



October 19, 2023

Ms. Patricia Van Gerpen, Executive Director  
S.D. Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

via eFiling

**Re:** NG23-\_\_\_ - Northern Natural Gas Interim Rate Refund Method Approval

Ms. Van Gerpen:

With this letter, NorthWestern Corporation doing business as NorthWestern Energy (“NorthWestern” or the “Company”) is filing with the Commission a request to return to customers funds received from Northern Natural Gas Company (“NNG”) related to a refund of interim rates. NorthWestern respectfully requests Commission approval of this proposal so the refund may begin on December 2, 2023.

Pursuant to ARSD 20:10:13:39, NorthWestern states:

1. *The documents submitted with this filing include:*

Exhibit A Request for Confidential Treatment

Exhibit B Final Reservation Payment Remittance dated September 29, 2023, showing credit amounts received for reservations in January – April, 2023. Confidential treatment is requested per ARSD 20:10:01:41 (see Exhibit A);

Exhibit C Calculation of refund amount for Rate 84 firm customers.

2. *The proposed effective date for the tariff revision is December 2, 2023.*

3. *Brief description of the refund process:*

NNG filed a general rate case with the Federal Energy Regulatory Commission (“FERC”) on July 1, 2022, in Docket No. RP22-1033-000. On December 22, 2022, in Docket No. RP22-1033-003, NNG moved to place interim natural gas transportation and storage rates into effect. On January 25, 2023, FERC accepted the interim rates, effective January 1, 2023, subject to refund. *Northern Natural Gas Company*, 182 FERC ¶ 61,032 (2023).

On May 12, 2023, the active participants in NNG’s general rate case reached a settlement in principle. Subsequently, NNG moved for an order authorizing it to implement settlement rates on an interim basis, in advance of and pending final approval of a comprehensive settlement agreement. FERC granted NNG’s motion, 183 FERC ¶ 63,024 (2023), and NNG



implemented interim settlement rates on May 1, 2023. FERC ultimately approved the settlement agreement as proposed. 184 FERC ¶ 61,149 (2023).

With the settlement of its rate case, NNG is refunding the difference between settlement rates and interim rates for January 1 – April 30 to NorthWestern. The refund amount is \$1,215,928.54. As detailed in Exhibit B of this filing, the refund amount is partially offset by the monthly billing for September, resulting in a net refund of \$954,402.58.

NorthWestern’s natural gas tariff Section 3, Sheet 9, item (2)(I)(b) states:

*Any refund, including interest thereon, received by the Company from a pipeline transporter of charges paid and applicable to natural gas purchased for resale shall be refunded to the customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. However, in a case where a refund exceeds \$500,000, the Company shall file a refund for Commission review and approval.*

The monthly transportation charges received from NNG are passed to customers through NorthWestern’s purchased gas adjustment (“PGA”) and are modified monthly. NorthWestern proposes that the refund be credited to customers through the PGA as well. This is a consistent and efficient means to return the refund to customers, and will reduce the PGA rate for the next 12 months. NorthWestern proposes to refund the net amount of \$954,402.58 as shown in Exhibit B, plus interest.

Rate 84 firm customers paid the interim rate as well during the interim rate period. Their demand is charged separately from their PGA commodity rate. Exhibit C demonstrates the refund calculation for these customers, which results in a refund of \$1.81 per demand MMBtu for the 12-month refund period of December 2, 2023 – December 1, 2024.

4. *Reasons for the proposed tariff changes:*

This refund plan will allow NorthWestern to return the NNG credit to customers beginning with rates charged on December 2, 2023. This plan is consistent with the plan that was approved by the SDPUC in NG20-008. The NNG credit was received by NorthWestern on October 6, 2023. Interest will be accrued at the true-up interest rate of 7.79% for October 6 – December 1, 2023. Upon approval of this refund plan, the credit amount will become part of the normal interest calculation contained in the true-up. The interest calculation for October 6 – December 1, 2023 is \$11,441.81. The interest will be added to the net refund of \$954,402.58 for a total refund of \$965,844.39.

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

This change will affect all natural gas residential, small commercial and firm customers. This credit will reduce the rate per therm for residential and small commercial customers by \$0.01949. An average residential customer using 64 therms per month will see a reduction of \$1.25 in their monthly bill.



Sincerely,

**Jeff J. Decker**

*Regulatory Specialist*

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