February 17, 2026

Ms. Leah Mohr
South Dakota Public Utilities Commission
500 E Capitol Ave
Pierre, SD 57501

RE: NG26-____ - Proposed changes to Contract Sales Service (Rate 86) and Other Natural Gas Tariff Sheets

Dear Ms. Mohr:

With this letter, NorthWestern Energy Public Service Corporation ("*NorthWestern*") is filing with the South Dakota Public Utilities Commission (the "*Commission*") proposed revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of these proposed revisions.

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

1. *The documents submitted with this filing include the proposed tariff revisions in both redline and final form, along with an exhibit showing the 10-year true-up history for Rate No. 86.*

2. *The proposed effective date for the tariff revisions is May 1, 2026.*

3. *Brief description of the tariff changes:*

   Several of the tariff sheets contain ministerial and clerical revisions such as capitalization of defined terms and consistency of cross-references, as well as non-substantive language revisions that are intended to improve readability or provide clarity. The substantive tariff changes are described in the chart below.

Section & Sheet	Description of Tariff Changes
Section 3, Sheet 3.1	NorthWestern proposes removal of the optional gas demand payment election. No customers have used this payment option. Administration of this payment option would be burdensome. This change will update the tariff to reflect current practice.
Section 3, Sheet 5.1	Ministerial/clerical revisions only.

Section & Sheet	Description of Tariff Changes
Section 3, Sheet 5.3	This sheet contains the most substantiative revisions of this filing. Rate 86 Contract Sales Service began in 2005. This rate provides an option for non-transportation customers to lock in prices for their winter gas supply. This option is beneficial to hospitals, schools, nursing homes and other small to medium commercial loads that may not be large enough to benefit from becoming a transportation customer, as it allows them to predict the cost of their natural gas supply and better manage their budgets. Customers using this rate can choose one of several contract price offers that are made by NorthWestern during the year. The customer can choose to lock in its winter (November – April) gas supply price or utilize monthly index pricing. NorthWestern proposes two substantive changes to this rate. In recent years, NorthWestern has experienced a decline in Rate 86 customers that contract their winter supply. If a customer does not choose a fixed price, its winter price is set at the monthly index price throughout the winter. There is extra administrative work for Rate 86 customers compared to other retail rate customers. This includes maintaining a separate customer list and appropriate contact information for each customer, sending email offers, and preparing and executing fixed price gas contracts. When customers do not select the fixed price option, this causes extra work without benefit to the customer or the company. NorthWestern proposes that customers who do not contract their fixed price gas supply for two consecutive winters will be removed from Rate 86 and moved to Rate 82, 84 or 85. This will streamline the Rate 86 customer base to those who use the fixed price contracting service. If this tariff change is approved, NorthWestern will send a letter to all Rate 86 customers regarding this change. The second change to Rate 86 is the removal of the true-up mechanism. In 2005, Rate 86 was designed with a separate true-up from the standard retail rate true-up. At the time, the impact to retail customers of this new program was not known, so a separate true-up was established to protect retail customers. This true-up involves separately tracking prices, usage and variance for each Rate 86 customer. By removing the separate true-up and rolling any variances into NorthWestern's retail true-up, this extra individual customer tracking is eliminated. The impact on the retail true-up is expected to be minimal. As shown in Exhibit A, for the last 10 years the total variance is $499.70. The highest and lowest

Section & Sheet	Description of Tariff Changes
	true-up amounts were a credit to the Rate 86 pool of $34,874.37 versus a charge of $32,640.21. As shown by the 10-year history, variances under Rate 86 will result in minor impacts to the retail true-up.
Section 3, Sheet 5.4	Ministerial/clerical revisions only.
Section 3, Sheet 5.5	The revisions to this sheet remove language that is not required for this tariff rate. Section 13 is refined to remove obsolete language that is not needed. When NorthWestern submitted its original Rate 86 filing, Sections 14 and 15 were carried over from Rate 87 transportation service. However, Sections 14 and 15 are not applicable to Rate 86, as these customers are already purchasing their gas supply through NorthWestern. With the removal of the Rate 86 true-up as discussed above, the last two sentences of Section 14 are no longer needed. Section 15 is redundant, as Rate 86 is part of the natural gas tariff, and all sections of the tariff apply.
Section 3, Sheet 9	With removal of the separate Rate 86 true-up mechanism, Rate 86 is being added to list of commodity rates included in the retail true-up.
Section 4, Sheets 2–4	The contract with Prairie AquaTech Manufacturing, LLC has expired. Therefore, this contract is being removed from the list of contracts with deviations, and the subsequent contracts have been renumbered.
Section 6, Sheet 2	The customer disconnect letter has been restructured, and these changes are reflected in the updated tariff form. There is no change in rule or process.
Section 6, Sheets 13–14.1	The tariff forms are being revised to improve readability and flow. Section 3b on Sheet 14 is updated to remove the annual true-up language. This will no longer be applicable with the Rate 86 true-up becoming part of the retail true-up.

4. *Reasons for the proposed tariff changes:*

   As described above, the substantive changes NorthWestern proposes in this filing reduce the administrative burden associated with Rate 86 with minimal or no impact to customers.

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

   NorthWestern currently has 112 customers on Rate 86 Contract Sales Service. Any changes in revenue due to the proposed revisions will be captured in the retail commodity true-up and will have minor positive or negative effects on the retail customers included in the true-up.

Sincerely,

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