

Line No.	Description	Account No.	Base Period			Adjustments		Test Period		
			Twelve Months Ended December 31, 2006			Labor	Other	Adjusted for Known & Measurable Changes		
			Total	Labor	Other			Total	Labor	Other
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
		\$	\$	\$	\$	\$	\$	\$	\$	
1	Gas Production Expenses									
2	Operations:									
3	Supervision and Engineering	710	0	0	0	0	0	0	0	0
4	LP Gas Expense	717	0	0	0	0	0	0	0	0
5	Fuel	723	0	0	0	0	0	0	0	0
6	LP Gas	726	0	0	0	0	0	0	0	0
7	Miscellaneous	735	203	31	172	1	0	204	32	172
8										
9	Total Operations		203	31	172	1	0	204	32	172
10										
11	Maintenance:									
12	Supervision and Engineering	740	0	0	0	0	0	0	0	0
13	Structures	741	71,217	7,469	63,748	224	0	71,441	7,693	63,748
14	Production Equipment	742	0	0	0	0	0	0	0	0
15										
16	Total Maintenance		71,217	7,469	63,748	224	0	71,441	7,693	63,748
17										
18	Distribution Expenses									
19	Operations:									
20	Supervision and Engineering	870	742,543	511,522	231,021	15,346	128,365	886,254	526,868	359,386
21	Load Dispatching	871	122,478	63,550	58,928	1,907	0	124,385	65,457	58,928
22	Compressor Station Expenses	872	0	0	0	0	0	0	0	0
23	Mains and Services Expenses	874	1,283,767	641,160	642,607	19,235	0	1,303,002	660,395	642,607
24	Meas and Reg Station Exp-Gen	875	131,954	76,925	55,029	2,308	0	134,262	79,233	55,029
25	Meas and Reg Station Exp-Industrial	876	0	0	0	0	0	0	0	0
26	Meas and Reg Station Exp-City Gate	877	54,808	23,894	30,914	717	0	55,525	24,611	30,914
27	Meter and House Regulator Expense	878	405,256	232,980	172,276	6,989	0	412,245	239,969	172,276
28	Customer Installation Expense	879	138,122	128,458	9,664	3,854	0	141,976	132,312	9,664
29	Other Expense	880	227,916	151,935	75,981	4,558	0	232,474	156,493	75,981
30	Rents	881	0	0	0	0	0	0	0	0
31										
32	Total Operations		3,106,844	1,830,424	1,276,420	54,914	128,365	3,290,123	1,885,338	1,404,785

Column g, row 20 includes the additional annual O&M costs for the ownership of the Milbank pipeline. See confidential exhibit JJD-4 for detail.

Line No.	Description (a)	Account No. (b)	Base Period Twelve Months Ended December 31, 2006			Adjustments		Test Period Adjusted for Known & Measurable Changes		
			Total	Labor	Other	Labor	Other	Total	Labor	Other
			(c) \$	(d) \$	(e) \$	(f) \$	(g) \$	(h) \$	(i) \$	(j) \$
1	Distribution Expenses									
2	Maintenance:									
3	Supervision and Engineering	885	243,103	167,954	75,149	5,039	0	248,142	172,993	75,149
4	Structures and Improvements	886	0	0	0	0	0	0	0	0
5	Mains	887	197,753	114,480	83,273	3,434	0	201,187	117,914	83,273
6	Compressor Station Equipment	888	0	0	0	0	0	0	0	0
7	Meas and Reg Station Exp-Gen	889	64,935	23,361	41,574	701	0	65,636	24,062	41,574
8	Meas and Reg Station Exp-Industrial	890	0	0	0	0	0	0	0	0
9	Meas and Reg Station Exp-City Gate	891	79,050	24,285	54,765	729	0	79,779	25,014	54,765
9	Services	892	380,981	133,198	247,783	3,996	0	384,977	137,194	247,783
10	Meters and House Regulators	893	154,587	70,980	83,607	2,129	0	156,716	73,109	83,607
11	Other Equipment	894	0	0	0	0	0	0	0	0
12										
13	Total Maintenance		1,120,409	534,258	586,151	16,028	0	1,136,437	550,286	586,151
14										
15	Customer Accounts Expenses									
16	Operations:									
17	Supervision	901	0	0	0	0	0	0	0	0
18	Meter Reading Expenses	902	436,163	207,243	228,920	6,217	0	442,380	213,460	228,920
19	Customer Records & Collections	903	321,695	107,542	214,153	3,226	0	324,921	110,768	214,153
20	Uncollectible Accounts	904	130,119	0	130,119	0	0	130,119	0	130,119
21	Misc. Customer Accounts Expense	905	24,774	0	24,774	0	0	24,774	0	24,774
22										
23	Total Customer Accounts Expenses		912,751	314,785	587,966	9,443	0	922,194	324,228	597,966
24										
25	Customer Service & Info. Expenses									
26	Operations:									
27	Supervision	907	0	0	0	0	0	0	0	0
28	Customer Assistance Expense	908	649,659	456,073	193,586	13,682	0	663,341	469,755	193,586
29	Information & Instruction Expense	909	75,088	0	75,088	0	0	75,088	0	75,088
30	Misc. Customer Service Expense	910	0	0	0	0	0	0	0	0
31										
32	Total Customer Accounts Expenses		724,747	456,073	268,674	13,682	0	738,429	469,755	268,674

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 Purchased Gas
 December 31, 2010 Test Year

Schedule H2
 Page 1 of 1

Line No.	FERC	Description	Total	Test Period Adjustments	Adjusted Amount
	(a)	(b)	(c)	(d)	(e)
1	805	Rate Code 81 - Residential	17,335,211	254,454	17,589,665
2	805	Rate Code 82 - Small Commercial	9,017,933	125,815	9,143,748
3	805	Rate Code 84 - Lg. Firm (Option A)	2,160,900	22,825	2,183,725
4	805	Rate Code 84 - Lg. Firm (Option B)	885,095	6,726	891,821
5	805	Rate Code 85 - Lg. Inter. (Option A)	1,192,675	16,626	1,209,301
6	805	Rate Code 85 - Lg. Inter. (Option B)	865,742	3,562	869,304
7	805	Rate Code 86-Contract Sales(Opt A)	2,012,029	30,238	2,042,267
8	805	Rate Code 86-Contract Sales(Opt B)	2,073,074	31,655	2,104,729
9	805	Gas Cost Reconciling Adjustment	24	(24)	
10		<u>South Dakota Total Gas Commodity Cost</u>	<u>35,542,683</u>	<u>491,877</u>	<u>36,034,560</u>

Line No.	FERC (a)	Description (b)	Total (c)	Pro Forma Adjustments (d)	Adjusted Amount (e)	Comments (f)
1	909, 913	Advertising				
2	909	Conservation	4,474		4,474	Customer Education and Weatherization Information
3	909	Safety	58,513		58,513	Includes Call Before You Dig and Carbon Monoxide
4	909	Informational	12,101		12,101	Bill inserts & Publishing phone number
5	913	Promotional	22,203	(22,203)	0	Remove signs, banners, sports programs sponsorships
6		Total Advertising	97,291	(22,203)	75,088	
7						
8	922	Administrative Expenses Transferred - Credit				
9		Payroll and Expenses	(685,283)		(685,283)	Overhead to capital. Time study completed in 2010
10						
11	926	Employee Pensions and Benefits:				
12		Misc & Employee Education	22,951		22,951	
14		Benefits Administration	15,011		15,011	
16		Pension Expense - FAS 87	28,557		28,557	
17		Group Dental Plan	47,713		47,713	
18		Vacation Liability Accrual	54,300		54,300	
19		Group Life Insurance	82,231		82,231	
20		Family Protector	82,932		82,932	
21		Post Retirement (FAS 106)	115,971		115,971	
23		Retirement Savings Plan	500,009		500,009	
24		Medical Insurance	703,177		703,177	
25		Benefits loaded onto labor	(1,596,617)		(1,596,617)	
26		Unrecovered benefits cost	56,235	-	56,235	
27						
28	928	Regulatory Commission Expense	0	0	0	included in FERC 407, Regulatory Amortizations
29						
30	929	Duplicate Charges	0	0	0	
31						
32	930	Miscellaneous General Expenses:				
33	930.1	General Advertising	14,449		14,449	
34	930.2	Industry Association Dues - Utility Shareholders of SD	12,896	(12,896)	-	
35	930.2	Industry Association Dues	5,685		5,685	
36	930.2	Economic Development	6,840	3,160	10,000	Reclass economic development from 426, see KGK-4 exhibit
37	930.2	Board Fees	91,085		91,085	Board of Directors Fees, Investor Relations, annual report
38		Total	(498,727)	(35,099)	(533,826)	

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 List of all Claimed Advertising Expenses
 December 31, 2010 Test Year

Line No.	Category (a)	Account Description (b)	Account Number (c)	Posting Date (d)	Total Invoice Amount	SD Gas Amount (e)	Comments (f)
1	Safety	Advert. - Production	03S-Z552-DIG	3/31/2010	\$ 361.87	\$ 90.47	Call Before You Dig
2		Advert. - Production	03S-Z552-DIG	6/30/2010	\$ 443.90	\$ 110.98	Call Before You Dig
3		Advert. - Radio	03S-Z552-DIG	3/1/2010	\$ 400.00	\$ 100.00	Call Before You Dig
4		Advert. - Radio	03S-Z552-DIG	4/1/2010	\$ 400.00	\$ 100.00	Call Before You Dig
5		Advert. - Radio	03S-Z552-DIG	4/10/2010	\$ 3,167.00	\$ 791.75	Call Before You Dig
6		Advert. - Radio	03S-Z552-DIG	4/10/2010	\$ 5,626.35	\$ 1,406.59	Call Before You Dig
7		Advert. - Radio	03S-Z552-DIG	5/17/2010	\$ 400.00	\$ 100.00	Call Before You Dig
8		Advert. - Radio	03S-Z552-DIG	6/10/2010	\$ 2,317.75	\$ 579.44	Call Before You Dig
9		Advert. - Radio	03S-Z552-DIG	6/10/2010	\$ 2,042.00	\$ 510.50	Call Before You Dig
10		Advert. - Radio	03S-Z552-DIG	5/10/2010	\$ 4,084.00	\$ 1,021.00	Call Before You Dig
11		Advert. - Radio	03S-Z552-DIG	5/10/2010	\$ 4,635.40	\$ 1,158.85	Call Before You Dig
12		Advert.-Signs/Banner	03S-Z552-DIG	4/10/2010	\$ 1,671.00	\$ 417.75	Call Before You Dig
13		Advert.-Signs/Banner	03S-Z552-DIG	4/10/2010	\$ 3,833.00	\$ 958.25	Call Before You Dig
14		Advert.-Signs/Banner	03S-Z552-DIG	3/31/2010	\$ 1,290.01	\$ 322.50	Call Before You Dig
15		Advert.-Signs/Banner	03S-Z552-DIG	6/10/2010	\$ 3,833.00	\$ 958.25	Call Before You Dig
16		Advert.-Signs/Banner	03S-Z552-DIG	6/10/2010	\$ 1,114.00	\$ 278.50	Call Before You Dig
17		Advert.-Signs/Banner	03S-Z552-DIG	5/10/2010	\$ 1,671.00	\$ 417.75	Call Before You Dig
18		Advert.-Signs/Banner	03S-Z552-DIG	5/10/2010	\$ 3,833.00	\$ 958.25	Call Before You Dig
19					<u>\$ 41,123.28</u>	<u>\$ 10,280.82</u>	
20							
21							
22	Safety	Office Supplies	05S-Z554-MSC	5/14/2010	\$ 5,193.52	\$ 3,116.11	Sniffy the Sniff-a-saurus costume
23		Advert. - TV	05S-Z554-MSC	6/10/2011	\$ 4,143.15	\$ 2,485.89	Sniffy Commercials
24		Advert. - TV	05S-Z554-MSC	6/10/2011	\$ 2,176.00	\$ 1,305.60	Sniffy Commercials
25					<u>\$ 11,512.67</u>	<u>\$ 6,907.60</u>	

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 List of all Claimed Advertising Expenses
 December 31, 2010 Test Year

Line No.	Category	Account Description	Account Number	Posting Date	Adjusted Amount		Comments
	(a)	(b)	(c)	(d)		(e)	(f)
1	Informational	Advertising - Print	04S-Z535-PDA	1/26/2010	\$ 528.00	\$ 132.00	Phone Directory Ad
2		Advertising - Print	04S-Z535-PDA	1/28/2010	\$ 265.32	\$ 66.33	Phone Directory Ad
3		Advertising - Print	04S-Z535-PDA	2/24/2010	\$ 1,745.82	\$ 436.46	Phone Directory Ad
4		Advertising - Print	04S-Z535-PDA	2/18/2010	\$ 36.00	\$ 9.00	Phone Directory Ad
5		Advertising - Print	04S-Z535-PDA	3/10/2010	\$ 16.28	\$ 4.07	Phone Directory Ad
6		Advertising - Print	04S-Z535-PDA	4/29/2010	\$ 823.20	\$ 205.80	Phone Directory Ad
7		Advertising - Print	04S-Z535-PDA	4/29/2010	\$ 900.00	\$ 225.00	Phone Directory Ad
8		Advertising - Print	04S-Z535-PDA	7/7/2010	\$ 397.00	\$ 99.25	Phone Directory Ad
9		Advertising - Print	04S-Z535-PDA	9/29/2010	\$ 693.00	\$ 173.25	Phone Directory Ad
10		Advertising - Print	04S-Z535-PDA	9/8/2010	\$ 430.00	\$ 107.50	Phone Directory Ad
11		Advertising - Print	04S-Z535-PDA	9/7/2010	\$ 1,125.00	\$ 281.25	Phone Directory Ad
12		Advertising - Print	04S-Z535-PDA	9/2/2010	\$ 1,153.00	\$ 288.25	Phone Directory Ad
13		Advertising - Print	04S-Z535-PDA	10/22/2010	\$ 535.00	\$ 133.75	Phone Directory Ad
14		Advertising - Print	04S-Z535-PDA	10/29/2010	\$ 1,734.00	\$ 433.50	Phone Directory Ad
15		Advertising - Print	04S-Z535-PDA	11/30/2010	\$ 444.00	\$ 111.00	Phone Directory Ad
16		Advertising - Print	04S-Z535-PDA	12/21/2010	\$ 1,334.00	\$ 333.50	Phone Directory Ad
17					\$ 12,159.62	\$ 3,039.91	
18							
19							
20	Conservation	Outside Serv-Other	05S-Z542-CUC	6/22/2010	\$ 247.25	\$ 61.81	Customer Education/Weatherization
21		Advert. - Production	05S-Z542-CUC	2/26/2010	\$ 434.25	\$ 108.56	Customer Education/Weatherization
22		Advert. - Production	05S-Z542-CUC	4/29/2010	\$ 434.25	\$ 108.56	Customer Education/Weatherization
23		Advert. - Radio	05S-Z542-CUC	2/26/2010	\$ 6,513.60	\$ 1,628.40	Customer Education/Weatherization
24		Advert. - Radio	05S-Z542-CUC	3/26/2010	\$ 4,632.35	\$ 1,158.09	Customer Education/Weatherization
25		Advert. - Radio	05S-Z542-CUC	3/26/2010	\$ 3,401.00	\$ 850.25	Customer Education/Weatherization
26		Advert. - Internet	05S-Z542-CUC	2/26/2010	\$ 1,588.30	\$ 397.08	Customer Education/Weatherization
27		Mktg Promo/Trd Shows	05S-Z542-CUC	5/3/2010	\$ 643.99	\$ 161.00	Customer Education/Weatherization
28					\$ 17,894.99	\$ 4,473.75	

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 List of all Claimed Advertising Expenses
 December 31, 2010 Test Year

Line No.	Category	Account Description	Account Number	Posting Date	Adjusted Amount		Comments
	(a)	(b)	(c)	(d)		(e)	(f)
1	Informational	Postage	04S-Z558-MBI	1/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
2		Postage	04S-Z558-MBI	2/28/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
3		Postage	04S-Z558-MBI	3/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
4		Postage	04S-Z558-MBI	4/30/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
5		Postage	04S-Z558-MBI	5/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
6		Postage	04S-Z558-MBI	6/30/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
7		Postage	04S-Z558-MBI	7/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
8		Postage	04S-Z558-MBI	8/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
9		Postage	04S-Z558-MBI	9/30/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
10		Postage	04S-Z558-MBI	10/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
11		Postage	04S-Z558-MBI	11/30/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
12		Postage	04S-Z558-MBI	12/31/2010	\$ 39.97	\$ 9.99	Monthly Bill Insert
13		Outside Serv-Cont	04S-Z558-MBI	1/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
14		Outside Serv-Cont	04S-Z558-MBI	2/28/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
15		Outside Serv-Cont	04S-Z558-MBI	3/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
16		Outside Serv-Cont	04S-Z558-MBI	4/30/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
17		Outside Serv-Cont	04S-Z558-MBI	5/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
18		Outside Serv-Cont	04S-Z558-MBI	6/30/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
19		Outside Serv-Cont	04S-Z558-MBI	7/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
20		Outside Serv-Cont	04S-Z558-MBI	8/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
21		Outside Serv-Cont	04S-Z558-MBI	9/30/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
22		Outside Serv-Cont	04S-Z558-MBI	10/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
23		Outside Serv-Cont	04S-Z558-MBI	11/30/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
24		Outside Serv-Cont	04S-Z558-MBI	12/31/2010	\$ 2,980.46	\$ 745.12	Monthly Bill Insert
25					<u>\$ 36,245.16</u>	<u>\$ 9,061.29</u>	

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 List of all Claimed Advertising Expenses
 December 31, 2010 Test Year

Line No.	Category (a)	Account Description (b)	Account Number (c)	Posting Date (d)		Adjusted Amount (e)	Comments (f)
12	Safety	Advert. - Production	03S-Z551-SNG	2/26/2010	\$ 515.00	\$ 309.00	Carbon Monoxide Commercials
13		Advert. - Production	03S-Z551-SNG	4/29/2010	\$ 723.75	\$ 434.25	Carbon Monoxide Commercials
14		Advert. - Production	03S-Z551-SNG	4/29/2010	\$ 289.50	\$ 173.70	Carbon Monoxide Commercials
15		Advert. - Production	03S-Z551-SNG	6/22/2010	\$ 361.88	\$ 217.13	Carbon Monoxide Commercials
16		Advert. - Production	03S-Z551-SNG	12/20/2010	\$ 217.12	\$ 130.27	Carbon Monoxide Commercials
17		Advert. - Production	03S-Z551-SNG	12/20/2010	\$ 217.12	\$ 130.27	Carbon Monoxide Commercials
18		Advert. - Production	03S-Z551-SNG	12/20/2010	\$ 3,039.75	\$ 1,823.85	Carbon Monoxide Commercials
19		Advert. - Production	03S-Z551-SNG	12/20/2010	\$ 3,329.25	\$ 1,997.55	Carbon Monoxide Commercials
20		Advert. - Production	03S-Z551-SNG	12/20/2010	\$ 2,866.05	\$ 1,719.63	Carbon Monoxide Commercials
21		Advert. - Print	03S-Z551-SNG	5/19/2010	\$ 900.00	\$ 540.00	Carbon Monoxide Commercials
22		Advert. - Radio	03S-Z551-SNG	2/26/2010	\$ 4,796.00	\$ 2,877.60	Carbon Monoxide Commercials
23		Advert. - Radio	03S-Z551-SNG	2/26/2010	\$ 2,010.00	\$ 1,206.00	Carbon Monoxide Commercials
24		Advert. - Radio	03S-Z551-SNG	3/22/2010	\$ 400.00	\$ 240.00	Carbon Monoxide Commercials
25		Advert. - Radio	03S-Z551-SNG	4/27/2010	\$ 400.00	\$ 240.00	Carbon Monoxide Commercials
26		Advert. - Radio	03S-Z551-SNG	4/27/2010	\$ 2,457.60	\$ 1,474.56	Carbon Monoxide Commercials
27		Advert. - Radio	03S-Z551-SNG	4/27/2010	\$ 2,010.00	\$ 1,206.00	Carbon Monoxide Commercials
28		Advert. - Radio	03S-Z551-SNG	5/21/2010	\$ 400.00	\$ 240.00	Carbon Monoxide Commercials
29		Advert. - Radio	03S-Z551-SNG	12/6/2010	\$ 4,020.00	\$ 2,412.00	Carbon Monoxide Commercials
30		Advert. - Television	03S-Z551-SNG	1/14/2010	\$ 480.00	\$ 288.00	Carbon Monoxide Commercials
31		Advert. - Television	03S-Z551-SNG	2/26/2010	\$ 6,700.00	\$ 4,020.00	Carbon Monoxide Commercials
32		Advert. - Television	03S-Z551-SNG	12/20/2010	\$ 5,000.00	\$ 3,000.00	Carbon Monoxide Commercials
33		Mktg Promo/Trd Shows	03S-Z551-SNG	10/11/2010	\$ 45.75	\$ 27.45	Carbon Monoxide Commercials
34		Mktg Promo/Trd Shows	03S-Z551-SNG	10/11/2010	\$ 63.59	\$ 38.15	Carbon Monoxide Commercials
35					<u>\$ 41,242.36</u>	<u>\$ 24,745.42</u>	

NorthWestern Corporation, dba NorthWestern Energy
 South Dakota Rate Case
 List of all Claimed Advertising Expenses
 December 31, 2010 Test Year

Line No.	Category (a)	Account Description (b)	Account Number (c)	Posting Date (d)	Adjusted Amount (e)		Comments (f)
1	Safety						
2		Advert. - Production	03S-Z559-PLS	11/30/2010	\$ 217.12	\$ 130.27	Pipeline Safety
3		Advert. - Production	03S-Z559-PLS	11/30/2010	\$ 3,329.25	\$ 1,997.55	Pipeline Safety
4		Advert. - Radio	03S-Z559-PLS	11/10/2010	\$ 4,020.00	\$ 2,412.00	Pipeline Safety
5		Advert. - Television	03S-Z559-PLS	11/30/2010	\$ 13,802.00	\$ 8,281.20	Pipeline Safety
6		Advert. - Television	03S-Z559-PLS	12/10/2010	\$ 6,264.00	\$ 3,758.40	Pipeline Safety
7					<u>\$ 27,632.37</u>	<u>\$ 16,579.42</u>	
8							
9							
10		<u>Grand Total of Claimed Advertising</u>			<u>\$ 187,810.45</u>	<u>\$ 75,088.20</u>	

energy

CONNECTIONS

June 2010

NorthWestern
Energy
Delivering a Bright Future

Call Before You Dig

Natural gas, electric and other utility lines are just about everywhere underground. To avoid damage to these lines and to ensure your own protection, state law requires that you call the national Call Before You Dig 811 number before you dig or excavate. Technicians will come to your site and mark the location of all underground utilities – free of charge.



**Know what's below.
Call before you dig.**

Steps for safe digging or excavation:

1. Mark your proposed excavation or dig area with white paint.
2. Call 811 at least two working days before you plan to dig.
3. Wait until a line locate technician has marked all buried utilities.
4. Maintain the locate marks so you can see them throughout your project.
5. Excavate each side of the marked utilities by hand when you are within two feet of any marked line.

did you know?

The Web is a great resource for free pipeline safety information. Visit www.pipeline101.com and www.pipelineawareness.org for introductory information and educational materials. For tips on safe excavation, go to www.commongroundalliance.com. To identify general information, education materials and locations of gas and hazardous liquid transmission pipelines in your area, The National Pipeline Mapping System is available at www.npms.phmsa.dot.gov. NorthWestern Energy's Web site (www.northwesternenergy.com) also contains educational information, including the *Natural Gas Safety World*, which is a fun, interactive area for kids. If you don't have Internet access, and would like to receive more information, contact our Educational Resource Center at (800) 440-2497. ■



June is National Pipeline Awareness Month

In 2009, the U.S. House of Representatives and the House Transportation and Infrastructure Committee passed H. Res 484, establishing June 10th as National Pipeline Safety Day in recognition of the tenth anniversary of the Bellingham petroleum pipeline explosion that killed three young people. H. Res. 484 stresses that "greater awareness of pipelines and pipeline safety can improve public safety," and encourages individuals, state and local governments and pipeline safety stakeholders to work together to create greater public awareness of pipeline safety.

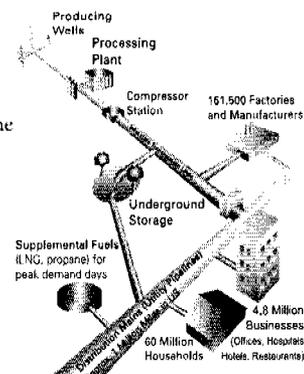
NorthWestern Energy would like to recognize the month of June as National Pipeline Awareness month and reminds our customers of the important safety messages that pertain to pipeline systems. ■

A Word About Pipeline Safety

Every day in the United States, several million cubic feet of natural gas travel through an underground pipeline delivery system to 64 million customers. Natural gas flows through three major types of pipelines: the gathering system, the interstate transmission pipeline and the distribution system.

Natural gas flows from deep inside the earth into producing wells and then into low-pressure, small-diameter gathering pipelines that transport raw natural gas from the wellhead to the processing plant. Gathering pipelines feed into large transmission pipes that crisscross the nation. These interstate pipelines are the "highways" of natural gas transmission. Machines called compressors move the gas at high pressure in the pipeline, pressures that are up to five times the pressure of water shooting through a fire hose.

After a journey of hundreds of miles per day, the natural gas arrives at one of NorthWestern Energy's facilities. Some of the natural gas is stored underground for later use; the rest is sent through a network of smaller pipes to homes and businesses, called the distribution system. These pipelines



continued on back...

...continued from front

traditionally are located in alleys behind your house or in the streets in front of your home.

Pipelines which are safe and efficient, are the only feasible method for delivering the vast quantities of energy products we all require each day.

Pipelines are made of either steel that is covered with a protective coating, or plastic. Almost all of them are buried underground and are tested and maintained regularly using cleaning devices, diagnostic tools, and devices to control corrosion.

While pipelines have a good safety record relative to the tremendous volumes of products they carry, pipeline accidents can and sometimes occur. For that reason, we urge everyone to become aware of pipelines in their communities, and to understand how to prevent, recognize and respond to pipeline emergencies. ■

How Would You Know Where a Pipeline Is?

Pipeline markers show the approximate location of pipelines and identify the companies that operate them. The pipeline may not follow a straight course between markers. Pipeline markers, sometimes called right-of-way markers, are placed at public road crossings and railroad crossings. These markers identify what type of material is transported, the name of the pipeline operator and the operator's emergency phone number.

Pipeline markers are important for the safety of the general public. It is a federal crime for any person to deface, damage, remove or destroy willfully any pipeline sign or right-of-way marker.

NorthWestern Energy identifies areas of high consequence according to the definition in the Code of Federal Regulations. Generally put, these are areas within a calculated potential impact radius that due to the probable population density and/or the ability to evacuate in a timely manner, could result in higher than normal injury rate if an incident occurred.

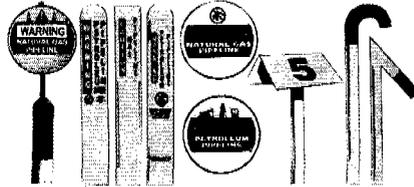
Contact your local pipeline company for information on High-Consequence Areas (HCA) and Integrity Management Programs (IMP). ■

Use Your SENSES

Although pipeline leaks are rare, knowing how to recognize and respond to a possible leak is a key component in pipeline safety. Trust your senses. You may recognize a pipeline leak by:

- ◆ **Sight:** Liquid pools, discolored or abnormally dry soil/vegetation in an otherwise green area near a pipeline right of way, bubbling ponds, an oily sheen on water surfaces, and vaporous fogs or blowing dirt around a pipeline area can all be indicative of a leak.
- ◆ **Sound:** Volume can range from a quiet hissing to a loud roar depending on the size of the leak.
- ◆ **Smell:** Natural gas is a colorless, odorless, nontoxic substance. Because of this, NorthWestern Energy makes it easier to detect gas leaks by adding an odorant called mercaptan to the gas to give it an unpleasant rotten-egg or skunk-like smell. If you smell an unusual, petroleum or gaseous odor - leave the area immediately and warn others to do the same. Once you are a safe distance away, call 911 or your local emergency number and NorthWestern Energy.

It is just as important to also know what NOT to do if you suspect a leak. DO NOT touch, breathe, or make contact with the leaking liquids or gas. Stay upwind if possible. DO NOT light a match, start an engine, use a telephone, turn on or off any type of electrical switch such as a light, garage door opener, etc. or do anything that may create static or a spark. DO NOT attempt to extinguish any pipeline fire that may start. DO NOT drive into a leak or vapor cloud area. Automobile engines may ignite the vapors. DO NOT attempt to operate valves. ■



contact...

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 7 a.m. - 6 p.m. M-F
 Emergency 24/7 Service
 Call Before You Dig 811
 Energy Efficiency (800) 823-5995

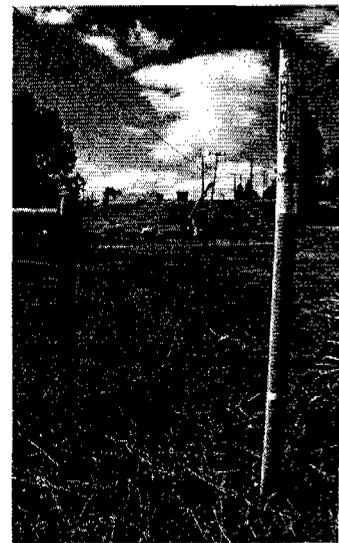
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Pipeline Monitoring

Pipelines are monitored 24 hours a day, seven days a week to ensure they are safe and secure. Sophisticated computers, alarms, meters, and satellite



technology are used to control and monitor pipelines. The monitoring systems are designed to detect changes in pressure and flow, and will be activated if a leak is detected. Some pipelines contain automatic shut-off valves that will isolate a leak. ■

energy

CONNECTIONS

November 2010

NorthWestern
Energy
Delivering a Bright Future

in this
issue...

WINTERIZING YOUR HOME

HAVE YOU TESTED YOUR CO DETECTOR?

SIGNS OF CARBON MONOXIDE POISONING

DID YOU KNOW?



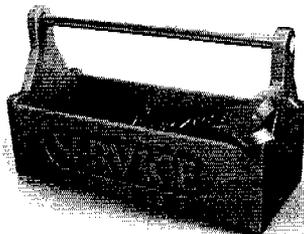
Winterizing Your Home

Is Your Furnace Ready?

When is the last time you had your furnace inspected? Can't recall – then that means it is time for an inspection! You should have all gas appliances, furnaces, vents, flues, chimneys and gas lines in your home or business inspected every year or two by a qualified industry professional. In addition, stock up on furnace filters and change them monthly.

As the temperatures drop and your furnace starts working in overdrive – make sure you do an inventory around your home. Remove all flammable material from the area surrounding your furnace and any heat sources. Make sure all curtains are up and the socks are put away!

Also, be sure to follow manufacturer instructions for the care and use of gas appliances and equipment. ♦



As the temperatures begin to dip, your home will require maintenance to keep it in tip-top shape through the winter. Here are some tips to help you prepare your home for winter:

1. Check the exterior, doors and windows – use weather-stripping around doors to prevent cold air from entering the home and caulk windows.
2. Install combination - type gas, smoke and carbon monoxide detectors – and make sure you buy a fire extinguisher or replace an extinguisher older than 10 years.
3. Check foundations and make sure your meters are free and clear of any fallen debris.
4. Inspect roof, gutters and downspouts – adding extra insulation to the attic will prevent warm air from creeping to your roof; consider installing leaf guards on the gutters or extensions on the downspouts to direct water away from the home.
5. Prepare an emergency kit – make sure you know what to do in case of a power outage; tape the phone numbers to contact NorthWestern Energy near your phone or inside the phone book; make sure flashlights have new batteries and are in working order; buy a battery back-up to protect your computer and sensitive electronic equipment.

NorthWestern Energy's website is full of useful information. You can download a series of "how to" videos that walk you through the do it yourself steps to:

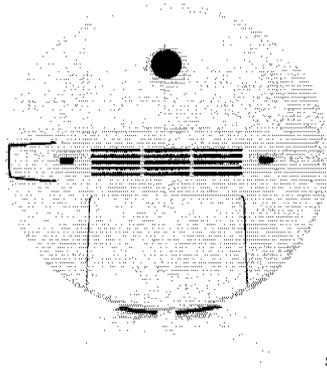
- ♦ install weather-stripping and door sweeps
- ♦ where and how to use expandable foam sealant
- ♦ how to install foam gaskets under light switch plates and outlet covers
- ♦ how to install window plastic on a single-pane window

You can download all the videos in various segments from www.northwesternenergy.com. ♦

Have You Tested Your Carbon Monoxide Detector Lately?

Carbon monoxide (CO) is a colorless, odorless, poisonous gas that may be present when a fuel, such as natural gas, is not burned completely. It is a deadly poison that any fuel – wood, coal, oil, propane, kerosene – can produce.

To help you protect against carbon monoxide poisoning, NorthWestern Energy recommends that you install a carbon monoxide detector and keep it up to date.



You should be sure to test the model often to ensure it is in working order. If your model has a battery back-up – be sure to change out the battery each year.

Carbon monoxide detectors actually have an expiration date, so check with the manufacturer instructions to determine how long the carbon monoxide detector is suppose to last. A good tip is to write the date you installed the detector on the back of your model with a permanent marker, so you have a reference point. ♦

Know the Signs of Carbon Monoxide Poisoning

Carbon monoxide poisoning symptoms are similar to the flu and may affect the entire family, or just start with one individual. They might disappear when you are away from home for a period of time, then return after you're back for awhile. Be prepared by making sure everyone in your household knows what symptoms to watch out for:

SYMPTOMS OF CARBON MONOXIDE POISONING:

- ♦ headache
- ♦ nausea
- ♦ vomiting
- ♦ fatigue
- ♦ confusion
- ♦ tightening of the chest
- ♦ unusual yawning
- ♦ irritation of nose, mouth, mouth, eyes

did you know?

Help is available this winter heating season. NorthWestern Energy wants you to call our Customer Contact Center at (800) 245-6977 if you, or someone you know, is having difficulty paying their energy bill. While our budget payment program may help some people, others may be eligible for programs that minimize their energy costs.

For a complete list of services that are available, visit www.northwesternenergy.com and search "help paying my bill" or call our contact center. ♦

contact...

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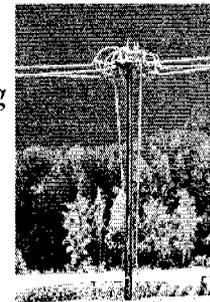
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Safety Tips for Changing Seasons



As the leaves change and the air becomes crisper, we can expect anything from heavy snowfall and severe ice storms to strong winds across Montana, South Dakota and Nebraska. You can help avoid needless injury by making sure your whole family is educated on the following basic safety rules:

- ♦ Treat all fallen lines as if they are energized and deadly – stay away and call 9-1-1 immediately. Keep other people and pets away, too.
- ♦ Keep anything you may be holding or using at least 10-feet away from any power line, whether the line is above or has fallen on the ground.
- ♦ If a power line falls across your vehicle, you are safest staying inside the car and waiting for help. If your power goes out, contact NorthWestern Energy right away to report the outage. We're available 24 hours a day, 7 days a week. ♦

energy

CONNECTIONS

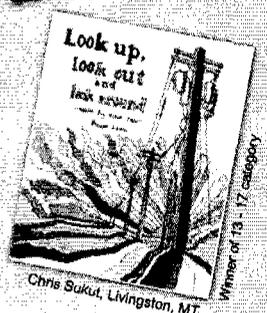
October 2010

NorthWestern[™]
Energy
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Winners Announced...

We would like to thank all those that entered such creative works of art to the Fun with the Wind Kite Contest. The imagination and enthusiasm of our community continues to inspire us as we strive to find new ways to generate energy safety awareness.

The winning entries were selected from nearly 300 submissions that were received from towns throughout our service territory. Entries were judged on overall impact, creativity and fulfillment of the contest rules. Each winner will receive a Nintendo Wii gaming console and get to see their art flying in the wind on a custom NorthWestern Energy kite. The custom kites will be distributed at events across our service territory next spring. ♦



A Word About Natural Gas Safety

Our thoughts and prayers go out to those affected by recent tragic natural gas incidents in our own service territory as well as California. Such events make us all stop and think about our own families and the energy we rely on daily. Yet, we want to remind you that as a company our commitment to the safety of our employees, customers and communities is our top priority.

As we look at our own natural gas systems, we know we have in place stringent internal controls along with procedures to meet rigorous federal and state standards. We work daily to take every precaution to prevent future occurrences.

The following are answers from the American Gas Association to questions frequently asked regarding natural gas pipeline safety. If you have a question that you would like to ask, send it to news2@northwesternenergy.com. We will post answers to your questions in future issues of Energy Connections.

Q: What is the overall safety record of the natural gas industry?

The natural gas industry has an excellent safety record. And transportation by pipeline is the safest form of transportation. In 2007, there were more than 43,000 transportation fatalities in the United States. Of these, less than 0.03 percent was attributed to natural gas transmission and distribution pipelines.

The safety of the public is, and will always remain, the natural gas industry's paramount priority. The natural gas industry operates an extensive system of 2.4 million miles of distribution and transmission pipelines that stretches across the country to provide service to 70 million residential, commercial and industrial customers. The design, construction, operation, inspection and maintenance of ALL operating pipelines are subject to state and federal regulations and requirements.

Q: Who provides oversight to ensure that pipeline operators are complying with these safety regulations?

The Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) is the federal regulatory agency responsible for the oversight of pipeline safety in the United States. The pipeline safety regulations apply to all pipelines in the United States. Through annual certifications and agreements, individual states have enforcement responsibility for pipelines within their own state. The state agreement with PHMSA requires a state to adopt and enforce the federal regulations. These states may enforce both the federal regulations and their own regulations, which are consistent with and at least as strict as, the federal regulations.

Q: What causes natural gas pipelines to fail?

Historically, excavation damage is the leading cause of most serious pipeline failures. Accident information is grouped into eight cause categories: excavation damage, corrosion, natural forces, other outside force damage, material or welds, equipment, incorrect operation and other.

Q: How do I get access to maps showing the location of all the pipelines in my local area?

PHMSA has created a National Pipeline Mapping System (NPMS) that shows the general location of all natural gas transmission pipelines and other pipeline facilities in the United States. This map is available to the public and can be accessed by visiting: <http://www.npms.phmsa.dot.gov/>. There is no map available to the public showing the location of natural gas distribution pipelines.

Q: Explain the difference between transmission and distribution pipelines.

In general, a transmission line is a larger diameter line operating at a higher operating pressure and transports the natural gas between states, counties, cities and towns. Distribution pipelines are generally the smaller diameter lines at lower operating pressures that deliver natural gas directly to local homes and businesses.

Q: What exactly is a "High Consequence Area" (HCA) and how can I tell if I live and work in an HCA?

"HCA" is not a term associated with the safety or condition of a particular pipeline. Instead, this term was created by the public, regulators and industry personnel to improve pipeline safety by focusing comprehensive inspections on certain transmission pipeline segments. Transmission pipelines that are located in areas where people live and work or are known to congregate on a regular basis are then deemed as being in an HCA. By regulation, this subset of transmission pipelines then receives the greatest level of inspection and have an added layer of protection to avoid accidents that otherwise would have the greatest (negative) consequence on the public.

Q: What kind of testing is performed on natural gas pipelines to ensure these lines will not fail?

There are several different types of inspections and testing that can be used to evaluate the condition of natural gas pipelines. Different types of inspections and testing methods are used, based upon a variety of factors for both transmission pipelines and distribution pipelines. The inherent differences that exist between distribution pipelines and transmission pipelines often dictate what type of inspection can even be considered by the pipeline operator.

Q: How old are the natural gas pipelines in the United States? Why don't utilities replace all of the oldest pipelines?

There is a wide range with respect to the age of pipelines. Age is not the sole factor used to determine when a pipeline is replaced, as an older pipeline can still provide safe and reliable service. Operators work with state and federal regulators to monitor the natural gas pipelines continually to determine if leaks are occurring, when repairs are required and when a pipeline needs to be replaced. The replacement of pipelines is an ongoing process. Gas utilities often submit multi-year replacement projects to their state commissions for approval. Immediate pipeline replacement will be performed if a hazardous situation is identified.

Q: What actions can I take to help ensure the pipelines in my neighborhood are safe?

There are three actions that individuals can take:

1. Be alert for signs of a natural gas leak. There are several ways to detect a natural gas leak:
 - ↳ **Smell:** Because an odorant is added to natural gas by the utility to help you detect its presence, the best sign of a natural gas leak is if you smell something similar to rotten eggs.
 - 👁️ **Sight:** Look for dirt blowing into the air, persistent bubbling in standing water, or discolored or dead vegetation around the pipeline area.
 - 👂 **Sound:** Listen for any unusual hissing or roaring sound.
2. Be sure to call 811 at least two full days before you perform any digging work, even if it is something as simple as planting a tree in your yard. This will allow the local utilities to come and mark the location of any underground lines so that you can avoid damaging them when you dig.
3. Help make sure that all those who are performing any excavation work in your neighborhood have notified 811. This would include any work done in the public right of way, as well as work done by individuals in their yard. If a call to 811 has been made, underground utilities in the vicinity of the excavation site will come to the site prior to the start of excavation and will mark the location of their buried facility through painted lines, flags or other markers. If a call to 811 has not been made prior to excavation, this could possibly result in damage to underground facilities, including natural gas pipelines.

Q: How can I learn more?

There is a wealth of information available on the internet. NorthWestern Energy recommends the following additional resources:

- ◆ See the Department of Transportation's Bureau of Transportation Statistics web site for more information on gas safety statistics: http://www.bts.gov/publications/national_transportation_statistics/html/table_02_01.html
- ◆ To learn more about PHMSA, visit <http://primis.phmsa.dot.gov/comm/>
- ◆ Find out more about the national one-call system at <http://www.call811.com/>
- ◆ Accident cause information is available at PHMSA's web site: http://primis.phmsa.dot.gov/comm/reports/safety/SerPSIDet_1990_2009_US.html?nocache=7692

contact...

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NorthWestern Corporation, dba NorthWestern Energy
South Dakota Rate Case
Interdepartmental Transactions
December 31, 2010 Test Year

Line No.	Description (a)	Total Amount (b)	South Dakota Gas Factor (c)	Total Allocated to SD Gas (d)	Test Period Adjustments (e)	Comments (f)
1	Management fee from GRT, a division of NorthWestern Services, LLC	Acct. No. 920				
3	January-10	755	0.250	189	0	
4	February-10	755	0.250	189	0	
5	March-10	755	0.250	189	0	
6	April-10	755	0.250	189	0	
7	May-10	755	0.250	189	0	
8	June-10	755	0.250	189	0	
9	July-10	755	0.250	189	0	
10	August-10	755	0.250	189	0	
11	September-10	755	0.250	189	0	
12	October-10	755	0.250	189	0	
13	November-10	755	0.250	189	0	
14	December-10	755	0.250	189	0	
15		<u>9,060</u>		<u>2,265</u>		