



February 12, 2021

via eFiling

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, DC 20426

Re: *NorthWestern Corporation (South Dakota)*, Docket No. PR12-20-000
**Certification Pursuant to 18 C.F.R. § 284.123(g)(9)(ii), in Compliance with
Docket No. CP11-76-000**

TYPE OF FILING CODE: 1360

Dear Secretary Bose:

NorthWestern is a public utility engaged in the generation, transmission, and distribution of electricity and the supply and transportation of natural gas, with facilities located primarily in Montana and South Dakota. In South Dakota, NorthWestern is a local distribution company and has been granted a Section 284.224 limited jurisdiction blanket certificate to transport gas in interstate commerce.¹ NorthWestern made a rate election under 18 C.F.R. § 284.123(b)(1) to establish the same rates for interstate service as those contained in its effective rate schedules for comparable intrastate service on file with the South Dakota Public Utilities Commission (SDPUC), and these rates were accepted by the Federal Energy Regulatory Commission in Docket No. PR12-20-000.²

Since its previous rate review,³ NorthWestern has not changed the intrastate rates upon which the rates for interstate service are based.⁴ The SDPUC order approving this rate was submitted with NorthWestern's rate election filing and is also available on the SDPUC website.⁵

¹ *NorthWestern Corp.*, 134 FERC ¶ 62,299 (2011).

² *NorthWestern Corp.*, 140 FERC ¶ 61,173 (2012).

³ NorthWestern's previous certification was filed on March 31, 2016. (Accession No. 20160331-5356)

⁴ NorthWestern's currently effective rate schedule (Rate No. 87, Transportation Service) is available at http://www.northwesternenergy.com/docs/default-source/documents/sd_ne_rates/sd_gas/Gas_Transport_Tariffs_Transport.pdf.

⁵ *In re NorthWestern Corp.*, Order Granting Joint Motion for Approval of Settlement Stipulation, Docket No. NG11-003 (S.D. P.U.C. Nov. 30, 2011), available at <https://puc.sd.gov/Dockets/NaturalGas/2011/ng11-003.aspx>.



Tax Cuts and Jobs Act

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (TCJA). The TCJA, among other things, reduced the federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. In response to the TCJA, on March 15, 2018, the Commission issued a Notice of Proposed Rulemaking (NOPR)⁶ that proposed a process for determining which jurisdictional natural gas pipelines might be collecting unjust and unreasonable rates in light of this reduction in the corporate income tax rate. In its Final Order,⁷ the Commission adopted its proposal to use the existing five-year rate review process for NGPA section 311 and Hinshaw pipelines as the primary mechanism to consider rate changes to reflect the TCJA. The Commission would act ahead of this five-year schedule only when a state regulatory agency required a pipeline to reduce its intrastate rates to reflect the decreased income tax.

On December 21, 2017, the SDPUC staff requested the SDPUC to open a docket to investigate the impact of the TCJA on South Dakota utilities. This became docket GE17-003.⁸ After numerous discussions between SDPUC staff and NorthWestern, a settlement was reached. On September 21, 2018, the SDPUC ordered a Joint Motion for Approval of Settlement Stipulation between SDPUC staff and NorthWestern.⁹ The Settlement Stipulation included a one-time refund of \$742,496 to South Dakota gas customers, including the customers that take service on the Milbank line. No ongoing rate reduction was ordered. Since 2018, annual information filings are provided to the SDPUC so it can monitor NorthWestern's return levels. This annual filing provides the information needed by the SDPUC to determine if additional refunds are necessary. To date, no additional refunds have been needed.

Certification

Pursuant to Order No. 781¹⁰ and the reporting requirements of 18 C.F.R. § 284.123(g)(9)(ii), NorthWestern hereby certifies that the rates accepted by, and currently on file with, this Commission have not changed and therefore continue to comply with the requirements set

⁶ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, 162 FERC ¶ 61,226 (2018).

⁷ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, 164 FERC ¶ 61,031, P 279 (2018) (Order No. 849).

⁸ Available at <https://puc.sd.gov/Dockets/GasElectric/2017/ge17-003.aspx>.

⁹ *In re Staff's Request to Investigate the Effects of the Tax Cuts and Jobs Act on South Dakota Utilities*, Order Granting Joint Motion for Approval of Settlement between Staff and NorthWestern Energy, Docket No. GE17-003 (S.D. P.U.C. Sept. 21, 2018).

¹⁰ *Revisions to Procedural Regulations Governing Transportation by Intrastate Pipelines*, 144 FERC ¶ 61,034 (2013).



forth in 18 C.F.R. § 284.123(b)(1). Consistent with 18 C.F.R. § 284.123(g)(9)(ii) and (iii), NorthWestern commits to filing another rate review on or before February 12, 2026; or, if the state rate is changed, NorthWestern will file a new rate election no later than 30 days after that changed rate becomes effective.

Please contact me if you have any questions regarding this certification.

Respectfully submitted,

s/ *Dori Quam*

Dori Quam

Lead – Transmission Regulatory Support

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○ (605) 978-2830

cc: Service List, Docket Nos. CP11-76-001 & PR12-20-000
Milbank Line Customers
South Dakota Public Utilities Commission



Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated in the foregoing transmittal letter, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated this 12th day of February, 2021.

s/ Dori L. Quam

Dori Quam
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