

Docket Number: EL17-034  
Subject Matter: First Data Request  
Request to: NorthWestern Energy  
Request from: South Dakota Public Utilities Commission Staff  
Date of Request: August 25, 2017  
Responses Due: September 8, 2017

- 1-1. Refer to the proposed tariff sheet revision filed in the docket.
- Confirm that the construction costs for the Paul Larson contract with deviation have been fully recovered and that this customer has been transferred to the proper tariff rate.

Mr. Larson requested services from NorthWestern Energy at a new property location in 2014. Because Mr. Larson's projected load did not support the recovery of project costs for the provision of electric services at this site, a contract with deviation was required to recover a contribution in aid of construction from the customer. The customer's usage was reviewed and a partial credit was applied to the customer's account because of higher actual usage than what was originally projected. Mr. Larson remains on Rate 21 as it is the proper tariff rate for his service.

- Has the Swenson Brothers Irrigation contract expired yet? Provide an update of the three year review of construction costs which would have occurred in November 2016.

The Swenson Brothers irrigation contract has not expired. The contract was executed in November 2013, but the customer did not begin using the irrigation system until August 2014. NorthWestern will review the three-year average use of the system upon completion of the 2017 irrigation season.

- 1-2. The Electric Distribution Service Agreement states that Ag Processing Inc.'s *initial* load will be equal to or greater than 6 MW. Is it expected this load will grow over time? What will be the eventual load of the soybean processing facility?



- 1-3. Does NorthWestern have any capacity concerns upon the addition of this new large load? Does this added load move up the timeline by which NorthWestern expects to need additional capacity? Explain.

No. NorthWestern has sufficient capacity to add this customer to its electric system. Any increase in capacity consumption, with or without a customer like AGP, will move up the timeline for adding additional capacity resources to meet customer growth demands. A significant benefit of adding large customers like AGP is that it provides a larger pool of customers to pay for future capacity expansion, making it more economical for all customers.

- 1-4. Explain how NorthWestern arrived at the [REDACTED] kWh total three year obligation. Provide supporting workpapers including the load factors assumed.

[REDACTED]

[REDACTED]

1-5. Explain how NorthWestern broke out the total three year obligation to a first year obligation of [REDACTED] kWh and a second and third year obligation of [REDACTED] kWh. Provide supporting workpapers including the load factors assumed.

See the response to 1-4.

1-6. Refer to the map provided in Exhibit 2. Provide further explanation on the need for the backup feed. Is this standard operation of NorthWestern given the characteristics of this facility, or was it specifically requested by Ag Processing Inc.?

Facility redundancy is not standard operation of NorthWestern. AGP requested the backup feed.

1-7. Refer to the cost estimate provided in Exhibit C.  
a. Provide the supporting workpapers for the AFUDC amount of \$39,955.

Please refer to Attachment 1-7a.-1.

b. Given the ten percent contingency which is added to the total, confirm the \$0.019535 per kWh recovery rate is subject to change based on actual construction costs.

Section 4.2.2 of the "Electric Distribution Service Agreement" defines the recovery rate calculation as;

$$\text{Recovery Rate} = \text{Construction Costs} / \text{Total Obligation}$$

The equation used in the agreement is for "Illustration only". Once the project is completed, the Actual Construction Cost [REDACTED] will be the "Recovery Rate".