



February 15, 2023

Ms. Patricia Van Gerpen  
South Dakota Public Utilities Commission  
State Capitol Building, 1<sup>st</sup> Floor  
500 E. Capitol Ave.  
Pierre, SD 57501

via eFiling

Re: *Request for Approval of a Contract with Deviations with POET Biorefining – Chancellor, LLC*

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, 32nd Revised Sheet No. 1, Summary List of Contracts with Deviations, which includes a reference to the Amended and Restated Transportation Service Agreement (the “Agreement”) between NorthWestern and POET Biorefining - Chancellor, LLC, f/k/a Great Plains Ethanol, LLC, (“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
- Exhibit A: Request for Confidential Treatment
- Exhibit B: Confidential work papers showing the calculation of the project cost and cost recovery

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

NorthWestern request the Commission approve this contract with deviation on less than thirty days’ notices.

3. *The names and addresses of those to whom this filing has been emailed:*

POET Biorefining – Chancellor, LLC.  
27716 462<sup>nd</sup> Avenue  
Chancellor, SD 57015  
Tom.Pierson@POET.com



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

POET Biorefining - Chancellor, LLC is a large customer on NorthWestern's natural gas system. Its current contract with deviations for natural gas transportation service expires February 28, 2023. The original contract with this Customer expired in 2018. At that time, a five-year renewal agreement was approved for service at a deviated rate through February 28, 2023. As in other biofuel contract renewals approved by this Commission, NorthWestern formulated the rate for the next five-years using the FERC method of calculating a management fee component as the return for serving the Customer. The updated rate also includes Operation and Maintenance and Administrative costs, and an allocation of common and general plant assets. Ad Valorem tax costs will be recovered using the rate for 87B customers. The recovery of costs using system-wide averages provides a benefit to existing rate-base customers by providing cost recovery from this Customer based on overall system costs. The contract language in this agreement is consistent with similar ongoing biofuel arrangements.

The deviations from Tariff requested in this filing include:

- The rate on which the Customer is served.
- Take or Pay volumes related to the Customer's requested Maximum Daily Quantity.
- Termination conditions as set forth in the Agreement.

Except for the deviations described above, this Customer will be served under Tariff Rate No. 87, and all other conditions of the general terms and conditions will apply.

5. *Reasons for the proposed tariff changes:*

NorthWestern desires to provide this Customer with continuing natural gas service after the current five-year agreement expires. This new rate will allow NorthWestern to maintain this Customer and will benefit NorthWestern and its natural gas customers through recovery of administrative and general costs and common costs from this Customer.

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

POET Biorefining - Chancellor, LLC will be the only customer affected by this filing.

Sincerely,

**Jeff J. Decker**

*Regulatory Specialist*

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