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July 7, 2013

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

RE: NorthWestern Energy – 2012 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 2012 Renewable, Recycled and Conserved Energy Annual Report.

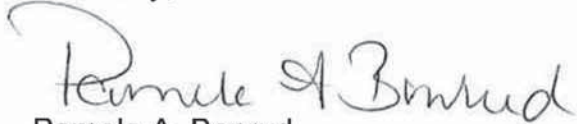
NorthWestern Energy continues to explore the integration of cost effective renewable, recycled and conserved energy resources for its SD energy supply portfolio. It is anticipated that conserved energy resources will play a role in assisting NorthWestern Energy to meet South Dakota's RRECO by 2015. Although NorthWestern is not able to report any conserved energy savings for 2012, a proceeding is currently open before the Commission regarding a Demand Side Management (DSM) program for NorthWestern Energy customers. It is NorthWestern's understanding that the Commission plans to host a DSM workshop later this year to continue discussions with South Dakota utilities about how these programs work and the value DSM provides to customers. We remain hopeful that final agreement with the Commission regarding our proposed DSM program will be reached by the end of 2013 or early 2014. Once final approval is granted, NorthWestern will begin preparations to roll out DSM to its customers.

During 2012, NorthWestern did not add any new renewable resources to its energy supply portfolio for South Dakota. NorthWestern continues to buy output from the Titan 1 wind farm (25 MW nameplate capacity) located near Ree Heights, SD. It is anticipated that NorthWestern's 2013 annual report will reflect the addition of new QF wind resources, assuming contract negotiations are successfully completed and the appropriate Commission approvals are achieved.

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 above the printed name and title.

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 2012 RREO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	7,432,856	Montana default supply sales plus South Dakota sales.
SD (MWh)	1,501,454	
Generation Capacity Owned		
Total - All States (MW)	535.54	Includes Coalstrip Four Unit in Montana added to summer SD rating.
SD (MW) Summer Rating	316	
SD (MW) Winter Rating	330	
Renewable Generation Capacity Owned		
Total - All States (MW)	40	
Wind	40	Spion Kop
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MW)	40	
SD (MW)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MW)	0	
Renewable Energy Credits Retired for SD		
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	
Total - All States (MWh)	-	
Generated in SD (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MWh)	0	
Renewable Energy Credits Retired for Other States		
Total - Generated in All States (MWh)	592,007	Montana RECs retired to meet 2012 RPS
Wind	557,706	
Solar	0	
New Hydro	34,301	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MWh)	592,007	
Generated in SD (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MWh)	0	
Conserved Energy & Capacity		
Conserved Energy (MWh)		
Total - All States	91,477	Montana DSM program results in 2012.
SD	0	
Conserved Capacity (MW)		
Total - All States	10.4	
SD	0	