

DONEY | CROWLEY | BLOOMQUIST | PAYNE | UDA P.C.

ATTORNEYS AT LAW

Ted J. Doney (1942-1994)  
Frank C. Crowley, MS  
John E. Bloomquist  
R. Allan Payne, RGp, MS  
Michael J. Uda, MS

Offices in Helena and Dillon, Montana

Suzanne F. Bessette, MP  
James E. Brown, LL.M.  
Marc G. Buyske, LL.M.  
Patti L. Rowland  
Abigail J. St. Lawrence  
James L. Shuler

July 2, 2010

*Via E-mail and FedEx Overnight Delivery*

Dennis L. Wagner, General Manager-South Dakota Production & Generation  
Jeff Decker, Regulatory Specialist  
Northwestern Energy  
600 Market St. W.  
Huron, South Dakota 57350-1500

RE: Oak Tree Energy, LLC - QF Negotiation with NorthWestern Energy

Dear Dennis and Jeff:

The attached spreadsheet was derived from information contained in the June 17, 2010 Ten Year Biennial Plan. Based on this information submitted by NorthWestern Energy ("NWE") to the South Dakota Public Utilities Commission ("PUC"), it appears that NWE in South Dakota needs both additional capacity and additional renewable supplies in the next 10 years.

Oak Tree Energy, LLC ("Oak Tree") would like to provide some of the needed capacity and renewable energy by selling the output of its 19.5 MW wind farm to NWE in South Dakota. Oak Tree proposes to price this energy based on NWE's estimated cost of developing and installing wind in Montana's 2007 Least Cost Plan. Consistent with Montana Public Service Commission Order 6973d in Docket D2008.12.146, Oak Tree proposes to use a 38% capacity factor in determining the price to be paid for the power, resulting in a power purchase agreement price of \$69.2/MWh.

If there are assumptions or errors in the attached spreadsheet that you can correct, or additional information that would correct Oak Tree's impression that NWE has significant needs for energy and capacity in South Dakota over the next 10 years, please let us know. For example, if the information that is required to be made public by 18 C.F.R. § 292.302 would answer those questions, we respectfully request that it, or any other relevant information that would further inform Oak Tree's decision, be provided.

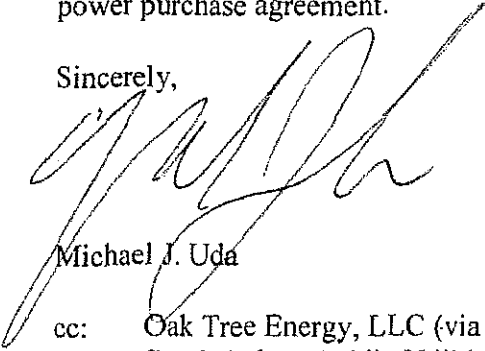
Please let me know no later than Thursday, July 8, 2010, if NWE is interested in further discussing Oak Tree's proposal or has additional information that would bear on Oak Tree's decision. If I do not hear from you by that date, Oak Tree will assume that NWE is not

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interested in further negotiations, that negotiations will not take place, and that NWE is amenable to Oak Tree pursuing whatever legal options at its disposal, including litigation before the SDPUC. Obviously, litigation would be a last resort and Oak Tree would only reluctantly pursue it. With that in mind, Oak Tree hopes it and NWE can work towards a mutually satisfactory power purchase agreement.

Sincerely,



Michael J. Uda

cc: Oak Tree Energy, LLC (via e-mail only)  
South Dakota Public Utilities Commission  
NorthWestern Energy's Butte, Montana office, Attn: Joe Schwartzberger  
Pam Bonrud, Director, NorthWestern Energy

1642.000 - PL 53566

Peak Table		(MW)										
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Load	Pk Load	325	327	329	330	332	334	335	337	339	340	342
	Pk + 15%	374	376	378	380	382	384	385	388	390	391	393
Supply	Big Stone	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1	106.1
	Neal 4	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9	55.9
	Coyote 1	42.7	42.7	42.7	42.7	42.7	42.7	42.7	42.7	42.7	42.7	42.7
	SCGT			50	50	50	50	50	50	50	50	50
	Ree Ht Wind	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
	2nd SCGT				50	50	50	50	50	50	50	50
	Total Cap	207.2	207.2	257.2	307.2	307.2	307.2	307.2	307.2	307.2	307.2	307.2
Short		167	169	121	72	75	77	78	80	83	84	86
Renewable Energy Table		(MWh)										
Annual Energy	1,589,000	1,605,000	1,621,000	1,637,000	1,659,000	1,670,000	1,687,000	1,704,000	1,721,000	1,738,000	1,755,000	
Billed Energy (7% losses)	1,477,770	1,492,650	1,507,530	1,522,410	1,542,870	1,553,100	1,568,910	1,584,720	1,600,530	1,616,340	1,632,150	
RPS Target (10%)	0	0	0	0	0	155,310.0	156,891.0	158,472.0	160,053.0	161,634.0	163,215.0	
Ree Ht Wind	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	
Total Renewable MWh	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	76,650	
Renewable Shortage	(76,650)	(76,650)	(76,650)	(76,650)	(76,650)	78,660	80,241	81,822	83,403	84,984	86,565	