



November 9, 2022

Ms. Patricia Van Gerpen
South Dakota Public Utilities Commission
State Capitol Building, 1st Floor
500 E. Capitol Avenue
Pierre, SD 57501

via eFiling

Re: *Request for Approval of a Contract with Deviations with Ace Ready Mix, Inc.*

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) is filing with the South Dakota Public Utilities Commission (the “Commission”) revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

Pursuant to ARSD 20:10:13:36 and ARSD 20:10:13:39 NorthWestern states:

1. *The documents submitted with this filing include:*
 - The proposed revised tariff schedule, Section No. 4, 1st Revised Sheet No. 3, Summary List of Contracts with Deviations, which includes a reference to the Natural Gas Service Agreement (the “Agreement”) between NorthWestern and Ace Ready Mix, Inc. (“Customer”) and the information required by ARSD 20:10:13:09
 - A copy of the executed proposed Agreement, for which confidential treatment is being requested, pursuant to ARSD 20:10:01:41 (see [Exhibit A](#) to this letter)
 - Confidential work papers showing the calculation of the project cost and cost recovery (see [Exhibit B](#) to this letter)
2. The proposed effective date is November 19, 2022. In order to meet Customer’s desire for natural gas for construction heating during the upcoming winter, NorthWestern requests approval of this Contract with Deviation on less than 30 days’ notice.
3. *The names and addresses of those to whom this filing has been emailed:*

Ace Ready Mix, Inc.
350 South Main Avenue
Suite 400
Sioux Falls, SD 57104
Attn: Lance Pollman
ldpollman@lgeverist.com



4. *Brief description of the proposed tariff changes:*

Customer currently receives natural gas from NorthWestern at its existing facility in Harrisburg, South Dakota. Customer is developing property south of its current location to expand its concrete operations and desires to have natural gas service extended to this new location. Customer plans to use natural gas for heating and processing for its concrete business. NorthWestern will run a plastic gas line of approximately 1,350 feet in order to serve Customer's construction space heating needs for the winter of 2022-2023. After the Customer's new facility is completed in the spring of 2023, NorthWestern will install an additional 500 feet of steel line with a maximum allowable operating pressure of 800 PSI. In order to install the gas line, NorthWestern will tap a high-pressure gas pipeline and will install a regulator station and a relief and flow control system that will connect to the plastic pipe previously installed. The map that is included as exhibit A to the agreement illustrates the pipeline installation. Based on the cost of the project, NorthWestern requires security for the capital investment cost and a monthly surcharge in order to protect its legacy customers.

The Agreement with the Customer includes recovery of the pipeline project costs over a 15-year period. The project costs and tariff delivery charges will be recovered through tariff rates and a fixed monthly surcharge. The fixed monthly surcharge will recover costs based on a projected annual volume of 3,500 MMBtu. An annual review will be conducted to determine if the volume requirement is met.

The deviations from tariff requested in this filing include:

- Monthly billing that includes a fixed monthly surcharge.
- Take-or-pay volumes as required by the Agreement.
- Requirement of a letter of credit or other security from Customer.
- Termination conditions as set forth in the Agreement.

Except for the deviations described above, Customer will be served under tariff rates and all other conditions of the general terms and conditions.

5. *Reasons for the proposed tariff changes:*

NorthWestern desires to provide the Customer with natural gas service. The additional protections included in this Agreement provide security for NorthWestern and its legacy customers.

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

Ace Ready Mix will be the only customer affected by this filing.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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