

# NorthWestern<sup>™</sup> NATURAL GAS TARIFF Energy

Canceling      2<sup>nd</sup> Revised      Sheet No.      96.1  
                         1<sup>st</sup> Revised      Sheet No.      96.1

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Schedule No. AGTC-1

## AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

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PUBLIC SERVICE COMMISSION  
*Chae Simpa* Administrative Assistant

# NorthWestern<sup>™</sup> NATURAL GAS TARIFF Energy

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Schedule No. AGTC-1

## AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

1. **DEFINITIONS:** The following terms and abbreviations, when used in these General Terms and Operating Conditions (Rate Schedule No. AGTC-1), the Rate Schedules, and the Service Agreements (Agreements), shall have the following meaning:

- 1.1 "Aggregation Pool" shall mean the customer group aggregated to meet the requirements of the Core Aggregation Gas Transportation Program.
- 1.2 "BTU" shall mean British Thermal Unit.
- 1.3 "Core Aggregator" shall mean the Montana Public Service Commission (Commission) licensed party (Aggregator or Supplier) on whose behalf Utility provides core aggregation services.
- 1.4 "Cubic foot of gas" shall mean that quantity of gas, which, at a temperature of 60° Fahrenheit and at pressure of 14.9 pounds per square inch absolute, occupies 1 cubic foot.
- 1.5 "Day" shall mean a period of 24 consecutive hours, beginning and ending at 8:00 a.m. Mountain Time.
- 1.6 "Dekatherm" shall mean 1,000,000 BTUs.
- 1.7 "Gas" shall mean natural gas of the quality specified in Section 2 hereof.
- 1.8 "Gross heating value" shall mean the number of BTUs in a cubic foot of gas as calculated from a gas analysis obtained by gas chromatography. The heating value shall be calculated by summation of the heating values determined by GPA standard 2145. The heating value shall be calculated on a dry basis at a temperature of 60 degrees Fahrenheit and a pressure of 14.9 pounds per square inch absolute.
- 1.9 "Load Profiling" shall mean a process that utilizes typical customer load shapes to estimate the supply needs of customers without telemetering.
- 1.10 "Maximum Daily Delivery Quantity (MDDQ)" shall mean the maximum quantity of gas, after adjustments for compressor station fuel and line losses and other unaccounted for gas, if applicable, which Utility shall deliver to Supplier, or for Supplier's account, at the Point(s) of Delivery on any day.
- 1.11 "Maximum Daily Receipt Quantity (MDRQ)" shall be the MDDQ that Utility has contracted to receive at the Point(s) of Receipt on behalf of Supplier, including the compressor station fuel, line losses and other unaccounted for gas for any particular day.

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- 1.12 "MCF" shall mean 1,000 cubic feet of gas and shall be measured as set forth in Section 4 hereof.
- 1.13 "Merchant Function" shall mean NorthWestern Energy, which purchases gas on behalf of the Utility's core customers.
- 1.14 "Month" shall mean a period extending from the beginning of the first day in a calendar month to the beginning of the first day in the next succeeding calendar month.
- 1.15 "Point(s) of Delivery" shall mean point(s) where Utility delivers gas for the account of Supplier.
- 1.16 "Point(s) of Receipt" shall mean point(s) where Utility receives gas for the account of Supplier.
- 1.17 "Primary Point(s) of Receipt" shall mean those point(s) designated as Primary in the Service Agreement where Supplier is entitled to firm service.
- 1.18 "Psia" shall mean pounds per square inch absolute.
- 1.19 "Psig" shall mean pounds per square inch gauge.
- 1.20 "Secondary Point(s) of Receipt" shall mean points other than Primary Point(s) of Receipt where Utility receives gas for the account of Supplier for transportation under a Service Agreement.
- 1.21 "Supplier" shall mean the Commission licensed party (Aggregator or Supplier) on whose behalf Utility provides core aggregation services.
- 1.22 "Therm" shall mean 100,000 Btus. 10 therms is equivalent to one dekatherm.
- 1.23 "Used and Unaccounted For" (U&UAF) shall mean volumes associated with standard operating procedures in the delivery of gas.
- 1.24 "Utility" shall mean NorthWestern Energy.

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# NorthWestern Energy NATURAL GAS TARIFF

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### QUALITY OF GAS:

2.1 General Standards: Gas delivered to Utility shall be merchantable natural gas, at all times complying with the following quality requirements:

A. Gas shall be in its natural state as produced, including all hydrocarbon constituents therein contained except liquid or liquefiable hydrocarbons removed by Supplier. Supplier shall also have the right to remove nonhydrocarbon constituents. Supplier may enrich the gas to the extent required to meet the gross heating requirement set forth in paragraph "B" below, and may subject the gas, or permit the gas to be subjected, to compression, cooling, cleaning, dehydration and other processes. If Supplier is transferring gas to Utility transmission line directly, provisions must be made by Supplier to odorize the gas to the requirements set forth in the Department of Transportation publication CFR Title 49 Part 192.625.

B. The gross heating value of gas delivered to Utility shall not be less than 900 BTUs per cubic foot, and shall not be more than 1,200 BTUs per cubic foot. Utility may reject receipt of gas having a gross heating value of less than 900 BTUs per cubic foot or more than 1,200 BTUs per cubic foot. Acceptance of gas not meeting this gross heating value requirement shall not constitute a waiver of Utility's right to reject receipt of nonconforming gas.

C. Gas shall be merchantable and usable by the ultimate consumers without further treatment. In particular, the gas received by Utility hereunder at the Point(s) of Receipt shall be commercially free of dust, gum, gum-forming constituents, gasoline, other objectionable substances, and other solid or liquid matter that may become separated from the gas during transportation or storage and shall conform to the following specifications:

- |                               |   |
|-------------------------------|---|
| 1. Dust, rust or other solids | None  |
| 2. Carbon dioxide             | Not more than 2% by volume                            |
| 3. Oxygen                     | Not more than 10 parts per million or .001% by volume |
| 4. Hydrogen sulfide           | Not more than 1/4 grain per 100 cubic feet            |
| 5. Total sulfur               | Not more than 2.0 grains per 100 cubic feet           |

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|-----------------|---|
| 6. Temperature  | Not more than 120° Fahrenheit.  |
| 7. Water vapor  | Not more than 4 pounds of water vapor per 1,000,000 cubic feet of gas                       |
| 8. Hydrocarbons | None liquefiable at temperatures in excess of 15 (Fahrenheit at pressures up to 1,200 psig. |
| 9. Nitrogen     | Not more than 15% by volume   |

D. Unless otherwise agreed, Utility shall not be required to receive at any Point of Receipt gas that is of a quality inferior to that required by a third party at any Point of Delivery.

2.2 Utility's Option to Treat: Utility, at its option, may refuse to accept delivery of any gas not meeting the quality specifications set out in this Section. Thereafter, Supplier shall have the right to conform the gas to the above specifications. If Supplier does not elect to conform the gas to the specifications, then Utility may, at its option, accept gas tendered by Supplier which does not meet the specifications above, treat the gas to conform it to the specifications and charge Supplier for the actual cost of such treating, including, but not limited to, capital costs, O&M, fuel and shrinkage. Any Supplier tendering non specification gas shall indemnify Utility for any injury, damage, loss or liability caused by the delivery of such gas, except to the extent Utility knowingly and willingly accepts such non specification gas.

2.3 Hydrogen Sulfide: At Utility's sole discretion, Utility may install, at Supplier's expense, a properly operating hydrogen sulfide monitoring device (H<sub>2</sub>S monitor) that is capable of curtailing any deliveries to Utility of gas containing hydrogen sulfide in excess of 1/4 grain per 100 cubic feet (4 ppm).

### PRESSURE:

3.1 Pressure at the Point(s) of Receipt: Supplier shall cause the gas to be tendered at the Point(s) of Receipt at a pressure sufficient to enter Utility's system, provided Supplier shall not, except with the agreement of Utility, be permitted to tender the gas at any Point of Receipt at a pressure in excess of the pressure specified for that Point of Receipt as set forth in the Agreement. If Supplier can supply gas at a higher pressure than the design of the pipeline system, Utility shall install, as a part of the equipment required under Section 4.3 below, pressure limiting devices to ensure the maximum allowable operating pressure (MAOP) of the pipeline shall not be exceeded.

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- 3.2 Pressure at the Point(s) of Delivery: Utility shall cause the gas to be delivered at the Point(s) of Delivery at such pressures sufficient to effect delivery into the receiving facilities against the pressures prevailing from time to time.
4. METERING AND TESTS:  
Metering and testing shall be in accordance with Utility's Natural Gas Service Rules and Regulations Rule Nos. 9 and 11.
5. INSTALLATIONS:  
Installations shall be in accordance with Utility's Natural Gas Service Rules and Regulations Rule Nos. 7 and 8.
6. BILLING:
- 6.1 If information necessary for billing by Utility is in the possession of Supplier, Supplier shall furnish such information 5 business days before the billing date for each Customer.
- 6.2 If Utility bills for Supplier's commodity, Supplier shall enter into a separate contract for billing services, and shall be billed in accordance with Rate Schedule No. GBS-1.
- 6.3 Customer billing shall be in accordance with the Natural Gas Utility's Service Rules and Regulations Rule No. 10.
7. NOTICE OF CHANGES IN OPERATING CONDITIONS:  
Utility and Supplier shall assure that each other shall be notified from time to time, as necessary, of expected changes in the rates of delivery or receipt of gas, or in the pressures or other operating conditions, as stipulated to in the Agreement, and the reason for such expected changes, so that they may be accommodated when they occur.

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AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

8. FORCE MAJEURE:

8.1 Notice: A party's obligation to perform shall be suspended in whole or in part: (1) if an event of force majeure occurs; and (2) the affected party provides written notice describing the event to the other as soon as reasonably possible after the event occurs. The affected party shall resume performance when conditions reasonably allow. The affected party shall not be required to make-up performance lost during the force majeure event.

8.2 Definition: The term "force majeure" shall mean acts of god, governmental action, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, partial or entire failure of wells or sources of supply of gas, and any other causes, whether of the kind enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. This term shall also include: (a) those instances where either party hereto is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such party to fulfill its obligations, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and (b) those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

8.3 Strikes: The settlement of strikes or lockouts shall be within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of any opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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9. WARRANTIES:

9.1 Eligibility:

- A. Any Supplier transporting or storing gas on Utility's system warrants for itself, its successors and assigns that all gas delivered to Utility for service shall be eligible for the requested service under applicable rules, regulations or orders of the appropriate regulatory authority.
- B. Supplier shall indemnify Utility and save it harmless from all demands, suits, actions, judgments, damages, costs, losses, expenses (including reasonable attorney fees incurred enforcing this indemnity obligation or defending a third party claim) and regulatory proceedings, arising from breach of these representations and warranties.

9.2 Title: Supplier warrants title to all gas delivered by it to Utility. Supplier and Utility warrant that each has the right to deliver and redeliver the gas, and that such gas is free from liens and adverse claims of every kind. Supplier shall indemnify and save Utility harmless against all loss, damage, claims and expense of every character with respect to gas delivered by it on account of royalties, taxes, payments, liens or other charges arising before or created upon delivery of the gas.

9.3 Firm Delivery: Supplier represents that gas supplies necessary to cover the maximum firm peak day requirement as represented by the total MDDQ plus U&UAF in the Agreement shall be supplied on a firm basis. The firmness of such gas supplies shall be reviewed by the Commission upon complaint.

10. RESPONSIBILITY FOR GAS:

Utility shall be deemed to be responsible for all gas from the time that such gas is received by it at the Point(s) of Receipt to the time that it is delivered at the Point(s) of Delivery. Utility's responsibility with respect to Supplier's gas shall be deemed to be met if Utility exercises ordinary care in protecting such gas.

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AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

11. TERMINATION:

11.1 Termination of Agreement:

- A. Utility's obligation to provide, and Supplier's contractual right to receive, service shall terminate on the earlier of: (a) the date provided in the applicable Agreement for the termination of service; or (b) the date on which Utility determines, on a nondiscriminatory, basis to cease transporting gas.
- B. The Agreement between an Aggregator and Utility can be terminated if Aggregator fails to issue payment to Utility within seven (7) days of issuance of a past due notice, or if Utility receives any notification that Aggregator has filed or will be filing any type of bankruptcy, or closing its business.
- C. Further, the Agreement may be terminated or renegotiated as to the applicable terms at any time by Aggregator or Utility, each in their sole discretion, if the Commission or the Federal Energy Regulatory Commission (FERC), whichever is applicable, determines that the rates or fees per dekatherm as provided in the Agreement are not in accordance with the Commission's or the FERC's regulations or governing statutes, or are not fair and equitable to all parties. Utility reserves the further right to unilaterally terminate or temporarily suspend service if Utility, in the reasonable exercise of its sole discretion, determines that such service is injurious to the physical operation of any Utility facilities or if Aggregator does not comply with any provisions contained in this Rate Schedule or Agreement. Aggregator shall not be entitled to transportation service under the Agreement or otherwise, subsequent to the effective date of any termination hereunder.

11.2 Commission Action: Agreement may be terminated or renegotiated as to the applicable terms at any time by Supplier or Utility, each in their sole discretion, if the Commission or the FERC, whichever is applicable, determines that the rates or fees per dekatherm as provided in the Agreement are not in accordance with the Commission's or the FERC's regulations or governing statutes, or are not fair and equitable to all parties.

11.3 Non-Performance: Utility may terminate the Agreement if Supplier is charged balancing penalties for failure to meet the daily confirmed nominations imposed by Utility 3 times in the first year of the Agreement, or 5 times during the life of the Agreement, or if Supplier does not comply with any provisions contained in this Rate Schedule, the Agreement, or Commission licensing provisions.

11.4 Termination of Customer Enrollment Form:

- A. The Customer Enrollment Form shall remain in effect unless any of the following occurs:

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1. After initial contract term, any party provides 30-day advance written notice of cancellation to Utility and/or the other parties;
  2. Any party goes out of business;
  3. Customer is no longer receiving service at the meter location;
  4. Aggregator cancels service to Customer for Customer's failure to pay for service provided by Aggregator under the Program by sending written notice of cancellation to Utility and Customer;
  5. Utility cancels service to Aggregator for Aggregator's failure to pay for service provided by Utility or for other breach of Contract by sending written notice of cancellation to Aggregator and Customer, pursuant to Section 8. D. below;
  6. Aggregator, Customer or Utility files for or is forced into bankruptcy proceedings;  
or
  7. Change in Utility's tariff rate schedules that materially affect the rights of the parties.
- B. Customer shall have 45 days from the date of the cancellation notice by Aggregator in which to join another Aggregation Pool or return to Utility's Distribution Services Division. If the Agreement between Aggregator and Utility is canceled and Customer continues to receive service at its meter location, Customer shall be served by Utility's Distribution Services Division and billed in accordance with the tariffs currently being exercised to supply other Customers of such Division, until Customer elects another Aggregator.
- C. Customers shall remain responsible to Utility for any charges incurred by their Aggregator(s) associated with the Program prior to the effective date of service termination.
- D. Supplier shall not be entitled to transportation service under the Agreement or otherwise, after the effective date of any termination.

### 12. LIABILITY OF PARTIES:

Utility and Supplier each assume full responsibility and liability for the maintenance and operation of its respective properties and equipment and shall indemnify and save harmless the other party from all liability and expense due to any and all damage, claims or actions, including injury or death of persons, arising from any act or accident in connection with installation, presence, maintenance and operation of the property and equipment of the indemnifying party save and except such damage, claim or action caused by the negligence of the party otherwise to be indemnified hereunder.

### 13. TAXES:

Supplier shall pay, or cause to be paid, all production (including ad valorem-type production taxes), gathering, delivery, sales, severance, or other excise taxes or assessments upon the gas delivered by

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Supplier to Utility that are now or hereafter in existence or authorized for collection by any state or other governmental agency or duly constituted authority, either directly or indirectly. Supplier shall be responsible for all taxes imposed upon the transportation of the gas to be transported, and shall reimburse Utility for any such taxes incurred by or assessed to Utility.

14. TRANSMISSION CAPACITY ALLOCATION:

Utility shall allocate, and Supplier shall accept, a portion of Transmission Capacity for each Aggregation Pool based on the estimated annual load of such Aggregation Pool. Allocations are Customer specific, and shall follow Customer if Customer changes Suppliers. Transmission Capacity shall be equal to 1.01% of the Estimated Annual Load of the Aggregation Pool. In circumstances where actual data and/or load information exist, Utility, Customer, or Supplier may present such evidence and propose to change the Transmission Capacity Allocation for a specific pool. Utility, in its sole discretion, shall determine if a change in the Transmission Capacity Allocation is warranted.

15. NOMINATIONS AND MARKET AND SUPPLY BALANCING:

15.1 Nominations: Nominations for core aggregation receipts and deliveries are performed similarly to other nominations placed on Utility's transmission system.

A. Each week Utility shall provide month-to-date usage information that will be used to determine the appropriate nominations for balancing purposes.

B. At its discretion, Utility may modify receipt nominations to balance storage inventories, adjust for weather variations, or for other operational reasons. At no time shall the receipt nomination exceed the aggregated pool's MDDQ plus fuel U&UAF unless mutually agreed to by Utility and Supplier. During Critical Operating Times, the receipt nominations shall default to the aggregated pool's MDDQ plus any fuel reimbursement, less the aggregated pool's storage MDDQ.

15.2 Monthly Imbalances:

A. Cumulative monthly imbalance volumes (difference between required receipt volume and actual receipt volumes), expressed as a percentage of required receipts of ten percent (10%) or less, shall be carried forward to the Aggregation Pool's storage inventory, net of storage U&UAF.

B. Cumulative Imbalances Greater than 10%: Cumulative monthly imbalance volumes expressed as a percentage of required receipts, of greater than 10% shall be treated as Cash Out Volumes, or may be carried forward to the Aggregation Pool's storage inventory at the discretion of Utility. In the event such imbalances are carried forward to storage inventory,

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written documentation shall be provided stating the reasons for such action. Cash Out Volumes may be purchased by the Utility from Supplier or sold by Utility to Supplier. If Utility declares the imbalance as subject to Cash Out, it must notify Supplier via email of the specific Cash Out Volume.

- C. If Supplier does not eliminate the total Cash Out Volume by the last day of the month in which Supplier receives notice of the Cash Out Volume, the Cash Out Volume will be treated in the following manner:
- a. Positive Cash Out Volumes: Utility shall purchase positive Cash Out Volumes from Core Aggregator at the lowest weighted average daily price\*, as defined below, during the month the Cash Out Volume was created.
  - b. Negative Cash Out Volumes: Utility shall sell negative Cash Out Volumes to Core Aggregator at the highest weighted average daily price\*, as defined below, plus \$0.20/Dekatherm, during the month the Cash Out Volume was created.
    - \* The weighted average daily price shall be that USD price per dekatherm reported in the Canadian Gas Price Reporter for the AECO/NIT pricing point for the applicable day(s).
  - c. Cash Out Accounting: A statement documenting the disposition of any Cash Out Volume shall be included with Core Aggregator's monthly statement for the month following the month in which the Cash Out Volume was created.

15.3 Receipt Nomination Balancing:

- A. Supplier shall be responsible for monitoring, adjusting and assuring that daily receipts match nominations as set by Utility and submitted by Supplier for each Aggregated Pool. To the extent actual receipts are not within ten percent (10%) of the nominations calculated by Utility, Supplier shall be given 48 hours to correct the imbalance during normal operating conditions. If Supplier fails to correct the imbalance, daily penalties may be assessed as set forth in Section 15.6, and/or Supplier may be subject to the termination provisions as set forth in Section 11.1.
- B. If Supplier consistently fails to comply with this provision, Utility shall report such failure to perform to the Commission.

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C. During periods of Critical Operating Times, Supplier shall be required to correct negative imbalances greater than 2%. If Supplier does not correct such imbalance, daily balancing penalties may be assessed as set forth in section 15.6.

15.4 Storage Balancing: Each year, each Aggregation Pool shall be assigned storage level targets for September 1, November 1, and February 1. Utility shall monitor storage inventories of each Aggregation Pool and adjust receipt nomination calculations accordingly.

15.5 Imbalances During Extreme Operating Conditions: The restricted operating conditions which Utility is authorized to impose in accordance with this provision shall be applicable during any period in which Utility declares a Constrained Operating Time or a Critical Operating Time as defined in this section. Utility may declare restricted operating conditions during periods of Extreme Operating Conditions as follows:

A. Constrained Operating Time: A Constrained Operating Time may be declared when, in Utility's sole judgment, general system flexibility cannot be afforded to Suppliers to accommodate minor daily imbalances.

B. Critical Operating Time: Utility may declare a Critical Operating Time:

1. When the total physical deliveries from all, or a portion of, the system are approaching, or expected to approach, a level that is in excess of the total physical receipts and the maximum volumes of gas available to be withdrawn from Utility's storage facility without jeopardizing the integrity of Utility's storage facility; or
2. When system pressures on one or more pipeline segments are falling and approaching a level, or are expected to fall and approach a level, that is at or below the minimum level Utility considers necessary for system integrity.

C. Notice: Utility will notify Shippers at least 20 hours prior to the start of a gas day in which an extreme operating condition is declared. For example, Utility must give notice by 12:00 p.m. for an extreme operating condition to be effective at 8:00 a.m. on the following day. Utility may declare a Critical Operating Time during the weekend only when a Constrained Operating Time was in effect on Friday. The only exception to the requirements to notify Shippers within the time frames noted is in the event of an unanticipated system emergency. Utility shall provide the reasons for the extreme operating conditions to all shippers via telephone and/or email. Extreme operating conditions shall be effective at the start of the day and continue day to day thereafter until Utility notifies Shippers that the extreme operating condition no longer exists.

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15.6 Imposition of Daily Balancing Penalties:

A. Constrained Operating Times: Daily balancing penalties shall not be imposed during Constrained Operating Times.

B. Critical Operating Times: Daily balancing penalties shall be imposed during Critical Operating Times as follows:

1. Negative Daily Imbalances: Suppliers with negative daily imbalances greater than 2% of actual nominations shall be charged the Balancing Penalty Rate set forth on the applicable rate schedule for all imbalance volumes greater than 2% of actual nominations.

Payment of a penalty pursuant to this section shall under no circumstances be considered as providing any Supplier the right to take imbalance volumes. Supplier's payment of a penalty does not eliminate the imbalance. At the conclusion of the month, Supplier's imbalance shall continue to be subject to the provisions of 15.2 with respect to any such monthly imbalances.

2. Positive Daily Imbalances: Suppliers with positive daily imbalances greater than 2% of actual nominations shall receive a pro rata share of any balancing penalty funds received from Suppliers with negative daily imbalances during the same period. In no event shall the penalty funds paid to Supplier exceed the value of the imbalance above 2% multiplied by the Balancing Penalty Rate. Any daily imbalance volumes that result in Supplier receiving imbalance penalty funds shall be cleared from Supplier's account.

C. Points of Receipt: Utility shall specify, in the notice of Critical Operating Time, Point(s) of Receipt that are eligible to receive balancing penalty funds. A confirmed nomination shall be allocated to Supplier's accounts at Point(s) of Receipt where an Operational Balancing Agreement (OBA) exists between Utility and the upstream Party. The volumes allocated to Suppliers' accounts at Point(s) of Receipt without an OBA shall be based on actual flow. Negative imbalance penalties shall be based on actual flow at Point(s) of Receipt without an OBA, even though actual flow information may not be known until after the Critical Operating Time. Supplier shall be responsible for coordinating and monitoring the gas flow information, as necessary, to avoid a negative imbalance. Utility is under no obligation to enter into OBAs. During Critical Operating Times, Utility shall email a notice to Suppliers, documenting confirmed nominations at Point(s) of Receipt with OBAs, within 4 hours of confirming nominations with the upstream party.

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- 15.7 Imbalances With Other Parties: Utility shall not be responsible for eliminating any imbalances between Supplier and any third party.
- 15.8 Balancing Upon Termination: Upon termination of the Agreement, any existing cumulative imbalance shall be eliminated by the delivery of gas at the earliest practicable date, not to exceed 30 days following such termination. If at the end of the 30-day period an imbalance exists, the imbalance will be resolved in accordance with the Cash Out Volume procedure set forth in Section 15.2.
- 15.9 Merchant Function Exclusion: The Merchant of the regulated core supply shall not be subject to the Core Aggregation provisions of this Section.
16. STORAGE:
- 16.1 Storage Inventory Requirements: Each year, for each Aggregation Pool, Supplier shall be required to have in storage the following percentages of their full Storage Capacity requirements: on September 1, 75% of full requirements; on November 1, 100% of full requirements; and on February 1, 30% of full requirements. If Supplier fails to meet the storage capacity requirements set forth herein, Utility at its discretion may apply the Cash Out provision to volumes below the storage targets and volumes above 100% of the Allocated Storage Capacity. The applicable Cash Out price shall be determined from the target date to the immediately preceding target date. For example, the lowest and the highest prices from February 1 through September 1 shall apply to September 1 Cash Out transactions.
- 16.2 Allocation of Capacity and Deliverability: Utility shall allocate, and Supplier shall accept, a portion of storage capacity and storage deliverability for each Aggregation Pool based on the estimated annual load of such Aggregation Pool. Allocations are Customer specific, and shall follow Customer if Customer changes Suppliers.
- A. Storage Deliverability Allocation: Storage Deliverability shall be equal to 57.17% of Customer's allocated Transmission Capacity.
- B. Storage Capacity Allocation: Storage Capacity shall be equal to 74 days of Storage Deliverability.
- 16.3 Merchant Function Exclusion: The Merchant of the regulated core supply shall not be subject to the Core Aggregation provisions of this Section.

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PUBLIC SERVICE COMMISSION  
*Shawn Simpson* Administrative Assistant

# NorthWestern<sup>™</sup> NATURAL GAS TARIFF Energy

	<u>2<sup>nd</sup></u>	Revised	Sheet No.	<u>96.16</u>
Canceling	<u>1<sup>st</sup></u>	Revised	Sheet No.	<u>96.16</u>

Schedule No. AGTC-1

## AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

### 17. SERVICE AGREEMENT:

- 17.1 Firm Receipt Capacity: Aggregator shall be required to designate Primary Point(s) of Receipt equal to the Aggregation Pool's transmission MDDQ, plus U&UAF, less Storage MDDQ. The firmness of such gas supplies shall be reviewed by the Commission upon complaint.
- 17.2 Forms: Supplier shall enter into a contract with Utility utilizing Utility's appropriate standard form of Core Aggregation Transportation Service Agreement (Agreement).
- 17.3 Term: The term of the Agreement shall be agreed upon between Supplier and Utility at the time of the execution thereof.
- 17.4 Miscellaneous: Utility reserves the right to tailor Agreements to individual needs of Supplier and Utility at the time of the Agreement; however, any specific Agreement requirements shall not unduly discriminate against or unnecessarily restrict access to any Supplier.
- 17.5 Modification: Subject to Commission approval, Utility shall have the right at any time and from time to time to amend, modify or cancel any and all of the provisions of this Rate Schedule without liability to or consent from any Supplier.
- 17.6 Further Conditions: Transportation and storage service shall be subject to such further conditions as are contained in the Agreement.
- 17.7 Customer Elections: Customer shall give Utility written notice 45 days prior to returning to Core Sales service. Customer can return to Core Sales service only after receipt of a minimum of 12 months of Core Aggregation service and must stay on that service for a minimum of 12 months before returning to Core Aggregation service. If Customer elects to switch Suppliers, notice shall be given to the Utility 5 days prior to Customer's billing date, for the switch to be effective for Customer's next billing period.
- 17.8 Merchant Function Exclusion: The Merchant of the regulated core supply shall not be subject to the Core Aggregation provisions of this Section.

(continued)

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Schedule No. AGTC-1

AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

18. PRIORITY OF SERVICE AND ALLOCATION OF CAPACITY:

18.1 Priority 1 - Firm Transportation and Storage Service: Utility shall supply service first to its firm Suppliers, firm transportation and firm sales customers. If full service cannot be provided, Utility shall provide service on a pro rata basis according to Supplier's MDDQ as specified in Supplier's executed Agreement. Firm transportation and storage services and firm Suppliers shall be treated on a pro rata basis with firm sales service for purposes of allocating available capacity, except that Utility shall have the right to deviate from this procedure when, in its sole discretion, it is necessary to do so to mitigate threats to the public health and safety.

18.2 Allocation of Capacity: If the demand for new firm capacity, which includes but is not limited to receipt point capacity, transmission capacity, distribution capacity, and storage deliverability and capacity, is greater than the available capacity, the available capacity shall be allocated on a pro rata basis between firm Transportation, firm Aggregators and firm Sales Service. The applicable firm MDDQ shall be used for allocating receipt point capacity, transmission capacity, distribution capacity, storage capacity and storage deliverability. For purposes of establishing the firm sales MDDQ to be used in the allocation, the most recent approved filing before the Commission that sets forth the necessary information shall be utilized. Existing firm capacity and deliverability under active Core Aggregation, Transportation and Storage service agreements shall not be affected by this provision.

18.3 Miscellaneous:

A. Shipper and Utility shall collaborate in making receipt and delivery adjustments, if possible, which may be necessary to protect life, health and safety.

B. Upon expiration of the Agreement, Shipper's Service Date will terminate.

19. STANDARDS OF CONDUCT:

Utility shall comply with the Standards of Conduct set forth in Rate Schedule No. GTC-1.

20. MISCELLANEOUS PROVISION:

20.1 Requests for Services: Requests for Core Aggregation Transportation Service shall be submitted, in writing, and shall provide the required information utilizing the Customer Enrollment Form. The Merchant Function shall not be required to meet the requirements of this Section.

(continued)

Schedule No. AGTC-1

AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS

- 20.2 Creditworthiness: Utility shall not be required to perform or to continue service on behalf of any Supplier who is or may become insolvent or has not demonstrated creditworthiness by providing the following information:
- A. Audited financial statements of Supplier or its guarantor for the two (2) most recent preceding years that show acceptable financial strength as determined by Utility in its sole discretion.
  - B. Current Senior unsecured long-term ratings from Standard and Poor's or Moody's ratings agencies.
  - C. Such other documentation as Utility shall reasonably request in connection with the service being requested.
  - D. If Utility has determined Supplier is not creditworthy based on information provided above, Supplier may receive service if Supplier provides a cash deposit, letter of credit, or creditworthy guarantor for such service in an amount equal to the cost of performing the maximum level of service requested by Supplier for a four (4) month period.
  - E. A Letter of Credit form must be acceptable to Utility and issued by a U.S. commercial bank or a foreign bank with a U.S. branch office. Such bank shall have a Moody's credit rating of at least "A3" and a Standard and Poor's credit rating of at least "A-".
  - F. Merchant Function Exclusion: The Merchant Function shall not be required to meet the requirements of this Section.
- 20.3 Waiver of Default: No waiver by either party of any default by the other in the performance of any provisions of an executed Agreement shall operate as a waiver of any continuing or future default, whether of a like or different character.
- 20.4 Assignability: An executed Agreement shall bind and inure to the respective successors and assigns of the parties, but no assignment shall release either party from such party's obligations without the written consent of the other party, which consent shall not be unreasonably withheld.
- 20.5 Effect of Headings: The headings used throughout this Rate Schedule, Rate Schedules to which they apply and the executed Agreements are inserted for reference purposes only and are not to be considered or taken into account in construing the terms and provisions of any section nor to be deemed in any way to qualify, modify or explain the effects of any such terms or provisions.

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# NorthWestern\* NATURAL GAS TARIFF Energy

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## AGGREGATION GENERAL TERMS AND OPERATING CONDITIONS





- 20.6 Further Conditions: Transportation and storage services shall be subject to such further conditions as are contained in the Agreement.
- 20.7 Miscellaneous:
- A. Utility shall not be required to perform or continue service on behalf of any Supplier that fails to comply with the terms contained in this Rate Schedule.
  - B. Aggregator shall not be entitled to receive service if Aggregator is not current in its payments to NorthWestern Energy for natural gas or electric utility service, or any charge, rate or fee authorized by the Commission for authorized services; provided, however, if the amount not current pertains to a bona fide dispute, including, but not limited to, force majeure claims relating to transportation or storage of gas, Aggregator shall be entitled to receive or continue to receive service if Aggregator posts a bond satisfactory to Utility to cover the payment due Utility.
  - C. If any penalty, that would otherwise be applicable under these provisions, is a direct consequence of any action or failure to take action by Utility, or the failure of any facility under Utility's control, or an event of force majeure as defined in this Rate Schedule, said penalty shall not apply.
  - D. Supplier warrants that it will not take any actions that would subject Utility to the jurisdiction of FERC, the Department of Energy or any successor government agency; provided, however, that service in accordance with Utility's Order 63 certificate will not be considered a breach of this warranty.

SERVICE AND 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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