



January 19, 2023

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 Natural Gas Tariff Change*

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”) 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 sheets: Section No. 5, 5th Revised Sheet No. 1a; Section No. 5, 1st Revised Sheet No. 1b; and Section 6, 2nd Revised Sheet No. 9.1.

2. The proposed effective date is March 1, 2023.

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

New service extensions for residential customers using natural gas as their primary heating source and for water heating include a \$90 connection fee for the first 150 feet of service pipe. The \$90 connection fee reduces the rate base value of the customer’s installation. In this filing, NorthWestern proposes to eliminate this connection fee.

The average cost for NorthWestern to install a new service extension for a residential customer for the first 150 feet is less than the supportable investment for that service. Therefore, the \$90 connection fee is not necessary to support NorthWestern’s investment for a new service extension to a residential customer for the first 150 feet of service pipe.

In addition, the \$90 connection fee has created issues when working with customers and developers. For example, the \$90 connection fee creates an administrative hurdle, which has delayed service installations and, at times, resulted in customers pursuing alternative heat sources or choosing to go with a competitor. Furthermore, it cost approximately \$26 just to process the \$90 connection fee.

Services over 150 feet or where the service is other than primary heating and water heating will remain subject to Economic Feasibility calculations pursuant to tariff.

NorthWestern also proposes to eliminate the \$75 non-refundable customer contribution for new service extensions to mobile home customers within mobile home parks for the first 50



feet of service pipe. Similar to that stated above, the usage from a new service extension to a mobile home customer within a mobile home park supports NorthWestern's investment making the fee unnecessary. For services over 50 feet, or where the service does not consist of a natural gas furnace and a natural gas water heater, a non-refundable contribution may be required as described in the tariff.

4. *Reasons for the proposed tariff changes:*

NorthWestern desires to be responsive to customer feedback regarding the connection fees and the issues they have presented. NorthWestern believes removing the fees will allow it to better serve customers desiring natural gas service. As previously described the usage from residential and mobile home customers are sufficient to cover NorthWestern's investment in new service extensions. This change will bring residential customers in line with commercial customers who are not subject to the \$90 connection fee.

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

Future residential customers will not be required to pay the \$90 connection fee for the first 150 feet of service pipe, and mobile home customers will not be required to pay the \$75 customer contribution for the first 50 feet of service pipe. The impact to existing customers is minimal and could potentially be beneficial if the change proposed here results in more natural gas customers.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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