



March 31, 2026

Mr. Will Rosquist
Chief Regulator
Montana Public Service Commission
1701 Prospect Avenue
PO Box 202601
Helena, MT 59620-2601

RE: Docket No. 2026.____ – NorthWestern Energy’s Large New Load Tariff Rule

With this letter, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) submits its proposed Large New Load Service Tariff Rule, Rule No. 24 (“LNL Rule”).

The proposed LNL Rule establishes a standardized process for evaluating and onboarding large new loads. It also establishes NorthWestern’s contractual authority and the necessary minimum terms for Electric Service Agreements with large new load customers. The standardized tariff framework provides clarity and consistency for how large new load requests are evaluated and how minimum contract protections are applied. It provides a structure that can be applied across similarly situated customers, while allowing the Electric Service Agreement for each project to reflect customer-specific facts and study results. The framework is designed to be transparent and administrable, to treat the electric system as a shared resource, and to apply enforceable minimum terms that protect existing customers while providing a clear pathway for onboarding large new loads.

The LNL Rule applies to electric customers who will take new or expanded supply service with an expected average monthly demand of greater than or equal to 5 MW, while providing a tiered approach for very large customers. The LNL Rule defines Very Large Customers as customers whose average monthly demand is greater than or equal to 50 MW and requires tiered guardrails and Commission oversight for Very Large Customers. The LNL Rule emphasizes customer protections and foundational guardrails for adding new large loads. Minimum contract protections and guardrails under the LNL Rule framework include:

- Commission approval of Electric Service Agreements for Very Large Customers;
- Standardized process for evaluating and studying requests for large new load service;



- LNL Customers will be served under Commission-approved tariff rate schedules;
- Minimum contract lengths;
- Minimum billing protections;
- Security / Performance Assurance requirements;
- Termination costs for early termination; and
- Reliability and operational protections.

The LNL Rule is supported in this filing by the testimonies of myself, Mr. Bleau LaFave, and Dr. Sanem Sergici with The Brattle Group.

The employee responsible for answering questions concerning this change or for inquiries to the appropriate members of Utility Staff is:

Mr. Charles Lane
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Helena, MT 59601
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If there are any questions, please call me at (406) 443-8958.

Sincerely,

Charles R. Lane
Director Regulatory Affairs

Enclosures

cc: Montana Consumer Counsel

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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF NorthWestern)
Energy's Large New Load)
Tariff Rule) REGULATORY DIVISION
DOCKET NO. 2026. __. ____

APPLICATION

NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern” or “Applicant”) respectfully submits this Application for the Montana Public Service Commission’s (“Commission”) approval of a new tariff rule for NorthWestern electricity supply, or “bundled” customers, who anticipate electric loads of 5 megawatts (“MW”) or greater, titled Large New Load Service Tariff Rule, Rule No. 24 (“LNL Rule”). The LNL Rule serves the public interest, and this proceeding will provide an opportunity for review of issues related to NorthWestern providing “bundled service” to new large loads, and to address concerns expressed by parties in various other proceedings.

The proposed new LNL Rule creates a framework for NorthWestern to respond effectively and efficiently to large load customers that want to receive electric supply service

from NorthWestern, while ensuring that existing customers are not harmed. The LNL Rule establishes minimum contract terms and conditions to allow NorthWestern to recover, while insulating its existing customers from, costs associated with adding large new electricity supply loads onto NorthWestern's system. As a result, the LNL Rule appropriately balances the business needs of prospective customers and economic development aspirations of Montana and local communities with the interests of its existing customers.

In support of this Application, NorthWestern provides the following information: the Direct Testimonies of Charles R. Lane, Bleau J. LaFave, and Dr. Sanem Sergici from the Brattle Group. The LNL Rule is attached as Exhibit CRL-1 to Mr. Lane's direct testimony.

I. Applicant Information

NorthWestern is a Delaware corporation operating as a public utility in the state of Montana. NorthWestern's full name and post office address are:

NorthWestern Energy
11 East Park Street
Butte, Montana 59701

NorthWestern's employee responsible for answering questions concerning this Application is:

Charles Lane
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NorthWestern's attorneys in this matter are listed in the caption above.

NorthWestern requests that all electronic correspondence related to this filing also be sent to:

Glenda Gibson at glenda.gibson@northwestern.com and
Tracy Killoy at tracy.killoy@northwestern.com.

II. Legal Standard and Factual Support

The LNL Rule strikes a balance between setting guardrails and maintaining flexibility to serve the myriad needs of any customer exceeding 5 MW. As explained below, the new LNL Rule's terms are reasonable, are designed to meet or exceed Montana statutory requirements, and address protections that are becoming industry standard to serve large loads.

A. Standard of Review for a New Tariff

The Commission has the “full power of supervision, regulation, and control” of public utilities in Montana. Mont. Code Ann. (“MCA”) § 69-3-102. In addition to rates and charges, public utilities are required to file “all rules that in any manner affect the rates charged or to be charged for any service” with the Commission. MCA § 69-3-301.

The Commission's standard of review for a public utility's tariffs or rules is reasonability. Public utilities are required to provide “adequate service” at “just” and “reasonable” rates. MCA § 69-8-201. Applying Montana law, the Commission previously has approved NorthWestern's new or modified tariffs when it determined they were “reasonable” or “appropriate.” *See, e.g., In the Matter of NorthWestern Energy's Application for Authority to Increase Retail Electric and Natural Gas Utility Service Rates and for Approval of Electric and Natural Gas Service Schedules and Rules and Allocated Cost of Service and Rate Design*, Order No. 7860y, ¶ 334, Docket No. 2022.07.078 (Oct. 27, 2023); *In the Matter of the Application of NorthWestern Energy for Approval of Tariff Schedules for Small Generator Interconnection Procedures*, Order No. 7621a, ¶ 25, Docket No. D2016.9.66 (June 7, 2019).

B. Serving Large Load Customers and the “No Adverse Impact” Standard

Applicant's proposal for this new tariff for large load customers is consistent with its desire to attract, integrate, and serve large load customers, including data centers. There is strong

competition across the country to secure new data center customers for the benefits they provide not only to the utility, but also for other customers of the system and the communities in which the data centers are sited. Their high load factor supports grid stability and their contribution to revenue can help offset existing system fixed costs for all customers. They bring tax revenue to the state and local governments. The scale of data center and other large load customer investment also contributes to economic development, bringing substantial infrastructure investment and creating jobs in construction, information technology, and maintenance.

To serve such customers, the LNL Rule addresses the concerns raised by the Commission in its resource adequacy investigation in Docket No. 2022.09.087. The LNL Rule ensures that supplying any customer with potential loads over 5 MW, regardless of industry or whether they have ever been a NorthWestern electricity supply customer, will not cause an adverse impact to existing customers. This is meant to streamline new economic development in Montana, whether it is from outside entities bringing new business to Montana, NorthWestern customers expanding their load, or established Montana businesses changing their energy supplier. They all will follow the same framework and guidelines to receive electric service moving forward. Specifically, this LNL Rule will provide a clear path for those large legacy Montana customers that have been purchasing their electricity supply from a third party (colloquially known as “Choice customers”), to potentially become supply customers of NorthWestern. NorthWestern will treat all new or expanding customers equally under this LNL Rule.

The LNL Rule also addresses concerns over serving large loads, and the requirement that the Commission determine new large load customers “will not adversely impact other customers over the long term.” MCA § 69-8-201(1)(a). Fundamentally there are only two ways that the buyer in a fee-for-service relationship can be adversely impacted by a change: either an increase

in what they pay, or a decrease in what they receive. Utility customers are no different; they can only be adversely impacted by costs being shifted to them or by a deterioration of the service they receive. Therefore, to meet this standard and prevent other customers of NorthWestern from being adversely impacted by supplying a new large load, the LNL Rule contains terms designed to: 1) ensure costs attributed to the large load customer are properly allocated to and paid by that customer; and 2) ensure that NorthWestern can maintain system reliability while serving the large new load.

C. LNL Rule Terms

To protect NorthWestern and existing customers from potential adverse impacts when adding supply service to the electrical system, the LNL Rule creates a consistent framework for evaluating large new loads and requires Electric Service Agreement guardrails for such customers. That is, it requires a structured and documented evaluation of a customer's proposed load and minimum requirements in any Electric Service Agreement to serve these customers. Broadly speaking, these requirements address the issues of cost shifting, cost recovery, and system reliability.

1. Proper Cost Assignment

The LNL Rule requires large load customers to pay for the costs to serve their load, without shifting costs to other customers. This includes a development deposit to pay for any study costs in addressing the ability to serve the customer. Once infrastructure investment needs are determined through these studies, Contribution in Aid of Construction ("CIAC," an up-front payment), surcharges (monthly billing under the contract), or reservation fees are required to cover the large load customer's system upgrade costs and prevent cost-shifting to other customers.

2. Cost Recovery Protections

The LNL Rule also requires minimum Electric Service Agreement requirements to ensure the large load customer pays its costs of service. Each Electric Service Agreement is required to set a Minimum Demand and Minimum Load Factor (which establish the customer's minimum monthly billing) and an appropriate Service Commitment Term, which together provide a minimum guaranteed payment over the life of the Agreement. If the Electric Service Agreement is ended prematurely, the minimum termination costs will be calculated as at least three years of service at the full Contract Demand.

Finally, large load customers will have to provide information on their creditworthiness and post security or Performance Assurance. Before receiving service, the Performance Assurance must be sufficient to cover the cost of any required system or infrastructure upgrades. Once service has begun, the Performance Assurance must be sufficient to cover the minimum Termination Costs. NorthWestern may increase these terms to meet the individual circumstances of each large load customer, but the LNL Rule establishes the baseline terms necessary to minimize financial risk and protect NorthWestern and its existing customers from stranded costs caused by the large load customer.

3. System Reliability Protections

Several provisions in the LNL Rule ensure that the service of the large load does not disrupt NorthWestern's service to other customers. Every Electric Service Agreement must detail the Contract Demand, which is the customer's maximum load and which the customer may not exceed. The agreement must also detail any load ramp period, so NorthWestern is able to plan for potentially incremental load increases. Additionally, the large load customer will be required to provide load forecasts to NorthWestern during the service term. Finally, each Electric Service

Agreement will contain a curtailment provision, allowing NorthWestern to prioritize electric service during emergency events for public safety and prevent endangerment of human life. Together, these provisions will allow NorthWestern to provide increased electric service while maintaining system reliability.

4. Additional Protections for Very Large Loads over 50 MW

Finally, the LNL Rule presents a tiered approach to large load customers, which requires stricter guardrails for those customers seeking service of 50 MW or greater. For such “very large” customers, the minimum contract length increases to at least 15 years instead of 5 years, and the LNL Rule establishes a Minimum Demand (which, again, is part of their monthly payment) of at least 75% of their expected load. The LNL Rule also requires NorthWestern to submit Electric Service Agreements for Commission review and approval before NorthWestern may provide service to these customers.

These additional protections reflect the increased risks associated with larger loads and the expectation that loads greater than 50 MW, including data centers, are capable of meeting these terms. Setting standards for the Service Commitment Period and the Minimum Demand in the tariff will clearly provide to potential customers what NorthWestern requires to meet its financial and reliability concerns. Commission review and approval (and public participation through that review process) will ensure that the terms and conditions of the LNL Rule are being met.

D. Service to Data Centers

Concerns have been raised by different advocacy groups in several Commission dockets regarding service to data centers, including in the Commission's investigation into NorthWestern resource adequacy (Docket No. 2022.09.087), a customer complaint filed against NorthWestern (Docket No. 2025.11.084), and numerous data requests in the NorthWestern and Black Hills merger (Docket No. 2025.10.078). Through this filing and approval of the LNL Rule, NorthWestern's intention is to address the concerns raised about data centers and utility service. The LNL Rule also addresses the concerns raised by the Commission regarding MCA § 69-8-201 and contains appropriate protections for existing customers.

The LNL Rule provides a clear framework for NorthWestern to engage with potential large load customers, achieving an effective balance of addressing these concerns through specifically designed elements including customer pricing, contract term length, and risk mitigation (security provisions and exit fees), while enabling the benefits discussed above of these large loads. The LNL Rule adequately and reasonably balances these new opportunities with protection of NorthWestern and its existing customers. The Commission should approve the LNL Rule, which will allow NorthWestern's customers and Montana to benefit from the economic benefits additional large loads can provide while protecting existing customers.

III. Relief Requested

With this Application, NorthWestern respectfully requests that the Commission:

1. Approve the proposed new tariff, LNL Rule (Exhibit CRL-1), meaning that:
 - a. NorthWestern can serve a large load customer between 5 and 50 MW with an Electric Service Agreement that contains all provisions required by the LNL Rule; and

- b. NorthWestern can serve a very large load customer of greater than or equal to 50 MW with an Electric Service Agreement after it is reviewed and approved by the Commission in a future proceeding; and
2. Grant such other additional relief as the Commission deems just and proper for final resolution of the issues raised in this Application.

Respectfully submitted this 31st day of March, 2026.

NORTHWESTERN ENERGY

By: /s/ Michael Green
Michael Green
Attorney for NorthWestern Energy

CERTIFICATE OF SERVICE

I hereby certify that NorthWestern Corporation d/b/a NorthWestern Energy's Application for Approval of a Large New Load Tariff Rule in Docket No. 2026. __. __ has been e-filed with the Montana Public Service Commission ("Commission") and emailed to the email list below.

Date: March 31, 2026

/s/ Roberta Stauffer for
Tracy Lowney Killoy
Administrative Assistant

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