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November 2, 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 256th Revised Sheet No. 9a and 154th 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 November 2, 2007.

The effect of Sheet Nos 9a and 9b for a typical space heating customer using 150 therms per month would be an increase in the cost from \$133.65 to \$160.13, about 19 7/8%.

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

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

Sincerely,

Jeff J. Decker

JJD

Enclosures

SOUTH DAKOTA GAS RATE SCHEDULE

**NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA**

Section No. 3
Sheet No. 9a
Sheet No. 9a
256th Revised
Canceling 255th Revised

ADJUSTMENT CLAUSE RATES

<u>Delivered Cost of Energy</u>	<u>Per Therm</u> <u>Per Month</u>
Freeman Customers Gas Commodity Charge (all classes except 85FAM)	\$ 0.87655
Rate No. 81 - Residential Gas Service Gas Commodity Charge	\$ 0.87655
Rate No. 82 - General Gas Service Gas Commodity Charge	\$ 0.87655

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>	
33.34% of TF12 Base	\$0.7578	\$ 0.25
28.23% of TF12 Variable	\$0.9093	0.26
38.44% 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	\$0.00
<i>Total Pipeline Capacity Costs</i>		\$ 0.75
<i>Supply Standby</i>		0.07
<i>Balancing Services</i>		0.09
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	17,776		33.34%
TF12 Variable	15,050		28.23%
TF5	20,494	(1)	38.44%
<i>Totals</i>	53,320		100.00%

(1) Service is contracted for 5 months (16.02% is 5/12 ths of 38.44%)

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	\$ 0.7008
<i>Fuel Use</i> - 1.81% NNG and 0.30% Company L&U	0.0127
<i>Gas Supply Management Fee</i>	0.0376
<i>Pipeline Transportation Charges</i>	0.0016
Total Gas Component Charge	\$ 0.7189

Date Filed: November 2, 2007

Service on or after
Effective Date: November 2, 2007

Jeffrey Decker
Issued By: Regulatory Department

