

ELECTRIC TARIFF



Original Revised Sheet No. 70.1
Canceling Revised Sheet No. 70.1

Schedule No. QFLT-1

QUALIFYING FACILITY/LONG-TERM POWER PURCHASE

APPLICABILITY: Applicable to any Seller who enters a Long-Term (four years or longer) Power Purchase Agreement with the Utility for the sale of electric power to the Utility from a Qualifying Facility as defined under the Rules of the MPSC.

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 Cogeneration or Small Power Production (GOG/SPP) facility (QF);
 - B. Has entered into an Agreement with the Utility stipulating the terms and conditions of the interconnection and sale of electric power to the Utility;
 - C. Has agreed in such Agreement to provide electricity to the Utility for a period of four years or longer.
2. "Agreement" means the Long-Term Power Purchase Agreement between Seller and the Utility.
3. "Utility" means NorthWestern Energy.
4. "MPSC" means the Montana Public Service Commission.
5. "Contract Year" means a twelve-month period beginning on July 1 of any year.
6. "Annual Contract Capacity Rate" means the applicable annual rate of payment for Contract Capacity during the Contract Year in which Contract Capacity is delivered under the Agreement.
7. "Annual Contract Energy Rate" means applicable rate of payment for energy during the Contract Year in which energy is produced.
8. "Annual Actual Capacity" means the amount of capacity in kilowatts (kW) which the Seller produces from QF, and shall be determined on the basis of the average of the sum of the actual eleven (11) highest measured monthly capacity for the Contract Year, or in the event of a partial Contract Year, the average of all the actual measured monthly capacity during such partial Contract Year.

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9. "Annual Actual Capacity Factor" means the ratio of the actual energy output over a period of a Contract Year to the product of annual peak Capacity over 8,760 hours; or if the period for which the Annual Actual Capacity Factor to be determined is less than a Contract Year, it will be the ratio of actual energy output during the period to the product of the peak Capacity during the period and the number of hours in the period. Peak Capacity for any period is the maximum net amount of electric power, expressed in kilowatts (kW) that the Seller generates and delivers to the Utility during any demand interval in any period.

RATES: As determined from applicable payment options set forth below in Table I and applicable Agreement terms.

PAYMENTS: The Seller will be compensated monthly for capacity and energy in accordance with the payment provisions of the Agreement.

Capacity:

Monthly payments for Annual Contract Capacity will be based on Annual Contract Capacity and Annual Capacity Factor and will be adjusted at the end of each Contract Year such that the adjusted payments for Annual Actual Contract Capacity in any Contract Year are equal to the payment as calculated in the following formula:

$$\text{Annual Capacity Payment} = (\text{ACCR}) \times (\text{AAKW}) \times \frac{(\text{AACF})}{.85}$$

where: ACCR = Annual Contract Capacity Rate
AAKW = Annual Actual Capacity
AACF = Annual Actual Capacity Factor

All as defined above.

Energy:

Payments for energy shall be made in amounts determined by the following formula:

$$\text{Energy Payment} = \text{ACER} \times \text{kWh}$$

where: ACER = Annual Contract Energy Rate (as defined above)
kWh = Kilowatt hours of energy supplied to Utility, adjusted, as appropriate, for power loss factor.

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SPECIAL TERMS AND CONDITIONS:

1. Change of Rate: Table I will be supplemented annually for each Contract Year, as appropriate, upon MPSC approval.
2. Net Billing Option:
 - A. If the Seller opts for Long-Term Net 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 Company'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.
 - 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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Table I

Rate Levels For Long-Term + Payment Options Derived
 In Compliance With MPSC Order No. 7551
 For Contract Year 2017 – 2018

Term	ESCALATING ¹		FULLY LEVELIZED ²		PARTIALLY LEVELIZED ³			
	Energy ¢/kWh (ACER)	Capacity \$/kW/Yr (ACCR)	Energy ¢/kWh (ACER)	Capacity \$/kW/Yr (ACCR)	Level. Energy ¢/kWh (ACER)	Escl. Energy ¢/kWh (ACER)	Level. Capacity \$/kW/Yr (ACCR)	Escl. Capacity \$/kW/Yr (ACCR)
4-35	5.2391	104.933	N/A ⁴	N/A ⁴	N/A ⁴	2.6716	N/A ⁴	1.988

1. These rate levels are subject to annual revision in accordance with MPSC Order No. 5017, and are applicable to contracts signed before December 10, 1984.
2. These rate levels are fixed for the term of any contract signed during the designated contract year. New rate levels under these payment options are established each year for all contracts signed in such year.
3. See Docket No 83.1.2, Order No. 5017.
4. These rates are applicable to contracts signed before December 10, 1984 and are provided on Schedules QFLT-84:

Table I;
 Table I; Supplement #1