SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY			Section No. 3
SIOUX FALLS		7th Revised	Sheet No. <u>36</u>
SOUTH DAKOTA	Canceling	6th Revised	Sheet No. <u>36</u>

ENERGY EFFICIENCY ADJUSTMENT

APPLICABILITY

This Energy Efficiency Adjustment (EEA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission).

The EEA shall be calculated annually based on actual versus forecasted EE program costs and kwh retail sales for the applicable rate schedules for the twelve months of January through December, and shall include an over or under recovery from prior years' adjustments through the Balancing Account. NorthWestern Energy (the Company) will update and make an EEA filing with the Commission on an annual basis no later than November 1. The annual rate recovery period will be from January 1 through December 31of each program year.

ENERGY EFFICIENCY ADJUSTMENT RATE

An EEA rate shall be determined by dividing the EE program costs and the forecasted balance of the EEA Balancing Account by the forecasted retail sales volumes for the upcoming year. The EEA rate shall be rounded to the nearest \$0.00001 per kwh.

The EEA rate may be adjusted annually with approval of the Commission. The EEA rate for all applicable rate schedules is \$0.00123.

<u>EE Program Costs</u> shall include all expenses associated with EE programs and an incentive approved by the Commission. All revenues recovered pursuant to the EEA shall be credited to the Balancing Account.

<u>EEA Balancing Account</u> amount is the EE program costs incurred, less all revenues recovered pursuant to the EEA for the annual year, as adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the rate of return from the Company's last approved electric rate case. The EEA revenues will be applied monthly to the Balancing Account for each customer class.

<u>Forecasted Retail Sales Volumes</u> shall be the most recent twelve month ended retail electric sales for the applicable rate schedules for the designated recovery period.

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Jeff J. Decker Issued by: Specialist Regulatory

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY			Section No. 3
HURON		7th Revised	Sheet No. <u>11</u>
SOUTH DAKOTA	Canceling_	6th Revised	Sheet No. 11

ENERGY EFFICIENCY ADJUSTMENT

APPLICABILITY

This Energy Efficiency Adjustment (EEA) applies to retail customer rates 81, 82, 84, 85 and 86 as authorized by the South Dakota Public Utilities Commission (Commission).

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The EEA shall be calculated annually based on actual versus forecasted EE program costs and residential therm sales for the applicable rate schedules for the twelve months of January through December, and shall include an over or under recovery from prior years' adjustments through the Balancing Account. NorthWestern Energy (the Company) will update and make an EEA filing with the Commission on an annual basis no later than November 1. The annual rate recovery period will be from January 1, through December 31 of each program year

ENERGY EFFICIENCY ADJUSTMENT RATE

An EEA rate shall be determined by dividing the EE program costs and the forecasted balance of the EEA Balancing Account by the forecasted sales volumes for the upcoming year. The EEA rate shall be rounded to the nearest \$0.00001 per therm.

The EEA rate may be adjusted annually with approval of the Commission. The EEA rate for the applicable rate schedules is a charge of \$0.01068 per therm.

<u>EE Program Costs</u> shall include all expenses associated with EE programs and an incentive approved by the Commission. All revenues recovered pursuant to the EEA shall be credited to the Balancing Account.

<u>EEA Balancing Account</u> amount is the EE program costs incurred, less all revenues recovered pursuant to the EEA for the annual year, as adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the rate of return from the Company's last approved natural gas rate case. The EEA revenues will be applied monthly to the Balancing Account for each customer class.

<u>Forecasted Sales Volumes</u> shall be the most recent twelve month ended natural gas sales for the applicable rate schedules for the designated recovery period.

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