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August 31, 2011

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 2010 Annual Report

Dear Ms. Van Gerpen:

NorthWestern Corporation, d.b.a. NorthWestern Energy (NorthWestern), is pleased to submit its 2010 Renewable, Recycled and Conserved Energy Objective (RREO) Annual Report in accordance with SDCL 49-34A-105.

NorthWestern continued to explore additional renewable energy resources during 2010 while evaluating their cost effectiveness for our customers. In early 2010, NorthWestern released a RFI to investigate the addition of another 25 MW of wind energy to our South Dakota portfolio. Unfortunately, the economic downturn of 2010 had a negative effect on NorthWestern's need for any additional generation. As a result, we were forced to withdraw the RFI as we could not justify the additional expense to our customers of adding a generation resource that was not needed. However, NorthWestern will continue to evaluate potential renewable resources for cost effectiveness and customer benefit as we work towards reaching the 10% by 2015 RREO goal.

The cost effectiveness of new generation resources, including renewables, must be carefully evaluated to ensure adequate cost protection for our customers. NorthWestern will continue to carefully evaluate available energy generation resources with an eye towards meeting our current supply demands, identifying 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 that reads "Pamela A. Bonrud".

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:  
X

Calendar Year 2010 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	7,221,115	Montana default supply sales plus South Dakota sales.
SD (MWh)	1,469,995	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	535.54	Includes Coalstrip Four Unit in Montana added to summer SD rating.
SD (MW) Summer Rating	313.54	
SD (MW) Winter Rating	335.15	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)	0	
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total - All States (MW)</b>	<b>0</b>	
<b>SD (MW)</b>		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MW)</b>	<b>0</b>	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)	0	
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total - All States (MWh)</b>	<b>-</b>	
<b>Generated in SD (MWh)</b>		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MWh)</b>	<b>0</b>	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)	583,403	Montana RECs retired to meet 2010 RPS-all based on Judith Gap wind production.
Wind	583,403	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total - All States (MWh)</b>	<b>583,403</b>	
<b>Generated In SD (MWh)</b>		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MWh)</b>	<b>0</b>	
<b>Conserved Energy &amp; Capacity</b>		
<b>Conserved Energy (MWh)</b>		
Total - All States	80,395	Montana DSM program results in 2010.
SD	0	
<b>Conserved Capacity (MW)</b>		
Total - All States	9.2	
SD	0	