

MEMORANDUM

TO: File
 FROM: John Peters
 DATE: November 15, 2011
 RE: **2012 SD & NE ADMINISTRATIVE AND GENERAL ALLOCATION STUDY**

The October 2011 period allocation study was completed November 15, 2011.

The results are:

General Office Electric & Gas Allocation Study (October 2011)

Factors used were:

1. Rate-Based Plant Balances (October 2011)
2. Customers (October 2011)
3. Operations Labor (12ME October 2011)

The results are:

Electric -	57%
SD Gas -	25%
NE Gas -	18%
SD Electric -	69%
SD Gas -	31%
SD Gas -	60%
NE Gas -	40%

Area Allocation Study (October 2011)

Factors used were:

1. Customers (by Area October 2011)
2. Distribution O&M (12ME October 2011)
3. Distribution Plant (by Area October 2011)

The results are:

	<u>Electric</u>	<u>Gas</u>
Aberdeen.....	64%	36%
Huron.....	68%	32%
Mitchell.....	74%	26%
Yankton.....	84%	16%
Brookings.....	0%	100%
Grand Island.....	0%	100%
Kearney.....	0%	100%
North Platte.....	0%	100%

**NorthWestern Energy-SD & NE
General Office Allocation
2012 A&G Allocation Study**

Plant Allocation (000's Omitted)

	In-Service	CWIP	Common Plant	Gross Plant	Common	SD	Gas
Electric	447,648	30,014	28,320	505,982	75.85%	81.92%	
SD Gas	103,613	1,524	6,555	111,692	16.74%	18.08%	69.35%
NE Gas	45,837	635	2,900	49,373	7.40%		30.65%
Total	597,099	32,173	37,775	667,047	100.00%	100.00%	100.00%

Source: October Asset Balance Report ties to account 161010& 161015/CWIP Provided by Kristi Wallman

Common Plant Allocated based on Plant in Service

Customers		Common	SD	Gas
Electric	61,175	41.89%	58.34%	
SD Gas	43,682	29.91%	41.66%	51.48%
NE Gas	41,171	28.19%		48.52%
Total	146,028	100.00%	100.00%	100.00%

Source: October 2011 SAP Stat Key Report (CNPS, ELCUST, NGCUST)

O&M Labor Expense		Common	SD	Gas
Electric	8,521,445	54.36%	66.30%	
SD Gas	4,331,116	27.63%	33.70%	60.53%
NE Gas	2,823,919	18.01%		39.47%
Total	15,676,480	100.00%	100.00%	100.00%

Source: SAP October 2011 12 ME Labor

Allocation of Factors**Gross Plant:**

	Common	SD	Gas
Electric	75.85%	81.92%	
SD Gas	16.74%	18.08%	69.35%
NE Gas	7.40%		30.65%

Customers:

	Common	SD	Gas
Electric	41.89%	58.34%	
SD Gas	29.91%	41.66%	51.48%
NE Gas	28.19%		48.52%

Direct Labor:

	Common	SD	Gas
Electric	54.36%	66.30%	
SD Gas	27.63%	33.70%	60.53%
NE Gas	18.01%		39.47%

Total Utility Allocation

	Plant	Customers	Labor	Total	
Total Electric	75.85%	41.89%	54.36%	172.10%	57.37%
Total SD Gas	16.74%	29.91%	27.63%	74.29%	24.76%
Total NE Gas	7.40%	28.19%	18.01%	53.61%	17.87%

SD Utility Allocation

	Plant	Customers	Labor	Total	
Total SD Electric	81.92%	58.34%	66.30%	206.56%	68.85%
Total SD Gas	18.08%	41.66%	33.70%	93.44%	31.15%

Gas Utility Allocation

	Plant	Customers	Labor	Total	
Total SD Gas	69.35%	51.48%	60.53%	181.36%	60.45%
Total NE Gas	30.65%	48.52%	39.47%	118.64%	39.55%