



600 Market Street W.
Huron, SD 57350-1500
Toll Free: 800-245-6977
Facsimile: (605)-353-7519
www.northwesternenergy.com

February 12, 2008

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 Aberdeen Energy, LLC (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 work papers 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, 20th 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 April 1, 2008.

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

Bert Magstadt
Aberdeen Energy, LLC
301 20th Ave. SE
PO Box 933
Watertown, SD 57201

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

The Customer is a large volume user (approx 8,600 MMBtu per day). Approximately 7 miles of pipeline will be required to be built to serve this customer. The "deviation" from our tariff under the proposed Contract includes the Customer's contribution for the Company's investment in line extensions and the variance in rate due to the large volumes consumed by the customer.

(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 Mina, 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.

(6) Number of customers whose cost of service will be affected and annual changes in cost of service to such customers.

NorthWestern acknowledges items 11 and 12 of the settlement stipulation in docket NG07-013. Item 11 states the Company "will show to the Commission in a separate filing that the contract revenues recover an appropriate share of all applicable costs, including overheads, prior to NorthWestern entering into the new contract with deviations." The contract between the Customer and the Company is dated March 23, 2007, before the rate case settlement, dated December 4, 2007. This requirement was not in affect at the time of the signing of the contract. Even so, the requirements of item 12 are met in the work paper "Ten-year Cost Recovery Summary". In the summary, the ad-valorem tax costs and their applicable portion of the overall rate are shown separately from the other costs.

The filing of this contract with deviations before the Commission, has been delayed due to the Northern Border Pipeline tap costs not being final. NorthWestern has been working with Northern Border to secure a firm bid for their costs, but as of the date of this filing, has not secured such. The Company has determined it best to make the filing, and amend as necessary, in order to serve the Customer when they begin operations in April 2008.

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 Distribution Delivery Agreement between NorthWestern and Aberdeen Energy, LLC (the "Customer"), dated March 23, 2007 (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:

Jeffrey Decker
Regulatory Analyst

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

Pamela Bonrud
Director – SD/NE
Government and
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.

SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY	Section No. 4
HURON	20th Revised <u>Sheet No. 1</u>
SOUTH DAKOTA	Canceling <u>19th Revised</u> 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 – Loomis
Execution – 012/20/2005
Expiration – 10 years, commencing with Plant Start-Up date.

6. Great Plains Ethanol, LLC – Chancellor
Execution – 09/02/2002
Expiration – 10/31/2013, 15 years after plant start-up date

7. James Valley Ethanol, LLC – Groton
Execution – 10/28/2002
Expiration – 03/31/2018, 15 years after plant start-up date

8. Redfield Energy, LLC – Redfield
Execution – 07/19/2006
Expiration – 15 years, commencing with Plant Start-Up date.

9. South Dakota Soybean Processors, LLC – Volga
Execution – 09/24/2003
Expiration – 10/31/2013

10. Sioux River Ethanol, LLC – Hudson
Execution – 07/11/2003
Expiration – 02/28/2019, 15 years after plant start-up date

11. VeraSun Energy Corporation – Aurora
Execution – 10/23/2002
Expiration – 10/31/2018, 15 years after plant start-up date

12. Millennium Ethanol, LLC – Marion
Execution – 02/17/2007
Expiration – 11/30/2017, 10 years after plant start-up date

13. Aberdeen Energy, LLC – Mina (D)
Execution – 03/23/2007 (N)
Expiration – 10 years, commencing with Plant Start-Up date. (N)

Date Filed: February 12, 2008

Effective Date: April 1, 2008

Jeffrey Decker
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