

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

**APPLICATION OF NORTHWESTERN)
ENERGY PUBLIC SERVICE CORPORATION)
FOR AN ORDER AUTHORIZING IT TO) Docket GE23-002
ISSUE UP TO \$350 MILLION OF)
SECURITIES)**

SUPPLEMENTAL FILING

On October 30, 2023, NorthWestern Energy Public Service Corporation (“**Applicant**”), submitted an application requesting approval from the South Dakota Public Utilities Commission (“**Commission**”) to issue up to \$350 million in securities (the “**Application**”). During the Commission’s meeting on November 21, 2023, to consider Applicant’s request to waive the 30-day time limit for issuing a decision in GE23-002, several comments from the commissioners made it clear to Applicant that supplemental information concerning the Application will assist the Commission regarding our request to issue securities as described in the Application.

Therefore, Applicant submits this supplemental filing to Docket GE23-002 to clarify that its request to issue approximately \$350 million in securities can be broken down into:

Type of Security	Amount	Note
Unsecured revolving credit facility (replacement)	\$150 million	See ¶15
Unsecured revolving credit facility contingency	\$50 million	See ¶15
Secured debt refinancing in 2025 (replacement)	\$64 million	See ¶16
Secured debt for capital expenditure (additional)	\$36 million	See ¶16
Secured debt contingency	\$50 million	See ¶16
Total	\$350 million	

After discussions with Commission Staff, Applicant also would propose to eliminate the two-year “shelf” concept Applicant initially proposed. Accordingly,

Applicant requests authority to issue (a) \$200 million of Unsecured Debt Securities and (b) \$150 million of Secured Debt Securities, until Applicant exhausts those authorized amounts, rather than fixing the authorization period to two years. Applicant understands that these changes will make the request more consistent with how the Commission has addressed similar requests from other utilities in the past.

In further support, Applicant sets forth the following supplemental facts and circumstances justifying the granting of the Application:

1. NorthWestern Corporation is currently a public utility as described in SDCL 49-34A; however, it is exempt from seeking authority for issuance of securities from this Commission under SDCL 49-34A-29 because it (a) receives less than twenty-five percent of its gross revenue from the state of South Dakota, and (b) is subject to the regulation and oversight of the Federal Energy Regulatory Commission (“FERC”) in the issuance of securities.

2. With the anticipated transfer of NorthWestern Corporation’s South Dakota and Nebraska public utilities to Applicant as part of NorthWestern Corporation’s internal holding company restructuring previously approved by this Commission,¹ Applicant will require Commission approval for issuance of securities under SDCL 49-34A-29. After the internal holding company restructuring, Applicant will derive more than 25% of its

¹ Docket GE22-002: Order approving corporate restructuring plan for NorthWestern Corporation. NorthWestern Corporation’s request for approval of the corporate restructuring plan in Docket GE22-002 (a) used the name NorthWestern Energy Prairies Corporation to represent the new entity that will hold the assets, liabilities, and operations associated with its public utility operations in South Dakota and Nebraska and (b) indicated that it “may implement the plan with different names for such entities.” NorthWestern Corporation has opted to name the new entity “NorthWestern Energy Public Service Corporation” (which is the Applicant here) instead of NorthWestern Energy Prairies Corporation.

revenues from the State of South Dakota, and FERC will cede oversight of security issuances to the Commission because Applicant is a South Dakota corporation.²

3. Applicant's request for authority to issue up to \$350 million of debt securities is not entirely new incremental debt for the utility. Of this amount, \$200 million is a replacement for an unsecured line of credit ("revolving credit facility") that the South Dakota and Nebraska utilities currently have access to under NorthWestern Corporation. The remaining \$150 million of authorization will be partially used to (a) refinance \$64 million of Applicant's existing secured debt that will be maturing in 2025 and (b) support the utility's capital expenditure plans over the next two years, including some funding for contingency. The contingency portion of the financing authorization would allow the utility to act expeditiously and opportunistically when the financial market conditions are advantageous for the utility to issue long-term debt, thus benefiting its customers.

4. Currently, the South Dakota and Nebraska utilities are held by NorthWestern Corporation and able to access \$550 million in unsecured revolving credit facilities established under NorthWestern Corporation. As part of the planned internal holding company restructuring, Applicant (which will hold the South Dakota and Nebraska utilities) will no longer have access to the NorthWestern Corporation credit facilities and will, as a separate legal entity, establish its own revolving credit facility.

5. Applicant is in the process of establishing a \$150 million 5-year unsecured revolving credit facility with a group of bank lenders to take the place of the NorthWestern Corporation credit facility that the South Dakota and Nebraska utilities currently use. Applicant will have an option to increase the size of this new facility to \$200 million if the

² 16 U.S.C. § 824c(f).

need arises. Applicant estimates that outstanding borrowings under this credit facility will average approximately \$75 million and does not anticipate exercising the option to increase the facility size from \$150 million to \$200 million unless unforeseen events occur such as extreme volatility in fuel prices. With the corporate restructuring's goal of separating utility operations, the Applicant has to establish this revolving credit facility. The pricing of this new facility will be the same as the pricing of the existing NorthWestern Corporation revolving credit facility.

6. Applicant also is seeking approval to issue up to \$150 million of Secured Debt starting on January 1, 2024. Of this \$150 million, \$64 million will be used to refinance existing debt that matures in May of 2025. The remaining \$86 million will be used to finance capital expenditures (\$36 million anticipated in the current plan for the next two years) and to allow for flexibility to term out short-term debt in the event market conditions are advantageous for incremental secured debt financing (\$50 million).

7. The Applicant expects to have the same credit ratings as the current ratings of NorthWestern Corporation and therefore does not anticipate this restructuring in itself to affect the costs of these debt securities.

8. The financing authority requested in the Application would allow Applicant access to funding that will support its operations in providing reliable and cost effective utility services to its customers and grow its business. In addition to internally generated cash flows, the debt securities requested would support working capital needs, capital expenditures, investments in or acquisitions of assets, dividend payments, and repayment of maturing debt.

9. Applicant will use a combination of available cash flow, debt capacity and equity infusions from its parent company to maintain a regulatory capital structure of 45 – 55 percent debt to capitalization and preserve an investment grade credit rating.

WHEREFORE, Applicant appreciates the opportunity to provide this supplemental information to the Commission and respectfully requests that the Commission enter an order approving the Application and authorizing NorthWestern to issue up to \$350 million in Securities.

Dated this 7th day of December, 2023.

NORTHWESTERN ENERGY PUBLIC
SERVICE CORPORATION

By:



Emilie Ng

Treasurer