



September 3, 2021

Mr. Mike Hybl, Executive Director
Nebraska Public Service Commission
300 The Atrium, 1200 N Street
Lincoln, NE 68508

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NAT GAS DEPT

RE: In the Matter of the Commission, on its own motion, seeking to investigate the effect of the February 2021 cold weather event upon the cost of gas supply purchased by Nebraska gas utilities (Docket NG-111; NorthWestern Energy Sub-Docket NG-111.2)

Dear Mr. Hybl:

With this letter, NorthWestern Corporation, doing business as NorthWestern Energy (“NorthWestern”), is filing with the Nebraska Public Service Commission (the “Commission”) proposed revisions to its Natural Gas Tariff. NorthWestern respectfully requests Commission approval of this proposed revision.

1. The documents submitted with this filing include:
 - The proposed revised tariff schedule in both redline and final form
Section 3, 2nd Revised Sheet No. 6.1
Section 3, 1st Revised Sheet No. 6.6
2. The proposed effective date for the tariff revision is September 8, 2021.
3. Brief description of the tariff change:

NorthWestern is requesting the addition of a surcharge to its rate 97 and rate 99 transport tariffs. This surcharge will allow for the continued recovery of the February 13 – 18, 2021 cold weather event natural gas costs from any customer who transfers from retail rates to transport rates. NorthWestern also requests that the rate 97 and rate 99 transport surcharge end on May 31, 2023.

4. Reasons for the proposed tariff changes:

As per the Commission’s order dated May 11, 2021 in the above referenced matter, NorthWestern began recovery of the cold weather event costs beginning June 1, 2021. This recovery will continue through May 31, 2023. The recovery of costs spans all retail rate customers served by NorthWestern in Nebraska.



NorthWestern's transport tariff customers are not included in the recovery of the February 2021 cold weather event costs. This group of customers acquires their gas supply from third party marketers. Therefore, any natural gas supply needed to meet the transport customers' needs during the February cold weather event did not contribute to the increased supply costs incurred by NorthWestern retail customers during the cold weather event. NorthWestern's transport tariff customers are not impacted by the purchased gas adjustment (PGA) increase that became effective on June 1, 2021.

From time to time, rate 92, 94 or 95 retail customers may choose to become transport customers and purchase their gas from a third party marketer. Once this rate change has been completed they are no longer subject to the PGA. Under normal circumstances when retail rate 92, 94, or 95 customers transfer to transport rate customers, the recovery of their gas costs is equitable as the transport recovery rate and gas cost rate are similar.

As it stands today, customers on rates 92, 94 and 95 are paying for the recovery of their February cold weather gas usage costs (just as any other retail customer is) through the PGA until May 31, 2023. If any of these customers transfer to a transport retail rate between now and May 31, 2023, their remaining share of unrecovered gas costs from the February 2021 cold weather event will shift to all other existing retail rate payers. NorthWestern believes a cost shift like this violates the "cost causer pays" standard as a specific class of retail rate customers could game the system and avoid paying for natural gas they used in February 2021 by simply switching to a different customer class. In this filing, NorthWestern is proposing to close that loophole through implementing a per therm charge for any retail customer transferring from retail to transport rates. This per therm charge will be applied to the customer's monthly billings through May 31, 2023. NorthWestern's proposal to use a volumetric charge through the PGA will ensure remaining retail customers are held harmless if a current rate 92, 94 or 95 retail customer decides to become a transport rate customer before May 31, 2023.

As proposed, the surcharge rate will only include costs incurred by these customers during the February 2021 cold weather event and will be updated with each subsequent PGA filing. All recoveries from this charge will be credited to the commodity cost tracker to the benefit of all retail customers. This charge will be shown as a separate line on customers' bills.



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

With the Commission's approval of our proposal, it is anticipated there will be a minimal number of customers that transition from retail sales to transport.

NorthWestern respectfully requests the Commission's approval of our proposal to ensure the recovery of PGA costs from the cost causer.

Sincerely,

Jeff J. Decker

Regulatory Specialist

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