

ADJUSTMENT CLAUSE

- (1) The commodity charge shall be increased or decreased by an adjustment amount per therm equal to the difference between the delivered cost of natural gas, ad valorem taxes paid and Commission approved fuel incentives pursuant to SDCL 49-34A-25 (“qualified costs”) per therm of sales or throughput, or designated portions thereof as identified herein, and the base cost per therm included in applicable standard base rates, if any.

- (2) Qualified costs include:
 - (I) Delivered cost of energy:
 - (a) The cost of natural gas delivered to the distribution system including all costs incurred in procuring gas supply upstream of the Company’s distribution facilities including, but not limited to, gas commodity cost, balancing, transportation, supply management fees, storage costs and peaking services, etc.

 - (b) Any refund, including interest thereon, received by the Company from a pipeline transporter of charges paid and applicable to natural gas purchased for resale shall be refunded to the Customer as a reduction in billings over the succeeding twelve month period or other period determined appropriate. However, in a case where a refund exceeds \$500,000, the Company shall file a refund for Commission review and approval. T

 - (c) Net revenues collected from settlement of transportation imbalances, over/under delivery charges for imbalances, additional charges collected for imbalances, transportation fuel retention, Rate Nos. 84, 85 and 86 penalties and surcharges, charges for daily balancing service, and any other similar recovery of gas supply related costs will be credited to actual cost incurred. In addition, the Company will credit actual cost incurred for all recoveries of Gas Demand under Rate Nos. 84, 85, 86 and 87, and Commodity Charges under Rate Nos. 84, 85, 86 and 87, shown on Sheet Nos. 9a and 9b. Resulting under or over cost recoveries will be spread to Rate Nos. 81 and 82 sales over the last twelve months of the first thirteen month period following the incurrence of the cost recovery variance through re-entry in the Adjustment Clause calculation in the second month following the incurrence of the cost recovery variance. T

(continued)

(II.) Ad Valorem Taxes paid: (C)

All ad valorem taxes accrued and adjusted for actual tax payments.

(III.) Commission approved fuel incentives: (C)

All Commission approved incentives, if any, less recovery pursuant to (I), or (II) above, if any.

(3) Variances in actual qualified costs incurred and costs recovered through the Adjustment Clause mechanism will be separately measured monthly for the delivered cost of energy, ad valorem taxes paid, and Commission approved fuel incentives. All accrued over or under variances shall be assessed a carrying charge or credit based upon the overall rate of return allowed by the Commission in the Company's last general rate filing. Each applicable end-of-month true-up balance, adjusted for the next eleven month's estimated over or under collection of cost, will be amortized into rates over the last twelve months of the subsequent thirteen month period. (C)

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Issued By: Vice President-Market Development

SOUTH DAKOTA GAS RATE SCHEDULE
NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION d/b/a NORTHWESTERN ENERGY
SIOUX FALLS
SOUTH DAKOTA

Section No. 3
Sheet No. 9a
Sheet No. 9a

482nd Revised
Canceling 481st Revised

ADJUSTMENT CLAUSE RATES

Delivered Cost of Energy Per Therm
Per Month

Rate No. 81 - Residential Gas Service Gas Commodity Charge \$ 0.43309

Rate No. 82 - General Gas Service Gas Commodity Charge \$ 0.43309

Rate No. 84 - Commercial and Industrial-Firm

Gas Demand Charge, per therm of daily contract demand (never less than 50 therms)

NNG Pipeline Capacity Costs

	<u>NNG Rate/Therm</u>	
21.55% of TF12 Base	\$1.67123	\$ 0.36
40.76% of TF12 Variable	\$2.0054	0.82
37.69% of TF5	\$3.3420	0.52
GRI Fee	\$0.0000	0.00
SBA Surcharge	\$0.0000	0.00
GSR Surcharge	\$0.0000	0.00
Order 528 Surcharge	\$0.0000	0.00
Stranded 858 Surcharge	\$0.0000	0.00
<i>Total Pipeline Capacity Costs</i>		\$ 1.70
<i>Supply Standby</i>		0.07
<i>Balancing Services</i>		0.09
Total Demand Charge		\$ 1.86

The above percentages are based on the Company's contract demand profile with NNG (49,020 MMBtu.)

<u>Rate Schedule</u>	<u>MMBtu Demand</u>	<u>Percentage</u>
TF12 Base	10,562	21.55%
TF12 Variable	19,984	40.76%
TF5	18,474	(1) 37.69%
<i>Totals</i>	49,020	100.00%

(1) Service is contracted for 5 months (15.70% is 5/12ths of 37.69%)

Gas Commodity Charge

<i>Gas Supply</i> - Average of NNG Ventura, NBPL Ventura Transfer Point and NNG Demarcation first of month index gas price	\$ 0.26900
<i>Fuel Use</i> - 0.98% NNG and 0.84% Company L&U	0.00500
<i>Pipeline Transportation Fee</i>	0.00376
<i>Scheduling Fee</i>	0.00133
Total Gas Component Charge	\$ 0.27909

Released Capacity and Balancing Services Surcharge \$ 0.05958

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Section No. 3
Sheet No. 9b
Sheet No. 9b

ADJUSTMENT CLAUSE RATES (Continued)

Delivered Cost of Energy (Continued): Per Therm
Per Month

Rate No. 85 - Commercial and Industrial-Interruptible Sales Service		
Gas Commodity Charge		
Gas Supply -	Average of NNG Ventura, NBPL Ventura Transfer Point and NNG Demarcation first of month index gas price	0.26900
Fuel Use	-0.98% NNG and 0.84% Company L&U	0.00500
Pipeline Transportation Fee		0.00376
Released Capacity and Balancing Services Surcharge		0.05958
Scheduling Fee		0.00133
Total Gas Component Charge		<u>\$ 0.33867</u>

Rate No. 86 – Gas Contract Sales Service		
Rate No. 86 Gas Commodity Charge – Group 1		\$ 0.27909
Rate No. 86 Gas Commodity Charge – Group 2		\$ 0.27909
Rate No. 86 Gas Commodity Charge – Group 3		\$ 0.27909
Rate No. 86 Gas Index		\$ 0.27909
Released Capacity and Balancing Services Surcharge		\$ 0.05958

Rate No. 87 - Gas Transportation Firm Supply Standby Service		
Gas Demand Charge, per therm of daily contract demand		
Rate No. 84 supply standby costs		\$ 0.07
Rate No. 84 pipeline capacity costs		1.70
Total Demand Charge		<u>\$ 1.77</u>
Gas Commodity Charge		
Rate No. 84 Gas Commodity Charge		<u>\$ 0.27909</u>
Imbalance Cash-out Rate Index Points (Rate No. 84, 85, 86 and 87)		
Northern, Ventura 50%, Demarcation 50%		
Northern Border, Ventura\TP 100% less applicable fuel		

Ad Valorem Taxes Paid:

Rate No. 81 - Residential Gas Service	Commodity Charge	\$ 0.0054
Rate No. 82 - General Gas Service	Commodity Charge	\$ 0.0034
Rate No. 84 – Comm. & Ind. – Firm	Commodity Charge - Option A	\$ 0.0022
	Commodity Charge - Option B	\$ 0.0014
Rate No. 85 – Comm. & Ind. - Interrupt	Commodity Charge - Option A	\$ 0.0022
	Commodity Charge - Option B	\$ 0.0014
Rate No. 86 – Contract Sales Service	Commodity Charge - Option A	\$ 0.0022
	Commodity Charge - Option B	\$ 0.0014
Rate No. 87 – Gas Transportation Service	Commodity Charge - Option A	\$ 0.0022
	Commodity Charge - Option B	\$ 0.0014

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