8 PURPOSE OF FACILITY (ARSD CH. 20:10:22:08)

The purpose of the Project is to improve NorthWestern's capacity position for its South Dakota system which, in turn, improves local and regional electric grid reliability.

The Project is being developed consistent with the identified needs of NorthWestern's IRP process, which continuously reviews, evaluates and forecasts NorthWestern's system needs, and is formalized in a detailed plan. NorthWestern's most recent IRP was filed with the Commission in December 2024 (Reference 1). NorthWestern's current anticipated system needs and the demand for the Project are discussed further in Section 10 of the Application.

Additionally, the need for and development of the Project is supported by the SPP ERAS Procedures incorporated as Attachment AW to the SPP Tariff (Reference 2), establishing a one-time, fast-tracked resource grid interconnection process resulting from identified system capacity shortfalls. NorthWestern is an SPP member and, with the capacity need identified through its IRP process and the urgent need identified by SPP, NorthWestern submitted an Interconnection Request to SPP pursuant to the ERAS Procedures for the Project in October 2025 and has since executed the Project GIA. Please see Exhibit D – Generator Interconnection Agreement. Additionally, NorthWestern has included the Project in its 10-Year Plan, most recently submitted to the Commission on July 1, 2026 (Reference 5).

9 ESTIMATED COST OF FACILITY (ARSD CH. 20:10:22:09)

The current estimated cost of construction for the Project is $470 million. This estimated cost includes:

- Engineering, procurement and construction of the generating facility;
- The NBPL tap site and natural gas lateral from the NBPL tap site to the Project Site;
- The Project BAAH substation, the 115 kV double circuit generation-tie line from the Project BAAH substation to the Siebrecht substation on the AGS site and required modifications to the Siebrecht substation to facilitate electrical grid interconnection;
- Water supply and wastewater discharge interconnections; and
- Owner's costs (excluding any allowance for funds used during construction/interest during construction).

The estimated Project construction costs are based on current executed major equipment contracts, the executed GIA, preliminary/conceptual engineering, initial EPC contractor proposals and estimated escalation. Project construction costs are subject to change based on the final Project design.

10 DEMAND FOR FACILITY (ARSD CH. 20:10:22:10)

10.1 FACILITY DEMAND

NorthWestern identified a capacity deficit in 2030 of 71 MW in the summer and 38 MW in the winter in its 2024 IRP considering a 36% planning reserve margin (Reference 1). Subsequently, as part of the implementation of the ERAS Procedures (Reference 2), SPP issued an accreditation