

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

IN THE MATTER OF NorthWestern Energy's)
Application for Authority to Increase Retail) REGULATORY DIVISION
Electric and Natural Gas Utility Service Rates)
and for Approval of Electric and Natural Gas) DOCKET NO. 2024.05.053
Service Schedules and Rules and Allocated Cost)
of Service and Rate Design)

STIPULATION AND SETTLEMENT AGREEMENT OF
NORTHWESTERN ENERGY AND THE UNIVERSITY OF MONTANA

NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern"), and the University of Montana ("University") (collectively referred to as "Settling Parties"), by and through their undersigned representatives, hereby submit to the Montana Public Service Commission ("Commission") this Stipulation and Settlement Agreement ("Stipulation"), and agree and stipulate as follows:

- On July 10, 2024, NorthWestern filed an application to revise its electric and natural gas service rates, service schedules, cost allocation, and rate design in Docket No. 2024.05.053 ("Application"). In the Application, NorthWestern requested an increase in electric and natural gas base revenue requirements, updates to property taxes, and a lower Power Costs and Credit Adjustment Mechanism Base. NorthWestern also requested recovery of its investment in the Yellowstone County Generating Station as well as three balancing accounts for critical service areas: wildfire mitigation, Business Technology costs, and reliability costs associated with the Colstrip Generating Station. NorthWestern further requested the establishment of a new electric standby charge for non-residential electric customers, including approval of a proposed new tariff, Schedule SESS-1. NorthWestern witness Steven Wishart filed testimony and exhibits supporting Schedule SESS-1.
- The University intervened in this docket and filed testimony through witness Jamie Scripps. The University's testimony evaluates Schedule SESS-1 and compares the tariff to recommended standby rate design practices. The testimony and supporting exhibits propose revisions to Schedule SESS-1.
- NorthWestern and the University believe it is in their best interests to arrive at an amicable solution with respect to the Schedule SESS-1 tariff and foster a productive, ongoing business relationship. The University understands the policy supporting Schedule SESS-1. NorthWestern acknowledges that the University has invested in a combined heat and power (CHP) facility and

desires to produce its own electricity to serve a portion of its load. NorthWestern desires to provide electric service for any load not served by the University's CHP facility, and the University understands that it must rely on NorthWestern's electric assets.

4. For settlement purposes, the Settling Parties have reached a fair, equitable, and comprehensive resolution of their respective issues, and they therefore agree as follows:
 - a. The University agrees that all issues raised in its testimony are resolved for purposes of this docket, including but not limited to, the University's recommendation that Schedule SESS-1 be revised.
 - b. NorthWestern agrees to revise Schedule SESS-1 as follows:
 - i. Delete <In the event that actual measured demand exceeds the sum of the Supplemental Contract Capacity and the Standby Contract Capacity the Contract quantities shall be adjusted to reflect the new higher peak demand.> from Section 7.
 - ii. Reduce the Standby Contract Capacity charge by 50%. The resulting Standby Contract Capacity charge will be 10% of the Supplement Contract Capacity rate.
 - iii. Reduce all Off-Peak Standby Power demand charges to \$0/kW-d.
 - iv. Reduce all On-Peak Standby Power demand charges by 10%.
 - c. Revised SESS-1 reflecting these changes is hereby incorporated and made part of this Stipulation and will be presented to the Commission for approval by the Settling Parties.
 - d. The Settling Parties agree that under the information available today, Revised Schedule SESS-1 will result in just, fair, and reasonable rates.
 - e. The University agrees to publicly support the Stipulation and issue a press release within 30 days after a final order from the Commission approving this Stipulation.
 - f. Revised SESS-1 shall become immediately effective upon a final order by the Commission approving this Stipulation.
 - g. NorthWestern reserves the right to review the operation of Revised SESS-1 and request in its next rate review any changes necessary to ensure just, fair, and reasonable rates.
5. The Settling Parties agree, without objection, to the admission into the evidentiary record of their respective witnesses' pre-filed testimony and exhibits to support the reasonableness of the Stipulation and shall refrain

from cross-examining the witnesses of the other party. As required by Procedural Order 7968e, ¶ 19, the Settling Parties are filing supporting testimony with the Commission, simultaneously with the filing of this Stipulation.

6. The Settling Parties present this Stipulation as a reasonable settlement of their contested issues in this docket. No party's position in this docket is accepted by the other party by virtue of their entry into this Stipulation, nor does it indicate their acceptance, agreement, or concession as to the validity of any particular theory or rate making principle or legal principle embodied, or arguably embodied, in this Stipulation. Furthermore, no parties hereafter shall be deemed to be bound by any asserted position, and no finding of fact or conclusion of law, other than those agreed to herein, shall be deemed to be implicit in this Stipulation.
7. The entry of an order by the Commission approving this Stipulation shall not be deemed to work any estoppel upon any party or to otherwise establish or create any limitation on or precedent of the Commission.
8. This Stipulation shall not become effective and binding upon the Settling Parties and shall be of no force and effect unless and until accepted and approved by the Commission as to all of the terms and conditions contained herein without modification. If the Commission declines to approve this Stipulation as agreed to herein by the Settling Parties, or if the Commission adds or removes any terms or conditions not agreeable to the parties, either party shall, at its sole option, have the right to withdraw from this Stipulation with all of its rights reserved. The Stipulation and all its parts shall then be void, and the Settling Parties shall not be bound by any provision of it, and it shall have no force or effect whatsoever. In such event, the existence or terms of this Stipulation shall not be admissible in any proceeding before the Commission or any court for any purpose.
9. The Settling Parties hereby acknowledge that this Stipulation is the result of a voluntary, negotiated settlement between them pursuant to Admin. R. Mont. 38.2.3001 and agree that this Stipulation, inclusive of the compromises and settlements contained herein, is in the public interest.
10. This Stipulation may be executed electronically and in one or more counterparts and each counterpart shall have the same force and effect as an original document, fully executed by the parties. Any signature page of this Stipulation may be detached from any counterpart of this Stipulation without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Stipulation identical in form hereto but having attached to it one or more signature page(s).

IN WITNESS WHEREOF, the Settling Parties hereto below have executed this Stipulation on the 24th day of March, 2025.

BY:

DocuSigned by:

Paul Lasiter

~~Paul Lasiter~~

Vice President for Operations
And Finance
University of Montana

Crystal Lail

Crystal Lail, Chief Financial Officer

NorthWestern Energy

APPROVED AS TO FORM:

by:

Kate Duran

~~Kate Duran~~

Associate Legal Counsel
University of Montana