



January 26, 2016

Ms. Brittany Mehlhaff
SD Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

RECEIVED

JAN 28 2016

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Re: Docket NG11-03

Manufactured Gas Plant (MGP) remediation update pursuant to paragraph 3E of Settlement Stipulation

Dear Ms. Mehlhaff:

NorthWestern is providing you with an electronic file (MGP NG11-03 tracker.xls) which tracks clean-up costs and recoveries related to the Aberdeen MGP site during 2015. As you will see, NorthWestern incurred \$638,152.32 of clean up costs and recovered \$2,030,544.98 from customers during 2015. We have a cumulative over collected position of \$3,181,616.95 as of December 31, 2015. We track our MGP remediation costs and amounts recovered from customers, and apply a 7.79% carrying charge to the under or over collected position at the end of each month. As stated in paragraph 3E of the Settlement Stipulation of Docket NG11-03, NorthWestern will provide this report to you each calendar year before January 31.

We are also providing you a copy of the projected cash flows for remediation work for years 2016 through 2020, from Arcadis.

It is important to note there is still significant work to complete and both the timing of remediation work, as well as cost estimates will likely be revised as work is completed. NorthWestern will continue working cooperatively with the South Dakota Department of Environment and Natural Resources in order to proceed with a site management strategy that meets regulatory expectations and is conducted in a technically efficient manner.

Please feel free to contact me at (605) 978-2970 if you have any questions.

Sincerely,

Crystal Lail
Vice President and Controller