



NG 03-004

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August 26, 2003

Ms. Pam Bonrud
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, SD 57501-5070

RECEIVED
AUG 27 2003
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Gas Transportation Tariff Change - Fuel Retention Percentage

Dear Ms. Bonrud:

Enclosed are an original and ten copies of 8th Revised Sheet No. 6.2 of Section No. 5 of NorthWestern's filed Natural Gas Tariff. This filing is made to comply with the fuel retention provisions of Paragraph 7 of the Gas Transportation Tariff General Terms and Conditions. Those provisions call for the retention percentage for the Company's South Dakota distribution system to be adjusted annually, to be effective October 1, based on the actual percentage incurred by the Company for the prior 12 month period ending July 31.

The new fuel retention percentage proposed to be effective October 1, 2003 is 0.89%. This is a decrease of 0.19% from the currently effective retention percentage of 1.08%. The retention percentages effective October 1, 2000 and 2001 were 1.86% and 1.38%, respectively. Exhibit A, attached, shows the computation of the actual percentage incurred by the Company for the twelve month period ending July 31, 2003.

NorthWestern asks that the proposed retention percentage be approved to be effective October 1, 2003.

Sincerely,

A handwritten signature in cursive script that reads "Jeff J. Decker".

Jeff J. Decker

enclosure

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN PUBLIC SERVICE COMPANY
HURON
SOUTH DAKOTA

Section No. 5
8th Revised Sheet No. 6.2
Canceling 7th Revised Sheet No. 6.2

CLASS OF SERVICE: Gas Transportation Tariffs
RATE DESIGNATION: General Terms and Conditions

(Con't)

6. Liability:

- (a) General - Gas shall be and shall remain the property of the Customer while being transported and delivered by the Company. The Company shall not be liable to the Customer for any loss arising from or out of Gas Transportation Service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle gas of the Customer with other gas supplies including propane and liquefied natural gas.
- (b) Insurance - The Customer shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

7. Retention: A Customer or Group Customer, if applicable, shall have the option to choose one of the following methods to apply retention:

Option One (Indexed Based): The value of retention shall be determined by multiplying i) the monthly average price plus applicable interstate pipeline transportation charges as reported in the BTU's Daily Gas Wire Index for each pipeline (NNG: MidContinent Pooling Point) times ii) the Retention percentage times iii) the Deliveries. This value shall be billed monthly. This billing shall represent compensation for Lost and Unaccounted for Gas. The Retention percentage for the Company's South Dakota distribution system is 0.89% and will be adjusted annually, to be effective October 1, based on the actual percentage incurred by the Company for the prior 12 month period ending July 31. Retention amounts collected under this option will be credited to expense in PGA true-up filings. If the Customer, or Group Customer, does not select one of the options presented in this retention section, retention shall be calculated as stated in this paragraph.

Option Two (Inkind): The Customer, or Group Customer, if applicable, upon written request, may deliver retention quantities inkind. The request shall include the Customer's account number and the meter number of which inkind retention is being requested and shall be delivered to the Company's representative. Upon the Company's acknowledgment of the receipt of the request, the Customer shall be allowed to deliver retention volumes inkind. The Customer shall have the option to have the quantity of transportation gas received from the transporting pipeline reduced, upon delivery to the Customer, by a fixed percentage of 0.89% (to be adjusted as set forth above), which shall represent compensation for Company-Used Gas and Lost and Unaccounted For Gas. Where fuel reimbursement is inkind, the standard fuel calculation mechanism, as this is related to the nominating process, should be $(1 - (\text{fuel \%}/100))$ multiplied by receipt quantity = delivery quantity.

Date Filed: August 26, 2003

Effective Date: October 1, 2003

Michael J. Hanson
Issued By: President & CEO

NORTHWESTERN PUBLIC SERVICE

Gas Balancing Statement

Twelve Months Ended July 31, 2003

Exhibit A

Description	South Dakota MMBtu					
	9 Mos. Ended 09/30/02	3 Mos. Ended 12/31/02	Year Ended 12/31/02	7 Mos. Ended 7/31/03	7 Mos. Ended 7/31/02	12 Mos. Ended 7/31/03
Gas Sources						
Purchases	3,294,483	2,052,518	5,347,001	3,141,343	3,105,102	5,383,242
Transportation Receipts	4,679,982	2,045,374	6,725,356	4,218,914	3,634,029	7,310,241
Propane Peaking	0	0	0	4,819	0	4,819
Total Sources	7,974,465	4,097,892	12,072,357	7,365,076	6,739,131	12,698,302
Gas Uses						
Sales	3,745,147	1,484,584	5,229,731	3,708,503	3,590,531	5,347,703
Transportation Deliveries	4,615,398	2,023,284	6,638,682	4,173,350	3,583,879	7,228,153
Company Use	5,155	2,470	7,625	7,270	5,087	9,808
Total Uses	8,365,700	3,510,338	11,876,038	7,889,123	7,179,497	12,585,664
Lost & Unaccounted For	(391,235)	587,554	196,319	(524,047)	(440,366)	112,638
L&U Retention Percentage	1.38%	1.08%		1.08%	1.38%	0.89%

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RECEIVED
AUG 27 2003
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of August 21, 2003 through August 27, 2003

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3705

NATURAL GAS

NG03-004 **In the Matter of the Filing by NorthWestern Energy for Approval of Tariff Revisions.**

Application by NorthWestern Energy to update its fuel retention percentage for natural gas transportation service. NorthWestern Energy's tariff provides that the fuel retention percentage be adjusted annually with the updated percentage to be effective October 1 of each year.

Staff Analyst: David Jacobson
Staff Attorney: Kelly Frazier
Date Filed: 08/27/03
Intervention Deadline: 09/12/03

TELECOMMUNICATIONS

TC03-167 **In the Matter of the Filing by Kadoka Telephone Company to Establish Switched Access Rates.**

On August 21, 2003, Kadoka Telephone Company, Kadoka, South Dakota, filed revised Switched Access Tariff rates with a proposed effective date of October 1, 2003. In accordance with ARSD 20:10:27:12, the switched access rates are the average of all cost companies (for the year ended December 31, 2001) in South Dakota excluding Qwest Corporation.

Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Docketed: 08/21/03
Intervention Deadline: 09/12/03

TC03-168 **In the Matter of the Application of IDT America, Corp. for a Certificate of Authority to Provide Local Exchange Services in South Dakota.**

On August 25, 2003, IDT America, Corp filed an application for a Certificate of Authority to provide local telecommunications services in South Dakota. IDT America intends to provide facilities-based and resold local exchange telecommunications services statewide, except in those areas deemed rural and those areas of the state that are not open to competition.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Filed: 08/25/03
Intervention Deadline: 09/12/03

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY) ORDER APPROVING TARIFF
NORTHWESTERN ENERGY FOR APPROVAL) REVISIONS
OF TARIFF REVISIONS) NG03-004

On August 27, 2003, the Public Utilities Commission (Commission) received a filing from NorthWestern Energy (NWE) for approval of revisions to its 7th Revised Sheet No. 6.2 of Section No. 5 of NWE's filed Natural Gas Tariff. According to the filing, "This filing is made to comply with the fuel retention provisions of Paragraph 7 of the Gas Transportation Tariff General Terms and Conditions. Those provisions call for the retention percentage for NWE's South Dakota distribution system to be adjusted annually, to be effective October 1, based on the actual percentage incurred by NWE for the prior 12 month period ending July 31. The new fuel retention percentage proposed to be effective October 1, 2003 is 0.89%. This is a decrease of 0.19% from the currently effective retention percentage of 1.08%."

The proposed revised tariff is Section No. 5, 8th Revised Sheet No. 6.2, Cancelling 7th Revised Sheet No. 6.2.

At its regularly scheduled meeting on October 16, 2003, the Commission considered this matter. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A-4 and 49-34A-6. The Commission further finds that the filing is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that the above mentioned proposed tariff is approved and is effective for service rendered on and after October 1, 2003.

Dated at Pierre, South Dakota, this 28th day of October, 2003.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u><i>Delaine Kolbo</i></u>
Date: <u><i>10/29/03</i></u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner