



Core Aggregation Information
for Customer Choice
in the state of Montana
March 1999

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NorthWestern Energy
Supplier Information
For Customer Choice
In the State of Montana

I. Introduction

This information has been developed to communicate essential information to Natural Gas Suppliers regarding participation in the Core Aggregation opportunities. The purpose of this information is to describe how NorthWestern Energy's (NWE or company) is implementing retail choice on behalf of its customers, thereby enabling Suppliers to enter the market, sell natural gas, and operate without unnecessary interference.

The ability to choose a Natural Gas Supplier is underway in Montana. NWE, its customers, and suppliers must all cooperate to ensure customer choice becomes viable. Initially, Suppliers must file an application and receive a license from the Montana Public Service Commission (MPSC or commission) and enter into an Aggregation / Transportation Service Agreement with NWE. After obtaining a license and entering into a Supplier Agreement, Suppliers may enroll new customers; this enrollment process must, however, be handled carefully to avoid potential confusion. Tier 1 customers have had choice since 1991 and Tier II customers (5000Dkt and over) have had choice since November 1, 1997. Core Aggregation, Tier III customers (less than 5000Dkt) have had choice since November 2, 1998. This information addresses Core Aggregation, Tier III Program.

Please take the time to visit NorthWestern Energy's web site (<http://www.northwesternenergy.com/rates>). The web site will allow you to view NWE rate schedules including the Core Aggregation General Terms and Operating Conditions (Schedule No. AGTC-1). You will also want to view the Residential Gas Core Aggregation Service Rate (Schedule D-RGCA) as well as the General Service Gas Core Aggregation Service Rate (Schedule D-GSGCA-1). If you plan to use the consolidated billing option you may want to look at the Natural Gas Billing Service Rate (Schedule GBS-1).

Schedule AGTC-1 summarizes key processes and communication protocols that must be understood and implemented by Suppliers and NWE in order for the transition to natural gas retail choice to work smoothly and to allow the benefits of the new, competitive market to be fully realized by both customers and competitive Suppliers.

II. Aggregation / Transportation Service Agreement

This Service Agreement (“Agreement”) is entered into this ____ day of _____, _____, by and between NorthWestern Energy’s (“Utility” or “Company”) and _____ (indicate company name) (“Aggregator”), a _____ (indicate state and type of business entity), whose business address is _____, collectively referred to as “Parties” or individually as “Party.”

1. The Montana Public Service Commission (“MPSC” or “Commission”) has authorized a Core Aggregation Gas Transportation Program (“Program”) and the Parties hereto to engage in such Program subject to the applicable Utility Service Rules and Regulations and rate schedules.

2. The Program provides small and medium-sized Utility customers an opportunity to purchase gas from sellers other than the Utility, while continuing to purchase services needed to transport such gas quantities from the Utility.

In consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. CORE AGGREGATION SERVICE

- 1.1 Eligibility: Aggregator must be licensed by the Commission.
- 1.2 Compliance with Minimum Core Load Requirements and All Other Terms and Conditions: Aggregator shall provide service to two or more of the Utility’s core end-use customers. Aggregator shall comply with all terms and conditions set forth in Rate Schedule AGTC-1, Aggregation General Terms and Operating Conditions, which is incorporated herein as an integral part of this Agreement (see Attachment A).
- 1.3 Core Aggregation Transportation Authorization Forms: Aggregator shall submit completed Core Aggregation Transportation Authorization Forms (“Authorization Form”) (see Exhibit A to this Agreement), duly executed by each Utility core end-use customer for whom Aggregator represents and provides gas supplies and/or service as required pursuant to Rate Schedule AGTC-1. In addition to Authorization Form(s), Aggregator shall submit a summary sheet listing each customer’s Utility account number(s) and service address (see Exhibit B to this Agreement).
- 1.4 Adding and Deleting Customers: Aggregator may add customers under this Agreement by submitting to the Utility a completed, customer signed Authorization Form, properly identifying the account(s) to be added. Authorization Forms received by the first day of the month will begin service under the Program as early as the first meter reading of the following month and no later than 45 days after the Utility receives the completed Authorization Form from the customer. When Aggregator adds or deletes customers, firm transmission capacity and storage capacity will be assigned to the succeeding Aggregator or returned to the Utility as set forth in Rate Schedule AGCT-1.

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- 1.5 Capacity: The Utility shall assign, and Aggregator shall accept, firm transmission and storage capacity to Aggregator as specified in Rate Schedule AGTC-1.
- 1.6 Nominations and Deliveries: Aggregator shall be considered the transmission customer for contracting purposes and perform nominations and deliveries pursuant to the provisions and conditions of Rate Schedule AGTC-1.
- 1.7 Storage: For its core aggregation load, Aggregator is required to deliver quantities of gas to the Utility sufficient to meet the storage targets assigned to Aggregator by the Utility as described in Rate Schedule AGTC-1. Such gas shall be injected and/or withdrawn, subject to tariff rules and regulations and the operational requirements of the Utility. If Aggregator has not delivered gas quantities sufficient to meet its assigned storage target, the deficient quantity shall be considered an imbalance and treated accordingly.
- 1.8 Working Storage Inventory: Aggregation Pool's initial storage inventory shall be zero, and Aggregator shall be allowed to carry negative storage imbalances for a period not to exceed four months from date of initial service for such Aggregation Pool. If storage inventory is not projected to be positive by the start of the fifth month following initial service date, Cash Out provisions shall apply to entire storage balance, pursuant to Rate Schedule AGTC-1. Thereafter, Aggregator shall be required to meet Storage Inventory Requirements, as set forth above under Section 17.1 of Rate Schedule AGTC-1. If an Aggregator establishes a subsequent Aggregation Pool with customers served in one of Aggregator's previously existing Aggregation Pools, such new Aggregation Pool shall not be allowed to carry a negative imbalance.
- 1.9 Balancing Transportation Services and End-Use Consumption: Aggregator shall be responsible for balancing transportation services with its aggregation customers' end-use consumption. Imbalances shall be treated in accordance with Rate Schedule AGTC-1, Section 15, Balancing.
- 1.10 Extreme Operating Conditions: During any period in which the Utility declares a Constrained Operating Time or a Critical Operating Time, as defined in Rate Schedule AGTC-1, Section 15, Balancing, Aggregator shall be subject to penalties for noncompliance as outlined in Rate Schedule AGTC-1.
- 1.11 Utility Service: The Utility shall continue to read core aggregation customers' meters in accordance with the Utility's existing meter reading schedules.

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II. TARIFF SCHEDULES

Aggregator is subject to all applicable tariffs, including, but not limited to, the rates, terms and conditions set forth in: Rate Schedule AGTC-1, Aggregation General Terms and Operating conditions; D-RGCA-1, Residential Gas Core Aggregation Service (see Attachment B); and D-GSGCA-1, General Service Gas Core Aggregation Service (see Attachment C). All rates and service conditions, general terms and operating conditions, and any executed Agreements under these tariffs are governed by the rules and regulations of the MPSC and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

III. OPERATING PROCEDURES

Aggregator agrees to comply with all operating procedures established by the Utility, including, but not limited to, the tariffs of the Utility and any applicable rules, procedures, decisions or orders of the Commission. Such procedures shall be established as reasonably necessary to permit the Utility both to act as a resource for information and comply with its applicable tariffs (including any applicable General Terms and Operating Conditions) as may be in effect as established or amended by the MPSC, and the rules, orders, decisions and procedures of the Commission.

IV. CREDITWORTHINESS

Prior to acceptance by the Utility, Aggregator shall have complied with all the provisions and obligations of Rate Schedule AGTC-1. Aggregator has the continuing obligation to provide such information to the Utility upon the Utility's written request. Additionally, Aggregator represents and warrants that there has been no materially adverse change in its financial position from the date of the latest available and provided financial statements to the date hereof (as the Utility has relied on such information in entering into this Agreement). If (a) the Utility determines that a material financial change has adversely affected Aggregator's creditworthiness, subsequent to the signing of the Agreement, or (b) Aggregator does not provide the information, evidence or assurances requested, the Utility may terminate this Agreement as of the day written notice is given.

V. TAXES

Aggregator shall pay all applicable fees and taxes determined to be germane to where the gas is actually being used.

VI. BILLING AND PAYMENT

- 6.1 Billing and Payment Terms: During the term of this Agreement, all applicable charges shall be billed and paid by Aggregator in accordance with Rate Schedule AGTC-1. Aggregator shall have the option of billing its aggregation load customers for its gas supply (Independent) or electing to allow the Utility to bill on Aggregator's behalf (Consolidated) (See Exhibit A to this Agreement).
- 6.2 Balancing Penalty Charges: Aggregator shall pay any and all applicable Balancing Penalty Charges which may arise out of Aggregator's management of provision of its core aggregation load's gas supply. Aggregator shall pay the rate and charges as set forth in Rate Schedule AGTC-1 and any applicable taxes or assessments which become applicable to this Agreement.
- 6.3 Billing Disputes: Aggregator shall agree to resolve any disputed bill(s) and/or charge(s) in accordance with Rate Schedule AGTC-1.
- 6.4 Billing Services Contract: If Utility bills for commodity for Supplier, Supplier shall agree to enter into a separate contract for such billing services.

VII. TERM

Aggregator's right to transmission capacity shall commence at 12:01 a.m. on the first day of the month following the month that this Agreement is fully executed by both Parties. Unless otherwise agreed to, the term of this Agreement is twelve months, beginning with the first day of the month after it is fully executed by both Parties, and then month-to-month until terminated as set forth in Rate Schedule AGTC-1.

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VIII. TERMINATION

- 8.1 Termination for Insolvency: If the Utility receives any notification that Aggregator has filed or will be filing any type of bankruptcy, or is closing its business, Aggregator's participation in the Program will be terminated immediately and all of Aggregator's rights to conduct business under the Program shall be terminated, consistent with any bankruptcy laws that take precedence over the conditions set forth in Rate Schedule AGTC-1.
- 8.2 Termination Due to Tariff Change: If the MPSC materially changes the rate schedules applicable for service under the Program, upon 30 day written notice, Aggregator shall have the right to terminate this Agreement.
- 8.3 Rights and Responsibilities: Utility's and Aggregator's rights and responsibilities regarding termination under this Agreement are set forth in Rate Schedule AGTC-1.

IX. GOVERNMENTAL AUTHORIZATION

- 9.1 Utility: Performance shall be subject to prior receipt by the Utility of all necessary MPSC authorizations in form and substance satisfactory to the Utility.
- 9.2 Supplier/Aggregator: Supplier/Aggregator must be licensed by the Commission.

X. NOTICES

10.1 Mailing Address: Any formal notice, request, or demand concerning this Agreement shall be given in writing by the Aggregator, Customer or Utility, and shall be mailed by Registered, Certified or other overnight mail, or delivered in hand, e-mail or faxed with confirmation as set forth below, to the other party as indicated below, or to such other address as the Parties may designate by written notice.

To Aggregator: _____

Fax Number: _____

To Utility: NorthWestern Energy
Supplier Relations
40 East Broadway
Butte, MT 59701
Fax Number: (406) 497-2451
E-mail: supplier-relations@northwestern.com

10.2 Billing Address: Statements, invoices and billings, and routine communications shall be sent by the Utility to Aggregator by first class US mail to:

and by Aggregator to the Utility by first class US mail to:

NorthWestern Energy
Choice Billing Administration
40 East Broadway
Butte, MT 59701

10.3 Notices: Notices delivered by hand shall be deemed received when delivered. Notices sent electronically or by FAX shall be deemed received upon receipt. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the US mail, or if Certified, Registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

XI. CONFIDENTIAL INFORMATION

- 11.1 Confidential Information shall include, but is not limited to, all business, financial, and commercial information pertaining to the Parties, customers of either or both Parties, Suppliers for either Party, personnel of either Party, any trade secrets, and other information of a similar nature, whether written or in a tangible form that is marked proprietary or confidential with the appropriate owner's name.
- 11.2 Neither Party may disclose any Confidential Information obtained pursuant to this Agreement to any third party, including affiliates of such Party, without the other Party's express prior written consent. The receiving Party shall use the higher of the standard of care to prevent unauthorized use or disclosure of such Confidential Information.
- 11.3 Each receiving Party shall, upon termination of this Agreement or at any time upon the request of the disclosing Party, promptly return or destroy any confidential information received as a result of this Agreement.
- 11.4 In all cases, customer energy consumption information, or customer personal information, to include name, address, phone number and energy credit rating provided by NWE as authorized by the customer, shall be considered Confidential Information.
- 11.5 Confidential Information shall not include information know to either Party prior to obtaining the same from the other Party, information in the public domain, or information obtained by a Party from a third party who did not, directly or indirectly, receive the same from the other Party to this Agreement or from a party who was under an obligation of confidentiality to the other Party to this Agreement or information developed by either Party independent of any Confidential Information.

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XII. MISCELLANEOUS

- 12.1 Assignment: This Agreement, and the rights and obligations granted and/or obtained by Aggregator, shall not be further transferred or assigned by Aggregator without the prior written consent of the Utility. The Utility will refuse to approve any such assignment to a party it determines not to be creditworthy.
- 12.2 Choice of Law: This Agreement shall be carried out and interpreted under the laws of Montana.
- 12.3 Resolution of Disputes: Any dispute or need for interpretation arising out of this Agreement which cannot be resolved after discussion between the Parties to this Agreement shall be submitted to the MPSC for resolution.
- 12.4 Waiver: Any failure or delay by either Party to exercise any right, in whole or part, hereunder, shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.
- 12.5 Damages: Despite any other provision hereof, neither party shall be assessed any special, punitive, consequential, incidental, or indirect damages, whether in contract or tort, for any actions or inactions related to this Agreement.
- 12.6 Governmental Actions: This Agreement shall be subject to the continuing jurisdiction of the MPSC. The Agreement is subject to such changes or modifications by the Commission as it may duly authorize in the exercise of its jurisdiction.
- 12.7 Entire Agreement: This Agreement, including the Exhibits and Attachments listed below, sets forth the entire understanding of the Parties, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct, or usage of trade.
- Exhibit A: Core Aggregation Transportation Authorization Form and Summary List of Core Aggregation Customers

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The authorized representatives of the Utility and Aggregator have executed two (2) copies hereof as of the date written above.

UTILITY:

AGGREGATOR:

NORTHWESTERN ENERGY

By:

By:

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____