



April 14, 2021

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Ave
Pierre, SD, 57501

RE: Docket GE21-001 - In the Matter of Staff's Request regarding the February 2021 Cold Weather Event and Its Impact on Utility Fuel Adjustment Clauses and Purchased Gas Adjustments

Dear Ms. Van Gerpen:

NorthWestern Corporation, dba NorthWestern Energy (NorthWestern), is providing this update regarding the impact of the February 2021 cold weather event on its fuel adjustment clause. Record-low temperatures hit the entirety of the Southwest Power Pool's service territory for several days, which impacted NorthWestern's electric operations and customers. The result was a simultaneous increase in electricity use at the same time power producers faced fuel-supply issues and equipment malfunctions. This created a perfect storm that stressed the bulk electric system to its limits and caused unprecedented operational challenges, including significantly higher market power prices, unprecedented increases in fuel costs, and rolling blackouts to maintain the grid's integrity.

While NorthWestern's customers were subjected to higher purchase power and fuel costs, they also benefited from the higher market value for generation sales. The following table shows how our costs to meet increased electric customer demands were impacted for the time period of February 13 – 18, 2021:

Purchased Power (net of sales)	\$ 6,957,501
Natural Gas Cost	\$ 2,953,091
Fuel Oil Cost	\$ 909,598
Coal Cost	\$ 553,320
Total	\$11,373,510

The net effect of this event to NorthWestern customers is an under-recovered balance of \$11,373,510. This under-recovery will be collected through the fuel adjustment clause over the next 12 months, beginning May 1. This is the approved tariff process that NorthWestern uses to update its fuel clause rates each February, May, August and November. The current fuel rate is \$0.01668 per kwh. The new fuel rate that will be effective May 1 is anticipated to be \$0.02513 per kwh. This compares to \$0.02048 for the May 2020 filing.



Please contact me if there are any questions. My contact information is listed below.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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