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March 5, 2007

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

Dear Ms. Van Gerpen:

Enclosed is the 248th Revised Sheet No. 9a and 146th Revised Sheet No. 9b of Northwestern's Gas Tariff. Sheet Nos. 9a and 9b reflect changes in the costs of purchased gas and ad valorem taxes paid to be effective March 2, 2007.

The effect of Sheet Nos 9a and 9b for a typical space heating customer using 150 therms per month would be a decrease in the cost from \$180.19 to \$179.00, about 5/8 of 1%.

Application of these new rates will begin with meter readings on and after March 2, 2007.

Should you have any questions regarding the above changes, please advise.

Sincerely,

A handwritten signature in black ink that reads "Jeff J. Decker".

Jeff J. Decker

JJD

Enclosures

SOUTH DAKOTA GAS RATE SCHEDULE

**NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA**

Section No. 3
248th Revised Sheet No. 9a
Canceling 247th Revised Sheet No. 9a

ADJUSTMENT CLAUSE RATES

<u>Delivered Cost of Energy</u>	PerTherm
Freeman Customers Gas Commodity Charge (all classes except 85FAM)	Per Month
Rate No. 81 - Residential Gas Service Gas Commodity Charge	\$ 1.05933
Rate No. 82 - General Gas Service Gas Commodity Charge	\$ 0.99541

Rate No. 84, 86 - Commercial and Industrial-Firm & Contract Sales Service

Gas Demand Charge, per therm of daily contract demand (never less than 50 therms)

NNG Pipeline Capacity Costs

	<u>NNG Rate/Therm</u>	
39.39% of TF12 Base	\$0.7659	\$ 0.30
22.64% of TF12 Variable	\$0.9093	0.21
37.98% of TF5	\$1.5153	0.24
GRI Fee	\$0.0000	0.00
SBA Surcharge	\$0.0000	0.00
GSR Surcharge	\$0.0000	0.00
Order 528 Surcharge	\$0.0000	0.00
Stranded 858 Surcharge	\$0.0000	<u>\$0.00</u>
<i>Total Pipeline Capacity Costs</i>		\$ 0.75
<i>Supply Standby</i>		0.07
<i>Balancing Services</i>		<u>0.09</u>
Total Demand Charge		\$ 0.91

The above percentages are based on the Company's contract demand profile with NNG (52,924 MMBtu.)

<u>Rate Schedule</u>	<u>MMBtu Demand</u>		<u>Percentage</u>
TF12 Base	20,845		39.39%
TF12 Variable	11,981		22.64%
TF5	20,098	(1)	37.98%
<i>Totals</i>	<i>52,924</i>		100.00%

(1) Service is contracted for 5 months (15.83% is 5/12 ths of 37.98%)

Gas Commodity Charge

<i>Gas Supply</i> - Average of NNG Ventura and Demarcation Indices as reported in the first of the month issue of <u>Inside F.E.R.C. Gas Market Report</u> published for the month of billing	\$ 0.7205
<i>Fuel Use</i> - 1.54% NNG and 1.44% Company L&U	0.0221
<i>Gas Supply Management Fee</i>	0.0020
<i>Pipeline Transportation Charges</i>	<u>0.0038</u>
Total Gas Component Charge	\$ 0.7484

Date Filed: March 5, 2007

Service on or after
Effective Date: March 2, 2007

Jeffrey Decker
Issued By: Regulatory Department

SOUTH DAKOTA GAS RATE SCHEDULE

**NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA**

Section No. 3
146th Revised Sheet No. 9b
Canceling 145th Revised Sheet No. 9b

ADJUSTMENT CLAUSE RATES(Con't)		Per Therm
<u>Delivered Cost of Energy (Con't):</u>		<u>Per Month</u>
Rate No. 85 - Commercial and Industrial-Interruptible Sales Service		
Gas Commodity Charge		
<i>Gas Supply</i> - Average of NNG Ventura and Demarcation Indices as reported in the first of the month issue of <u>Inside F.E.R.C. Gas Market Report</u> published for the month of billing		\$ 0.7205
<i>Fuel Use</i> - 1.54% NNG and 1.44% Company L&U		0.0221
<i>Gas Supply Management Fee</i>		0.0020
<i>Released Capacity Surcharge</i>		0.0140
<i>Balancing Services</i>		0.0030
<i>Pipeline Transportation Charges</i>		<u>0.0038</u>
Total Gas Component Charge		<u>\$ 0.7654</u>
Rate No. 86 – Gas Contract Sales Service		
Rate No. 86 Gas Commodity Charge – Group 1		\$ 0.9347
Rate No. 86 Gas Commodity Charge – Group 2		\$ 0.9944
Rate No. 86 Gas Commodity Charge – Group 3		\$ 0.9274
Rate No. 86 Gas Commodity Charge – Group 4		\$ 0.9071
Rate No. 86 Gas Commodity Charge – Group 5		\$ 0.9718
Rate No. 86 Gas Commodity Charge – Group 6		\$ 0.8266
Rate No. 86 Gas Commodity Charge – Group 7		\$ 0.7484
Rate No. 86 Index		\$ 0.6618
Rate No. 86 True-up Surcharge		
Rate No. 87 - Gas Transportation Firm Supply Standby Service		
Gas Demand Charge, per therm of daily contract demand		
Rate No. 84 supply standby costs		\$ 0.07
Rate No. 84 pipeline capacity costs		<u>0.75</u>
Total Demand Charge		<u>\$ 0.82</u>
Gas Commodity Charge		
Rate No. 84 Gas Commodity Charge		<u>\$ 0.7484</u>
Imbalance Cashout Rate Index Points		
Northern, Ventura 75%		
Northern, Demarcation 25%		
<u>Ad Valorem Taxes Paid:</u>		
Rate No. 81 - Residential Gas Service	Commodity Charge	\$ 0.0152
Rate No. 82 - General Gas Service	Commodity Charge	\$ 0.0096
Rate No. 84 - Commercial and Industrial - Firm Sales Service		
	Commodity Charge - Option A	\$ 0.0062
	Commodity Charge - Option B	\$ 0.0041
Rate No. 86 – Contract Sales Service		
	Commodity Charge - Option A	\$ 0.0062
	Commodity Charge - Option B	\$ 0.0041
Rate No. 85 - Commercial and Industrial - Interruptible Sales Service		
	Commodity Charge - Option A	\$ 0.0062
	Commodity Charge - Option B	\$ 0.0041
Rate No. 87 - Gas Transportation Service		
	Commodity Charge - Option A	\$ 0.0062
	Commodity Charge - Option B	\$ 0.0041

Date Filed: March 5, 2007

Effective Date: March 2, 2007

Jeffrey Decker
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