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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

600 Market Street W.
Huron, SD 57350-1500
Toll Free: 800-245-6977
Facsimile: 605-353-7519
www.northwesternenergy.com

July 13, 2006

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

Re: Contract With Deviations – Electric Service Agreement

Dear Ms. Van Gerpen:

With this letter, NorthWestern Corporation ("NorthWestern" or the "Company"), doing business as NorthWestern Energy, is filing with the Commission a proposed new electric Contract with Deviations (the "Contract") with Redfield Ethanol Plant (the "Customer") for which we would request Commission approval.

Pursuant to ARSD 20:10:13:36 and ARSD 20:10:13:39, the

Company states: (1) The documents submitted with this filing

include:

- A copy of the executed proposed Contract, for which confidential treatment, has been requested, pursuant to ARSD 20:10:01:41 (see Exhibit A to this letter);
- A copy of the Workpapers that include the listing of the costs for the Company to construct the electric facilities to serve the Customer;
Maps that show the location of the lines to be constructed; and
The proposed revised tariff schedule, Section 4, 9th Revised Sheet No. 1 Summary List of Contracts with Deviations which includes a reference to the Contract and the information required by ARSD 20:10:13:09.

(2) The proposed effective date for the Contract is September 1, 2006.

- (3) The names and addresses of those to whom copies of this filing have been mailed:

Bert Magstadt
Glacial Lakes Energy, LLC
P.O. Box 933
Watertown, SD 57201-0933

- (4) Brief description of the proposed deviation from the Company's standard rates:

Redfield Ethanol will be a large load at a new location, with an estimated demand of 4500KW. Rate 34 is the applicable tariff from which NorthWestern seeks deviations in this filing. This filing seeks approval for a rate discount from Rate 34. Redfield Ethanol has filed a petition with the Commission seeking to have NorthWestern serve at this new location. As part of Redfield's process in selecting NorthWestern, NorthWestern provided a sophisticated service design with reliability features requiring construction of approximately 2.25 miles of line, and associated equipment. Under the proposed contract, there is no separate contribution necessary from Redfield Ethanol for this construction. The cost is covered by the rate tariff.

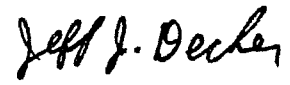
- (5) Reasons for the proposed deviation:

NorthWestern requests approval in order for Redfield Ethanol to obtain reliable and competitive electric service at its new location near Redfield, SD. Redfield Ethanol has chosen NorthWestern to provide the service and NorthWestern can fairly and economically provide services at a rate with deviations for the proposed five year period. This proposal fosters economic development in rural South Dakota and provides compensation, to NorthWestern and its present customers, for the expenditures necessary to provide the service. The additional revenue will be credited to the cost of service and will help to offset the additional costs. When the five year term of the contract with deviations has run its course, Redfield will receive service under Rate 34 with an option L discount.

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

This proposed Contract will apply only to the Customer, and the effect on its cost of service is provided in the Contract.

Sincerely,

A handwritten signature in black ink that reads "Jeff J. Decker". The signature is written in a cursive style with a large, prominent "J" at the beginning.

Jeff Decker
Rates Analyst

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 Electric Service Agreement between NorthWestern and the Redfield Ethanol Plant (the "Customer"), dated January 23, 2006 (the "Contract"), and the Workpapers containing the Company's anticipated costs to construct facilities to the Customer's facilities;
- 2) The Company requests that such confidential treatment be afforded the Contract and Workpapers indefinitely, or, at a minimum, until the conclusion of the five-year term of such Contract;
- 3) The name, address and phone number of the persons to be contacted regarding the confidentiality request are:

Jeffrey Decker
Regulatory Analyst
NorthWestern Energy
600 Market Street West
Huron, SD 57350
(605) 353-8315

Pamela Bonrud
Director Regulatory Affairs SD/NE
NorthWestern Energy
125 S. Dakota Avenue
Sioux Falls, SD 57103
(605) 978-2990

- 4) The grounds for confidentiality are that the Contract and Workpapers provide proprietary information concerning both the Company and the Customer, including the pricing of electric service, the costs of construction for the 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.

SOUTH DAKOTA ELECTRIC RATE SCHEDULE

NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 4

2nd Revised

Sheet No. 1

Canceling 1st Revised

Sheet No. 1

Contracts With Deviations

1. Redfield Ethanol Plant – Redfield (N)
Execution – 01/23/2006 (N)
Expiration – 5 years, commencing with Plant Start-Up date. (N)

Date Filed: July 13, 2006

Service on or after
Effective Date: September 1, 2006

Jeffrey Decker
Issued By: Regulatory Department

CONFIDENTIAL

[1]