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April 12, 2012

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

RE: NG12-001 - In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of Its 2012 Economic Development Proposed Budget

Dear Ms. Van Gerpen,

NorthWestern Corporation, dba NorthWestern Energy, appreciates this opportunity to provide written responses to Staff's Data Request Number 1 in this matter. For ease of reference, Staff's requests for information follow below with our responses included.

**1-1) Please reconcile the 31.5% natural gas allocation used in this docket with the 32% used in docket NG11-003.**

Please see attached file labeled "NWE SD NG Allocation 2012". Each year, NWE reviews its allocation of company expenses related to the 3 factor process. The update is completed by October of each year for use in the succeeding year.

**1-2) Please provide itemized amounts, details and descriptions of the "Staffing" category.**

Please refer to the file labeled "ED SD Staffing 2012 Budget". You will see an allocation of time for the three NWE personnel who are primarily involved in economic development activities in SD. The three NWE personnel include:

Pam Bonrud, Director – Government and Regulatory Affairs  
Rick Edwards, Director – Key Accounts/Customer Education  
Jerry Bertsch, Specialist Key Accounts and Economic Development

As discussed during our natural gas rate case (NG11-003), NorthWestern does not use a time management system that tracks salaried employee time to this level. The compromise we arrived at was to do an estimate of time these three individuals spend on economic development related activities in SD and use that to arrive at a staffing budget for this purpose. For purposes of this filing, we have updated the standard labor rates to reflect 2012 pay increases for the three individuals and confirmed the percentage of time they expect to spend on economic development activities during 2012.

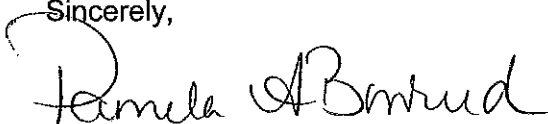
**1-3) Please provide itemized amounts, details and descriptions of the "GOED" category.**

As noted on the proposed 2012 budget chart, the GOED category includes a \$1500 sponsorship for GOED's annual conference and a \$15,000 all-inclusive sponsorship for the Governor's Annual Buffalo Round-up, Golf Event, and Pheasant Hunt. Traditionally, each of these events have been used by the Governor to highlight South Dakota's pro-business environment and the work ethic of the state's labor force to potential businesses looking for new location sites or businesses looking to expand in South Dakota. Each event provides an opportunity for prospective business leaders to meet with existing South Dakota business/economic development leaders to hear first-hand about the state's low taxes, pro-business mentality, and why South Dakota is a great place to see your business grow. It provides an excellent opportunity for utilities such as NorthWestern to meet with prospective businesses to highlight the advantages of locating in our service territory and what we have to offer when they are considering locations, promoting the communities we serve, and our Advantage SD efforts.

You will also note a file labeled "PUC DR-1 Corrected ED 2012 Chart". We recently noted that the natural gas allocation factor (31.5%) in the original chart should have been 31.15%. That has been corrected. Also, the SD Chamber of Commerce & Industry was miscalculated and that has been corrected.

Thank you and please let me know if there are additional questions.

Sincerely,



Pamela A. Bonrud  
Director – Government and Regulatory Affairs

Cc: Patrick Steffensen, Utility Analyst, SD PUC  
Kara Semmler, Attorney, SD PUC