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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

NG 06-003
600 Market Street W.
Huron, SD 57350-1500
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www.northwesternenergy.com

April 10, 2006

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

Re: Contract With Deviations - Natural Gas Service Agreement

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation ("NorthWestern" or the "Company"), doing business as NorthWestern Energy, is filing with the Commission a proposed new natural gas Contract with Deviations (the "Contract") with Prairie Ethanol Plant (the "Customer") for which we would request Commission approval.

Pursuant to ARSD 20:10:13:36 and ARSD 20:10:13:39, the Company states:

(1) The documents submitted with this filing include:

■ A copy of the executed proposed Contract, for which confidential treatment, has been requested, pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter);

■ A copy of the Workpapers that include the listing of the costs for the Company to construct gas lines to the Customer's facilities;

Maps that show the location of the lines to be constructed; and

The proposed revised tariff schedule, Section 4, 9th Revised Sheet No. 1 Summary List of Contracts with Deviations which includes a reference to the Contract and the information required by ARSD 20:10:13:09.

- (2) The proposed effective date for the Contract is June 1, 2006.
- (3) The names and addresses of those to whom copies of this filing have been mailed:

Dean Fredrickson
Prairie Ethanol, LLC
40509 247th Street
Mitchell, SD 57301

- (4) Brief description of the proposed deviation from the Company's standard rates:

The Customer is a large volume user (over 6,000 MMBtu per day) and would normally be served under the transportation tariff rate 87. However, it is required that approximately 14 miles of pipeline be built to serve this customer. Under the proposed Contract, the Customer's contribution for the Company's investment in line extensions necessary to be constructed to serve the Customer is the "deviation" from such Tariff.

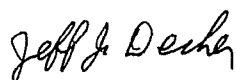
- (5) Reasons for the proposed deviation:

The reason for the proposed deviation is to allow the Company to provide natural gas service to the Customer's proposed new facilities in the community of Loomis, assisting the economic development of the community, while providing compensation for the Company and its other customers for the additional expenditures necessary to construct the facilities necessary to provide service. The additional revenue that the Company receives from the Customer will be credited to the cost of service and help to offset these additional costs. When the term of the contract is completed (10 years from plant start-up), the Customer will receive service under Rate 87.

- (6) Number of customers who's cost of service will be affected and annual changes in cost of service to such customers.

This proposed Contract will apply only to the Customer, and the affect on its cost of service is provided in the Contract.

Sincerely,



Jeff Decker
Rates Analyst

EXHIBIT A

REQUEST FOR CONFIDENTIAL TREATMENT

COMES NOW, NorthWestern Corporation, doing business as NorthWestern Energy ("NorthWestern" or the "Company"), and pursuant to ARSD 20:10:01:41, requests confidential treatment as follows:

- 1) The documents for which confidential treatment is requested are the Natural Gas Service Agreement between NorthWestern and the Prairie Ethanol Plant (the "Customer"), dated December 20, 2005 (the "Contract"), and the Workpapers containing the Company's anticipated costs to construct facilities to the Customer's facilities;
- 2) The Company requests that such confidential treatment be afforded the Contract and Workpapers indefinitely, or, at a minimum, until the conclusion of the ten-year term of such Contract;
- 3) The name, address and phone number of the persons to be contacted regarding the confidentiality request are:

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Regulatory Analyst
NorthWestern Energy
600 Market Street West
Huron, SD 57350
(605) 353-8315

Pamela Bonrud
Director Regulatory Affairs
NorthWestern Energy
125 S. Dakota Avenue
Sioux Falls, SD 57103
(605) 978-2990

- 4) The grounds for confidentiality are that the Contract and Workpapers provide proprietary information concerning both the Company and the Customer, including the pricing of natural gas service, the costs of construction for the facilities to serve the Customer, etc. Sharing this information to third parties may provide competitive advantages to the competitors for both NorthWestern and the Customer.
- 5) As a factual basis in support of this request, please see the response to item 4) above.

CONFIDENTIAL

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 4

9th Revised

Sheet No. 1

Canceling 8th Revised

Sheet No. 1

Contracts With Deviations

1. Dakota Ethanol – Lake Area Corn Processors
2. SDSU
3. Northern Lights Ethanol Plant
4. South Dakota Wheat Growers
5. Prairie Ethanol Plant (N)

Date Filed: April 10, 2006

Service on or after
Effective Date: June 1, 2006

Jeffrey Decker

Issued By: Regulatory Department