



*Pamela A. Bonrud*  
*Director - Government &*  
*Regulatory Affairs*  
*Phone: (605) 978-2900*  
*Fax: (605) 978-2919*  
*Pam.Bonrud@northwestern.com*

NorthWestern Corporation  
d/b/a NorthWestern Energy  
3010 W 69<sup>th</sup> Street  
Sioux Falls, SD 57108  
Telephone: (605) 978-2940  
Facsimile: (605) 978-2910  
[www.northwesternenergy.com](http://www.northwesternenergy.com)

July 2, 2012

Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
500 E. Capitol  
Pierre, SD 57501-5070

RE: NorthWestern Energy – 2011 Renewable, Recycled and Conserved Energy Annual Report

Dear Ms. Van Gerpen:

In accordance with SDCL 49-34A-105, NorthWestern Corporation (d.b.a. NorthWestern Energy) hereby submits its 2011 Renewable, Recycled and Conserved Energy Annual Report.

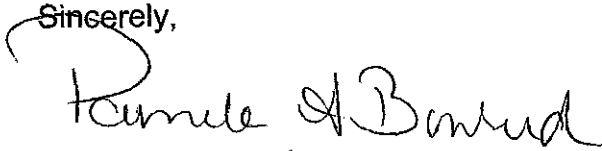
The integration of cost effective renewable, recycled and conserved energy resources into NorthWestern Energy's energy supply portfolio continues to be explored. As with many utilities in our region, NorthWestern is experiencing reduced customer demand for energy related to the depressed economy. This reduced energy demand did not support a need for new energy resources in South Dakota during 2011. Additionally, we backed down internal base load generating units due to reduced customer and wholesale market demands. Under these circumstances, it remains difficult to justify the addition of renewable resources as we do not have the need for additional energy and the cost of these resources has not been price competitive in relation to wholesale market prices or internal generation resources.

NorthWestern Energy anticipates that conserved energy resources will play a greater role towards our goal of meeting South Dakota's RRECO by 2015. Although NorthWestern is not able to report any conserved energy savings for 2011, we currently have a proceeding open before the Commission regarding a Demand Side Management program for our customers. We remain hopeful that we will reach final agreement with the Commission regarding our proposed DSM program by the end of this summer. Once final approval is granted, NorthWestern will begin the groundwork to roll out the program to our customers. Any conserved energy savings we may be able to report for 2012 will depend on when Commission approval is achieved and the amount time it takes to get the structural components of our DSM program in place.

Cost effective energy resources - including renewable, recycled and conserved resources – must be carefully evaluated as to their reliability, need to meet customer demand, and potential impact to our

customers' pocketbooks. NorthWestern Energy will continue to explore all possible renewable, recycled, and conserved energy resources for integration into our energy supply portfolio to achieve South Dakota's RRCEO by 2015.

Sincerely,

A handwritten signature in cursive script that reads "Pamela A. Bonrud". The signature is written in black ink and is positioned below the word "Sincerely,".

Pamela A. Bonrud  
Director – Government and Regulatory Affairs

Cc: Brian Rounds, Staff Analyst  
Dennis Wagner, Director - South Dakota Production

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

Company:

X

Calendar Year 2011 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	7,254,757	Montana default supply sales plus South Dakota sales.
SD (MWh)	1,503,637	
<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	Same as 2010
SD (MW) Winter Rating	335.15	Same as 2010
<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>	
SD (MW)		
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>	
Generated in SD (MWh)		
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>	
Generated In SD (MWh)		
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>		
Conserved Energy (MWh)		
Total - All States	80,395	Montana DSM program results in 2010.
SD	0	
Conserved Capacity (MW)		
Total - All States	9.2	
SD	0	