



February 26, 2025

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

**RE:** EL25-\_\_\_\_ - Small Qualifying Facility Rider Updates (Rate Nos. 73 and 74)

Dear Ms. Van Gerpen:

With this letter, NorthWestern Energy Public Service 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, 17 <sup>th</sup> Revised Sheet No. 30
Rate No. 74	Section No. 3, 16 <sup>th</sup> 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 Price Calculation
Exhibit D	Rate 73 and 74 Customer Count and Energy Purchases (12 months ended Dec. 31, 2024)

**2. The proposed effective date for the tariff revisions is April 1, 2025.**

**3. Brief description of the tariff changes:**

This update reflects NorthWestern’s projected 2025–2026 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, EL20-029 and EL22-033. The updated rates reflect projected prices for March 2025 – February 2026.

The “Payment for Capacity” rate has been updated on Sheet Nos. 30 and 31. This rate reflects the cost of capacity for wind or solar in the Southwest Power Pool (“SPP”) market. The SPP market assigns different economic value to wind and solar resources based on their operating characteristics with respect to the peak load. NorthWestern’s capacity rates are based on the fixed cost of capacity resources from NorthWestern’s 2024 South Dakota Integrated 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 2025–2026 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 seventeen 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 December 31, 2024, the eighteen customers have sold 218,586 kwh to NorthWestern. Applying the new rates to historical volumes would result in an annual increase of \$534.41 for purchased power costs.

Sincerely,

**Jeff J. Decker**

*Regulatory Specialist*

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