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September 3, 2009

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
523 E. Capitol
Pierre, SD 57501

RE: EL08-028 – In the Matter of the Consideration of the New PURPA Standards

Dear Ms. Van Gerpen:

On June 19, 2009, NorthWestern Corporation, d.b.a. NorthWestern Energy (NorthWestern), filed comments on Docket No. EL08-028 pursuant to the South Dakota Public Utilities Commission's (Commission) scheduling order dated March 9, 2009. On August 14, 2009, Staff filed its testimony in compliance with the Commission's scheduling order.

NorthWestern appreciates this opportunity to offer additional comments in response to Staff's testimony. Because NorthWestern generally agrees with Staff, we will not be offering formal testimony at this time and wish to reserve our rights to participate in any future Commission proceeding that occurs related to this docket. In particular, NorthWestern looks forward to additional review with the Commission of Staff's testimony regarding revenue decoupling as a mechanism to remove the disincentive for utilities to promote energy efficiency. Additionally, NorthWestern offers that the intent of mechanisms designed to recover lost revenues is different from incentive mechanisms aimed at rewarding utilities for meeting energy efficiency goals. These two elements of rate design and how they eliminate disincentives to invest in energy efficiency and/or encourage such investments should be considered separately. NWE plans to include discussion along these lines in the DSM plan it intends to file with the Commission within the next month.

NorthWestern also appreciates the work done by Staff in working with us and other interested parties in addressing the new PURPA standards as required under the Energy Independence and Security Act of 2007. Staff has remained diligent and thoughtful in their efforts to be inclusive of all perspectives.

Sincerely,

Pamela A. Bonrud
Director – SD/NE Government and Regulatory Affairs

Cc: Patrick Corcoran, VP – Government and Regulatory Affairs, NorthWestern Energy
Joseph Schwartzenberger, Director – Regulatory Affairs, NorthWestern Energy
Sara Dannen, Corporate Counsel, NorthWestern Energy