



March 31, 2017

Ms. Patricia Van Gerpen  
South Dakota Public Utilities Commission  
State Capitol Building  
Pierre, SD

**RE:** NG17-\_\_\_ - NorthWestern Energy Proposed Natural Gas Tariff Revisions to Comply with Pipeline and Hazardous Materials Safety Administration Requirements to Install Excess Flow Valves (EFV)

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation, doing business as NorthWestern Energy ("*NorthWestern*"), is filing with the South Dakota Public Utilities Commission (the "*Commission*") proposed revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:39 NorthWestern states:

1. The documents submitted with this filing include:
  - The proposed revised tariff schedule, Section 5, 1st Revised Sheet No. 1c, in both redline and final form
  - Bill stuffer sent to customers in March bills.
2. The proposed effective date for the tariff revisions is May 1, 2017.
3. Brief description of the tariff changes:

This proposed tariff change is in response to new federal regulations issued by the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("PHMSA"). Beginning April 14, 2017, utilities must offer the opportunity to install an EFV to their residential and small commercial customers, who do not exceed 1,000 scfh load. . Part (d) of 49 CFR 192.383 states that "If an eligible service line customer requests an EFV installation, an operator must install the EFV at a mutually agreeable date. The operator's rate-setter determines how and to whom the costs of the requested EFVs are distributed." For existing customers requesting an EVF, the actual cost of the installation will be billed to the customer requesting the installation. The language on sheet 1c has been added to allow NorthWestern to charge the individual customer for the cost of the EFV installation.



4. Reasons for the proposed tariff changes:

NorthWestern is required to update its tariff to accommodate new PHMSA requirements related to the installation of EFVs. NorthWestern worked with staff and is submitting the proposed tariff changes to clarify the billing treatment of EFV installation costs.

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

NorthWestern currently has approximately 46,000 residential and small commercial customers. New single family residential services installed since June 1, 2008 have received EFV's. Customer services installed prior to June 1, 2008 are eligible for an EFV installation, pursuant to load and commercial availability of valves. Only those customers that request the installation of an EFV will be affected by the proposed tariff change. The attached bill stuffer has been included in March bills. As of the date of this filing, no requests for EFV installation have been received.

Sincerely,

**Jeff J. Decker**  
*Regulatory Specialist*  
jeff.decker@northwestern.com  
O 605-353-8315