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March 30, 2012

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

RE: NG12 - _____ - NorthWestern Energy 2012 Economic Development Budget

Dear Patty:

In accordance with the Decision and Order approving the Settlement Stipulation Agreement for NG11-03, I hereby submit NorthWestern Energy's economic development 2012 budget. As this is the first budget that NorthWestern is submitting as a result of NG11-003, we will report on our anticipated expenses for 2012 with the understanding that in 2013, the Commission will review our 2012 actual expenses against the budget and a proposed budget for 2013.

Much of NorthWestern Energy's economic development support relates to its financial support of local and regional economic development associations. In many instances, NorthWestern Energy personnel are active participants in these organizations and serve on their board of directors. For example, Mike Williams, our Aberdeen Area Manager, is a board member for Absolutely Aberdeen!. Another example includes Jerry Bertsch, our Specialist Key Accounts and Economic Development, who serves on the Southeast Enterprise Facilitation Project board of directors.

In the past two years, NorthWestern Energy resurrected Advantage South Dakota which is a regional partnership with our community economic development leaders. The goal of Advantage South Dakota is to take a more global approach to developing economic development opportunities and promote job growth for communities within our service territory. During 2011, Advantage South Dakota developed a brochure highlighting the competitive advantages of locating a business in communities served by NorthWestern Energy. Advantage South Dakota representatives attended the American Wind Energy Association's 2011 annual meeting and set up a booth to promote the James River Valley as a great place to do business. Outreach to include the Governor's Economic Development office (GOED) has also occurred and representatives of GOED are now attending the Advantage South Dakota meetings to develop cooperative opportunities. Advantage South Dakota is also in communication with the SD Department of Labor to explore how the Governor's workforce initiative can partner with Advantage South Dakota.

During 2012, NorthWestern Energy will continue its focus on working with local community leaders to promote their communities as good places to do business. A key component of that partnership effort will be the ongoing Advantage South Dakota endeavor. A new logo to promote Advantage South Dakota is near completion and will be very helpful

in building the overall Advantage South Dakota brand. We will also continue to work with existing service territory businesses that want to expand to see how we can help them achieve those goals.

NorthWestern Energy takes its role in helping South Dakota to remain viable and competitive in the economic development arena very seriously. We understand the value of partnerships and well planned communications to highlight the advantages of South Dakota's business climate to businesses looking to locate or expand within our service territory. The importance of that collaborative effort translates to new jobs and/or business opportunities for our customers. NorthWestern appreciates the opportunity to assist our communities in reaching their goals.

Below is the proposed 2012 Economic Development Budget:

Category	Amount	NG Allocation	2012 Budget
Staffing	\$49,300	31.5%	\$15,529
Advantage SD marketing	\$4000	31.5%	\$1,260
Parkston Commercial Club	\$150	31.5%	\$47
Lake Area Improvement Corp	\$500	31.5%	\$158
Parkston Area Development	\$100	31.5%	\$31
Governor's Office of Economic Development*	\$16,500	31.5%	\$5,198
Greater Huron Development	\$25,000	31.5%	\$7,875
Dakota Heartland Development Assn.	\$2,000	31.5%	\$630
Absolutely Aberdeen!	\$5,000	31.5%	\$1,575
Lake Francis Case Development Corp	\$150	31.5%	\$47
Mitchell Area Development Corp	\$600	31.5%	\$189
Chamberlain Chamber of Commerce	\$675	31.5%	\$213
SD Chamber of Commerce & Industry	\$3,304	31.5%	\$956
Mitchell Area Chamber of Commerce	\$1,900	31.5%	\$598
Southeast Enterprise Facilitation Project	\$2,000	31.5%	\$630
River City Racing	\$2,000	31.5%	\$630
Platte Chamber of Commerce	\$170	31.5%	\$54
Madison Economic Development Corp.	\$1,000	31.5%	\$315
Tripp Economic Development Corp.	\$60	31.5%	\$19
Brookings Economic Development Corp.	\$5,000	31.5%	\$1,575
Freeman Economic Development Corp.	\$5,000	31.5%	\$1,575
TOTAL**			\$39,104

*GOED support is for the annual economic development conference and an all-inclusive sponsorship of the Governor's Hunt, Golf Event and Buffalo Roundup.

**NG11-003 established a cost share between the customers and company at 50/50 on an annual program of \$30,000 in expenses. The settlement agreement also capped the revenue requirement level at \$15,000 total.

NorthWestern Energy respectfully requests Commission approval of our proposed 2012 budget. If there are any questions regarding our proposed 2012 economic development budget, please contact me at your convenience.

Thank you,

Handwritten signature of Pamela A. Bonrud in black ink, written in a cursive style.

Pamela A. Bonrud

Director – Government and Regulatory Affairs

Cc: Rick Edwards, Director – Key Accounts Customer Education, NorthWestern Energy
Jerry Bertsch, Specialist Key Accounts & Economic Development, NorthWestern Energy