

SOUTH DAKOTA GAS RATE SCHEDULE

**NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA**

Section No. 1
31st Revised **Sheet No. 1**
Canceling 30th Revised **Sheet No. 1**

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NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY	Section No. 3
HURON	20th Revised Sheet No. 1
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CLASS OF SERVICE: Residential Gas Service **Rate No. 81**
RATE DESIGNATION: Firm Sales

1. Applicability

This rate is available to domestic customers whose maximum requirements for natural gas are not more than 200 therms per day. The name plate input ratings of all gas burning equipment shall be used to determine a customer's maximum requirements, based on 10 hours use per day.

2. Territory

The area served with natural gas by the Company in South Dakota.

3. Rates

Monthly Charges:

<i>Customer Charge</i> per Meter:	\$ 8.00
<i>Non-Gas Commodity Charge:</i>	
First 30 therms, per therm	\$ 0.3788
Over 30 therms, per therm	\$ 0.1700

Minimum Monthly Bill: \$ 8.00

Adjustment Clauses:

- a. Adjustment Clause shall apply. (Sheet Nos. 9, 9a, 9b)
- b. Tax Adjustment Clause shall apply. (Sheet No. 10)
- c. BTU Adjustment Clause shall apply. (Sheet Nos. 12, 12a)
- d. Demand Side Management Program shall apply.

N

4. Other Provisions

Service will be furnished under the Company's General Terms and Conditions.

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY Section No. 3
HURON 5th Revised Sheet No. 11
SOUTH DAKOTA Canceling 4th Revised Sheet No. 11

DEMAND SIDE MANAGEMENT ADJUSTMENT

APPLICABILITY

This Demand Side Management Adjustment (DSMA) applies to residential rate schedule 81 as authorized by the South Dakota Public Utilities Commission (Commission).

The DSMA shall be calculated annually based on actual versus forecasted DSM 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 a DSMA filing with the Commission on an annual basis no later than March 1. Since the DSM programs will be implemented April 1, 2012, the first year rate recovery period will be from May 1, 2012 through December 31, 2012. The 2nd year filing will be made by March 1, 2013 with an effective date of May 1, 2013. A filing will be made by March 1 each year thereafter.

DEMAND SIDE MANAGEMENT ADJUSTMENT RATE

A DSMA rate shall be determined by dividing the DSM program costs and the forecasted balance of the DSMA Balancing Account by the forecasted residential sales volumes for the upcoming year. The DSMA rate shall be rounded to the nearest \$0.0001 per therm.

The DSMA rate may be adjusted annually with approval of the Commission. The DSMA rate for the applicable rate schedule is:

Residential: \$0.0056

DSM Program Costs shall include all expenses, costs and lost margins associated with DSM programs and that are approved by the Commission. All revenues recovered pursuant to the DSMA shall be credited to the Balancing Account.

DSMA Balancing Account amount is the DSM program costs incurred, less all revenues recovered pursuant to the DSMA 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 DSMA revenues will be applied monthly to the Balancing Account for each customer class.

Forecasted Residential Sales Volumes shall be the estimated residential natural gas sales for the applicable rate schedules for the designated recovery period.

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