



September 22, 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 South Dakota Soybean Processors, 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, 35th Revised Sheet No. 1, Summary List of Contracts with Deviations, which includes a reference to the Transportation Service Agreement (the “Agreement”) between NorthWestern and South Dakota Soybean Processors, 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.

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

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

SD Soybean Processors, LLC

Mr. Tom Kersting

PO Box 500

Volga, SD 57071-0500

Tom.Kersting@sdsbp.com

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

Customer’s current contract for natural gas transportation service expires on October 31, 2023. NorthWestern designed the rate for the renewal term of the Agreement to compete with the economics of a potential bypass, given the Customer’s plant is located within one mile of a Northern Natural Gas (NNG) transportation pipeline. Based on bypass economics,



the gas delivery rate stated in this Agreement for the renewal term is 1.8 cents per dekatherm higher than the current contract rate.

Based on historical data, this rate change will increase current revenue from this Customer by \$13,918 annually. If the Customer interconnects directly to NNG, NorthWestern's revenues would be reduced to zero.

With the Agreement, both the Customer and NorthWestern benefit. The Customer will keep the same service at a slightly higher rate but avoids the construction bypass costs, and NorthWestern will retain revenue that would have otherwise been lost. NorthWestern will continue to receive transportation revenue that exceeds its variable operating costs, which makes a significant contribution to fixed operating costs. We believe this Agreement is in the best interest of NorthWestern and its natural gas customers.

The deviations from Tariff requested in this filing include:

- The rate at which the Customer is served.
- Balancing services requirements.
- Fuel Retention.
- 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 ten-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.*

South Dakota Soybean Processors, LLC will be the only customer affected by this filing.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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