

Docket Number: NG26-002
Subject Matter: First Data Request
Request to: NorthWestern Energy
Request from: South Dakota Public Utilities Commission Staff
Date of Request: 3/17/26
Responses Due: 3/31/26

1-1. Refer to the changes in Section No. 3, Sheet No. 3.1. If customers are not using the payment options proposed for removal, explain how customers have been getting billed for their demand charge.

All customers are billed using the 12-month payment election. With the removal of this section, there will no longer be a payment option. Historically all customers have utilized option C. The demand charge, like the customer charge and non-gas commodity charge, is listed under monthly charges and will no longer need to be specially defined with the removal of options B and C.

1-2. Refer to Section No. 3, Sheet No. 5.3, part 4. Explain why “other than firm service” is removed from the curtailment section. Sheet No. 5.1 states “This service is available on a firm or interruptible basis.” With a curtailment it’s no longer service on a firm basis.

The priorities listed on Section 5, sheet 5.2, allow for curtailment of firm service. The current language in part 4 of Sheet No. 5.3 may lead the customer to believe firm service can never be curtailed. If the gas system were to require a curtailment, rate 86 customers would be included in the curtailment and subject to the priority guidelines of Section 5, Sheet 5.2

1-3. Refer to Section No. 3, Sheet No. 5.3, part 5, provide how many customers would have been removed from Rate 86 in years 2021 through 2025 by year based on the proposed language.

	Actual # Customers Not Contracting	Tariff Change Customer Removals
2019	15	
2020	26	
2021	34	12
2022	45	9
2023	40	9
2024	48	13
2025	49	6

1-4. Refer to Section No. 3, Sheet No. 5.3, part 6, provide the estimated cost to NorthWestern for doing the tracking for the Rate 86 customers.

The work required for tracking the cost include the following:

- Monthly calculation of gas costs transfer from retail gas costs.
- Annually calculate the year-end true-up and associated journal entry.
- Annually process the individual customer billing adjustments.
- Respond to customer questions regarding annual true-up billing.
- Administrative support to document, audit and maintain related journal entries.
- The estimated annual cost to perform this work is approximately \$1,400 for the rate 86 customer group.

1-5. Explain, in further detail, why it would be beneficial to the NorthWestern ratepayers as a whole to combine the Rate 86 true-up with the retail true-up when the Rate 86 true-up process is already in place and has been for approximately 20 years.

This change will likely be neutral to NorthWestern ratepayers. If rate 86 did not exist, the customers would be on rate 82, 84 or 85 and would be part of the normal true-up process. The rate 86 true-up process causes extra work to track contract costs and volumes for individual customers. Additional time is required for the annual true-up calculation and customer billing or refunding.

When rate 86 was originally established, there was not an awareness of how the gas costs from the program would impact the normal true-up. Without that knowledge, the separate rate 86 true-up was established to insulate other retail customers from unknown impacts. Exhibit A filed in the docket shows the minimal impact of the true-up over the most recent 10-year period. If the rate 86 customers were served under rate 82, 84 or 85 they would have an impact on the normal true-up similar to current customers. Although not tracked individually, each retail customer contributes their own "true-up" difference due to price changes and gas usage volume changes within a month. The main difference with rate 86 customers is their price is measured against a fixed price contract as opposed to the monthly index price (rate 84 and 85 customers) or combination contracted price and index (rate 81 and 82 customers) that current retail customers are compared to. Based on history, this impact is minimal.

1-6. Refer to the changes in Section No. 3, Sheet Nos. 5.3 and 5.5. If a Rate 86 customer leaves the system, how does NorthWestern ensure they cover their share of the over/under while the customer was on the system?

The rate 86 customers who have contracted their gas will be obligated to remain on rate 86 through April of each year. With the removal of the rate 86 true-up there will be no outstanding over/under balance for an individual customer at the end of the contract period (April 30) since all of the gas costs will flow through the normal retail tracker.

- 1-7. Refer to Section No. 6, Sheet No. 2 and ARSD 20:10:20:03. The administrative rule requires, “The written notice and personal notice shall contain a statement of the customer's right to appeal and where to appeal the decision to disconnect.” These changes remove all reference to “appeal” which is in violation of the administrative rule. Staff would recommend leaving the phrase “appeal the disputed amount to” rather than deleting that and changing to “contact”.**

See revised Section 6, sheet 2 with this change.

- 1-8. Refer to Section No. 6, Sheet No. 14, part 2. NorthWestern proposes to remove “or below”, explain what happens if the quantity of natural gas needed is below the base load quantity.**

If not all of the contracted gas is used, it will be utilized by the other NorthWestern retail customers or may be sold back into the market, depending on gas supply needs. This is consistent with how Northwestern’s current contracted retail gas supply is treated.

- 1-9. Refer to Section No. 6, Sheet No. 14, part 5. In the first line, there is an “N” that was inadvertently not deleted. Please remove and file a revised tariff page.**

See revised Section 6, sheet 14 with this change.

- 1-10. Refer to Section No. 6, Sheet No. 14.1. Explain why “between NorthWestern Energy (“seller”) and” was deleted and not just “seller” changed to “Company”. The next line below uses the term “Company” which isn’t defined with this removal.**

The terms "Company" and "Customer" are defined in part 1 of Section 6, sheet 14. Appendix A is a subpart to that section. NorthWestern is procuring and delivering the gas to the customer. The revised language states that and reduces the restatement of what the contract is for.