



September 21, 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 Valero Renewable Fuels Company, LLC*

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, 34th Revised Sheet No. 1, Summary List of Contracts with Deviations, which includes a reference to the Transportation Service Agreement (the “Agreement”) between NorthWestern and Valero Renewable Fuels Company, LLC (“Customer”) and the information required by ARSD 20:10:13:09.
- A copy of the 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 rate calculation.

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

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

Valero Renewable Fuels Company, LLC.
Brian Brinkman
One Valero Place
Aurora, SD 57002
brian.brinkman@valero.com



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

Customer is a large customer on NorthWestern's natural gas system. Customer's current contract with deviations for natural gas transportation service expires October 31, 2023. The prior contract with this Customer expired in 2018. At that time a five-year renewal agreement was approved for service at a deviated rate through October 31, 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 Tariff Rate No. 87. Using system-wide averages for the cost recovery of this Customer provides a benefit to existing rate-base customers. The contract language in this agreement is consistent with similar ongoing biofuel arrangements.

The deviations from Tariff requested in this filing include:

- The rate at which the Customer is served.
- 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, general 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.*

Valero Renewable Fuels Company, LLC will be the only customer affected by this filing.

Sincerely,

Jeff J. Decker

Regulatory Specialist

jeff.decker@northwestern.com

(605) 353-8315