

Schedule No. ECCGP-1

ELECTRIC CUSTOMER CHOICE GUIDELINES AND PROCEDURES

APPLICABILITY: Applicable to all retail electric customers served by or connected to the Utility's delivery system.

PURPOSE: This schedule establishes the fundamental customer choice guidelines and procedures for the Utility.

CUSTOMER CHOICE GUIDELINES AND PROCEDURES

1) Definitions:

- a) Billing Demand: As applicable, for purposes of these customer choice guidelines, the total metered demand for all separately metered accounts of an individual customer.
- b) Emergency Service: The electricity supply and related services provided by the Utility to a choice customer whose competitive electric supplier fails to schedule and deliver the choice customer's alternative electricity supply, or schedules, but fails to deliver the choice customer's alternative electricity supply.
- c) Individual Customer: For purposes of these customer choice guidelines, a person or entity separately identified in the Utility's billing system as the person or entity to which bills will be sent for service to one or more metered or unmetered accounts.
- d) Large Customer: For purposes of this tariff schedule, an existing retail customer with an actual average monthly Billing Demand for the previous calendar year, or a new customer's estimated annual average monthly demand equal to or greater than 5,000 kilowatts.
- e) Market Value: The actual value realized from acquiring a customer's replacement energy or selling a customer's surplus energy in a commercially responsible manner, including any related transmission costs.
- f) Mid-Sized Customer: An existing retail customer with an actual average monthly Billing Demand for the previous calendar year, or a new customer's estimated annual average monthly demand, of at least 50 kilowatts and less than 5,000 kilowatts.
- g) Non-Recoverable Default Supply Costs: A customer's contract load for the remaining contract term times the applicable default supply rate less the market value of released energy up to the level of the default supply rate, plus the customer's share of any positive or negative deferred account balance in the then current tracking period.
- h) Small Customer: A retail customer with an actual average monthly Billing Demand for the previous calendar year, or a new customer's estimated annual average demand, less than 50 kilowatts.

- 2) All retail customers can choose their supplier of electricity according to the terms and procedures provided in this Schedule and, if applicable, a written contract with the utility. All choice customers may also return to Default Supply service in accordance with the terms of this Schedule.

(continued)

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Barbara Effing
Secretary

Schedule No. ECCGP-1

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- 3) The customer choice transition period is July 1, 2002 through June 30, 2027.
- 4) Small Customer Choice:
- a) Small Customers may receive electricity supply service from a licensed electricity supplier through a commission approved Small Customer aggregation program.
 - b) In each consecutive calendar year, Small Customers may choose electricity suppliers until the total average monthly Billing Demand associated with all Small Customer choices in that year reaches 10,000 kilowatts.
 - c) A Small Customer that is not eligible to participate in a Small Customer aggregation program because of the restriction in 4) b) must reapply to participate in the following year.
 - d) The Company will publish information regarding opportunities to participate in Small Customer aggregation programs, including the remaining average annual kilowatt balance available.
 - e) Small Customers electing to participate in a Small Customer aggregation program must notify the Utility in writing (including e-mail and fax) at least 10 business days in advance. A Small Customer may provide written notice through his/her selected supplier.
 - f) Small Customers that elect to return to default supply service must notify the Utility in writing (including e-mail and fax) at least 10 business days in advance. Returning customers must receive default supply service for a period of one year in order to become eligible to again participate in a Small Customer aggregation program.
 - g) Small Customers receiving electricity from a licensed supplier prior to July 1, 2003 may continue to receive electricity from a supplier other than the default supplier.
- 5) Mid-Sized Customer Choice:
- a) In each consecutive calendar year, individual Mid-Sized Customers may choose electricity suppliers until the total average monthly Billing Demand associated with all Mid-Sized Customer choices in that year reaches 20,000 kilowatts.
 - b) A Mid-Sized Customer that is not eligible to choose a competitive supplier because of the restriction in 5) a) must reapply to participate in the following year.
 - c) The Utility will publish information regarding opportunities for individual Mid-Sized Customers to choose competitive suppliers, including the remaining average annual kilowatt balance available.
 - d) Mid-Sized Customers electing to choose a competitive supplier must notify the Utility in writing (including e-mail and fax) at least 10 business days in advance. A Mid-Sized Customer may provide written notice through a selected supplier.
 - e) Except as provided under Emergency Supply, after electing to choose a competitive supplier, a Mid-Sized Customer may not receive default supply service for one year.
 - f) Mid-Sized Customers that elect to return to default supply service must notify the Utility in writing (including e-mail and fax) at least 10 business days in advance. Returning customers

(continued)

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must receive default supply service for a period of one year in order to become eligible to again choose a competitive supplier.

- g) A new Mid-Sized Customer, or an existing Mid-Sized Customer with new, separately metered loads, may choose competitive supply service for new loads. Such choices are not constrained by provisions of 5) a).
 - h) Mid-Sized Customers receiving electricity from a licensed supplier prior to July 1, 2003 may continue to receive electricity from a supplier other than the default supplier.
- 6) Large Customer Choice:
- a) All Large Customers receiving default supply service, whether already receiving it or electing to return to it, must enter a written contract with the Utility that specifies the customer's load requirements and the term of service. In the event that a Large Customer fails to take the default supply service for the contracted term, the contract shall require the customer to be financially responsible for all non-recoverable default supply costs.
 - b) A Large Customer that is receiving electricity supply service from a competitive supplier may elect to permanently receive default supply service beginning July 1, 2004. Large Customers electing this option must notify the Commission and the Utility in writing by December 31, 2003.
 - c) A new Large Customer may elect to permanently receive default supply service from the default supplier. New Large Customers electing this option must notify the Commission and the Utility in writing at least 90 days before delivery of electricity. A new Large Customer that does not elect to permanently receive default supply service must permanently receive market supply service.
 - d) A Large Customer receiving electricity supply from the Utility on July 1, 2003, may continue to receive default supply service from the Utility or may choose to be permanently served by the retail market. A Large Customer electing to be permanently served by the retail market must notify the Commission and the Utility in writing at least 90 days before the delivery of any market supplies.
 - e) A Large Customer that is receiving, or is expecting to receive, default supply service shall:
 - i) Notify the Default Supplier of their expected load requirements for the annual period beginning July 1, prior to May 1 of each year and at least 6 months in advance of any planned 10% increase or decrease in its load requirements greater than 2 MW.
 - ii) Notify the Default Supplier about normal scheduled operation outages and/or startups that increase or decrease load requirements greater than 2 MW within 7 days of such events, and within 30 days if greater than plus or minus 10 MW.
 - iii) Notify the Default Supplier about forced outages and returns immediately.

(continued)

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- 7) Public Agency Customer Choice:
- a) A customer that is a public agency as defined in Section 18-1-101, MCA, may elect to have all or a portion of its load requirements served by the default supplier or market supplies.
 - b) A customer that is a public agency and that elects to receive default supply service for all or a portion of its load requirements must enter into a written contract with the default supplier that specifies the customer's default supply load requirements and term of service. In the event that a public agency customer fails to take the default supply service for the contracted term, the contract shall require the customer to be financially responsible for all non-recoverable default supply costs.
 - c) Public agency customers electing market supplies must notify the Utility in writing (including e-mail and fax) at least 30 business days in advance of any market supply deliveries. A public agency customer may provide written notice through a selected supplier.
 - d) Except as provided under Emergency Supply, after electing market supplies, a public agency customer may not purchase default supply service for the same load for one year.
 - e) Public agency customers that elect to return to default supply service must notify the Utility in writing (including e-mail and fax) at least 30 business days in advance any default supply deliveries. A public agency's returning load must receive default supply service for a period of one year in order to become eligible to again choose a competitive supplier.
- 8) Groups of existing or new Small and Mid-Size Customers whose combined annual average monthly demand is greater than 5,000 kW, and existing and new Large Customers receiving supply from a licensed supplier, that elect to return to or leave default supply service, may be assessed a supply rate that ensures that small default supply customers do not experience higher or more unstable default supply rates as a result of the customers' elections. Upon notification by a group of existing or new Small and Mid-Size Customers whose combined annual average monthly demand is greater than 5,000 kW, or an existing or new Large Customer, electing to return to or leave default supply service, the Utility shall prepare and submit to the Commission, an analysis that determines the incremental impact of the customers' choices on the annual average default supply unit costs. The Utility shall propose rates, rate schedules, fees or rate surcharges as necessary to protect small default supply customers. In these instances, customer(s) or their licensed supplier shall be required to notify the Commission and Utility within 90 days of the returning to default supply service.
- 9) The Utility may contract with large and public agency default supply customers to temporarily reduce their loads and use and/or sell the freed-up electricity. All applicable inter-related operational, supply and transmission aspects of such an arrangement will be considered. In such instances, large and public agency customers shall receive one half of the established value over and above the customer's applicable default supply cost for the freed-up electricity, less any related transmission and ancillary service costs.

(continued)

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- 10) The Default Supplier shall provide Emergency Service to all customers, regardless of size, subject to the following:
- a) The Default Supplier is not required to purchase any reserve supply of electricity to fulfill this obligation.
 - b) The Emergency Service may automatically be provided as part of the Default Supplier's agreement under its transmission service provider's FERC Open Access Transmission Tariff Energy Imbalance provisions for up to 5 calendar days.
 - c) When the Default Supplier acts as an emergency supplier of electricity and related services to customers, the electricity supplier that should have provided the electricity shall reimburse the Default Supplier at the higher of a multiple of the customer's contract rate with the electricity supplier or a multiple of the then existing market rate for that electricity. The commission shall determine and authorize the multiple used. The market rate is the highest published rate for electricity purchased within the local control area at the time that the Default Supplier provided the electricity supply.
 - d) If the customer's competitive electric supplier has not reimbursed the Default Supplier as provided in 9 c) above within 60 days, the full cost incurred by the Default Supplier for the replacement energy for Emergency Supply Service shall be charged to the customer as specified in the Electric Emergency Supply Service Schedule.
 - e) Customers taking Emergency Service shall be required to choose a competitive electric supplier or automatically take default supply service within 21 business days. During this time period, the customer should remain in regular contact with the Default Supplier regarding the customers pending power supply decision.
 - f) The Default Supplier shall provide timely information of its Emergency Service costs to the applicable customer. The customer may elect to forego or reduce its load by giving written notice (including e-mail or fax) to the Default Supplier.
 - g) The Emergency Service customer shall be reimbursed with any recovery obtained by the default supplier from the non-performing competitive electric supplier, in c) above, up to the full cost incurred by the Default Supplier for the replacement energy for Emergency Supply Service less the cost the Emergency Service customer would have incurred under the otherwise applicable market supply contract. If the cost of the replacement energy is less than the otherwise applicable market supply contract costs, the Emergency Service customer shall pay the costs of the replacement energy incurred by the Default Supplier. The Emergency Service customer will be responsible for providing the necessary information to make this determination.
 - h) All default supply customers shall be credited with any excess recovery obtained by the Default Supplier from the non-performing competitive electric supplier, in c) above, less any customer reimbursement in g) above, as part of the next applicable tracking period's rate adjustment.

(continued)

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- 11) The metering requirements for choice customers are provided subject to the following:
- a) A customer whose previous calendar year's average monthly billing demand is less than 500 kW shall not require any special metering and the customers' scheduling and balancing data will be provided through load profiling.
 - b) A customer, or the customer's competitive electric supplier on its behalf, may request the Utility to install an interval meter for a service that is less than 500 kW. The Utility will install the interval meter for the service and bill the customer for the cost of the meter and its installation. The Utility will also bill the customer or its competitive electric supplier a monthly fee to cover the costs related to data collection, processing, and reporting.
 - c) The customer will be required to provide and maintain a phone connection to the interval meter. In this case, the actual hourly interval data will be used for load balancing.
 - d) A customer whose previous calendar year's monthly average billing demand is 500 kW or greater shall use interval metering. The schedule and balancing data will exist hourly. Customer will be required to provide and maintain a phone connection to the interval meter. A customer's un-metered service kWhs will be equal to operating hours per month times the load in watts, divided by 1000. The customer's scheduling and balancing data will be provided through load profiling.
- 12) Customer charges and tariffs for the respective provisions of default supply service shall be established as part of Default Supplier's rate design activities before the Commission. Such charges and tariffs shall include provisions related to Emergency Service.

SERVICE AND RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this 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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