



February 11, 2016

Ms. Patricia Van Gerpen  
South Dakota Public Utilities Commission  
State Capitol Building  
Pierre, SD

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation, doing business as NorthWestern Energy ("NorthWestern"), is filing with the Commission revisions to its Electric Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:36 and ARSD 20:10:13:39, NorthWestern states:

1. The documents submitted with this filing include:
  - The proposed revised tariff schedule, Section 4, 16th Revised Sheet No. 1 Summary List of Contracts with Deviations which includes a reference to the Electric Distribution Service Agreement (the "Agreement") between NorthWestern and Dakota Access, LLC ("Dakota Access"), maps that show the location of the lines to be constructed – Exhibit 2 – DAPL SUBSTATION PROPERTY and the information required by ARSD 20:10:13:09.
  - The following items are included in the filing and confidential treatment, is requested, pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter);
    - o A copy of the executed Agreement, for which confidential treatment has been requested pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter);
    - o A copy of the workpapers that include the listing of the costs for NorthWestern to construct the electric facilities to serve Dakota Access; CONFIDENTIAL 1-2 Dakota Access – Forecast 12-16-2015.pdf



- A copy of the workpapers that show the cost recovery provided by the revenue from Dakota Access;  
CONFIDENTIAL 1-2 DAPL Cost Recovery.pdf
- 2. The proposed effective date for the tariff revisions is April 1, 2016. NorthWestern desires to provide the discounted rate through the construction, testing and commissioning phases of the project. Dakota Access intends to begin utilizing the pipeline in September, 2016.
- 3. The names and addresses of those to whom this filing has been emailed:  
Dakota Access, LLC  
800 E. Sonterra Blvd  
San Antonio, TX 78258  
Attention: Energy Manager

- 4. Brief description of the tariff changes:

Dakota Access will be a large load at a new location, with an estimated demand of 9,000KW at start up, to over 13,000KW when operating at capacity. Rate 34 is the applicable tariff from which NorthWestern seeks deviations in this filing. NorthWestern intends to provide service at Rate 34 through May 1, 2019, at the rate in effect prior to the rate increase that began July 1, 2015. Dakota Access has filed a petition with the Commission seeking to name NorthWestern as the service provider at this new location. As part of Dakota Access' process in selecting NorthWestern, NorthWestern provided a service design with reliability features as two electric feeds are available at this location. The location of the Dakota Access pump station is adjacent to NorthWestern's 115KV line. Under the Agreement, there is no separate contribution necessary from Dakota Access for this construction. The cost is covered by the rate tariff. The cost of both construction and the reservation of capacity are secured by letters of credit. The Agreement terminates if the Commission does not approve the Dakota Access petition to designate NorthWestern as the service provider at the pump station facility or accept this deviations filing.

- 5. Reasons for the proposed tariff changes:

NorthWestern requests approval in order for Dakota Access to obtain reliable and competitive electric service at its new location near Redfield, SD. Dakota



Access has chosen NorthWestern to provide energy, and NorthWestern can fairly and economically provide service at a rate with deviations for the proposed three-year period. This proposal fosters economic development in rural South Dakota and provides for NorthWestern and its present customers to be compensated for the expenditures necessary to provide the service. The additional revenue will be credited to the cost of service and will more than offset the additional costs. When the deviated rate ends on May 1, 2019, Dakota Access will receive service under the Rate 34 tariff in effect at that date.

6. Number of customers whose cost of service will be affected and annual changes in cost of service to such customers:

Dakota Access is the only customer that will benefit directly by this discount. All other South Dakota electric customers will benefit indirectly from Dakota Access receiving service from NorthWestern.

Sincerely,

**Jeff J. Decker**  
*Regulatory Specialist*  
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