BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY NOTHWESTERN ENERGY FOR APPROVAL OF TARIFF REVISIONS	))))	**ORDER APPROVING TARIFF REVISIONS** **NG10-007**

On August 26, 2010, the Public Utilities Commission (Commission) received an application by NorthWestern Energy (NorthWestern) to update its fuel retention percentage in its natural gas transportation service tariff. NorthWestern's tariff provides that the fuel retention percentage be adjusted annually with the updated percentage to be effective October 1 of each year. NorthWestern is also proposing tariff revisions to create a separate fuel retention rate for customers with daily average therm use greater than 30,000. The Company states that customers that fit these criteria are primarily direct connect customers whose gas systems are not subject to the normal losses of a distribution system. The Company subsequently revised the filing to modify the applicability of the new large customer retention percentage. The revised tariff sheet is as follows:

South Dakota Gas Rate Schedule
Section No. 5

15th Revised Sheet No. 6.2 Canceling 14th Revised Sheet No. 6.2

At its regularly scheduled meeting of September 28, 2010, the Commission considered this matter. Commission Staff recommended approval of the tariff revisions to update NorthWestern's fuel retention percentage in its natural gas transportation service tariff.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-34A. The Commission finds the revisions are just and reasonable and approved the revisions. It is therefore

ORDERED, that NorthWestern's revised tariff as described above is approved and shall be effective for services rendered on and after October 1, 2010.

Dated at Pierre, South Dakota, this 6th day of October, 2010.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.

By: Stephanie Nathanson

Date: 10/06/10

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Dustin M. Johnson

DUSTIN M. JOHNSON, Chairman

Steve Kolbeck

STEVE KOLBECK, Commissioner

Gary Hanson

GARY HANSON, Commissioner