amortization from the total \$1,186,695 on the FF1 114 footnote. Also includes \$464,843 of additional amortization related to normalization of flow through items for state commission filing purposes. Excess deferred income taxes on state commission flowthrough items are currently included as a reduction to the Account 182.3 Reg Asset FAS 109 and Other are also being reclassified as TCJA excess deferred taxes.</b>
Adjustment to Remove Revenue Requirements Associated w/ Excluded Transmission Facilities			Revenues from Direct Assigned Transmission Facilities	General Description of the Direct Assigned Transmission Facilities		
117	Revenues from Direct Assigned Transmission Facilities	[From Inputs, Pg. 2, Ln. 15]	0	Direct Assignment Facilities: Facilities or portions of facilities that are constructed by any Transmission Owner(s) for the sole use/benefit of a particular Transmission Customer or a particular group of customers or a particular Generation Interconnection Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreements that govern service to the Transmission Customer(s) and Generation Interconnection Customer(s) and shall be subject to Commission approval.		
Adjustments to Transmission O&M:			Total	Transmission under SPP Factor	Functionalized to Transmission	Details
49	Transmission O&M	FF1 321.112.b [From Inputs, Pg. 1, Ln. 47]	22,921,292	33.68%	7,718,961	
50	Less Account 565	FF1 321.96.b [From Inputs, Pg. 1, Ln. 46]	21,256,604	33.68%	7,158,362	
52	Plus Charges billed to Transmission Owner and booked to Account 565	[From Inputs, Pg. 2, Ln. 16]	0	33.68%	0	
Adjustments to Transmission Plant for only assets under SPP tariff:			Total Transmission	Transmission under SPP	Details	
20	Transmission Assets	FF1 207.58g [From Inputs, Pg. 1, Ln. 33]	179,905,814	60,584,976		
1a	Transmission under SPP Factor	(Transmission under SPP divided by Total Transmission)	33.68%			

**ADDENDUM 27 TO ATTACHMENT H, Page 12 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 6, WEIGHTED AVERAGE COST OF CAPITAL**  
(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

Type of Capital	Total Company Average Capitalization (\$)		Weighted Cost Ratios	Cost of Capital		Weighted Cost of Capital
	Balance	Source	(%)	(%)	Source	(%)
			Col B = Col A/Col A Total			Col D = Col B x Col C
<u>Line</u>	<u>Col A</u>		<u>Col B</u>	<u>Col C</u>		<u>Col D</u>
1. Long Term Debt	1,960,636,900	[Note (1)]	51.09%	4.32%	[Note (4)]	2.21%
2. Preferred Stock	0	[Note (2)]	0.00%	0.00%	[Note (5)]	0.00%
3. Common Stock	1,877,033,277	[Note (3)]	48.91%	10.15%		4.96%
4. Totals	3,837,670,177		100.00%			
5. <b>Weighted Average Cost of Capital ("R")</b>						7.17%

Note(1): From ATT 9, Pg. 1, Ln. 3.

Note(4): From ATT 9, Page 2, Ln. 8

Note (2): From ATT 8, Pg. 1, Ln. 3.

Note (5): From ATT 8, Pg. 1, Ln. 5.

Note (3): From ATT 7, Pg. 1, Ln. 4.

**ADDENDUM 27 TO ATTACHMENT H, Page 13 of 18  
NorthWestern Corporation (South Dakota)**

**Attachment 7, COMMON STOCK**  
(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

Line	Date	Total Proprietary Capital*		Preferred Stock						Acc Other Comp Income		Unappropriated Undistributed Subsidiary Earnings		Common Equity Balance (H=A-B-C-D-E-F-G)		
		Balance	Source	Outstanding Balance		Premium (Discount)		Gains/(Losses) on Reacq'd Preferred Stock		Other Paid-In Capital (Preferred Stock)		Acct 219	Source		Acct 216.1	Source
				Acct 204	Source	Acct 207, 213-Pfd	Source	Acct 210	Source	Accts 208 - 211	Source					
Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H									
1.	12/31/2017	1,798,914,837	[Note (1)]	0	[Note (3)]	0	[Note (5)]	0	[Note (7)]	0	[Note (9)]	(8,772,079)	[Note (11)]	2,143,146	[Note (13)]	1,805,543,770
2.	12/31/2018	1,942,381,150	[Note (2)]	0	[Note(4)]	0	[Note (6)]	0	[Note (8)]	0	[Note (10)]	(7,791,798)	[Note (12)]	1,650,165	[Note (14)]	1,948,522,783
3.		1,870,647,994		0		0		0		0		(8,281,939)		1,896,656		
4.																<b>Common Equity Balance</b> [Average of Beg of Yr & End of Yr CE Balance]: [To ATT-6, Page 1, Line 3, Col A] <b>1,877,033,277</b>

\* Includes both Common and Preferred Stock accounts.

[Note (1)]: FF1, Pg. 112, Ln. 16, Col. d. [From Inputs, Pg. 1, Ln. 9]

[Note (2)]: FF1, Pg. 112, Ln. 16, Col. c. [From Inputs, Pg. 1, Ln. 8]

[Note (3)]: From ATT 8, Ln. 1, Col. A.

[Note (4)]: From ATT 8, Ln. 2, Col. A.

[Note (5)]: From ATT 8, Ln. 1; Col. B + Col. C.

[Note (6)]: From ATT 8, Ln. 2; Col. B + Col. C.

[Note (7)]: From ATT 8, Ln. 1, Col. D.

[Note (8)]: From ATT 8, Ln. 2, Col. D.

[Note (9)]: From ATT 8, Ln. 1, Col. E.

[Note (10)]: From ATT 8, Ln. 2, Col. E.

[Note (11)]: FF1, Pg. 112, Ln. 15, Col. d. [From Inputs, Pg. 1, Ln. 7]

[Note (12)]: FF1, Pg. 112, Ln. 15, Col. c. [From Inputs, Pg. 1, Ln. 6]

[Note (13)]: FF1, Pg. 112, Ln. 12, Col. D [From Inputs, Pg. 1, Ln. 5]

[Note (14)]: FF1, Pg. 112, Ln. 12, Col. C [From Inputs, Pg. 1, Ln. 4]

**ADDENDUM 27 TO ATTACHMENT H, Page 14 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 8, PREFERRED STOCK**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

Preferred Stock		Premium on Preferred Stock		Discount on Preferred Stock		Gain/(Loss) On Reaq'd Pref Stock		Other Paid-In Capital - Preferred		Capital Stock Expense - Pref		Total Outstanding
Acct 204	Data Source	Acct 207	Data Source	Acct 213	Data Source	Acct 210	Data Source	Accts 208,209,211	Data Source	Accts 214 - 217	Data Source	Col G = Cols A+B-C+D+E-F

Line	Date	Col A	Col B	Col C	Col D	Col E	Col F	Col G	
1.	12/31/2017	0 [Note (1)]	0 [Note (3)]	0 [Note (5)]	0 [Note (7)]	0 [Note (9)]	0 [Note (11)]	0	
2.	12/31/2018	0 [Note (2)]	0 [Note (4)]	0 [Note (6)]	0 [Note (8)]	0 [Note (10)]	0 [Note (12)]	0	
3.		<b>Avg of B of Yr and E of Yr Pref Stock</b> [To ATT 6, Pg. 1, Col. A, Ln. 2]:							0
4.		<b>Preferred Dividends</b> [Note 13]:							0
5.		<b>Average Cost Rate</b> [Ln 4 / Ln 3] [To ATT 6, Pg. 1, Col. C, Ln. 2]:							0.00%

Note (1): Acct 204 FF1, Pg. 112, Ln. 3, Col d. [From Inputs, Pg. 1, Ln. 3]

Note (2): Acct 204 FF1, Pg. 112, Ln. 3, Col c. [From Inputs, Pg. 1, Ln. 2]

Note (3): The Acct 207 dollars included in FF1, Pg. 112, Ln. 6, Col. d that are associated with Premium on Preferred Stock; as derived from the Company's Books and Records.

Note (4): The Acct 207 dollars included in FF1, Pg. 112, Ln. 6, Col. c that are associated with Premium on Preferred Stock; as derived from the Company's Books and Records.

Note (5): The Acct 213 dollars included in FF1, Pg. 112, Ln. 9, Col. d that are associated with Discount on Preferred Stock; as derived from the Company's Books and Records.

Note (6): The Acct 213 dollars included in FF1, Pg. 112, Ln. 9, Col. c that are associated with Discount on Preferred Stock; as derived from the Company's Books and Records.

Note (7): The Acct 210 dollars included in FF1, Pg. 253, Col. b that are associated with the Gains/(Losses) on Reacquired Preferred Stock; as derived from the Company's Books and Records.

Note (8): The Acct 210 dollars included in FF1, Pg. 253, Col. b that are associated with the Gains/(Losses) on Reacquired Preferred Stock; as derived from the Company's Books and Records.

Note (9): The Acct 208-211 dollars included in FF1, Pg. 112, Ln. 7, Col. d that are associated with the Other Paid-In Capital on Preferred Stock; as derived from the Company's Books and Records.

Note (10): The Acct 208-211 dollars included in FF1, Pg. 112, Ln. 7, Col. c that are associated with the Other Paid-In Capital on Preferred Stock; as derived from the Company's Books and Records.

Note (11): The Acct 214-217 dollars included in FF1, Pg. 112, Ln. 10,13, Col. d that are associated with the capital stock expense on Preferred Stock; as derived from the Company's Books and Records.

Note (12): The Acct 214-217 dollars included in FF1, Pg. 112, Ln. 10,13, Col. c that are associated with the capital stock expense on Preferred Stock; as derived from the Company's Books and Records.

Note (13): The Acct 437 dollars included in FF1, Pg. 118, Ln. 29, Col. c. (Enter as a positive number).

**ADDENDUM 27 TO ATTACHMENT H, Page 15 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 9, LONG-TERM DEBT**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

**GROSS PROCEEDS - LTD OUTSTANDING**

Line	Date	Advances from Associated Company LTD		Bonds		Reacquired Bonds		Other Long Term Debt		Total Long Term Debt Outstanding
		Acct 223	Source	Acct 221	Source	Acct 222	Source	Acct 224	Source	Col E= Cols A+B-C+D
Line	Date	Col A		Col B		Col C		Col D		Col E
1.	12/31/2017	0	[Note (1)]	1,779,660,000	[Note (3)]	0	[Note (5)]	26,976,900	[Note (7)]	1,806,636,900
2.	12/31/2018	0	[Note (2)]	1,779,660,000	[Note (4)]	0	[Note (6)]	334,976,900	[Note (8)]	2,114,636,900
3.		<b>GROSS PROCEEDS</b> (Avg of Beg of Yr and End of Yr LTD Gross Outstanding Balances in Col E)(To ATT 6, Pg.1, Ln.1, Col. 1):								<b>1,960,636,900</b>

Note (1):	FF1, Pg. 112, Line 20, Col d. [From Inputs, Pg. 1, Ln. 15]	Note (5):	FF1, Pg. 112, Ln 19, Col. d. [From Inputs, Pg. 1, Ln. 13]
Note (2):	FF1, Pg. 112, Line 20, Col c. [From Inputs, Pg. 1, Ln. 14]	Note (6):	FF1, Pg. 112, Ln 19, Col. c. [From Inputs, Pg. 1, Ln. 12]
Note (3):	FF1, Pg. 112, Ln 18, Col. D [From Inputs, Pg. 1, Ln. 11]	Note (7):	FF1, Pg. 112, Ln 21, Col. d. [From Inputs, Pg. 1, Ln. 17]
Note (4):	FF1, Pg. 112, Ln 18, Col. C [From Inputs, Pg.1, Ln. 10]	Note (8):	FF1, Pg. 112, Ln 21, Col. c. [From Inputs, Pg. 1, Ln. 16]

**NET PROCEEDS**

Line	Date		
4.	12/31/2017	Unamortized balance Premiums (Beg of Yr) (Acct 225) [Form 1, Pg. 112, Ln. 22, Col. d] [From Inputs, Pg. 1, Ln. 19]	0
5.	12/31/2018	Unamortized balance Premiums (End of Yr) (Acct 225) [Form 1, Pg. 112, Ln. 22, Col. c] [From Inputs, Pg. 1, Ln. 18]	0
6.		<b>Avg of Beg &amp; End of Yr Premiums</b>	<b>0</b>
7.	12/31/2017	Unamortized balance Discounts (Beg of Yr) (Acct 226) [Form 1, Pg. 112, Ln. 23, Col. d] [From Inputs, Pg. 1, Ln. 21]	-
8.	12/31/2018	Unamortized balance Discounts (End of Yr) (Acct 226) [Form 1, Pg. 112, Ln. 23, Col. c] [From Inputs, Pg. 1, Ln. 20]	-
9.		<b>Avg of Beg &amp; End of Yr Discounts</b>	<b>-</b>
10.	12/31/2017	Unamortized Debt Expense (Acct 181) Beg of Year [Form 1, Pg. 111, Ln. 69, Col. d] [From Inputs, Pg. 2, Ln. 23]	13,221,232
11.	12/31/2018	Unamortized Debt Expense (Acct 181) End of Year [Form 1, Pg. 111, Ln. 69, Col. c] [From Inputs, Pg. 2, Ln. 24]	12,291,542
12.		<b>Avg of Beg &amp; End of Yr</b>	<b>12,756,387</b>
13.	12/31/2017	Unamortized Loss on Reacquired Debt - Beginning of Year (Acct 189)[Form 1, Pg. 111, Ln. 81, Col. d] [From Inputs, Pg. 2, Ln. 25]	37,090,302
14.	12/31/2018	Unamortized Loss on Reacquired Debt - End of Year (Acct 189) [Form 1, Pg. 111, Ln. 81, Col. c] [From Inputs, Pg. 2, Ln. 26]	34,079,779
15.		<b>Avg of Beg &amp; End of Yr</b>	<b>35,585,040</b>
16.	12/31/2017	Unamortized Gain on Reacquired Debt - Beginning of Yr (Acct 257)[Form 1, Pg. 113, Ln. 61, Col. d] [From Inputs, Pg. 2, Ln. 27]	-
17.	12/31/2018	Unamortized Gain on Reacquired Debt -End of Yr (Acct 257)[Form 1, Pg. 113, Ln. 61, Col. c] [From Inputs, Pg. 2, Ln. 28]	-
18.		<b>Avg of Beg &amp; End of Yr</b>	<b>-</b>
19.		Gross Proceeds [From Line 3, above]	1,960,636,900
20.		Plus: Unamortized balance Premiums [From Line 6 and 18 above]	0
21.		Less: Unamortized balance Discounts [From Line 9, 12, and 15 above]	48,341,427
22.		<b>NET PROCEEDS</b> (Avg of Beg of Yr and End of Yr LTD):	<b>1,912,295,473</b>

General Note: Net long-term average debt balance is used as the divisor to determine LTD debt cost rate. Gross long-term average debt balance is used in the capital structure.



**ADDENDUM 27 TO ATTACHMENT H, Page 16 of 18**  
**NorthWestern Corporation (South Dakota)**

**Attachment 9, LONG-TERM DEBT**

(For Rate Year Beginning April 1, 2019, Based on December 31, 2018 Data)

**LTD COSTS AND EXPENSES (Actual)**

Line

1. LTD Interest Expense (Acct 427)[FF1, Pg. 117, Ln. 62, Col. C] [From Inputs Pg.1, Ln. 24]	78,575,360
2. Amortization Debt Discount and Expense (Acct 428) [FF1, Pg. 117, Ln. 63, Col. c] [From Inputs, Pg. 1, Ln. 25]	1,201,220
3. Amortization of Loss on Recquired Debt (Acct 428.1) [FF1, Pg. 117, Ln. 64, Col. c] [From Inputs, Pg. 1, Ln. 26]	2,829,889
4. Less: Amort Premium on Debt Credit (Acct 429) [FF1, Pg. 117, Ln. 65, Col. c] [From Inputs, Pg.1, Ln. 27]	0
5. Less: Amort Gain on Debt Credit (Acct 429.1) [FF1, Pg. 117, Ln. 66, Col. c] [From Inputs, Pg. 1, Ln. 28]	0
5a. Plus: Interest on Debt to Associated Companies (Acct 430) [FF1, Pg. 117, Ln. 67, Col. c] [From Inputs, Pg. 1, Ln. 40]	0
<b>6. TOTAL LTD Interest Amount</b>	<b>82,606,469</b>
7. Total Long Term Debt Balance (Net Proceeds) [From Pg. 1, Ln. 22, above]	1,912,295,473
<b>8. Embedded Cost of Long Term Debt [Line 6/Line 7] [To ATT 6, Pg. 1, Ln. 1, Col. C]</b>	<b>4.32%</b>

**Attachment 10, DEPRECIATION RATES**

<u>Line</u>	<u>FERC</u>	<u>Description</u>	<u>2017 Rates (%)<sup>1</sup></u>
1		STEAM GENERATION - Big Stone	
2	310	310.0-BSP-Land	0.00%
3	311	311.0-BSP-Structures & Improvement	0.63%
4	312	312.0-BSP-Boiler Plant Equipment	1.28%
5	314	314.0-BSP-Turbo-Generator	1.40%
6	315	315.0-BSP-Accessory Electric	0.94%
7	316	316.0-BSP-Misc Power Plant	1.11%
8		STEAM GENERATION - Coyote	
9	310	310.0-CYP-Land	0.00%
10	311	311.0-CYP-Structures & Improvements	0.92%
11	312	312.0-CYP-Boiler Plant Equipment	1.05%
12	314	314.0-CYP-Turbo-Generator	1.61%
13	315	315.0-CYP-Accessory Electric	1.29%
14	316	316.0-CYP-Misc Power Plant	1.71%
15		STEAM GENERATION - Neal 4	
16	311	311.0-NLP-Structures & Improvement	0.63%
17	312	312.0-NLP-Boiler Plant Equipment	2.63%
18	314	314.0-NLP-Turbo-Generator	1.72%
19	315	315.0-NLP-Accessory Electric	1.23%
20	316	316.0-NLP-Misc Power Plant	1.43%
21		OTHER GENERATION	
22	340	340.0-Other Production-Diesel-Land	0.00%
23	341	341.0-Other Production-Diesel-Struc	2.07%
24	342	342.0-Other Production-Diesel-Fuel	2.24%
25	342	342.1-GT Pipelines	2.24%
26	342	342.2-GT Compressors	2.24%
27	343	343.0-Prime Movers & Generators	2.41%
28	344	344.0-Movers and Generators	2.66%
29	345	345.0-Accessory Electric Equipment	2.60%
30	346	346.0-Misc. Power Plant Equipment	3.46%
31		TRANSMISSION	
32	350	350.1-Transmission Land	0.00%
33	350	350.2-Transmission Land Rights	0.00%
34	352	352.0-Trans Elec Structures & Impro	2.03%
35	353	353.0-Trans Elec Station Equipment	2.53%
36	355	355.0-Tran Elec Poles & Fixtures	4.65%
37	356	356.0-Tran Elec Overhead Conductors	2.81%
38	357	357.0-Transmission-Underground Cond	2.08%
39	358	358.0-Transmission-UG Conductor & D	3.26%
40		DISTRIBUTION	
41	360	360.1-Distribution Land	0.00%
42	360	360.2-Distribution Land Rights	0.00%
43	361	361.0-Distribution Structures & Imp	2.39%
44	362	362.0-Distribution Elec Station Equ	2.60%
45	364	364.0-Distribution Poles & Fixtures	5.39%
46	365	365.0-Distribution Overhead Conduct	3.86%
47	366	366.0-Distribution UG Conduit	2.79%
48	367	367.0-Distribution UG Conductor & D	3.35%
49	368	368.0-Distribution Line Transformer	2.20%
50	369	369.1-Distribution Service Overhead	4.72%
51	369	369.2-Distribution Service Undergro	4.72%
52	370	370.0-Distribution Meters Electric	4.97%
53	371	371.0-Distribution-Install on Cust	7.46%
54	373	373.1-Dist Street Lighting & Signal	5.41%
55		INTANGIBLE	
56	303	303.1-Intan Plant 10 Year Software	10.00%
57	303	303.5-Intan Plant 5 Year Software	20.00%
58		GENERAL	
59	389	389.0-General Plant-Land	0.00%
60	390	390.1-Gen Plt Structures & Impv Dis	2.04%
61	392	392.20-Gen Plt Util Trans-Trailers	5.94%
62	392	392.40-Gen Plt Util Trans-Heavy Tru	5.61%
63	392	392.50-Gen Plt Util Trans-Light Tru	10.03%
64	393	393.0-Gen Plt Util Stores Equipment	3.12%
65	394	394.0-Gen Plt Util Tools,Shop, & Ga	6.67%
66	396	396.0-Gen Plt Util Power Operated E	4.59%
67	397	397.0-Gen Plt Util Comm Equip Compu	10.00%
68	397	397.2-Gen Plt Util Comm Equip Other	7.29%

<sup>1</sup> These depreciation and amortization rates shall not change absent a Section 205 or 206 filing before the Commission.

**Addendum 27 to ATTACHMENT H-1, Page 18 of 18**  
**NorthWestern Corporation (South Dakota)**  
**Attachment 11, "List of Qualifying Assets"**  
**For the Rate Year Beginning April 1, 2016, based on December 31, 2015 data**

Line (a)	Asset Location (b)	EOY Original Cost (c)	EOY Depreciation Reserve (d)	EOY Net Book Value (e)	BOY			Average		Average Net		Original Cost in SPP (l)	Depreciation Reserve in SPP (m)	Net Book Value in SPP (n)	Annual Depreciation (o)
					Original Cost (f)	Depreciation Reserve (g)	Net Book Value (h)	Original Cost 2017-2018 (i)	Depreciation Reserve 2017- 2018 (j)	Book Value 2017-2018 (k)					
1	3ABABN0002 - TL-0002 Aberdeen Siebrecht Sub 30C to Gr	2,697,244	1,909,195	788,049	2,644,737	1,863,963	780,774	2,670,991	1,886,579	784,411	2,670,991	1,886,579	784,411	106,568	
2	3ABABN0030 - TL-0030 Aberdeen Siebrecht Sub 30C to Hu	10,421,733	3,965,347	6,456,386	10,421,733	3,765,043	6,656,691	10,421,733	3,865,195	6,556,539	10,421,733	3,865,195	6,556,539	379,820	
3	3ABABN0033 - TL-0033 Groton Sub to Groton WAPA Sub	535,845	150,453	385,392	550,675	131,493	419,182	543,260	140,973	402,287	543,260	140,973	402,287	24,615	
4	3ABABN0040 - TL-0040 Aberdeen Siebrecht Sub 30C to EI	1,489,330	988,271	501,058	1,489,330	955,784	533,546	1,489,330	972,028	517,302	1,489,330	972,028	517,302	58,955	
5	3ABNOD0040 - TL-0040 ABN Siebrecht Sub 30C ND portion	65,239	42,343	22,896	65,239	39,609	25,630	65,239	40,976	24,263	65,239	40,976	24,263	2,505	
6	3HUHUR0031 - TL-0031 Huron West Park Sub 30D to Mitch	2,551,424	1,984,105	567,319	2,551,424	1,963,479	587,945	2,551,424	1,973,792	577,632	2,551,424	1,973,792	577,632	97,541	
7	3HUHUR0037 - TL-0037 Huron West Park Sub 30D to Broad	555,166	504,524	50,642	555,166	504,682	50,484	555,166	504,603	50,563	555,166	504,603	50,563	22,303	
8	3MTMIT0041 - TL-0041 Mitchell Sub 31A to McCook Cty L	542,523	433,862	108,661	542,523	432,983	109,539	542,523	433,423	109,100	542,523	433,423	109,100	19,124	
9	3MTMIT0042 - TL-0042 Mitchell Sub 31A to Tripp Jct. S	1,117,717	616,519	501,199	1,109,109	589,282	519,827	1,113,413	602,900	510,513	1,113,413	602,900	510,513	42,314	
10	3MTMIT0045 - TL-0045 Mitchell Sub 31A to Letcher Jct. Sub (WAPA owned)	4,682,337	1,448,561	3,233,776	4,682,337	1,262,651	3,419,685	4,682,337	1,355,606	3,326,730	4,682,337	1,355,606	3,326,730	178,275	
11	3MTTRP0043 - TL-0043 Tripp Jct. Sub 42A to Yankton jc	3,047,542	1,590,187	1,457,355	3,044,671	1,495,244	1,549,426	3,046,106	1,542,715	1,503,391	3,046,106	1,542,715	1,503,391	108,465	
12	3HURED0006 - TL-0006 Redfield Sub 30A to Clark Jct. S	4,535,086	3,018,158	1,516,928	4,355,148	2,910,066	1,445,082	4,445,117	2,964,112	1,481,005	955,700	637,284	318,416	39,045	
13	3HUHUR0035 - TL-0035 Huron West Park Sub 30D to Highm	2,136,549	1,399,381	737,168	1,997,250	1,361,952	635,298	2,066,899	1,380,667	686,233	2,066,899	1,380,667	686,233	81,851	
14	3ABABN0003 - TL-0003 Groton Sub 3C to Webster Sub 3B	1,349,557	932,299	417,258	1,185,909	913,673	272,236	1,267,733	922,986	344,747	337,834	245,963	91,870	13,707	
15	3ABABN002A - TS-002A WAPA Groton	861,459	431,398	430,062	861,459	417,160	444,299	861,459	424,279	437,180	861,459	424,279	437,180	21,795	
16	3ABABN002B - TS-002B Groton,Basin oper.	5,081,035	2,714,045	2,366,990	5,081,035	2,643,774	2,437,261	5,081,035	2,678,910	2,402,125	5,081,035	2,678,910	2,402,125	124,485	
17	3ABNOD0040A - TS-0040A-Ellendale, ND Sub	12,263	8,756	3,506	12,263	8,548	3,715	12,263	8,652	3,611	12,263	8,652	3,611	310	
18	3ABABN003C - TS-003C Groton City	503,914	141,368	362,546	495,631	135,431	360,200	499,772	138,400	361,373	476,733	127,780	348,954	11,993	
19	3ABABN030C - TS-030C Aberdeen Siebrecht	7,758,427	1,246,468	6,511,959	7,765,385	1,128,753	6,636,631	7,761,906	1,187,610	6,574,295	3,137,411	483,919	2,653,492	78,095	
20	3HUCLK006A - TS-006A Kampeska	176,968	81,701	95,267	175,016	78,927	96,089	175,992	80,314	95,678	169,291	76,263	93,028	4,107	
21	3HUCLK006D - TS-006D Watertown Mun. Utilities	371,263	55,058	316,205	371,263	49,217	322,045	371,263	52,138	319,125	371,263	52,138	319,125	9,393	
22	3HUHMR035D - TS-035D Titan 1 Substation 69KV	751,555	114,451	637,104	751,555	103,881	647,674	751,555	109,166	642,389	491,678	71,418	420,260	11,513	
23	3HUHMR035E - TS-035E Highmore East River Tie	1,999,706	352,978	1,646,728	1,999,706	321,618	1,678,088	1,999,706	337,298	1,662,408	1,542,510	204,691	1,337,819	38,728	
24	3HUHUR030B - TS-030B WAPA Broadland	916,134	306,040	610,094	916,134	291,244	624,890	916,134	298,642	617,492	916,134	298,642	617,492	23,178	
25	3HUHUR030D - TS-030D Huron West Park	4,564,711	2,050,864	2,513,847	4,553,312	1,980,427	2,572,885	4,559,012	2,015,645	2,543,366	3,025,892	1,406,067	1,619,826	75,730	
26	3HURED030A - TS-030A Redfield	3,158,361	1,055,952	2,102,409	3,158,361	1,005,805	2,152,556	3,158,361	1,030,879	2,127,482	1,189,281	302,839	886,442	29,895	
27	3MTMIT031A - TS-031A Mitchell	5,348,588	1,162,455	4,186,132	5,326,455	1,085,627	4,240,828	5,337,521	1,124,041	4,213,480	3,620,665	549,240	3,071,425	87,653	
28	3MTMIT031B - TS-031B Mitchell Northwest	2,310,165	858,578	1,451,587	2,310,165	823,435	1,486,730	2,310,165	841,007	1,469,159	558,426	198,769	359,657	13,648	
29	3MTTRP042A - TS-042A Tripp Jct.	2,258,870	623,349	1,635,522	2,258,870	587,602	1,671,269	2,258,870	605,475	1,653,395	730,448	90,465	639,984	18,295	
30	3YKYNK043C - TS-043C Napa Jct. Switchyard.	4,237,295	234,882	4,002,413	4,237,295	172,000	4,065,295	4,237,295	203,441	4,033,854	4,231,985	203,177	4,028,808	107,069	
31	3YKYNK043A - TS-043A Yankton Jct.	3,940,577	1,132,560	2,808,016	3,072,273	1,151,470	1,920,803	3,506,425	1,142,015	2,364,409	900,869	183,065	717,804	22,512	
32	3MTCHM0019 - TL-0019 Chamberlain to Mt. Vernon City S	2,674,071	1,780,002	894,069	-	-	-	1,337,036	890,001	447,034	1,271,946	846,674	425,272	49,025	
33	3MTARM019E - TS-019E Stickney Jct.	314,804	142,526	172,278	-	-	-	157,402	71,263	86,139	17,271	3,896	13,375	435	
34	3MTCHM019B - TS-019B Chamberlain	1,020,157	350,349	669,808	-	-	-	510,078	175,175	334,904	297,655	94,100	203,555	7,506	
35	3MTMIT019D - TS-019D WAPA Mt. Vernon	1,277,610	752,985	524,625	-	-	-	638,805	376,492	262,313	638,805	376,492	262,313	16,162	
36															
37															
38															
39															
40															
41															
42															
43															
44	<b>Grand Total</b>	<b>85,265,225</b>	<b>34,579,972</b>	<b>50,685,253</b>	<b>78,541,428</b>	<b>30,174,823</b>	<b>48,366,604</b>	<b>81,903,326</b>	<b>32,377,398</b>	<b>49,525,929</b>	<b>60,584,976</b>	<b>24,264,178</b>	<b>36,320,798</b>	<b>1,926,616</b>	

**Breakout by FERC account:**

350.1-Transmission Land	64,680.29
350.2-Trans Land Rights	634,228.44
352.0-Transmission-Structu	2,040,279.63
353.0-Transmission-Stat Eq	26,129,792.53
355.0-Tran Elec Poles & Fixtures	18,085,691.10
356.0-Tran Elec OH Conductors & Dev	13,604,038.43
357.0-Trans-UG Conduit	-
358.0-Transmission-UG Conductor & D	26,265.92
397.0-Electric 10yr Comm Equip	-
	<u>60,584,976</u>



## Annual Update | Narrative

---

*Rate Year: April 1, 2019 – March 31, 2020*

Pursuant to Section II of its Formula Rate Protocols, NorthWestern Corporation (South Dakota) provides additional information regarding the following:

- Facilities that qualify as “Transmission Facilities” under Attachment AI of the SPP Tariff;
- Prior period Annual Transmission Revenue Requirement (ATRR) adjustment of \$183,890 included in NorthWestern’s Annual Update for the rate year that begins April 1, 2019 for Tax Cuts and Jobs Act (TCJA) impacts to rate base; and
- TCJA adjustments related to excess deferred income taxes in rate base and related amortization included in income tax expense.

### Transmission Facilities

---

In 2018, two Qualifying Facilities (“QFs”) (Aurora Wind and Brule Wind) interconnected to NorthWestern’s radial 69-kV line that runs from Mt. Vernon, South Dakota, to Chamberlain, South Dakota. NorthWestern recognizes this line as “Line 19” on its books, and the line is sourced from a 115/69-kV substation (the WAPA Mt. Vernon Substation) owned by the Western Area Power Administration (WAPA). The total length of Line 19 is 64.5 miles, and the line has normal open emergency interconnections with both West Central Electric Cooperative and East River Electric Power Cooperative near the end of the radial line in the Chamberlain area.

Aurora Wind and Brule Wind both came online October 10, 2018. With the addition of these QFs, Line 19 now qualifies for inclusion under the SPP Tariff, as the new non-affiliated resources satisfy the two-customer criterion on a radial facility, described in Attachment AI, Section II, Criterion 1.<sup>1</sup> The Aurora Wind facility is approximately 27 line-miles from the WAPA Mt. Vernon

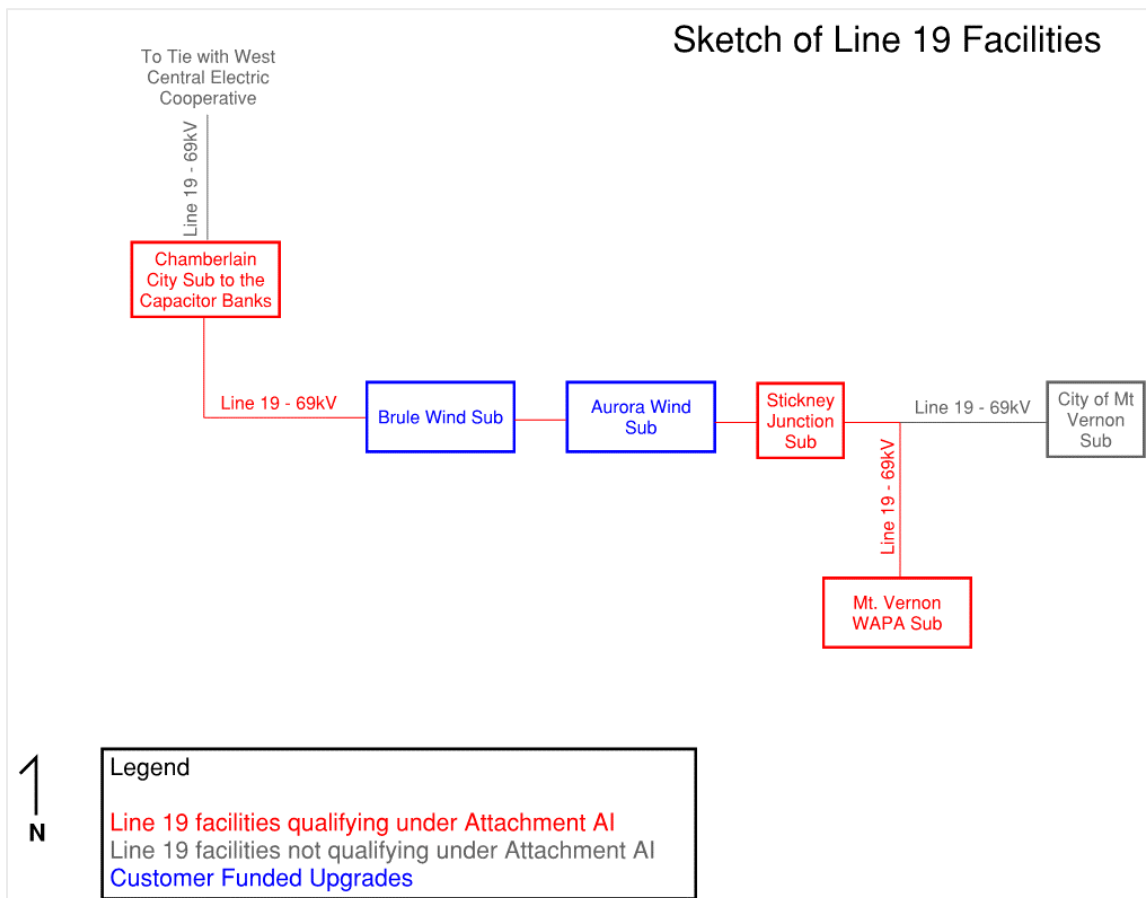
---

<sup>1</sup> “A Transmission Facility is a facility that is included as part of the Transmission System that meets any of the following criteria: [ ] All existing non-radial power lines, substations, and associated facilities, operated at 60 kV or above, plus all radial lines and associated facilities operated at or above 60 kV that serve two or more Eligible Customers not Affiliates of each other. Rate treatment for transmission upgrades completed after October 1, 2005 will be determined pursuant to Attachment J of this Tariff. For the purpose of the application of this criterion, “open loops” are radial lines. Additionally, at such time an existing radial is incorporated into a looped transmission circuit, that existing radial would be eligible for inclusion in rates on the same basis as the remainder of the facilities in the loop.” SPP OATT, Attachment AI, Section II – Criteria for Inclusion of Transmission Facilities.

Substation; the Brule Wind facility is approximately 35 line-miles from the WAPA Mt. Vernon Substation.

In addition, two 69-kV capacitor banks connect to Line 19 in Chamberlain, South Dakota. The 2.4-MVAR and 4.8-MVAR banks, which reside in NorthWestern’s Chamberlain City Substation, switch in and out automatically and provide vital support to Line 19. As described in Attachment AI, Section II, Criterion 3, the capacitor banks are “[c]ontrol equipment and facilities necessary to control and protect a facility qualifying as a Transmission Facility”—in this case, Line 19.

For these reasons, NorthWestern is adding the Line 19 facilities, from WAPA Mt. Vernon Substation up to and including the capacitor banks at Chamberlain City Substation, to the list of SPP Tariff facilities in 2019.<sup>2</sup> These facilities are illustrated below. The total 69-kV line length to be added to Zone 19 is 61.36 miles. The addition of Line 19 substation and transmission line facilities increases NorthWestern’s Annual Transmission Revenue Requirement by \$180,680.



<sup>2</sup> The Brule Wind Substation and the Aurora Wind Substation were customer-funded upgrades. NorthWestern reimbursed the customers on January 10, 2019. Therefore, consistent with FERC policy, NorthWestern will not add these substations to its list of tariff facilities at this time, but will do so in its 2020 Annual Update. See, e.g., Order No. 2003-A, 106 FERC ¶ 61,220, P 657 (2004).

## Prior Period Adjustment

---

In December 2017, the TCJA was signed into law, which enacted significant changes to the U.S. tax laws. The primary impact to NorthWestern was a reduction of the federal corporate income tax rate from 35% to 21% effective January 1, 2018. NorthWestern revalued its deferred tax assets and liabilities as of December 31, 2017, based on the reduction in the overall future tax impact expected to be realized at the lower tax rate. This resulted in a reduction of deferred tax assets and liabilities (FERC Account Nos. 190, 282, and 283). These reductions were offset in regulatory assets and liabilities (FERC Account Nos. 182.3 and 254). Because NorthWestern's Formula Rate Template did not pull in the offset to Account No. 182.3 or 254, NorthWestern inadvertently overstated its rate base, which resulted in an over-collection in its revenue requirement of \$180,904, or \$183,890 with interest per the Protocols. NorthWestern is including this refund in the Annual Update, which will go into effect April 1, 2019. (See TEMPLATE, APPENDIX A, LINE 125, ADJUSTMENTS TO PRIOR RATE YEAR REVENUE REQUIREMENT.)

## TCJA Adjustments

---

As referenced above, the TCJA was signed into law in December 2017. On November 15, 2018, FERC opened a rulemaking docket to address how public utilities should revise their rates to account for changes caused by the TCJA. NorthWestern anticipates updating its Formula Rate Template when FERC issues a final rule in FERC Docket No. RM19-5-000.<sup>3</sup>

In the interim, because NorthWestern's Formula Rate Template does not include the TCJA excess deferred income taxes from FERC Account No. 182.3 or 254, NorthWestern is incorporating the appropriate impact of TCJA excess accumulated deferred income taxes as a net reduction to rate base as part of APPENDIX A, LINE 46, NON-ESCROWED FUNDS/TCJA EXCESS DEFERRED INCOME TAXES, which comes from TAB 4, LINE 2, OTHER ADJUSTMENTS.

NorthWestern revalued its accumulated deferred income taxes, which reclassified a portion to FERC Account Nos. 182.3 and 254.<sup>4</sup> However, the Formula Rate Template does not have a rate-base adjustment placeholder for these two account numbers. Thus, NorthWestern was forced show the activity in these two accounts on the aforementioned TAB 4, LINE 2, OTHER ADJUSTMENTS in order to achieve the appropriate rate base adjustment of excess deferred income taxes.

---

<sup>3</sup> *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, 165 FERC ¶ 61,117 (2018).

<sup>4</sup> *Accounting and Ratemaking Treatment of Accumulated Deferred Income Taxes and Treatment Following the Sale or Retirement of an Asset*, 165 FERC ¶ 61,115 (2018) ("If as a result of action by a regulator, it is probable that the future increase or decrease in taxes payable due to the change in tax law or rates will be recovered from or returned to customers through future rates, an asset or liability should be recognized in Account 182.3 (Other Regulatory Assets), or Account 254 (Other Regulatory Liabilities), as appropriate, for that probable future revenue or reduction in future revenue.")

In addition, NorthWestern is computing amortization as a result of excess deferred income taxes and has included that amortization as part of APPENDIX A, LINE 103, AMORTIZED INVESTMENT TAX CREDIT AND EXCESS DEFERRED INCOME TAX AMORTIZATION – TRANSMISSION RELATED. This adjustment comes from a newly inserted line on TAB 5, ROW 103A, EXCESS DEFERRED INCOME TAX AMORTIZATION.

Please see the attached Exhibit A for further detail on the above rate base and amortization expense adjustments related to excess deferred income taxes.

**12/31/2017 TR**

FERC Method of Amortization Protected/Unprotected	Authorization for Recovery Not Yet			Authorization for Recovery Not Yet					RSG Protected		FERC Unamortized Total	Notes
	ARAM/RSG Protected	Received Unprotected	Subtotal	ARAM/RSG Protected	N/A Gross-Up	Received Unprotected	Subtotal	Subtotal	F/T "as-if" normalized			
FERC Amortization Account	410.1	410.1		411.1	N/A	411.1			411.1			
TCJA Excess ADIT Account Reduced	190	190		282	283	283			282			
Reg Asset Account Impacted	182.3	182.3	182.3	254	254	254	254	182.3 and 254				
SD Electric	4,554,380	-	4,554,380	(18,776,181)	(3,780,479)	-	(22,556,659)	(18,002,279)	(15,325,711)		(33,327,989)	
Non-Jurisdictional	(181,807)	1,753,722	1,571,915	(2,231,158)	(641,421)	(237,232)	(3,109,811)	(1,537,896)	(2,511,794)		(4,049,690)	
<b>Total</b>	<b>4,372,573</b>	<b>1,753,722</b>	<b>6,126,295</b>	<b>(21,007,338)</b>	<b>(4,421,900)</b>	<b>(237,232)</b>	<b>(25,666,470)</b>	<b>(19,540,175)</b>	<b>(17,837,504)</b>		<b>(37,377,679)</b>	

**2018 Amortization**

SD Electric	138,139	-	138,139	(1,037,146)	-	-	(1,037,146)	(899,007)	(464,843)	(1,363,850)	1.
Non-Jurisdictional	(5,514)	-	(5,514)	(282,173)	-	-	(282,173)	(287,687)	(76,185)	(363,872)	2.
<b>Total</b>	<b>132,624</b>	<b>-</b>	<b>132,624</b>	<b>(1,319,319)</b>	<b>-</b>	<b>-</b>	<b>(1,319,319)</b>	<b>(1,186,695)</b>	<b>(541,028)</b>	<b>(1,727,723)</b>	

**12/31/2018\*\***

SD Electric	4,416,242	-	4,416,242	(17,739,035)	(3,541,502)	-	(21,280,536)	(16,864,295)	(14,860,867)	(31,725,162)	3.
Non-Jurisdictional	(176,293)	1,753,722	1,577,429	(1,948,985)	(564,947)	(237,232)	(2,751,164)	(1,173,735)	(2,435,609)	(3,609,344)	4.
<b>Total</b>	<b>4,239,949</b>	<b>1,753,722</b>	<b>5,993,671</b>	<b>(19,688,019)</b>	<b>(4,106,449)</b>	<b>(237,232)</b>	<b>(24,031,700)</b>	<b>(18,038,030)</b>	<b>(17,296,476)</b>	<b>(35,334,506)</b>	

\*\* Excess deferred taxes are calculated based on the federal rate change from 35% to 21%. In addition, South Dakota Public Utility Commission has mandated the write off of unprotected non-plant so it is not included in rates.

\*\*\* ARAM = Average Rate Assumption Method and RSG = Reverse South Georgia Method

1. Highlights reference to Tab 5-CostSupport Row 103a
2. Highlights reference to Tab 5-CostSupport Row 103a and FF1 114 Footnote
3. Sum of highlights, (\$28,183,660), tie to Tab 4-Non-EscrowedFunds
4. Highlights reference to FF1 page 232 Acct 182.3 and page 278 Acct 254 TCJA Excess ADIT