



November 18, 2016

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

RE: Docket GE16- xxx - In the Matter of a Filing by NorthWestern Corporation, d.b.a. NorthWestern Energy, for Approval of its 2017 Demand Side Management Plan.

Dear Ms. Van Gerpen:

Included with this communication is the 2017 NorthWestern Energy Demand Side Management plan ("2017 DSM Plan") for review and approval by the South Dakota Public Utilities Commission ("Commission"). NorthWestern Energy ("NorthWestern") respectfully requests Commission approval of the 2017 DSM Plan and the associated DSM tariffs with an effective date of January 1, 2017. Also included with this communication is the proposed notice to customers of the Energy Efficiency Adjustment rate change that will appear in the message box on customer bills with the Commission's approval of the proposed DSM tariffs.

The 2017 DSM Plan is a continuation of the initial 2-Year Plan approved by the Commission in Docket GE12-001, with modifications. The 2017 DSM Plan builds on the experience gained in South Dakota over the past two years with the noted modifications listed below.

1. Programs have been regrouped into five general Program categories:
 - Residential Home Energy Audit Program–Electric/Natural Gas
 - Residential Existing and New Construction Program–Electric
 - Residential Existing Construction Program–Natural Gas
 - Commercial Existing and New Construction Program–Electric
 - Commercial Existing Program–Natural Gas
2. Residential Light-Emitting Diodes ("LEDs") have been added to both the residential and commercial electric offerings.
3. Rebates and measures have been adjusted based upon current SD electric and natural gas avoided costs, cost effectiveness analysis, and experience over the past two years.

NorthWestern is proposing limited flexibility in budget spending. NorthWestern requests the flexibility to adjust budgeted program spending between residential and commercial offerings in the electric or natural gas rebate programs. We are also requesting that we have the ability to deviate from the overall electric or natural gas budgets by plus or minus 10%, respectively.

For the Commission's reference, NorthWestern simultaneously filed its most recent quarterly update in Docket GE12-001. Filed with that report are the workbooks for cost effective analyses (including the Program Administrator Cost, Total Resource Cost, and Ratepayer Impact Measurement tests) of the current DSM plan offerings to date. These analyses were used in developing the 2017 DSM Plan proposal.



NorthWestern wishes to thank Staff for their diligence and good faith efforts in working with us as we progress with the 2017 NorthWestern Energy South Dakota DSM plan. If there are any questions regarding this filing please contact me at your convenience.

Sincerely,

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