

**Docket Number:** NG17-014  
**Subject Matter:** First Data Request  
**Request to:** NorthWestern Energy  
**Request from:** South Dakota Public Utilities Commission Staff  
**Date of Request:** October 17, 2017  
**Responses Due:** October 31, 2017

- 1-1. Confirm that the construction costs for the AMPI Freeman contract with deviation have been fully recovered.

Yes, the costs were fully recovered. The customer was billed for actual usage and take or pay amounts that met the Minimum Total Obligation during the life of the contract.

- 1-2. Does NorthWestern have any capacity concerns upon the addition of this new large customer? Does this added contract move up the timeline by which NorthWestern expects to need additional pipeline capacity? Explain.

No. NorthWestern's review of adding AGP to the current Aberdeen distribution system revealed no concerns.

No. Any new customer who comes on NorthWestern's system has the potential to affect pipeline capacity. The current five year outlook for capacity has not been altered by the addition of AGP. A significant benefit of adding customers is that it provides a larger pool of customers to pay for future capacity expansion as needed, making it more economical for all customers.

- 1-3. NorthWestern states on page 2 of its letter that the deviated rate covers all costs including a contribution to overhead. Provide the calculation of the \$71,179.76 allocation of overheads on Exhibit D, page 1.

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[REDACTED]

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- 1-4. Refer to the tariff page filed in the docket. Why did NorthWestern choose an expiration date of 8/25/2027 versus the 10/1/2029 date the agreement ends?

NorthWestern agrees that the expiration date should be 10/1/2029. The agreement is for ten contract years, however, as stated in the definitions, the first contract year does not begin until

October 1, 2019. Revised tariff sheets with the corrected expiration date of 10/1/2029 are included in this submission.

- 1-5. Explain how NorthWestern chose the minimum annual obligation of 910,000 MMBtu.

The 910,000 MMBtu is based on AGP's request to fulfill their base plant requirements. This volume also meets the minimum annual revenue requirements.

- 1-6. Explain why NorthWestern chose the rates and conditions of this contract be measured in MMBtu versus the therm (dekatherm) unit of measurement used in its tariff.

Large volume customers typically deal in MMBtu or dekatherms as opposed to therms. Due to the large volume in this contract, NorthWestern's correspondence with the customer referred to MMBtus, and therefore the contract was written that way as well.

- 1-7. Refer to Exhibit D, page 2.
- a. Provide the net present value and corresponding calculations using the eight years of guaranteed volumes.
  - b. Provide the nominal and discounted paybacks and the corresponding calculations.

Please see attached CONFIDENTIAL Exhibit D DR1-7.