



November 15, 2022

Ms. Patricia Van Gerpen, Executive Director
S.D. Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501

RE: EL22-____ - Small Qualifying Facility Rider Updates (Rate Nos. 73 and 74)

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation doing business as NorthWestern Energy (“NorthWestern”) is filing with the South Dakota Public Utilities Commission (“Commission”) revisions to its Electric Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:39, NorthWestern states:

1. The documents submitted with this filing include:

Rate No. 73	Section No. 3, 16 th Revised Sheet No. 30
Rate No. 74	Section No. 3, 15 th Revised Sheet No. 31
Exhibit A	Request for Confidential Treatment
Exhibit B	Work-papers Supporting Tariff Changes. Confidential treatment requested per ARSD 20:10:01:41 (see Exhibit A to this letter)
Exhibit C	Capacity Cost Calculation
Exhibit D	Rate 73 and 74 Customer Count and Energy Purchases (12 months ended Oct. 31, 2022)

2. The proposed effective date for the tariff revisions is January 1, 2023.

3. Brief description of the tariff changes:

This update reflects NorthWestern’s projected 2022–2023 avoided cost of fuel and purchased power values listed on Rate Nos. 73 and 74. The proposed rates are based on the projected avoided energy costs of the next 1 MW that would be purchased by NorthWestern. The development of this rate uses the same methodology as that approved in EL16-021, EL18-034 and EL20-029. The updated rates reflect projected prices for September 2022 – August 2023.

The “Payment for Capacity” rate has been updated on Sheet Nos. 30 and 31. This rate reflects the cost of capacity contracts currently available through the Southwest Power Pool (“SPP”) market. The SPP market maintains separate pricing for wind and solar, and as such, NorthWestern has broken the rates out as well. The capacity rates are based on the fixed cost of capacity resources from NorthWestern’s 2022 SD Resource Plan adjusted for the ratio of capacity SPP allows for wind or solar.



4. Reasons for the proposed tariff changes:

This change will update tariff Rate Nos. 73 and 74 to reflect prices based on projected 2022–2023 data.

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

This change will affect one customer receiving service under Rate No. 73 and fifteen customers receiving service under Rate No. 74. A letter regarding this filing was mailed to each customer. This ensures notification of the tariff changes to the affected customers.

For the twelve months ending October 31, 2022, the sixteen customers have sold 107,267 kwh to NorthWestern. Applying the new rates to historical volumes would result in an annual increase of \$1,373.29 for purchased power costs.

Sincerely,

Jeff J. Decker

Regulatory Specialist

jeff.decker@northwestern.com

○ 605-353-8315