Docket Number: **EL15-023**
Subject Matter: **First Data Request**
Request to: **NorthWestern Energy**
Request from: **South Dakota Public Utilities Commission Staff**
Date of Request: **December 22, 2015**
Responses Due: **January 8, 2016**

1.1 Provide the distance that NorthWestern will have to build power lines in order to meet the needs of Dakota Access's pump. Provide a localized map of the area and all facilities as well as detail on if the lines will be above ground or below ground.

The pumping facility is located directly adjacent to NorthWestern's 115kv Transmission line.

See file 1-1 Dakota Access – Civil Plans.pdf for a map of the area.
The 115kV transmission lines and substation will all be above ground. The two 4.16kV feeders (labeled 4.16kV to Dakota Access Line #1 / Line #2) will be underground cable owned by Dakota Access.

1.2 Provide a detailed description and breakdown of all costs of extending service to Dakota Access, including but not limited to substations, lines, transformers, etc. and provide a description and workpapers showing how NorthWestern proposes to recover such costs.

For a breakdown of costs, see file 1-2 CONFIDENTIAL Dakota Access – Forecast – 12-16-2015.pdf.

See File 1-2 CONFIDENTIAL DAPL Cost Recovery.pdf. Within this file the capital costs, recovery of the capital costs, revenues, expenses and returns are shown at varying load factors. . The analysis shows the recovery of costs under rates both prior to and after the settlement of EL14-106.

1.3 Will the costs to build the necessary facilities be passed along in any way to any of the legacy customers or how will the NorthWestern charge Dakota Access to ensure legacy customers will not be adversely affected?

The file CONFIDENTIAL 1-2 DAPL Cost Recovery.pdf, referenced in 1.2, provides for the recovery of the costs attributable to this customer. In addition, as part of the agreement between DAPL and NW, take or pay volumes and a letter of credit for the capacity costs and capital costs are included to insure legacy customers will not be adversely affected.

1.4 Confirm whether Dakota Access and NorthWestern are looking for a service territory exchange or a service rights exception.

NorthWestern and DAPL are seeking a service rights exception.

1.5 Is Dakota Access looking to have NorthWestern provide service to the pump facility only or for any structures that may be built on the lot location as described in the warranty deed?

DAPL is seeking to have NorthWestern serve all structures that may be built on the lot described in the warranty deed.

1.6 Provide the size and electrical detail of Dakota Access's expected load.

See File 1-6 Dakota Access Load Summary.pdf.

1.7 Explain in detail the adequacy of NorthWestern's power supply to serve this new large load customer. Describe NorthWestern's current capacity status and reserve margin and describe what effect the provision of service to this customer will have on the same. Provide NorthWestern's existing average system capacity cost. Explain at what point NorthWestern will have to add or purchase capacity to maintain an adequate reserve margin. Explain how such capacity would be acquired and what price might be expected for incremental capacity.

NorthWestern's power supply in South Dakota includes about 210 MWs baseload (steam plants), 150 MWs internal generation (gas & oil mix) and about 125 MWs of wind. NorthWestern currently has 390 MW of capacity owned and contracted. NorthWestern's historical peak is 341 MWs.

NorthWestern has a capacity agreement with Missouri River Energy Services ("MRES"), for 30 MWs in 2016 and 2017 and 35 MWs in 2018. The rate for this capacity was provided during EL14-106 as a confidential exhibit. NorthWestern has pursued purchasing an additional 10 MWs capacity for 2017 and 2018 from MRES. Although the existing capacity price may, or may not be indicative to additional capacity prices, that price was used in the cost recovery model as it was the best information we had at the time. NorthWestern also joined the Southwest Power Pool ("SPP") on October 1, 2015. The power pool is currently evaluating the additional capacity NorthWestern will receive for its wind resources, which will factor into the overall capacity picture for NorthWestern.

In addition, NorthWestern is exploring the possibility of building peaking generation. NorthWestern has issued an RFP and has received responses from 7 engineering firms for building additional peaker plant generation resources of various types at various locations. With the addition of new peaking generation, NorthWestern will be able to satisfy its capacity needs for the foreseeable future.

1.8 Describe how providing service to this customer will serve to improve your electric system either locally or system wide including related economic factors.

Providing electric service to Dakota Access will have a neutral effect on our electric system from an operations or technical perspective. The benefit will be economic based on revenue growth.

All customers benefit any time a large load can be added when revenues from that load exceeds its fixed costs. The additional margin contributes to the maintenance of the system and lowers the costs to the existing customer base. A customer with this type of load factor benefits the overall system as power is

consumed at retail rates during all hours of the day. For specific economic benefits, see the response to question 1.2.

1.9 Provide CAIDI, SAIDI, and SAIFI indices reliability data for that portion of NorthWestern's South Dakota system nearest the proposed customer, if available, or in the alternative, for NorthWestern's South Dakota system for the last three years. Provide a report of outages that would have affected the proposed customer over the last three years.

The 115 KV transmission line to which the Dakota Access substation will connect, has not had an unplanned outage during the last three years. Therefore, CAIDI, SAIDI, and SAIFI indices relative to the DAPL site would be zero. Currently, the closest substation is the Redfield transmission substation, which is approximately 4 miles away. The Redfield transmission substation has never experienced a total transmission bus outage. Additionally, the proposed Dakota Access substation will have two transmission feeds providing redundant reliability.

1.10 Describe in detail any other pertinent factors affecting your ability to furnish adequate electric service for this facility.

This customer is located immediately adjacent to NorthWesterns's existing 115kv line resulting in minimal extension costs.

1.11 Refer to the Electric Distribution Agreement; the agreement seems to only cover charges for years 1-10 of the agreement. Explain how NorthWestern will charge Dakota access in years 11+.

Beginning May 1, 2019, Dakota Access will be served under tariff rate 34 as effective on that date and subject to all rate changes from that time forward.

1.12 Refer to the Electric Distribution Agreement, section 2.1; explain why the rates listed reference the rates tariffed on June 1, 2015 and not the final rates from the rate case completed in 2015.

As in incentive for Dakota Access to choose NorthWestern as its service provider, NorthWestern offered to serve the customer under tariff rate 34 as of June 1, 2015, until May 1, 2019. A Contract With Deviation will be filed with the SDPUC to provide for service under the pre-rate increase costs for the electricity consumed until May 1, 2019. As stated in 2.4, this provision of the agreement is subject to SDPUC approval.

1.13 Refer to the Electric Distribution Agreement, section 2.5; it says NorthWestern must reserve capacity and incur costs from October 1, 2016 through September 30, 2018. Explain what happens to the capacity costs incurred after September 30, 2018, how is it, or is it, recovered from Dakota Access?

In South Dakota, NorthWestern is a summer peaking company. Once the capacity agreement expires in September 30, 2018, additional capacity will not be required

until June of 2019 in order to cover the capacity requirements. Additional capacity will either be contracted or built by that time. After May 1, 2019, Dakota Access will be served under tariff rate 34. This rate provides for the recovery of NorthWestern's system wide capacity costs.

1.14 Confirm or address in further detail, is Dakota Access paying the rates tariffed in Rate 34 and the minimum charges as noted on page 7, section 4.1.2?

Dakota Access will be billed under tariff rate 34 as described above. If the annual minimum usage requirements are met, no additional charges will apply. If the annual minimum thresholds are not achieved, the additional kwh will be billed as described in section 4.1.2, in order to guarantee the recovery of project and capacity costs and hold existing retail customers harmless.

1.15 Refer to the Electric Service Distribution Agreement, Section 4.1.2, the bottom of page 7 and the top of page 8; explain if this section pertains to the 2,000 kw minimum required by SDCL 49-34A-56. If it does, provide where in the South Dakota laws and rules it allows for carry over for usage over 2,000 kw to offset under usage in a proceeding month.

It is not referring to the 2,000 kw minimum demand. The demand level of this customer is anticipated to be over 9,500 kw per month. The banking is referring to the annual kwh usage values.