

**ADJUSTMENT CLAUSE**

- (1) The commodity charge shall be increased or decreased by an adjustment amount per therm equal to the difference between the delivered cost of natural gas, ad valorem taxes paid and Commission approved fuel incentives pursuant to SDCL 49-34A-25 (“qualified costs”) per therm of sales or throughput, or designated portions thereof as identified herein, and the base cost per therm included in applicable standard base rates, if any.
  
- (2) Qualified costs include:
  - (I) Delivered cost of energy:
    - (a) The cost of natural gas delivered to the distribution system including all costs incurred in procuring gas supply upstream of the Company’s distribution facilities including, but not limited to, gas commodity cost, balancing, transportation, supply management fees, storage costs and peaking services, etc.
  
    - (b) Any refund, including interest thereon, received by the Company from a pipeline transporter of charges paid and applicable to natural gas purchased for resale shall be refunded to the customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. However, in a case where a refund exceeds \$500,000, the Company shall file a refund for Commission review and approval.
  
    - (c) Net revenues collected from settlement of transportation imbalances, over/under delivery charges for imbalances, additional charges collected for imbalances, transportation fuel retention, Rate No. 84, 85 and 86 (T) penalties and surcharges, charges for daily balancing service, and any other similar recovery of gas supply related costs will be credited to actual cost incurred. In addition, the Company will credit actual cost incurred for all recoveries of Gas Demand under Rate Nos. 84, 85, 86 (T) and 87, and Commodity Charges under Rate Nos. 84, 85 and 87, shown on Sheet Nos. 9a and 9b. Resulting under or over cost recoveries will be spread to Rate Nos. 81 and 82 sales over the last twelve months of the first thirteen month period following the incurrence of the cost recovery variance through re-entry in the Adjustment Clause calculation in the second month following the incurrence of the cost recovery variance.

(continued)

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- (II.) Ad Valorem Taxes paid: (C)  
All ad valorem taxes accrued and adjusted for actual tax payments.
- (III.) Commission approved fuel incentives: (C)  
All Commission approved incentives, if any, less recovery pursuant to (I), or (II) above, if any.
- (3) Variances in actual qualified costs incurred and costs recovered through the Adjustment Clause mechanism will be separately measured monthly for the delivered cost of energy, ad valorem taxes paid, and Commission approved fuel incentives. All accrued over or under variances shall be assessed a carrying charge or credit based upon the overall rate of return allowed by the Commission in the Company's last general rate filing. Each applicable end-of-month true-up balance, adjusted for the next eleven month's estimated over or under collection of cost, will be amortized into rates over the last twelve months of the subsequent thirteen month period. (C)

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Issued By: Vice President-Market Development

**SOUTH DAKOTA GAS RATE SCHEDULE**  
**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION d/b/a NORTHWESTERN ENERGY**  
**SIOUX FALLS** **Section No. 3**  
**SOUTH DAKOTA** **Sheet No. 9a**

468th Revised  
Canceling 467th Revised **Sheet No. 9a**

**ADJUSTMENT CLAUSE RATES**

<u>Delivered Cost of Energy</u>	<u>Per Therm</u> <u>Per Month</u>
Rate No. 81 - Residential Gas Service Gas Commodity Charge	\$ 0.41025
Rate No. 82 - General Gas Service Gas Commodity Charge	\$ 0.41025

Rate No. 84 - Commercial and Industrial-Firm

Gas Demand Charge, per therm of daily contract demand (never less than 50 therms)

*NNG Pipeline Capacity Costs*

	<u>NNG Rate/Therm</u>	
21.55% of TF12 Base	\$1.2901	\$ 0.28
40.76% of TF12 Variable	\$1.5481	0.63
37.69% of TF5	\$2.5799	0.41
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	<u>0.00</u>
<i>Total Pipeline Capacity Costs</i>		\$ 1.32
<i>Supply Standby</i>		0.07
<i>Balancing Services</i>		<u>0.09</u>
Total Demand Charge		<u>\$ 1.48</u>

The above percentages are based on the Company's contract demand profile with NNG (49,020 MMBtu.)

<u>Rate Schedule</u>	<u>MMBtu Demand</u>	<u>Percentage</u>
TF12 Base	10,562	21.55%
TF12 Variable	19,984	40.76%
TF5	18,474	(1) 37.69%
<i>Totals</i>	<i>49,020</i>	100.00%

(1) Service is contracted for 5 months (15.70% is 5/12ths of 37.69%)

Gas Commodity Charge

<i>Gas Supply</i> - Average of NNG Ventura, NBPL Ventura Transfer Point and NNG Demarcation first of month index gas price	\$ 0.25340
<i>Fuel Use</i> - 1.26% NNG and 1.14% Company L&U	0.00620
<i>Pipeline Transportation Fee</i>	0.00376
<i>Scheduling Fee</i>	<u>0.00136</u>
Total Gas Component Charge	<u>\$ 0.26472</u>

Released Capacity and Balancing Services Surcharge \$ 0.05023

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