

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY Section No. 5
SIOUX FALLS 8th Revised Sheet No. 1
SOUTH DAKOTA Canceling 7th Revised Sheet No. 1

GENERAL TERMS AND CONDITIONS

APPLICABILITY

These General Terms and Conditions apply to all classes of electric service unless otherwise indicated on the rate schedule.

CUSTOMER CONNECTION CHARGE

Customer Connection is defined as attaching a Customer to receive utility service upon a request for new service or reconnection of discontinued service (Customer Connection does not include the reconnection of a Customer whose utility services were discontinued due to nonpayment of utility bills. Reconnection charges for such Customers are based on the Company's hourly rates for service work with a one hour minimum.) The amount of the Customer Connection Charge will be \$20.00 for all Customer Connections during normal business hours defined as 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, and \$65.00 for Customer Connections during other than regular business hours. Customers requesting service after the Company's normal business hours will be informed of the after hour service rate and encouraged to have the service performed during normal business hours. The connection charge will be billed on all Customers applying for electric service. The Customer Connection Charge shall be paid by the Customer receiving power and energy from the Company, and is due and payable upon presentation. If a bill is not paid, the Company shall have the right to refuse service. The Customer, Landlord or representative (at least the legal age of majority) may be required to be present during the Service turn-on.

ACCESS TO PREMISES

The Company has the right of access to the Customer's premise, including right-of-way, at all reasonable times for the purpose of installing, reading, inspecting, or repairing any service lines, meters, devices, and other equipment and facilities used in connection with furnishing of any or all service, including any necessary repairs and maintenance, or for the purpose of removing its property and for all other proper purposes. In addition, the Company may require the customer, Landlord or representative (at least the legal age of majority), be present when performing work inside a customer's facility.

OWNER'S CONSENT TO OCCUPY

In case the Customer is not the owner of the premises or of the intervening property between the premises and the Company's lines, the Customer will obtain from the property owner(s) the necessary consent to install, operate and maintain in said premises all such electric equipment as is necessary or convenient for supplying electricity to the Customer.

CUSTOMER'S INSTALLATION

The Customer will furnish and own all interior wiring and equipment for use of the service, conduit for underground services, and all poles, wires, meter sockets, and fixtures necessary to distribute such service from the point of service attachment to the various buildings served. Point of service attachment is defined as that point where the facilities of the Company are physically connected to the facilities of the Customer. In general, the point of attachment on overhead services is where the Company's conductors enter the weather head and, for underground services, is where the Company's conductors connect to the top of the Customer's meter socket.

All wiring and equipment furnished by the Customer will be maintained by the Customer at all times in conformity with the requirements of the constituted authorities and with all Terms and Conditions of the Company.

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SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY Section No. 5
SIOUX FALLS 4th Revised Sheet No. 2
SOUTH DAKOTA Canceling 3rd Revised Sheet No. 2

GENERAL TERMS AND CONDITIONS

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PROTECTION OF COMPANY'S PROPERTY

The Customer will properly protect the Company's property on the Customer's premises from loss or damage and will permit no one who is not an agent of the Company to remove or tamper with the Company's property. Under applicable laws, in any case of tampering or interfering with the proper functioning of a meter installation (including, specifically, the Company's meter seal) or evidence thereof or of any theft or any diversion of electric service, the Customer will be liable to prosecution, and the Company will be entitled to collect from the Customer, at the appropriate rate, for all power and energy not recorded on the meter by reason of such tampering, interfering, theft or diversion of service, in an amount which may be estimated by the Company from the best available data, together with all expenses incurred by the Company as a result of such unauthorized acts.

METERING

The service used will be measured by a meter or meters to be furnished and installed by the Company at its own expense; provided however Customers are responsible for arranging and paying for a telephone line when electronic metering is installed for a Customer. Upon the registration of said meters all bills will be calculated. If more than one meter is installed on different classes of service (each class being charged for at different rates) each meter will be considered by itself in calculating the amount of any bill. Meters include all measuring instruments. Meters will be located as near as possible to the service entrance and on the ground floor of the building in a clean, dry, safe and easily accessible place, free from vibration, or at such other point selected by the Company.

Commercial Customers having more than one power or heating meter, or both will be billed under the appropriate commercial rate. The billing department will either add the consumption and bill in one amount under the proper rate or bill separately under the correct rates for services as used by the Customer. If the Customer has two or more services of different characteristics and does not care to change the necessary wiring and entrances, he will be billed at the applicable separate rate until the physical wiring changes are made at his expense.

Where, at the Customer's request, the Company has installed primary metering or MV90 metering with electronic totalizing application, unless otherwise approved by the Company, the Customer will own and be responsible for the maintenance of all electric lines and facilities, other than transformers, from a single point of delivery, and the Company will combine all usage for billing purposes.

SUB-METERING

Sub-metering will not be permitted unless it is at the same premises and either the Customer or the Company have compelling reasons for not combining the existing services into one service and one meter. Under no circumstances shall a Customer's wiring cross a public street or alley.

METERING FOR RESALE

A Customer is not permitted to receive power or energy through one meter and resell such power or energy to another user through separate meters, regardless of who owns the meter serving the ultimate user.

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SOUTH DAKOTA Canceling 7th Revised Sheet No. 4

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DETERMINATION OF BILLING DEMAND

The average power factor is defined as the quotient obtained by dividing the number of kilowatt-hours (kwh) used during the billing period by the square root of the sum of the squares of the number of kilowatt-hours used and the number of leading or lagging reactive kilovolt-ampere-hours (KVARH) supplied during the same period.

$$\text{Average Power Factor} = \frac{\text{KWH}}{\text{SQURE ROOT (KWH}^2 + \text{KVARH}^2)}$$

The Company reserves the right to make monthly tests to determine the average power factor of the Customer's installation. The average power factor for the month may be determined by permanently installed metering equipment or by periodic test under normal operating conditions. Test will be made at the metering point.

If the monthly average power factor of any metering point is less than 95% for:

a) Accounts with measured demand

Adjusted demand will be determined by multiplying measured demand (kilowatt) by 95% divided by the average power factor applicable to the billing period as previously determined. The billable power factor adjustment will be the resulting increase in billable demand at the demand charge rate as shown on Sheet No. 14, plus applicable adjustments as shown on Sheets No. 33a and 33b.

b) Accounts without measured demand

Adjusted energy will be determined by multiplying measured energy (kilowatt hours) by 95% divided by the average power factor applicable to the billing period as previously determined. The billable power factor adjustment will be the resulting increase in billable energy at energy rates pursuant to rate schedules otherwise applicable.

MONTHLY BILLS

(a) Bills for service will be rendered monthly unless otherwise specified. The term "month" for billing purposes will mean the period between any two consecutive readings of the meters by the Company, such readings to be taken as near practicable every thirty days.

(b) Failure to receive a bill in no way exempts Customers from the provisions of these Terms and Conditions.

(c) When the Company is unable to read a meter after a reasonable effort, the Customer will be billed based on the Company's best estimate, considering billings for the previous year, the previous month, and estimated peak usage, and the billing adjusted when the meter is read.

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SOUTH DAKOTA Canceling 4th Revised Sheet No. 6

GENERAL TERMS AND CONDITIONS

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BUDGET PAYMENT PLAN

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The Company's Budget Bill Plan (BBP) is available to residential and commercial customers. It may be initiated for a customer at any time during the year, provided that the Customer has paid all outstanding utility charges due the Company.

The Company will have a billing practice under which a Customer may be billed monthly for a percentage or portion of the Customer's total annual consumption as estimated by the Company. The purpose of such budget billing is to provide, insofar as it is practicable to do so, a uniform monthly bill.

Each BBP account will be reviewed by the Company at least semi-annually, based on their Budget Billing start date, to determine if an adjustment to the budget amount is necessary, to minimize annual over/under collection balances. The new BPP will be determined by adding the Customer's actual debit or credit balance, at the time of review, to the Customer's prior 12 months billings under current tariff rates, adjusted for normal weather, known changes in consumption, and projected Adjustment Clause price increases or decreases, the sum of which is divided by twelve. Where prior billings are not available, the Company will estimate billings using the best available information of Customer's consumption.

Should a Customer request that the Company not take the actual debit or credit balance into consideration when calculating a revised budget amount, the Company will issue a check to a Customer with a credit balance or bill the Customer for any debit balance.

Service to Customers participating in the BPP shall be pursuant to the General Terms and Conditions of service including the Terms of Payment provisions contained therein, provided, however, that service to a BBP Customer will not be disconnected for non-payment if the Customer has a credit balance in his account. A Customer may discontinue participation in the BBP at any time.

RESIDENTIAL WATER HEATER RESTRICTION

Residential water heater installation shall be equipped with thermostatically controlled non-inductive heating elements designed for a nominal voltage of 240 volts single phase service. Water heaters shall have an electric capacity of not more than 5000 watts at 240 volts. If two elements are used, interlocking controls are required to prevent simultaneous operation. Tankless water heaters are permitted only with prior notification to the Company and may require a Contribution in Aid of Construction (CIAC), for required system upgrades. Once the CIAC has been received by the Company, the Company will make the required upgrades and allow installation of the tankless water heater.

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SIOUX FALLS 6th Revised Sheet No. 7
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GENERAL TERMS AND CONDITIONS

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special apparatus requiring close regulation, or if the Customer's electrical appliances are subject to damage due to high or low voltage, the single phasing of three-phase service, phase reversals, or other fluctuations in the quality of service furnished by the Company, then the Customer shall install regulative apparatus and protective devices at his own expense. Without notice, the Company may curtail or interrupt service to any or all of its Customers when, in its judgment, such curtailment or interruption will prevent or alleviate a threat to the integrity of its power supply.

To assure adequate safety to personnel and equipment, the Customer shall provide and maintain code-approved protective devices in each phase to protect all motors against overloading, short circuits, ground faults and low voltage, and to protect all three-phase motors against single-phasing.

Computers and other sensitive electronic equipment, which require high grade, uninterrupted power, may, on occasion, experience problems when connected directly to the Company's distribution system. The Customer should check with an electric dealer, wireman, contractor, engineer, or architect to ascertain the need for Customer-supplied lightning arresters, surge suppressors, isolation transformers, by-pass meter socket, standby or uninterruptible power supplies.

LIABILITY

The Customer assumes all responsibility for all service and equipment at and from the Customer's point of service attachment of such service, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring by such services and equipment, except where said injury or damage is shown to have been occasioned solely by the negligence of the Company.

AGENTS CANNOT MODIFY AGREEMENT

No agent has power to amend, modify, alter or waive any of these Terms and Conditions, or to bind the Company by making any promise or representation not contained herein. However, the Company will continue its policy of attempting to accommodate Customers and Customer problems wherever possible.

COGENERATION AND SMALL POWER PRODUCTION

Qualifying Facility. A qualifying facility (QF) is a power production or cogeneration facility which has received qualifying status under the Public Utility Regulatory Policies Act of 1978 (PURPA), Sections 201 and 210 and regulations established by the Federal Energy Regulatory Commission (FERC), 18 CFR Part 292. Any interconnection between the Company and a qualifying facility shall be in compliance with PURPA, the FERC regulations, and the Decision and Order of the Public Utilities Commission in Docket F-3365. T

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SOUTH DAKOTA	Canceling <u>1st Revised</u> Sheet No. 9

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diagrams must show all related wiring and safety features of the QF, equipment nameplate data including the interface device and the control system of the Customer's power source; a site plan, and the operating characteristics for the Customer's generator and interconnection, and all of these items must be approved by the Company. The Company will permit the Customer to operate its QF in parallel with the Company's electric system only when this can be done without adverse effects on the general public, other utility customers, and the Company's equipment and employees. Certain protective devices (relays, circuit breakers, etc.) within reasonable electrical industry standards may be required by the Company. The purpose of such devices is to promptly remove the in-feed from the Customer's QF whenever a fault occurs, so as to protect the general public, other utility customers, and the Company's equipment and employees from damage due to fault currents produced by the Customer's QF.

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4) Interconnection shall be made in such manner that, if the voltage from the Company is absent, the electrical interconnection is immediately broken.

5) The Customer must comply with all applicable provisions of the State Electrical Code, the National Electrical Safety Code, and the National Electrical Code.

6) The Customer's generating system, including interconnecting equipment, shall meet the requirements of and be inspected and approved by the State Electrical Commission and any other public authority having jurisdiction before any interconnection is made to the electrical system of the Customer or the Company.

7) Wind driven generating facilities, for safety purposes, shall be connected by underground conductor to a point of a horizontal length not less than 1.5 times the fall distance of the qualifying facility from the Company's facilities.

8) To protect appliances and equipment on the premises of the Customer and other customers, the power generated by the Customer shall not induce excessive distortion to the system's voltage or current sine waves. The Maximum allowable distortion must not exceed 10% measured at the Customer's service box.

9) To protect the QF, and to protect all parties from electric shock, the Customer shall supply and install automatic devices to positively disconnect his generating equipment from the system in the event of a disturbance or supply outage on the Company's system. The Company shall be allowed access to this device at all times to permit periodic safety tests.

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SIOUX FALLS	<u>2nd Revised</u> Sheet No. 10
SOUTH DAKOTA	<u>Canceling 1st Revised</u> Sheet No. 10

GENERAL TERMS AND CONDITIONS

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10) The Customer shall furnish and install a disconnecting switch to be connected between the Company's electric system and the QF. This switch must provide a visual opening in the line and shall be located and equipped so that the Company's employees can have access to operate and lock the switch in case of an outage or for work on the Company's system.

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11) If the Customer's QF interferes with the operation of the Company's equipment or interferes with service to other customers, the Company reserved the right to disconnect.

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12) The Customer's load in conjunction with the generating system shall not have a power factor of less than .95 leading or lagging.

13) The Customer shall furnish and install all additional wiring and equipment needed to connect the QF metering at existing service location. The meter socket shall be installed as close as possible to the existing service meter.

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14) The Customer shall give reasonable notice to the Company concerning periods during which the Customer-generated energy is proposed to be furnished and the estimated amount thereof.

15) The Customer shall advise the Company prior to making any revisions to the Customer's QF, the control system, or the interface between the two power systems after the installation. Any such revision must be acceptable to the Company.

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16) The Company will not assume any responsibility for protection of the generator or any other portion of the QF's electrical equipment. The Customer is fully responsible for protecting its equipment in such a manner that faults or other disturbances on the Company's system do not cause damage to the Customer's equipment, the general public, and the Company's equipment and employees.

17) Should the parallel operation of the Customer's QF cause interference or adversely affect voltage, frequency, harmonic content, or power factor in the Company's system or the service to other customers, the Company may require disconnection of parallel operation until the condition has been corrected.

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SIOUX FALLS	1st Revised Sheet No. 11
SOUTH DAKOTA	Canceling Original Sheet No. 11

GENERAL TERMS AND CONDITIONS

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18) The Company shall be responsible for maintenance of all equipment it has supplied. The Customer shall be responsible for the maintenance of its generating, protective equipment, and interconnection equipment. Complete maintenance records must be maintained by the Customer and be available for the Company's review. L

19) The Company reserves the right to inspect on demand all protective equipment including relays and circuit breakers owned and installed by the Customer at the point of interconnection.

20) All interconnections shall be made in compliance with the requirements shown on the Exhibits which are made a part of these General Terms and Conditions.

21) The Company reserves the right to promulgate such other safety and reliability standards necessary for the operation of its system as may be allowed or required by law.

Interconnection Charge. An interconnection charge will be assessed to recover those costs associated with the addition to or modification of Company facilities to accommodate the SQF in excess of the facilities and expenses recovered in the monthly customer charge. At the option of the Customer, the interconnection charge shall be a single nonrefundable charge for the costs incurred or to be incurred by the Company, or a monthly levelized charge equal to one-twelfth of the Company's annual fixed costs plus cost of maintenance. If the Customer selects the monthly interconnection charge and permanently disconnects from the Company's system prior to completion of all monthly payments, the Customer will be responsible for making a one-time payment to the Company. The one-time payment will include those interconnection costs not yet paid plus removal costs, minus salvage value, along with an administrative charge. T

Customer with an SQF shall indemnify, protect, defend and save harmless the Company from and against any and all claims and demands for damages, remote as well as proximate, to property and injury or death to persons, including payments made under any workman's compensation law or under any plan for employees' disability and death benefits, which

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GENERAL TERMS AND CONDITIONS

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may arise out of or be caused by the installation, maintenance, presence, operation or removal of the qualifying facility, or by any related act or omission of the customer, its employees, agents, contractors or subcontractors.

Customers with an SQF shall maintain during the term of the SQF Electric Service Agreement liability insurance which insures the Customer against all claims for property damage and for personal injury or death arising out of, resulting from, or in any manner connected with the installation, operation and maintenance of the SQF. The amount of such insurance coverage shall be at least \$300,000 per occurrence. The Customer shall furnish a certificate from its insurance carrier showing that it has complied with the provisions of this section and providing that the insurance policy will not be changed or canceled during its term without written 90-day notice to Northwestern Energy.

Output. The output of a QF or SQF shall be 60 cycle and shall be at the voltage and phase of the existing service or service proposed to the Customer.

Three-phase Power. Three-phase power cannot be interconnected to the Company's system unless three-phase power already exists or three-phase power is proposed to be utilized by the Customer for purposes other than operating a QF or SQF.

Agreement. Service to a qualifying facility will be as set forth in these General Terms and Conditions and in a written Agreement between the Company and the Customer.

Standby, Supplementary, Emergency and Incidental Services. The Company will provide standby, supplementary, emergency and incidental services upon request of the Customer. These services will be available pursuant to a negotiated contract between the Company and the Customer and are as defined as follows:

- a. Standby service is defined as service continuously available through a permanent connection to provide power and energy for use by Customer in case of failure of another mechanical or electrical source of power,
- b. Supplementary service shall be defined as service continuously available through a permanent connection to supplement or augment directly or indirectly another independent source of power.

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GENERAL TERMS AND CONDITIONS

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c. Emergency service shall be defined as service supplied through a temporary connection of Customer's use when his usual source of supply has failed.

d. Incidental service shall be defined as service continuously available through a permanent connection to provide power and energy for use by Customer where such use is merely incidental to Customer's operations and essentially for his convenience, for voltage or frequency control, for partial lighting of selected or limited areas, or for operation of controls, battery chargers, starting devices, electric clocks, or other equipment requiring relatively small quantities of energy as compared with Customer's total energy usage.

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SIOUX FALLS
SOUTH DAKOTA

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No. 14

GENERAL TERMS AND CONDITIONS

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Meter Data and Privacy Policy

The Company will comply with federal and state legislation and regulatory statutes, regulations and decisions, as applicable, concerning the collection, use, retention, and sharing of Meter Data.

The Company owns the Meter Data and will use such information in the provision and development of any of its services.

Definitions

The Company provides a definition of "Meter Data" and utilizes the privacy guidelines and definitions of the North American Energy Standards Board ("NAESB") in support of this tariff. NAESB is a voluntary non-profit organization comprised of members from all aspects of the natural gas and electric industries.

1. Authorization: The result of a process by which the Customer provides informed written consent in a manner consistent with the applicable Governing Documents and any requirements of the applicable regulatory authority.
2. Governing Documents: Applicable law, regulatory documents (e.g., tariffs, rules and regulations), and Customer consent forms that determine the interactions among parties.
3. Meter Data: Information that is gathered and managed by the Company that enables it to provide services to Customers. This includes data that can be collected from a standard energy service meter, a digital meter with two-way communications capabilities, analysis that is created by the Company from a combination of various data types, and general Customer contact and service information.
4. Third Party: An entity, that is permitted to receive Meter Data in accordance with applicable law, regulation, the Governing Documents and any requirements of the applicable regulatory authority, *other than*: the Company and its contracted agents, the applicable regulatory authority, Independent System Operators or other regional entities, which seeks or is provided Meter Data, including any entity under contract with the Third Party to perform the services or provide the products as described in the Customer's Authorization.

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