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June 9, 2010

Ms. Patricia Van Gerpen, Executive Director  
S.D. Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

Re: Contract With Deviations - Natural Gas Service Agreement

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation ("NorthWestern" or the "Company"), doing business as NorthWestern Energy, is filing with the Commission a proposed new natural gas Contract with Deviations (the "Contract") with South Dakota Wheat Growers, regarding their Yale Facility (the "Customer") for which we request Commission approval.

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

(1) The documents submitted with this filing include:

- A copy of the executed proposed Contract, for which confidential treatment has been requested, pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter);
- A copy of the Workpapers that include the cost estimate for the Company to construct gas lines to the Customer's facilities;
- Maps that show the location of the lines to be constructed; and
- The proposed revised tariff schedule, Section 4, 1st Revised Sheet No. 2 "Summary List of Contracts with Deviations" which includes a reference to the Contract and the information required by ARSD 20:10:13:09.

The proposed effective date for the Contract with Deviation is June 15, 2010. The Company requests the Commission approve this contract with deviation on less than thirty days notice. The company plans to begin construction in late July. With the lead times required for material ordering, orders need to be placed as soon as possible in order to have gas available by this fall's drying season.

- (2) The names and addresses of those to whom copies of this filing have been mailed:

Roger Price  
South Dakota Wheat Growers  
110 6<sup>th</sup> Ave  
Aberdeen, SD 57401-6024  
rprice@sdwg.com

- (3) Brief description of the proposed deviation from the Company's standard rates:

NorthWestern currently serves the Customer under its tariff Rate 86. The Customer desires to expand its grain drying facility. This would require the Company to upgrade its system with a 4 inch pipeline. The deviated rate will allow the Company to fully recover the cost of the upgrade. After all costs have been recovered, the Customer will revert back to Rate 86 tariff rates.

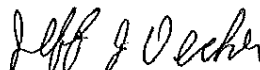
- (4) Reasons for the proposed deviation:

In order to insure that other rate payers are not responsible for the cost of this upgrade, the proposed contract requires a form of security (the customer has chosen a surety bond) as well as requires a minimum usage each year. The Customer desires a 10 year recovery period. Since the take or pay and security provisions are not stated in NorthWestern's tariff, a deviation from the tariff is required. As per the signed agreement, both the Company and the Customer agree to the security requirement and take or pay provisions.

- (5) Number of customers who's cost of service will be affected and annual changes in cost of service to such customers.

This proposed Contract will apply only to the Customer, and the affect on its cost of service is provided in the Contract.

Sincerely,



Jeff Decker  
Rates Analyst

**EXHIBIT A****REQUEST FOR CONFIDENTIAL TREATMENT**

COMES NOW, NorthWestern Corporation, doing business as NorthWestern Energy ("NorthWestern" or the "Company"), and pursuant to ARSD 20:10:01:41, requests confidential treatment as follows:

- 1) The documents for which confidential treatment is requested are the Natural Gas Delivery Distribution & Facilities Construction Agreement between NorthWestern and South Dakota Wheat Growers Yale (the "Customer"), dated June 8, 2010 (the "Contract"), and the Workpapers containing the Company's anticipated costs to construct facilities to the Customer's facilities;
- 2) The Company requests that such confidential treatment be afforded the Contract and Workpapers indefinitely, or, at a minimum, until the conclusion of the ten-year term of such Contract;
- 3) The name, address and phone number of the persons to be contacted regarding the confidentiality request are:

Jeffrey Decker	Pamela Bonrud
Regulatory Analyst	Director Regulatory Affairs
NorthWestern Energy	NorthWestern Energy
600 Market Street West	125 S. Dakota Avenue
Huron, SD 57350	Sioux Falls, SD 57103
(605) 353-8315	(605) 978-2990
- 4) The grounds for confidentiality are that the Contract and Workpapers provide proprietary information concerning both the Company and the Customer, including the pricing of natural gas service, the costs of construction for the facilities to serve the Customer, etc. Sharing this information to third parties may provide competitive advantages to the competitors for both NorthWestern and the Customer.
- 5) As a factual basis in support of this request, please see the response to item 4) above.

## SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY  
 HURON  
 SOUTH DAKOTA

Section No. 4  
 Sheet No. 2  
 Sheet No. 2

4<sup>th</sup> Revised  
 Canceling 3<sup>rd</sup> Revised

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**Contracts With Deviations (continued)**

13. NuGen Energy, LLC – Marion  
 Execution – 10/20/2009  
 Expiration – 09/30/2010 or as described in agreement.
14. South Dakota Wheat Growers – Aberdeen East (N)  
 Execution – 10/01/2010 or as described in agreement (N)  
 Expiration – 10/01/2020 or as described in agreement. (N)
15. South Dakota Wheat Growers – Andover (N)  
 Execution – 10/01/2010 or as described in agreement (N)  
 Expiration – 10/01/2020 or as described in agreement. (N)
16. South Dakota Wheat Growers – Willow Lake (N)  
 Execution – 10/01/2010 or as described in agreement (N)  
 Expiration – 10/01/2020 or as described in agreement. (N)
17. South Dakota Wheat Growers – Yale (N)  
 Execution – 10/01/2010 or as described in agreement (N)  
 Expiration – 10/01/2020 or as described in agreement. (N)

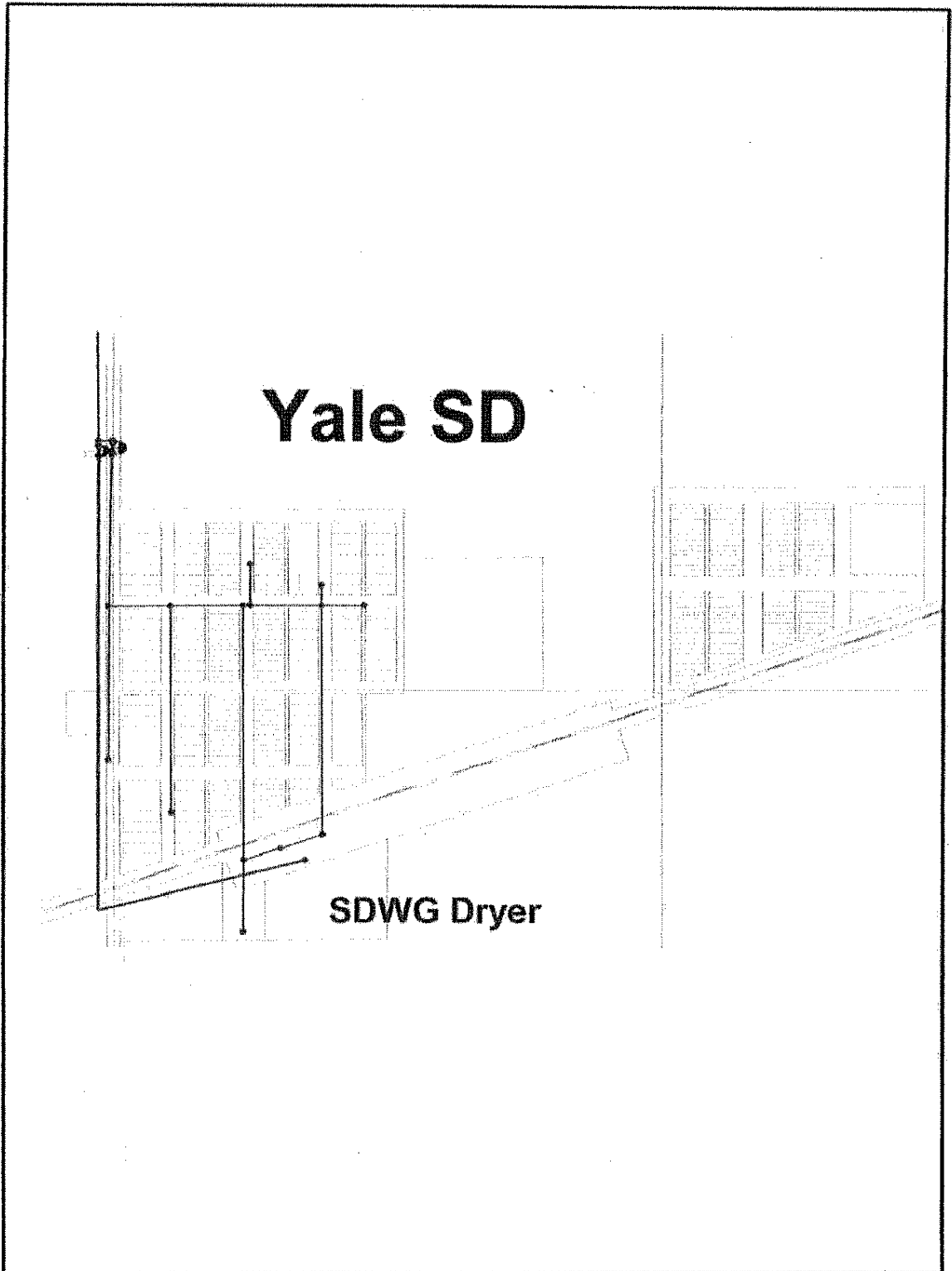
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Date Filed: June 9, 2010

Effective Date: June 15, 2010

Effective on less than 30 days notice by authority of the  
 Public Utilities Commission of South Dakota, dated

Jeffrey Decker  
 Issued By: Regulatory Department



m:\gas\large project development\projects\south dakota\south dakota wheat growers dryer\SDWG Yale\yale sdwg - Approximate Scale 1 in = 651 feet