

Schedule No. LTPP-1

COGENERATION/SPP – LONG-TERM POWER PURCHASE

APPLICABILITY: Applicable to any Seller who operates facilities for the purpose of generating long-term electric energy in parallel with the Utility's system. This schedule is applicable to Cogeneration and Small Power Production (COG/SPP) facilities that are Qualifying Facilities under the Rules of the MPSC.

In compliance with MPSC Order No.5017, this schedule is not available to any Seller who signs a Long-Term Power Purchase Agreement after November 10, 1983.

DEFINITIONS:

1. "Seller," for purposes of this schedule, is any individual, partnership, corporation, association, government agency, political subdivision, municipality, or other entity that:
 - A. Operates a qualifying COG/SPP facility;
 - B. Has signed the standard written contract with the Utility stipulating the terms and conditions of the interconnection and sale of electricity to the Utility; and
 - C. Has agreed in the standard contract to provide electricity to the Utility on a long-term basis as defined in the contract.
2. "Utility" means NorthWestern Energy.
3. "MPSC" means the Montana Public Service Commission.
4. "Contract Year" means twelve months beginning on July 1.

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RATE: Energy: \$0.05270/kWh

Capacity: The Seller will be compensated monthly for capacity according to the following formula:

$$\$/\text{Annual Contract kW/month} = \frac{6.857583 \times \text{ACCF}}{.85}$$

where: ACCF = Annual Contract Capacity Factor

Annual Capacity Payment Adjustment: At the end of each Contract Year, a reconciliation of the accumulated monthly capacity payments made to the Seller for the Contract year and actual capacity value to the Utility for the Contract Year will be made utilizing the following formula:

$$\$/\text{AAKW} = \frac{(82.291 \times \text{ACCF})}{(.85)} \times \frac{(\text{AACF})}{(\text{ACCF})} \times \frac{(\text{AAKW})}{(\text{ACKW})}$$

$$\text{Refund to Utility} = (\text{Dollars Paid to Seller}) - (\$/\text{AAKW}) (\text{AAKW})$$

Where: AAKW = Annual Actual kW (for Contract Year)
 ACCF = Annual Contract Capacity Factor
 AACF = Annual Actual Capacity Factor (for Contract Year)
 ACKW = Annual Contract kW
 If AAKW is greater than ACKW then AAKW = ACKW

SPECIAL TERMS AND CONDITIONS:

1. Change of Rate: This schedule will be reviewed annually for each Contract Year and revised upon MPSC approval.
2. Net Billing Option:
 - A. If the Seller opts for Long-Term New Billing in the standard contract and the Seller's consumption kWh exceeds the production kWh, the Seller will be billed for only the consumption kWh in excess of production kWh according to the Utility's applicable Retail Sales Rate Schedule. If the Seller's consumption kWh is less than the production kWh, the Seller will receive payment for only the production kWh in excess of consumption kWh according to the energy rate in this schedule.

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- B. To meet the conditions of this Option and to receive a separate capacity payment, the Seller's consumption must be measured and billed on a demand basis and a separate kW/kWh meter to measure production is required. Under this Option, the Seller will be billed at the Utility's applicable Retail Sales Rate Schedule for only the consumption kW in excess of the production kW. If the Seller's production kW exceeds the consumption kW, the Seller will be compensated for only the production kW in excess of the consumption kW according to the Production Capacity Payment Procedure detailed in this Schedule. The calculation of monthly capacity payments for the expected excess production kW will utilize the expected annual net production capacity factor. The Annual Capacity Payment Adjustment is to be applied to the actual excess production kW for the Contract Year. The procedure will utilize the annual contracted and annual gross production kW and gross capacity factor information for payment reconciliation.

SERVICE RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

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