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July 1, 2010

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

RE: NorthWestern Energy - Renewable, Recycled and Conserved Energy Objective 2009 Annual Report

Dear Ms. Van Gerpen:

NorthWestern Corporation, d.b.a. NorthWestern Energy (NorthWestern), is pleased to submit its 2009 Renewable, Recycled and Conserved Energy Objective (RREO) Annual Report in accordance with SDCL 49-34A-105.

NorthWestern made significant strides in 2009 towards reaching South Dakota's voluntary RREO goal of 10 percent by 2015. Following a public celebration of initiating construction on the Titan 1 wind energy project in August, NorthWestern began receiving wind energy from Titan 1 in December of 2009 through our purchase power agreement. NorthWestern's purchase power agreement with Titan 1 is for 25 MW of nameplate wind energy capacity. With the advent of Titan 1, five percent (5%) of NorthWestern's South Dakota retail energy sales are derived from wind and solar resources. Additionally, NorthWestern continues to explore additional renewable energy resources while evaluating their cost effectiveness for our customers. We remain committed to reaching the 10% by 2015 RREO goal in an expeditious and cost effective fashion.

Looking forward, NorthWestern will continue its efforts to develop a demand side management (DSM) program for our South Dakota customers in 2010. We currently have a docket before the Commission that proposes several different DSM initiatives designed to benefit our customers. Once we have worked out the remaining considerations regarding our DSM offerings with the Commission, we will have another important resource in assisting NorthWestern to meet the RREO.

While NorthWestern is mindful of the RREO, we are also currently in a situation whereby we have excess baseload generation that offers a level of complexity to our evaluation of and the timing for renewable energy resources. NorthWestern will continue to carefully evaluate available energy generation resources alternatives with an eye towards meeting our current supply demands, while balancing how the cost of these resources will impact our customers, and meeting the RREO by 2015.

Thank you.

Sincerely,

A handwritten signature in black ink, reading "Pamela A. Bonrud". The signature is written in a cursive style with a large, looping initial "P".

Pamela A. Bonrud

Director – SD/NE Government and Regulatory Affairs

CC: Brian Rounds, Staff Analyst  
Dennis Wagner, Manager - SD Wholesale Operations

Please provide a value in each of the boxes below with an "X" in it.

Company:  
NorthWestern Energy

Calendar Year 2009 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	7,208,860	Includes 5,788,578 MWH from Montana
SD (MWh)	1,420,282	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	534.21	Summer Rating including Colestrip Unit 4
SD (MW) Summer Rating	312.21	
SD (MW) Winter Rating	330.25	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)	160	Includes 135 MW Judith Gap Wind Farm
Wind	114.018	
Solar	0.01	0 Owned, 0.01 MW Small Qualifying Facility
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total - All States (MW)	274.028	
<b>SD (MW)</b>		
Wind	25	0 Owned, 25 MW @ 32 MPH Wind Speed, 20 Year Purchased Power Agreement
Wind	0.018	0 Owned, 0.018 MW Small Qualifying Facility
Solar	0.01	0 Owned, 0.01 MW Small Qualifying Facility
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MW)	25.028	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)		
Wind	X	
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total - All States (MWh)	-	
<b>Generated in SD (MWh)</b>		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MWh)	0	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)	298,789	Montana RECs retired - all based on Judith Gap wind production.
Wind	X	
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total - All States (MWh)	298,789	
<b>Generated In SD (MWh)</b>		
Wind	-	Pending application to begin tracking Renewable Energy Credits
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MWh)	0	
<b>Conserved Energy &amp; Capacity</b>		
<b>Conserved Energy (MWh)</b>		
Total - All States	60,536	Montana DSM & South Dakota DSM
SD	4380	South Dakota DSM Goal
<b>Conserved Capacity (MW)</b>		
Total - All States	6.9	Montana DSM & South Dakota DSM
SD	0.5	South Dakota DSM Goal