

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY Section No. 3
SIOUX FALLS 5th Revised Sheet No. 6.4
SOUTH DAKOTA Canceling 4th Revised Sheet No. 6.4

CLASS OF SERVICE: Gas Transportation Tariffs Rate No. 87
RATE DESIGNATION: Customer Balancing
(Continued)

2. Cash Out of Commodity Imbalances:

On a monthly basis, the Customer will receive an Imbalance Statement from the Company which will show the daily quantities received by the Company on behalf of the Customer, Deliveries to the Customer's facilities and any Daily Imbalances resulting from the over or under delivery of gas.

(a) Commodity Imbalance Cash Out - In addition to the applicable over/under delivery charges, cumulative daily Positive or Negative Imbalances at a delivery point will be deemed to have been sold to or bought from the Company at the applicable next day ahead index gas prices plus applicable interstate pipeline transportation fees. The Customer's imbalance will be subject to the index pricing point on the pipeline they are served by. The Company will establish the pricing index points and transportation used for each pipeline. The Company may change this index point at its discretion via the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission. Customers with multiple index pricing points will be cashed out at a weighted cost of the pipeline index points listed in the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission. A tiered level of Imbalance Cash out will be assessed when the Daily Imbalances are greater than 1,000 Dth. Imbalance volumes in excess of 1,000 but less than 2,500 Dth or 10% of scheduled volumes, whichever is greater, will be cashed out at 90% if long, or 110% if short, of applicable day ahead index prices plus applicable interstate pipeline transportation fees. Imbalance volumes in excess of 2,500 Dth or 25% of scheduled volumes, whichever is greater, will be cashed out at 50% if long, or 150%, if short, of applicable day ahead index prices plus applicable interstate pipeline transportation fees.

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(b) Critical Day Cash Outs

Positive Commodity Imbalance on critical days will be cashed out according to Section No 3, Sheet No 6.4, paragraph 2(a) except when the daily index price is over 200% of either the applicable first of month index gas price (FOM index gas price) or the appropriate pipeline cash out price. When the applicable daily cash out index price is over 200% of either FOM index gas price or the appropriate pipeline cash out price, the commodity will be cashed out using Section No 3, Sheet No 6.4, paragraph 2(a) for the first 500 Dth. Volumes over 500 Dth will be priced at the greater of the applicable FOM index gas pricing point or the appropriate monthly pipeline cash out price plus all applicable interstate pipeline transportation fees.

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NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY SIOUX FALLS SOUTH DAKOTA	<u>3rd Revised</u> Canceling <u>2nd Revised</u>	Section No. 3 Sheet No. <u>6.4A</u> Sheet No. <u>6.4A</u>
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CLASS OF SERVICE: Gas Transportation Tariffs **Rate No. 87**
RATE DESIGNATION: Customer Balancing

(Cont.)

(c) Waiver of Penalties – The Company may, at its discretion, in a non-discriminatory manner, waive its daily imbalance charges in the event of extraneous circumstances, beyond the customer’s control, if the imbalance results in no detriment to other NorthWestern customers. Any imbalance charge paid by the Customer or waived by the Company shall not be construed as giving the Customer the right to continue to create an imbalance on the system.

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3. Over/Under Delivery Charges for Balancing Services:

(a) Daily - Customers are allowed Positive or Negative Imbalances equal to 10% of net receipts without imbalance charges. Customers with a Positive or Negative Imbalance, after adjustment for optional balancing service, shall be subject to an additional charge at the rate of \$0.01 per therm (\$0.10 per Dth) up to 30% of net receipts. For imbalances greater than 30% of net receipts, the imbalance charge is \$0.10 per therm (\$1.00 per Dth). Daily charges on imbalances will be waived if the customer’s Daily Imbalance is in the opposite direction of the Company’s Daily net system pipeline imbalance, as determined by Gas Control personnel. Daily Net Pipeline System imbalance will be defined as daily variance between daily target and actual results. These charges apply except for Critical or OFO days.

(b) Short Critical Day - Customers with a Negative Imbalance will be charged \$0.50 per therm (\$5.00 per Dth) for the first 5% Negative Imbalance and will be assessed the greater of \$3.00 per therm (\$30.00 per Dth) or three (3) times the Chicago City-gates “Next Day Ahead Index Gas Price” for any Negative Imbalance in excess of 5% of net receipts.

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Customers with a Positive Imbalance on any Short Critical Day will not incur the daily \$0.10 per therm (\$1.00 per Dth) over delivery charge.

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY Section No. 3
SIOUX FALLS 354th Revised Sheet No. 9a
SOUTH DAKOTA Canceling 353rd Revised Sheet No. 9a

ADJUSTMENT CLAUSE RATES	PerTherm
<u>Delivered Cost of Energy</u>	<u>Per Month</u>
Rate No. 81 - Residential Gas Service Gas Commodity Charge	\$ 0.43510
Rate No. 82 - General Gas Service Gas Commodity Charge	\$ 0.43510

Rate No. 84 - Commercial and Industrial-Firm

Gas Demand Charge, per therm of daily contract demand (never less than 50 therms)

NNG Pipeline Capacity Costs

	<u>NNG Rate/Therm</u>	
22.94% of TF12 Base	\$0.7578	\$ 0.17
39.37% of TF12 Variable	\$0.9093	0.36
37.69% of TF5	\$1.5153	0.24
GRI Fee	\$0.0000	0.00
SBA Surcharge	\$0.0000	0.00
GSR Surcharge	\$0.0000	0.00
Order 528 Surcharge	\$0.0000	0.00
Stranded 858 Surcharge	\$0.0000	<u>\$0.00</u>
<i>Total Pipeline Capacity Costs</i>		\$ 0.77
<i>Supply Standby</i>		0.07
<i>Balancing Services</i>		<u>0.09</u>
Total Demand Charge		\$ 0.93

The above percentages are based on the Company's contract demand profile with NNG (49,020 MMBtu.)

<u>Rate Schedule</u>	<u>MMBtu Demand</u>		<u>Percentage</u>
TF12 Base	11,219		22.89%
TF12 Variable	19,327		39.43%
TF5	18,474	(1)	37.69%
<i>Totals</i>	<i>49,020</i>		100.00%

(1) Service is contracted for 5 months (15.70% is 5/12ths of 37.69%)

Gas Commodity Charge

<i>Gas Supply</i> - Average of NNG Ventura, NBPL Ventura Transfer Point and NNG Demarcation first of month index gas price	\$ 0.2314
<i>Fuel Use</i> -- 1.48% NNG and 2.12% Company L&U	0.0075
<i>Pipeline Transportation Fee</i>	0.0038
<i>Scheduling Fee</i>	<u>0.0015</u>
Total Gas Component Charge	<u>\$ 0.2442</u>

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY	Section No. 5
SIOUX FALLS	6th Revised <u>Sheet No. 2</u>
SOUTH DAKOTA	Canceling 5th Revised <u>Sheet No. 2</u>

GENERAL TERMS AND CONDITIONS
(Continued)

ACCESS TO PREMISES

The Company has the right of access to the Customer's premise at all reasonable times for the purpose of installing, reading, inspecting, or repairing any meters, devices and other equipment used in connection with furnishing of any or all service, 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. T

Access to the meter is required for the Company to read the meter. If access is not provided, the Company may estimate the billing for up to three consecutive months. The Company will notify the Customer upon each unsuccessful attempt to access the meter. If access has not been provided at the end of the three consecutive month period, the Company may charge a \$20 Special Access Fee in order to secure an actual read of the meter.

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.

METERING

The service used will be measured by a meter or meters to be furnished and installed by the Company at its own expense and 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, except as otherwise provided on a specific rate schedule. Meters include all measuring instruments.

BYPASSING OR TAMPERING WITH METERING FACILITIES

Customers shall not interfere in any way with the metering facilities after they have been set in place. In cases where the meter seal is broken or the working parts of the meter have been tampered with or the meter damaged or there is evidence that a bypass has been used, the Company may render a bill for the current billing period based upon the estimated use, considering past experience under similar conditions and may, in addition thereto, charge for the actual cost of repairing or replacing said meter and connections. In instances where a disconnected customer has reconnected their own service, the Company may charge \$100 to correct the unauthorized changes and reconnect the service. Service may be discontinued or refused at the premises where such bypassing or tampering has occurred until all such charges are paid. Legal action may also be pursued in the instance of meter tampering. This section does not apply to metering facilities that are damaged by acts of God. T
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NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY	Section No. 5
SIoux FALLS	<u>4th Revised</u> Sheet No. 4
SOUTH DAKOTA	<u>Canceling 3rd Revised</u> Sheet No. 4

GENERAL TERMS AND CONDITIONS

TERMS OF PAYMENT

Bills are due and payable upon receipt and will be delinquent if not paid by the 20th day after billing. A late payment charge of 1% of the unpaid balance plus a collection fee of \$2.00 will be assessed against any delinquent account having an unpaid balance of \$5.00 or more at the time of processing of the next monthly bill. Where a customer has been disconnected for non-payment of a bill, a reconnection charge will be assessed in accordance with the Company's concurrent connection policy.

DISCONTINUANCE OF SERVICE

In addition to the provisions of ARSD 20:10:20, the company has the right to discontinue service to a customer in the event that an unsafe service condition exists on the Customer's premises, which is likely to cause injury to person or property. The Company will notify the Customer prior to such disconnection, if practical under the circumstances.

RESALE PROHIBITED

All gas purchased under any rate schedule shall not be resold by the purchaser thereof in any manner with the exception of sales of natural gas for motorized transportation at commercial Compressed Natural Gas refueling stations.

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PEAK SHAVING GAS SUPPLIES

The Company may supply gas from any stand-by equipment provided that the gas so supplied shall be reasonably equivalent to the natural gas normally supplied hereunder.

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.

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NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY	Section No. 5
SIOUX FALLS	3rd Revised Sheet No. 7.2
SOUTH DAKOTA	Canceling 2nd Revised Sheet No. 7.2

CLASS OF SERVICE: Gas Transportation Tariffs

RATE DESIGNATION: Glossary of Terms

(Continued)

- 12. **Fuel** - Any charges levied or reduction in volumes delivered as a result of the movement of gas. D
- 13. **Imbalances** – The difference between Receipts and Deliveries. T
- 14. **Long Critical Day** – Shall mean a day when the Company anticipates that the level of demand on the system is expected to fall below a level of scheduled supply, which could operationally or otherwise adversely impact the Company, its systems, or its Customers. T
- 15. **MMBtu, Dekatherm and Therm** – The term “MMBtu” shall mean 1,000,000 BTUs. One MMBtu is equal to one Dekatherm (1 Dth) or 10 Therms. One Therm is equal to 100,000 BTUs. The standard quantity for nomination, confirmation and scheduling is Dekatherms per gas day in the United States. T
- 16. **Month, Monthly, Billing Period** - The period beginning on the first day of a calendar month and ending on the first day of the succeeding calendar month. T
- 17. **Negative Imbalance** - The daily difference between the quantity of gas received at the Receipt Point and a greater quantity of Deliveries. T
- 18. **Next Day Ahead Index Gas Price** –Reported daily gas price indices by interstate pipeline points. The indices used will be the “Weighted Average Index Price” of Gas delivered to the applicable interstate pipeline point. If the “Weighted Average Index Price” is not available for the applicable Gas Day(s), then the index shall be the “Weighted Average Index Price” for the most recently reported day ahead gas price. N
- 19. **Nomination** - Quantity of gas the Company is requested to transport daily from the Receipt Point to the Delivery Point. N
- 20. **Operational Flow Order (OFO)** – An order by the Company to transport customer, customers, or group customer, to make deliveries match usage. The stricter provisions of either a short or long critical day will apply to the customer. T
- 21. **Positive Imbalance** - The daily difference between the quantity of gas received at the Receipt Point and the lesser quantity of Deliveries. T
- 22. **Receipts** - Shall mean the quantity of gas received by Company from the transporting pipeline on a daily basis for the account of Customer.

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