



September 18, 2023

Ms. Patricia Van Gerpen
South Dakota Public Utilities Commission
State Capitol Building, 1st Floor
500 E. Capitol Ave.
Pierre, SD 57501

via eFiling

Re: *Request for Approval of a Contract with Deviations with Northern Sky Biogas LLC*

Ms. Van Gerpen:

With this letter, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) is filing with the South Dakota Public Utilities Commission (the “Commission”) revisions to its Natural Gas 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 No. 4, 9th Revised Sheet No. 3, Summary List of Contracts with Deviations, which includes a reference to the Transportation Service Agreement (the “Agreement”) between NorthWestern and Northern Sky Biogas LLC (“Customer”) and the information required by ARSD 20:10:13:09.
- A copy of the executed proposed Agreement, for which confidential treatment is being requested, pursuant to ARSD 20:10:01:41.
- Exhibit A: Request for Confidential Treatment.
- Exhibit B: Confidential work papers showing the calculation of the project cost and cost recovery.
- Exhibit C: A map of the NorthWestern pipelines to the Customer’s facility.

2. *The proposed effective date is November 1, 2023.*

3. *The names and addresses of those to whom this filing has been emailed:*

Northern Sky Biogas LLC
500 N. Akard Street, Suite 1500
Dallas, TX 75201
Veronika@SevanaBioenergy.com
Steve@SevanaBioenergy.com
Jeff@SevanaBioenergy.com

4. *Brief description of the proposed tariff changes:*

This Agreement addresses the cost recovery of distribution lines that will be used to provide natural gas to Customer’s renewable natural gas (“RNG”) production facility located



at Northern Sky Dairy. Natural gas is required by Customer to activate the RNG production process. The raw biogas produced by this facility will be transported by customer, via a customer-owned pipeline, to a RNG refinement facility located at Global Dairy.

A map of the infrastructure for this Agreement is illustrated in Exhibit C. The red line is NorthWestern's existing high-pressure line that NorthWestern will tap to provide service to Customer. Subject to approval of this Agreement, a distribution line (depicted in yellow) will be installed to transport gas to Customer's facility. The distribution line will also provide natural gas to a RNG production facility located at Hammink Dairy. The same developer is operating both RNG production facilities. The developer requested the entire cost of these projects be split equally between the facilities. There are separate contracts and contract with deviation filings for Hammink Biogas LLC and Northern Sky Biogas LLC.

This Agreement includes provisions to secure project costs and guarantee delivery volumes to support the project recovery over a 15-year period. Project costs and tariff delivery charges will be recovered through Tariff Rate No. 87. The annual take-or-pay volume for the Agreement is 27,929 MMBtu. An annual review will be conducted to determine if volumes meet the volumetric requirement defined in the Agreement.

The deviations from Tariff requested in this filing include:

- Volumetric surcharge to recover costs
- Annual take-or-pay volume requirements
- Required letter of credit or other security from Customer
- Termination conditions as set forth in the Agreement

Except for the deviations described above, Customer will be served under Tariff Rate No. 87, and all other conditions of the general terms and conditions.

5. *Reasons for the proposed tariff changes:*

NorthWestern desires to provide the Customer with natural gas transportation service. The additional protections included in this Agreement provide security for NorthWestern and its legacy customers.

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

Hammink Biogas LLC and Northern Sky Biogas LLC will be the only customers affected by this filing.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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