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July 25, 2007

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 Lake Preston Cooperative (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 (included with the contract);
- Maps that show the location of the lines to be constructed; and
- The proposed revised tariff schedule, Section 4, 19th 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 new tariff is August 7, 2007. The contract between NorthWestern and the Customer was signed July 13, 2007. NorthWestern hereby requests approval of this application on less than thirty days notice. The Company needs to move quickly in order to accommodate the Customer's desire to have the natural gas available for their fall drying season.

(3) The names and addresses of those to whom copies of this filing have been mailed:

Leo Reiffenberger  
Lake Preston Cooperative  
100 S Railroad  
Oldham, SD 57374-7611

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

The rate charged to the Customer for natural gas service will remain standard rate 85. However, the Company is charging the customer a one-time charge for their share of the cost of the upgrade. Upon completion of the project, the actual costs of the project will be determined. If the Customer over paid, the company will refund the over payment amount. If the customer under paid, the Company will bill for the difference.

(5) Reasons for the proposed deviation:

The reason for the proposed deviation is to allow the Company to provide an upgrade to the natural gas service to this Customer. The Customer is significantly expanding their drying facility and requires an upgrade in order to meet the gas requirements of the equipment.

In order to serve the increased load of the new drying equipment, the Company is required to install a 4-inch gas line, approximately 2,800 feet in length. The costs to the Customer are included in Appendix A of the Contract between the Customer and the Company and include a charge for the Northern Natural Gas Pipeline and a charge for the NorthWestern portion of this build.

- (6) Number of customers whose 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