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*Celebrating 125 Years*

October 23, 2006

Writer's E-mail: [koenecke@magt.com](mailto:koenecke@magt.com)

**RECEIVED**

OCT 23 2006

**SOUTH DAKOTA PUBLIC  
 UTILITIES COMMISSION**

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

Re: NorthWestern Corporation Proposed Freeman municipal Natural Gas system  
 Purchase Filing  
 PUC Docket NG06-\_\_\_

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation ("NorthWestern" or the "Company"), doing business as NorthWestern Energy, seeks Commission approval to purchase the Natural Gas System of the city of Freeman as prescribed in SDCL 49-34A-35 and 49-34A-36. Pursuant to ARSD 20:10:13:39, the Company states:

(1) The documents submitted with this filing include:

- An original and one copy of the Application for Tariff Change and Report in Support of Tariff Filing of NorthWestern (the "Report"), pursuant to ARSD 20:10:13:26;
- According to ARSD 20:10:13:34, the proposed revised tariff schedule, Section 1, Sheet 1. 29<sup>th</sup> Revised, Section 1, Sheet 2. 5<sup>th</sup> Revised, Section 2, Sheet 1. 8<sup>th</sup> Revised, Section 3, Sheet 1.1. Original, Section 3, Sheet 1.2. Original, Section 3, Sheet 2.1. Original, Section 3, Sheet 2.2, Original, Section 3, Sheet 2.3. Original, Section 3, Sheet 3.4. Original, Section 3, Sheet 4.3, Original, Section 3, Sheet 4.4, Original
- The Adoption Notice, stating NorthWestern adopts Freeman's Rates
- A copy of the Agreement between NorthWestern and AMPI.

(2) The proposed effective date for approval of the transaction and associated tariffs is December 1, 2006.

CONFIDENTIAL

# [ ]

For all general terms and conditions including payment terms, disconnect/reconnect fees, service rules etc., NorthWestern proposes to use its existing general terms and conditions. The various differences are summarized in Exhibit C.

(5) Reasons for the proposed changes:

The reason for the proposed change is due to the purchase of the Freeman Natural Gas System.

(6) Number of customers whose cost of service will be affected and annual changes in cost of service to such customers.

The Freeman Natural Gas System consists of approximately 350 customers. NorthWestern is adopting Freeman's rates so there is no change to the cost of billing service to customers, except as described in the general terms and conditions discussion in Exhibit C.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP

A handwritten signature in black ink, appearing to read "Brett Koenecke", written over a horizontal line.

BRETT KOENECKE

BK/jml

## EXHIBIT A

### REQUEST FOR CONFIDENTIAL TREATMENT

COMES NOW NorthWestern Corporation, doing business as NorthWestern Energy ("NorthWestern" or the "Company"), and pursuant to ARSD 20:10:01:41, requests confidential treatment as follows:

- 1) The documents for which confidential treatment is requested are the Natural Gas Service Agreement between NorthWestern and the City of Freeman (the "Customer"), dated August 21, 2006 (the "Contract"), the agreement between NorthWestern and AMPI and the work papers and Exhibits containing the Company's and the Customers terms and charges;
- 2) The Company requests that such confidential treatment be afforded the Contract and work papers indefinitely or a minimum of ten years
- 3) The name, address and phone number of the persons to be contacted regarding the confidentiality request are:

Jeffrey Decker	Pamela Bonrud
Regulatory Analyst	Director Regulatory Affairs
NorthWestern Energy	NorthWestern Energy
600 Market Street West	125 S. Dakota Avenue
Huron, SD 57350	Sioux Falls, SD 57103
(605) 353-8315	(605) 978-2990

- 4) The grounds for confidentiality are that the Contract, Exhibits and work papers provide proprietary information concerning both the Company and the Customer, including the pricing of natural gas service, the costs of facilities to serve the Customer, etc. Sharing this information to third parties may provide competitive advantages to the competitors for both NorthWestern and the Customer.
- 5) As a factual basis in support of this request, please see the response to item 4) above.

NorthWestern Energy  
Comparison of NWE General Terms to Freeman General Terms.  
October 13, 2006

**Exhibit C**

	<u>NorthWestern</u>		<u>Freeman</u>
Bill pay due days		20	20
Late Fee	1% plus \$2.00		2.00%
Disconnection within city limits	No Charge		4X monthly Meter Charge
Reconnection within city limits	\$10 unless for unpaid bill		4X monthly Meter Charge
Disconnection outside city limits	No Charge		12X monthly Meter Charge
Reconnection outside city limits	\$10 unless for unpaid bill		12X monthly Meter Charge

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

Re: PUC SD Adoption Notices No. 1  
NorthWestern Corporation Proposed Adoption of Freeman municipal Natural Gas Rates  
Our File 0230

Dear Ms. Van Gerpen:

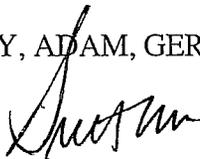
NorthWestern Corporation has filed simultaneously with this letter for Commission approval of the purchase of the natural gas system owned and operated by the City of Freeman, South Dakota. With this letter, NorthWestern is seeking Commission approval to adopt the rates of the city of Freeman as prescribed in ARSD 20:10:13:30 and 20:10:13:32. In support of this adoption letter, the Company states:

Pending Commission approval, NorthWestern seeks to essentially adopt the natural gas service rates as currently charged by the City of Freeman. As detailed in Exhibit B, the company seeks to reduce the number of rate tables (schedules) from 17 to 8. The reduction in the number of schedules is the result of NorthWestern's billing system accommodating various lbs/pressure billing values under one rate schedule. There will be no change in regular charges to customers because of this change.

As stated in the cover letter, NorthWestern has filed for approval to utilize the general terms and conditions of NorthWestern Energy as opposed to those of the Freeman Utility. The differences between the two are outlined in Exhibit C. Utilizing the existing general terms will reduce changes needed to the companies billing system required for the various late payment fees and service charges. Under NorthWestern's general terms the connect/disconnect fees will be lower, the late payment fees will be slightly higher, depending on the amount of the delinquent bill.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE

BK/jml

CONFIDENTIAL

# [2]

CONFIDENTIAL

# [3]





SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN PUBLIC SERVICE  
HURON  
SOUTH DAKOTA

Section No. 2  
8<sup>th</sup> Revised Sheet No. 1  
Canceling 7<sup>th</sup> Revised Sheet No. 1

PRELIMINARY STATEMENT

Territory Served

Northwestern Public Service Company ("Company") provides gas service at retail to the following communities and their immediate environs in eastern South Dakota.

Aberdeen	Dimock	Labolt	Raymond
Alexandria	Doland	Lake Norden	Redfield
Altamont	Estelline	Lake Preston	Reville
Arlington	Ethan	Madison	Scotland
Aurora	Ferney	Marion	Spencer
Big Stone City	Frankfort	Mellette	Tripp
Bristol	Freeman (N)	Menno	Turton
Brookings	Goodwin	Milbank	Verdon
Bryant	Groton	Mitchell	Vienna
Canistota	Hayti	Monroe	Volga
Castlewood	Hazel	Mt. Vernon	Warner
Clark	Holmquist	Oldham	Webster
Clear Lake	Howard	Olivet	Willow Lake
Conde	Huron	Parker	Wolsey
DeSmet	Kranzburg	Parkston	Yale

A map showing communities served with gas service at retail follows this sheet.

Types and Classes of Service

1. Residential Gas Service
2. General Gas Service
3. Commercial and Industrial Firm Sales Service
4. Commercial and Industrial Interruptible Sales Service
5. Transportation Service, including Customer Balancing and Standby Service Options

All service is furnished under the provisions of the Company's General Terms and Conditions set forth in Section No. 5 of these tariff schedules.

(continued)

Date Filed: October 13, 2006

Effective Date: December 1, 2006

Jeff J. Decker  
Issued By: Rates Analyst



SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NorthWestern Energy  
HURON  
SOUTH DAKOTA

Section No. 3  
Original Sheet No. 1.2  
Canceling Sheet No. 1.2

**CLASS OF SERVICE: Freeman Residential Gas Service**      **Rate No. 81F12**  
**RATE DESIGNATION: Firm Sales**

**1. Applicability**

This rate is available to former City of Freeman customers on Schedules Table 15 and Table 16.

**2. Territory**

The territory is limited to the city of Freeman and surrounding area previously served by the municipal system.

**3. Rates**

Monthly Charges:

*Customer Charge* per Meter: \$ 12.00

*Non-Gas Commodity Charge:*  
All Therms, per therm \$ 0.2690

Minimum Monthly Bill: \$ 12.00

Adjustment Clauses:

- a. Adjustment Clause shall apply. (Sheet Nos. 9, 9a, 9b)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 12, 12a)

**4. Other Provisions**

Service will be furnished under the Company's General Terms and Conditions.



Date Filed: October 13, 2006

Service on and after  
Effective Date: December 1, 2006

Jeff J. Decker  
Issued By: Rates Analyst



SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NorthWestern Energy  
HURON  
SOUTH DAKOTA

Section No. 3  
Original Sheet No. 2.2  
Canceling Sheet No. 2.2

**CLASS OF SERVICE: General Gas Service**  
**RATE DESIGNATION: Firm Sales**

**Rate No. 82F1**

**1. Applicability**

This rate is available to former City of Freeman customers on Schedules Table 5, 6, 7 and 14.

**2. Territory**

The territory is limited to the city of Freeman and surrounding area previously served by the municipal system.

**3. Rates**

Monthly Charges:

*Customer Charge* per Meter: \$ 20.00

*Non-Gas Commodity Charge:*  
All Therms, per therm \$ 0.2160

Minimum Monthly Bill: \$ 20.00

Adjustment Clauses:

- a. Adjustment Clause shall apply. (Sheet Nos. 9, 9a, 9b)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 12, 12a)

**4. Other Provisions**

Service will be furnished under the Company's General Terms and Conditions.



Date Filed: October 13, 2006

Service on and after  
Effective Date: December 1, 2006

Jeff J. Decker  
Issued by: Rates Analyst





SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NorthWestern Energy  
HURON  
SOUTH DAKOTA

Section No. 3  
Original Sheet No. 4.3  
Canceling Sheet No. 4.3

**CLASS OF SERVICE: Commercial and Industrial**  
**RATE DESIGNATION: Firm Sales**

**Rate No. 85F**

**1. Applicability**

This rate is available to former City of Freeman customers on Tables 11 and 12.

**2. Territory**

The territory is limited to the city of Freeman and surrounding area previously served by the municipal system.

**3. Rates**

Monthly Charges:

*Customer Charge* per Meter: \$ 108.00

*Non-Gas Commodity Charge:*  
All Therms, per therm \$ 0.1770

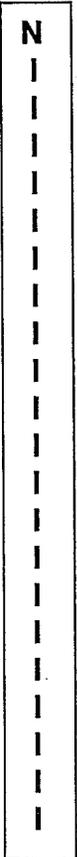
Minimum Monthly Bill: \$ 108.00

Adjustment Clauses:

- a. Adjustment Clause shall apply. (Sheet Nos. 9, 9a, 9b)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 12, 12a)

**4. Other Provisions**

Service will be furnished under the Company's General Terms and Conditions.



Date Filed: October 13, 2006 Service on and after  
Effective Date: December 1, 2006

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