



September 18, 2017

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

RE: NG17-___ - Proposed changes to Contract Sales Service (Rate 86) and Transportation Service (Rate 87) Tariff

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”) proposed revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:39 NorthWestern states:

1. The documents submitted with this filing include:
 - The proposed revised tariff schedules in both redline and final form
 - Section 1, 34th Revised Sheet No. 1
 - Section 1, 12th Revised Sheet No. 2
 - Cancel Section 3, 3rd Revised Sheet No. 4.4
 - Section 3, 5th Revised Sheet No. 6.1
 - Section 3, 2nd Revised Sheet No. 6.3A
 - Section 3, 2nd Revised Sheet No. 6.5A
 - Section 3, 1st Revised Sheet No. 6.9
 - Section 3, 3rd Revised Sheet No. 6.10
 - Cancel Section 3, 3rd Revised Sheet No. 13.1
 - Section 5, 3rd Revised Sheet No. 6.5
 - Section 6, 2nd Revised Sheet No. 9.4
 - Section 6, 2nd Revised Sheet No. 9.5
2. The proposed effective date for the tariff revisions is November 1, 2017.
3. Brief description of the tariff changes:

Section 1, Sheets 1 and 2

An update to the index pages is required due to the elimination of Section 3, Sheets 4.4 and 13.1. In the Rate No. 87 Transport tariff section, an update from 6.11 to 6.13 is required to correctly identify the tariff pages.



Section 3, Sheet 4.4

This change cancels the interruptible Freeman AMPI pipeline rate that was specific to the Freeman AMPI plant. The 10 year contract for recovery of the pipeline costs ended in February 2017. The rate is no longer applicable. NorthWestern requests that this sheet be cancelled and removed from the tariff. No customers are affected by the cancellation of this tariff sheet.

Section 3, Sheet 6.1

NorthWestern currently offers standby and firm supply service, however, in the 20 years that it has been offered, no customer has ever taken this option. If a customer needs supply service, they will be served under retail rates. The customer also has the option of having the marketer purchase additional capacity from the pipeline or pipeline bulletin board.

Section 3, Sheet 6.3A

NorthWestern provides volume information but not meter reads to customers. This is a grammatical change to clarify what is actually provided to the customer.

Section 3, Sheet 6.5A

This change will allow NorthWestern to mirror the interstate pipelines in offering balancing services. This is a benefit to the customer. Under the prior tariff language, when NorthWestern called a Critical Day, the customer's balancing service was negated. Under this change, the customer will be allowed to use the same balancing service as the interstate pipeline allows NorthWestern. For example, if on a Critical Day the upstream pipeline allowed a 50% balancing service, NorthWestern will also allow the customer a 50% balancing service for that day.

Section 3, Sheet 6.9 and 6.10

This change reflects the fact that NorthWestern no longer provides this peak-shaving service to customers. Customers have the option of using a marketer to cover their needs.

Section 3, Sheet 13.1

This option was originally offered to new customers that would eventually be served by a marketer but required temporary full utility service. No customer has ever selected this service. Customers that require this type of service are served under retail service rates until their service from a marketer begins.

Section 5, Sheet 6.5

Removal of definitions for reasons discussed in Sheets 6.9 and 6.10.



Section 6, Sheet 9.4

This revision is to clarify the language.

Section 6, Sheet 9.5

The change in Section 5 references the delinquency terms of the general terms and conditions. This eliminates restating and maintaining the general term language in Section 5 of this tariff sheet. Additionally, Appendix A will now contain only the three-year average volumes as opposed to each year's volumes and the three-year average. This also clarifies the language around the elimination of the BLGQ five day adjustments. No customer has ever requested this adjustment in the history of the Rate 86 program. Additional gas volumes are handled through the daily swing supply.

4. Reasons for the proposed tariff changes:

As described above, the changes primarily aim to add clarification to the tariff and to allow NorthWestern to mirror up-stream pipeline procedures.

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

NorthWestern currently has 105 customers on Rate 86 contract sales service and 96 customers on Rate 87 transport service. Any changes in revenue due to the proposed changes will be captured in the commodity true-up.

Sincerely,

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