



March 2, 2023

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

via eFiling

Re: *Request for Approval of a Contract with Deviations with Schneck Farms 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, 5th 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 Schneck Farms 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
- Exhibit A: Request for Confidential Treatment
- Exhibit B: Confidential work papers showing the calculation of the project cost and cost recovery
- Exhibit C: Map of the pipeline project

2. *The proposed effective date is April 15, 2023.*

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

Schneck Farms Inc.
47995 153rd Street
Milbank, SD 57252
dougschneck@gmail.com



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

Customer desires to have natural gas service extended to its location. Customer plans to use natural gas for grain drying requirements. In addition the customers residence and out building may also be served with natural gas. Those services will be separately metered. The cost and revenue of each service will be measured separately. Contribution in Aid of Construction for those services will be determined under the tariff and will not apply to this Contract with Deviation request.

NorthWestern will run a gas line approximately 1 and ½ miles in order to serve this new customer. In order to install the gas line, NorthWestern will tap a high pressure gas pipeline. 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 ten year period. The project costs and tariff delivery charges will be recovered through the rate 86 tariff and a fixed monthly charge. The fixed monthly charge will recover costs based on a projected annual volume of 4,580 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.
- Annual take-or-pay volume requirements
- Required 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 the Tariff Rate No. 86, 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.*

Schneck Farms Inc. will be the only customer affected by this filing.



Sincerely,

Jeff J. Decker

Regulatory Specialist

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