

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE FILING BY )</b>	<b>ORDER APPROVING</b>
<b>NORTHWESTERN ENERGY FOR APPROVAL )</b>	<b>CONTRACT WITH</b>
<b>OF A CONTRACT WITH DEVIATIONS WITH )</b>	<b>DEVIATIONS AND</b>
<b>VERASUN ENERGY CORPORATION )</b>	<b>APPROVING TARIFF</b>
)	<b>REVISIONS</b>
)	<b>NG07-008</b>

On March 9, 2007, the Public Utilities Commission (Commission) received a filing by NorthWestern Energy (NWE) requesting approval of a contract with deviations and associated tariff revisions. NWE is proposing to adopt the contract that was in effect between VeraSun Energy Corporation and NorthWestern Services Group. The rate that is currently contracted between the customer and NWE will not change. The original contract was dated October 23, 2002, with a term of 15 years beginning at plant start-up. Over the past year, NWE has evaluated its non-regulated businesses and has looked at the strategic value of each entity versus the resources that are dedicated to these business units. After a thorough evaluation of the non-regulated gas business in SD/NE, it has been decided by the Northwestern Services, LLC management committee to execute a strategy to shift the majority of this business (Nekota Resources, LLC) into the regulated utility and look at alternatives to divest the rest of this business. NWE filed the following tariff sheet for Commission approval:

Section No. 4, 17<sup>th</sup> Revised Sheet No. 1, Canceling 16<sup>th</sup> Revised Sheet No. 1

On March 27, 2007, at a regularly scheduled meeting, the Commission considered the request for approval of the Contract with Deviations. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-8.3, 49-34A-10, and 49-34A-11. Further, the Commission finds that NWE's request for approval of a Contract with Deviations is just and reasonable and shall be approved, with the condition that this approval does not pre-determine a Commission decision at the time of future rate case proceedings regarding rate treatment concerning possible cost recovery shortfalls resulting from rates approved in this docket. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request seeking approval of a Contract with Deviations is in the public interest and is hereby granted, with the condition that this approval does not pre-determine a Commission decision at the time of future rate case proceedings regarding rate treatment concerning possible cost recovery shortfalls resulting from rates approved in this docket; and it is further

ORDERED, that the above-mentioned tariff is approved and is effective April 1, 2007.

Dated at Pierre, South Dakota, this 10<sup>th</sup> day of April, 2007.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.

By: *Neiline Kolbe*

Date: 4/10/07

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

*Dustin Johnson*  
DUSTIN M. JOHNSON, Chairman

*Gary Hanson*  
GARY HANSON, Commissioner

*Steve Kolbeck*  
STEVE KOLBECK, Commissioner