



Gary Hanson, Chair
Chris Nelson, Vice Chair
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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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December 16, 2011

Patricia Van Gerpen
Executive Director
SD Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

**Re: EL11-028 - In the Matter of the Filing by NorthWestern Corporation, dba
NorthWestern Energy for Approval of a Contract with Deviations**

Dear Ms. Van Gerpen:

On December 8, 2011, NorthWestern Corporation, dba NorthWestern Energy (NorthWestern), filed for Commission approval of a contract with deviations for a customer interconnection. NorthWestern requests approval of this contract on less than thirty (30) days notice pursuant to the Administrative Rules of South Dakota 20:10:13:20. This contract will deviate from NorthWestern's existing tariff due to the high costs for extending service to the customer's location. These additional costs will place the connection charges outside the tariffed rates and require customer contribution.

Under South Dakota Codified Laws 49-34A-9, a utility may not deviate from approved scheduled rates and charges. Any contracts that deviate from established rates and charges must be approved by the Commission prior to implementation. In addition, the Administrative Rules of South Dakota require a utility to file a copy of such contracts¹ and maintain a tariff sheet showing a list of all existing contracts with deviations².

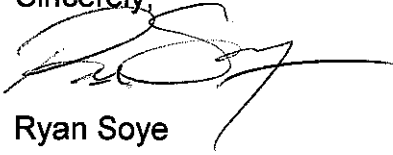
Staff has reviewed NorthWestern's petition and recommends Commission approval of the contract with deviations and associated tariff sheets. As the costs associated with this interconnection are

¹ ARSD 20:10:13:36

² ARSD 20:10:13:09

in excess of costs incorporated into rates, these costs must either be borne by the interconnecting customer or NorthWestern's remaining customer base. Staff believes the cost-causer should be responsible for the additional costs on new interconnections that benefit that customer only. As such, deviation from scheduled rates and charges is appropriate in this case.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Soye", with a long horizontal flourish extending to the right.

Ryan Soye
Staff Attorney