

October 16, 2020

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

RE: NG20-____ - Northern Natural Gas Interim Rate Refund Method Approval

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation doing business as NorthWestern Energy (“NorthWestern” or the “Company”), is filing with the Commission a request to begin returning to customers funds received from Northern Natural Gas (“NNG”) related to a refund of interim rates. NorthWestern respectfully requests Commission approval of this proposal on less than 30 days’ notice so the refund may begin on November 2, 2020.

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

1. The documents submitted with this filing include:

Exhibit A	Request for Confidential Treatment
Exhibit B	Final Reservation Invoice for January – April showing credit amounts received. Confidential treatment requested per ARSD 20:10:01:41 (see Exhibit A);
Exhibit C	Calculation of refund amount for Rate 84 firm customers.

2. The proposed effective date for the tariff revision is November 2, 2020.

3. Brief description of the refund process:

NNG filed for a FERC rate increase on July 1, 2019 in Docket RP19-1353-009. On January 1, 2020, NNG began charging interim rates. On May 20, 2020, NNG filed to implement the settlement rates as interim rates, effective May 1, 2020. The settlement was certified as uncontested on July 21, 2020. With the settlement of the rate case, the difference between settlement rates and interim rates for January 1 – April 30 is being refunded to NorthWestern. The refund amount is \$771,024.72 and is detailed in Exhibit B of this filing.



NorthWestern's natural gas tariff Section 3, Sheet 9 item (2) (b) states:

Any refund, including interest thereon, received by the Company from a pipeline transporter of charges paid and applicable to natural gas purchased for resale shall be refunded to the customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. However, in a case where a refund exceeds \$500,000, the Company shall file a refund for Commission review and approval.

The monthly transportation charges received from NNG are passed to customers through NorthWestern's purchased gas adjustment ("PGA") and are modified monthly. NorthWestern proposes that the refund be credited to customers through the PGA as well. This is a consistent and efficient means to return the refund to customers, and will reduce the PGA rate for the next 12 months.

Rate 84 firm customers paid the interim rate as well during the interim rate period. Their demand is charged separately from their PGA commodity rate. Exhibit C demonstrates the refund calculation for these customers, which results in a refund of \$0.87 per demand MMBtu for the 12-month refund period of November 2, 2020 – November 1, 2021.

4. Reasons for the proposed tariff changes:

This refund plan will allow NorthWestern to return the NNG credit to customers beginning with rates charged on November 2, 2020. The money was received by NorthWestern on October 8. Interest will be accrued at the true-up interest rate of 7.79% for October 8 – 31. Upon approval of this refund plan, the credit amount will become part of the normal interest calculation contained in the true-up. The interest calculation for October 8 – 31 is \$3,784.78. The interest will be added to the refund of \$771,024.72 for a total refund of \$774,809.50.

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

This change will affect all residential, small commercial and firm customers. This credit will reduce the rate per therm for residential and small commercial customers by \$0.01673. A residential customer using 150 therms per month will see a reduction of \$2.51 in their monthly bill.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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