



August 17, 2017

Ms. Patricia Van Gerpen
South Dakota Public Utilities Commission
State Capitol Building
Pierre, SD 57501

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation doing business as NorthWestern Energy (“NorthWestern”) is filing with the South Dakota Public Utilities Commission (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, 17th 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 Ag Processing Inc a cooperative (“AGP”) and the information required by ARSD 20:10:13:09
 - A copy of the executed proposed Agreement, attached to this letter as Exhibit B, for which confidential treatment has been requested pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter)
 - Confidential work papers showing the calculation of the project cost, attached to this letter as Exhibit C, for which confidential treatment has been requested pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter)
2. The proposed effective date for the tariff revisions is October 1, 2017.
3. The names and addresses of those to whom this filing has been emailed:

Ag Processing Inc a cooperative
12700 West Dodge Road
Omaha, NE 68154
Attn: Director of Purchasing
Email: rchoquette@agp.com

4. Brief description of the tariff changes:

AGP will be a new 6 MW load customer on NorthWestern’s electric system near Aberdeen, South Dakota. AGP filed a petition with the Commission on August 7, 2017, seeking approval of NorthWestern as its service provider at this location. AGP is developing a soybean processing facility and requires electric service. NorthWestern



will develop and construct two electric feeds to the facility for enhanced service reliability. Under the Agreement, there is no rate deviation from NorthWestern's Rate 34. NorthWestern is requiring annual take or pay volume requirements and financial security in the amount of the capital investment to protect the company and its legacy customers. The cost of construction is secured by a letter of credit.

The Agreement terminates if the Commission does not approve the AGP petition to designate NorthWestern as the service provider at its Aberdeen facility or if the Commission does not accept this deviations filing.

The deviations from tariff requested in this filing include:

- Utilization of an annual lookback in order to meet annual volume requirements.
- Requirement of a letter of credit from AGP.
- Termination conditions as set forth in the Agreement.

The Customer will be served under Rate 34 tariff rates and all other conditions of the general terms and conditions.

In addition to the AGP tariff revision, NorthWestern also seeks to remove to an expired deviated contract with Paul Larson. This customer is now receiving service pursuant to tariff rates. The reference to this deviated agreement should be deleted from tariff sheet section 4, sheet 1.

5. Reasons for the proposed tariff changes:

NorthWestern desires to provide AGP with electric service. The additional protections included in this Agreement, which deviate from the tariff, provide security for NorthWestern's capital investment and legacy customers. The letter of credit protects against unforeseen circumstances associated with the Customer's annual usage requirement. Once the total obligation usage as described in the Agreement has been satisfied, the contract will terminate and the letter of credit will be cancelled.

The Paul Larson contract with deviation has expired and is being removed from the tariff sheet.

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

AGP will be the only customer affected by this filing. South Dakota electric customers will benefit indirectly from AGP receiving service from NorthWestern.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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○ 605-353-8315