



December 19, 2014

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building, 1st floor  
500 E. Capitol Ave.  
Pierre, SD 57501-5070

**RE:** APPLICATION OF NORTHWESTERN ENERGY FOR AUTHORITY TO  
INCREASE RATES FOR ELECTRIC UTILITY SERVICE IN SOUTH  
DAKOTA  
DOCKET NO. EL14-\_\_\_\_\_

Dear Ms. Van Gerpen:

Pursuant to ARSD § 20:10:13:39, NorthWestern Corporation, d/b/a NorthWestern Energy (“NorthWestern”), provides this letter of transmittal and submits the enclosed Application to the South Dakota Public Utilities Commission (“Commission”) for authority to increase rates for electric service in South Dakota (“Application”). NorthWestern last filed a general electric rate case in 1980, approximately 34 years ago. NorthWestern’s addition of the Aberdeen peaker plant to its generation fleet, upgrades to the environmental controls at NorthWestern’s thermal generation facilities, the Yankton transmission project, and NorthWestern’s move to integrate with the Southwest Power Pool (“SPP”) are the primary drivers for the need to increase electric rates in South Dakota.

The Application, consisting of the following volumes, has been e-filed, and thirteen copies have been sent to the Commission, as requested:

Volume 1

Section 1	Letter of Transmittal Notice of Proposed Changes of Rates and Charges Attestation by the Authorized Accounting Agent Report of Tariff Schedule Change
Section 2	Tariff Pages
Section 3	Comparison of Revenue under Present and Proposed Rates
Section 4	Statements and Schedules

Volume 2

Witness Direct Testimony, including exhibits

Robert C. (Bob) Rowe  
Brian B. Bird  
Adrien M. McKenzie  
Kendall G. Kliewer  
Ronald E. White  
Jeffrey J. Decker  
Gary G. Goble  
Dennis L. Wagner  
Bleau J. LaFave  
Michael R. Cashell  
Bobbi L. Schroepfel  
Michael W. Sydow

The Application proposes changes to the rate schedules that would increase base electric revenues from South Dakota customers by \$26,509,557, for a South Dakota jurisdictional electric revenue requirement of \$157,516,957, based on the billings issued for sales of electricity for the twelve (12) months ended September 30, 2014. This represents an increase of approximately 20.24% based on total revenue. The proposed changes would affect the billings of approximately 62,100 customers in South Dakota. The requested effective date of the proposed changes is March 1, 2015.

The additional revenue requested in the Application is needed to offset the increased costs incurred by NorthWestern in providing service to its customers, including the costs caused by federally required upgrades for environmental emissions controls at Big Stone, Coyote, and Neal #4; the addition of new peaking generation in Aberdeen; transmission and distribution upgrades; and NorthWestern's participation in SPP.

NorthWestern also will be requesting modifications to its adjustment clauses when required by changed circumstances described in the Application.

NorthWestern certifies that the Notice of Proposed Changes of Rates and Charges will be exhibited in a conspicuous place in each of NorthWestern's local district offices in the territory affected, for at least thirty (30) days prior to the date such change is to become effective. Each Notice states that the proposed rates and charges are available in that office for inspection. NorthWestern also certifies Notice has been or is being provided to the public in all respects as required by ARSD §§ 20:10:13:17 through 20:10:13:19.

The Commission's communications with NorthWestern regarding this Application should be directed to:

Patrick R. Corcoran  
Vice President – Government and Regulatory Affairs  
NorthWestern Energy  
40 E. Broadway  
Butte, MT 59701-9394  
Office: (406) 497-2202  
Email: Pat.Corcoran@northwestern.com

with a copy to each of the following:

Pamela A. Bonrud  
Director – Government and Regulatory Affairs  
NorthWestern Energy  
3010 W. 69<sup>th</sup> Street  
Sioux Falls, SD 57108  
Office: (605) 978-2900  
Facsimile: (605) 978-2910  
Email: Pam.Bonrud@northwestern.com

Al Brogan  
Corporate Counsel  
NorthWestern Energy  
208 N Montana Avenue, Suite 205  
Helena, MT 59601  
Office: (406) 443-8903  
Email: Al.Brogan@northwestern.com

Jeffrey Decker  
Regulatory Specialist  
NorthWestern Energy  
600 Market Street West  
Huron, SD 57350-1318  
Office: (605) 353-7560  
Email: Jeffrey.Decker@northwestern.com

The Applicant's legal name is NorthWestern Corporation, d/b/a NorthWestern Energy, with its principal place of business in Sioux Falls, South Dakota. NorthWestern is a corporation organized on December 3, 1923, under the laws of Delaware. NorthWestern provides retail electric service in South Dakota and Montana and retail natural gas service in South Dakota, Montana, and Nebraska.

In accordance with ARSD §§ 20:10:01:39 through 42, NorthWestern respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, material containing confidential information has been marked as "Confidential" and submitted separately in a sealed envelope along with this filing.

(1) NorthWestern requests confidential treatment of the following:

A. Documents that are confidential in their entirety:

Statement P

Exhibit\_\_(JJD-1) attached to the Prefiled Direct Testimony of Jeffrey J. Decker

Exhibit\_\_(BJL-4) attached to the Prefiled Direct Testimony of Bleau J. LaFave

(2) Duration of request: Forever

(3) Persons to be contacted regarding the confidentiality request: Pamela A. Bonrud and Al Brogan (contact information above)

(4) Legal grounds for confidential treatment:

Confidential treatment is requested on the grounds that the material is defined as confidential information by ARSD § 20:10:01:39(4) and (5).

(5) Factual grounds for confidential treatment:

The material qualifies for confidential treatment because it contains proprietary business information that NorthWestern does not disclose to the public. Disclosure of the material would result in material damage to NorthWestern's financial or competitive position.

Respectfully submitted,

NORTHWESTERN ENERGY

By Patrick R. Corcoran  
Patrick R. Corcoran by CRH  
Vice President  
Government and Regulatory Affairs