



October 4, 2024

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 Clark RNG, LLC*

Dear Ms. Van Gerpen:

With this letter, NorthWestern Energy Public Service 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, 2nd Revised Sheet No. 4, Summary List of Contracts with Deviations, which includes a reference to the Renewable Natural Gas Transportation Service Agreement (the “Agreement”) between NorthWestern and Clark RNG, 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.
- Exhibit C: Facility location map and diagram.

2. *The proposed effective date is December 1, 2024.*

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

Clark RNG, LLC
One South Jersey Plaza
Folsom, NJ 08037

Kyle Nolan, knolan@sjindustries.com
Chris Bukosky, cbukosky@sjindustries.com
General Counsel, tlowry@sjindustries.com



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

Customer intends to build a renewable natural gas (“RNG”) production facility in Clark County at 41581 178th Street, Raymond, South Dakota. The RNG will be produced from manure sourced at the Clark Dairy and potentially four other dairies located in South Dakota and Minnesota. Customer intends to deliver renewable natural gas (“RNG”) produced from this facility to NorthWestern for the purpose of transportation to the Northern Natural Gas Company (“NNG”) pipeline system. The location of the project and a diagram of the facilities are illustrated in Exhibit C of this filing.

The Customer will own and operate the RNG production facility and is responsible for the production and refinement of RNG at the facility. Customer will pressurize the RNG in order to deliver the RNG to NorthWestern. NorthWestern will tap the Customer piping to sample and test the RNG in an automated quality assurance building. This will ensure the RNG meets pipeline-quality specifications before it enters NorthWestern’s pipeline. Rejected RNG will be rerouted back to the Customer’s facility for reconditioning. Once accepted into NorthWestern’s facilities, the RNG will be transported on 1.82 miles of newly constructed 4” steel pipeline and delivered to a new NNG tap yard.

NNG is constructing the tap yard along county road 61, as shown on Exhibit C. There is an existing tap on county road 33 that serves a colony. However, NNG chose to not disturb this tap and build a separate tap yard to receive the RNG coming from the Customer’s facility. NorthWestern has executed an Interconnect, Operating and Reimbursement Agreement with NNG, which is incorporated into the Agreement with Clark RNG. NorthWestern is reimbursing NNG for the costs of the tap yard. In turn, Clark RNG is reimbursing NorthWestern for the costs imposed by NNG. NorthWestern received the funds for NNG’s estimated costs to construct the tap yard from Clark RNG on September 26, 2024. With the upfront payment of costs related to the NNG tap yard, recovery of these costs is not included in the fixed surcharge proposed in this filing. Clark RNG will also be responsible for any future costs associated with the NNG tap yard.

The Agreement includes provisions to secure project costs and guarantee delivery volumes to support the 1.82-mile steel pipeline project recovery over a 15-year period. Project costs and tariff delivery charges will be recovered through Tariff Rate No. 87 and a fixed surcharge rate. The annual take-or-pay volume for this Agreement is 192,500 MMBtu. This volume is for the Clark Dairy only. Additional dairies are listed as sources in the Agreement to accommodate the Customer’s potential future plans; however, the decanting station needed to receive gas from those dairies is not yet in development. An annual review will be conducted to determine if volumes met the volumetric requirement defined in the Agreement.

The deviations from Tariff requested in this filing include:

- Monthly billing that includes a volumetric surcharge rate;
- Annual take-or-pay volumetric requirements;



- Required letter of credit or other security from Customer;
- Renewable natural gas quality requirements;
- Termination conditions as set forth in the Agreement; and
- Pass-through of NNG costs and NNG tariff requirements.

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

5. *Reasons for the proposed tariff changes:*

NorthWestern desires to provide the Customer with renewable natural gas transportation 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.*

Clark RNG, LLC will be the only customer affected by this filing.

Sincerely,

Jeff J. Decker

Lead Regulatory Specialist

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