

NorthWestern Corporation, dba NorthWestern Energy  
 South Dakota Gas Rate Case - Cost of Plant  
 Summary of Additions and Reductions During Test Period  
 December 31, 2010 Test Year

Line No.	FERC (a)	Account Description (b)	Balance 12/31/2009 (c)	Additions (d)	Reductions (e)	Balance 12/31/2010 (f)
1	101	Gas Plant In Service - SD Gas	93,539,918	5,186,821	(561,165)	98,165,575
2	102	Gas Plant Purchased Or Sold	-	-	-	-
3	103	Experimental Gas Plant Unclassified	-	-	-	-
4	104	Gas Plant Leased To Others	-	-	-	-
5	105	Gas Plant Held For Future Use	-	-	-	-
6	106	Completed Construction Not Classified - Gas	-	-	-	-
7	107	Construction Work In Progress - SD Gas	29,960	5,333,906	(5,186,821)	177,045
8						
9						
10	118	Other Utility Plant (Common allocated to SD Gas)	9,015,137	573,535	(500,679)	9,087,992

Line No.	Account No.	Description	Plant Balance 12/31/2009	Additions & Transfers	Retirements	Ending Balance 12/31/2010
	(a)	(b)	(c)	(d)	(e)	(f)
1		PRODUCTION				
2	304	Land And Land Rights	\$40,057	\$0	\$0	\$40,057
3	305	Structures And Improvements	\$218,946	\$21,569	\$0	\$240,515
4	311	Liquefied Petroleum Gas Equipment	\$1,132,139	\$0	(\$10)	\$1,132,129
5	320	Other Equipment	\$1,160	\$0	\$0	\$1,160
6		Total Gas Production	\$1,392,302	\$21,569	(\$10)	\$1,413,861
7						
8		DISTRIBUTION				
9	374	Land And Land Rights	\$593,510	\$18,364	\$0	\$611,873
10	375	Structures And Improvements	\$97,898	\$5,604	\$0	\$103,502
11	376	Mains	\$51,624,786	\$3,408,307	(\$127,919)	\$54,905,174
12	378	Measuring & Regulating Station Equip-General	\$4,323,998	\$288,751	\$0	\$4,612,749
13	379	Measuring & Regulating Station Equip-City	\$2,138,442	\$191,119	\$0	\$2,329,561
14	380	Services	\$17,517,227	\$342,328	(\$58,583)	\$17,800,973
15	381	Meters	\$12,525,114	\$504,004	(\$6,633)	\$13,022,485
19		Total Gas Distribution	\$88,820,975	\$4,758,477	(\$193,135)	\$93,386,317
20						
21		GAS GENERAL				
22	303	Miscellaneous Intangible Plant-10 Year	\$0	\$0	\$0	\$0
23	303	Miscellaneous Intangible Plant-5 Year	\$8,264	\$0	\$0	\$8,264
24	389	Land And Land Rights	\$33,285	\$0	(\$16,968)	\$16,317
25	390	Structures And Improvements	\$1,164,183	\$98,070	(\$164,192)	\$1,098,062
26	391	Office Furniture And Equipment	\$17,973	\$62,640	\$0	\$80,613
27	391	Office Furniture And Equipment-10 Year	\$8,454	\$0	\$0	\$8,454
28	391	Office Furniture And Equipment-5 Year	\$0	\$0	\$0	\$0
29	392	Transportation Equipment-Passenger Vehicle	\$0	\$22,475	\$0	\$22,475
30	392	Transportation Equipment-Hourly Truck	\$108,229	\$11,380	\$0	\$119,609
31	392	Transportation Equipment-Light Truck	\$549,823	\$74,990	(\$42,537)	\$582,276
32	393	Stores Equipment	\$4,808	\$0	\$0	\$4,808
33	394	Tools, Shop And Garage Equipment	\$588,391	\$77,430	(\$66,671)	\$599,150
34	395	Laboratory Equipment	\$125,241	\$0	(\$41,666)	\$83,574
35	396	Power Operated Equipment	\$717,365	\$59,792	(\$35,987)	\$741,169
36	397	Communication Equipment	\$0	\$0	\$0	\$0
37	398	Miscellaneous Equipment	\$626	\$0	\$0	\$626
38		Total Gas General	\$3,326,641	\$406,776	(\$368,020)	\$3,365,396
39						
40		TOTAL 101	\$93,539,918	\$5,186,821	(\$561,165)	\$98,165,575
41						
42	106	COMPLETED CONSTRUCTION NOT CLASSIFIED	\$0	\$0	\$0	\$0
43						
44		TOTAL GAS PLANT-SOUTH DAKOTA	\$93,539,918	\$5,186,821	(\$561,165)	\$98,165,575

NorthWestern Corporation, dba NorthWestern Energy  
 South Dakota Gas Rate Case  
 Major Plant Additions and Retirements  
 December 31, 2010 Test Year

Line No.	Project No.	Project Description	Amount Addition	Retirement	Balance	Construction Start Date	In Service Date
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		SD Gas Plant Balance 12/31/2009			93,539,918		
2							
3		Major Additions:					
4	PR.106223	10 HUR SDWG Willow Lake Natural Gas Upgrad	683,077			Jun-10	11/1/2010
5	PR.106224	10 HUR SDWG Yale Natural Gas Upgrade	598,463			Jun-10	11/1/2010
6	PR.106221	10 ABN SDWG ABN East (Grebner) Upgrade	714,910			Aug-10	11/19/2010
7	PR.105369	10 BRK Madison State Hwy 34 Pipe Replace	156,583			Aug-10	12/15/2010
8	PR.106222	10 ABN SDWG Andover Natural Gas Upgrade	825,312			Jun-10	12/16/2010
9	PR.105400	10 YNK Olivet State Hwy 18 Rd Improvement	358,093			Apr-10	12/17/2010
10	PR.105635	10 NPS GO-Purch Gas Meter/Reg Blanket	406,662			Jan-10	throughout 2010
11	PR.105641	10 ABN Gas-Cap Blanket - Growth	108,459			Jan-10	throughout 2010
12	PR.105663	10 MIT Gas-Cap Blanket-Growth	126,665			Jan-10	throughout 2010
13	PR.105682	10 BRK Gas-Reactive Gas Blanket	131,509			Jan-10	throughout 2010
14	PR.105685	10 BRK Gas-Cus Relocate Cap Blanket	115,183			Jan-10	throughout 2010
15							
16		Major Retirements		0			
17							
18		Minor Additions	961,904			2010	2010
19							
20		Minor Retirements	0	(561,165)	0		
21							
22		106-Completed Construction Not Classified	0	0	0		
23							
24		December 31, 2010 Test Year Totals	5,186,821	(561,165)	0		
25							
26		SD Gas Plant Balance 12/31/2010			98,165,575		

Line No.	Account No.	Description													13 Month
			Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Production															
1	3040	Land and Land Rights	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057	40,057
2	3050	Structures and Improvements	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946	218,946
3	3110	Petroleum Gas Equipment	1,132,139	1,132,139	1,132,139	1,132,139	1,132,139	1,132,139	1,132,139	1,132,139	1,132,139	1,132,129	1,132,129	1,132,129	1,132,129
4	3200	Other Gas Equipment	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	
5		Total Production Plant	1,392,302	1,392,302	1,392,302	1,392,302	1,392,302	1,392,302	1,392,302	1,392,302	1,392,292	1,392,292	1,392,292	1,413,861	1,393,959
Distribution															
8	3740	Land and Land Rights	593,510	593,510	593,510	593,510	593,510	593,510	593,510	593,510	593,510	594,900	600,294	611,873	585,551
9	3750	Structures and Improvements	97,898	97,898	97,898	97,898	97,898	97,898	97,898	103,502	103,502	103,502	103,502	103,502	100,484
10	3760	Mains	51,624,786	51,632,818	51,647,828	51,691,169	51,712,255	51,728,240	51,745,439	51,761,744	51,799,390	51,849,020	53,084,749	53,442,060	54,905,174
11	3780	Measuring & Regulating Equip-General	4,323,998	4,323,998	4,323,998	4,323,998	4,324,949	4,329,603	4,329,694	4,329,694	4,340,073	4,343,305	4,343,312	4,428,957	4,612,749
12	3790	Measuring & Regulating Equip-City	2,138,442	2,138,915	2,249,446	2,250,282	2,252,994	2,253,001	2,253,001	2,253,001	2,253,001	2,253,469	2,320,021	2,322,813	2,329,561
13	3800	Services	17,517,227	17,507,734	17,508,506	17,516,511	17,546,818	17,566,539	17,594,018	17,608,610	17,660,205	17,695,266	17,744,517	17,800,294	17,800,973
14	3810	Meters	12,525,114	12,536,409	12,541,186	12,543,436	12,546,857	12,568,925	12,596,305	12,601,572	12,650,513	12,690,438	12,738,411	12,790,547	13,022,485
18		Total Distribution Plant	88,820,975	88,831,281	88,962,352	89,016,804	89,075,280	89,135,716	89,209,865	89,251,632	89,400,194	89,528,509	90,929,411	91,488,466	93,386,317
General															
21	3030	Miscellaneous Intangible Plant	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264	8,264
22	3890	Land and Land Rights	33,285	33,285	33,285	33,285	33,285	33,285	21,175	16,317	16,317	16,317	16,317	16,317	
23	3900	Structures and Improvements	1,164,183	1,165,040	1,200,074	1,208,381	1,213,993	1,232,855	1,114,636	1,097,121	1,097,121	1,097,121	1,098,062	1,098,062	
24	3910	Office Furniture and Equipment	26,426	31,273	41,033	45,134	51,691	57,272	57,424	60,926	60,926	57,825	89,066	89,066	
25	3920	Transportation Equipment	658,053	658,053	658,053	658,053	658,053	658,053	658,053	615,515	665,753	724,039	724,039	724,360	
26	3930	Stores Equipment	4,808	4,808	4,808	4,808	4,808	4,808	4,808	4,808	4,808	4,808	4,808	4,808	
27	3940	Tools, Shop and Garage Equipment	588,391	589,988	589,988	589,988	589,988	589,988	589,988	589,988	589,988	589,988	589,988	589,988	
28	3950	Laboratory Equipment	125,241	125,241	125,241	125,241	125,241	125,241	125,241	125,241	125,241	125,241	125,241	83,574	
29	3960	Power Operated Equipment	717,365	717,365	717,365	717,365	717,365	717,365	717,365	717,365	717,365	717,365	717,365	725,079	
31	3980	Miscellaneous Equipment	626	626	626	626	626	626	626	626	626	626	626	626	
32		Total General Plant	3,326,641	3,333,942	3,378,736	3,391,143	3,403,312	3,427,755	3,297,578	3,236,171	3,286,408	3,341,594	3,372,835	3,273,473	3,365,396
34		Total 101	93,539,918	93,557,524	93,733,389	93,800,249	93,870,894	93,955,773	93,899,745	93,880,105	94,078,905	94,262,395	95,694,538	96,154,231	98,165,575

NorthWestern Corporation, dba NorthWestern Energy  
 South Dakota Gas Rate Case - Major Plant Additions and Retirements  
 Calendar Year 2006  
 December 31, 2010 Test Year

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Line No.	Project No.	Project Description	Amount Addition	Retirement	Balance	Construction Start Date	In Service Date
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		SD GAS PLANT BALANCE 12/31/2005			62,426,344		
2							
3		Major Additions:					
4	PR.102991	10 HUR SDWG Willow Lake Natural Gas Upgrade	1,859,615			Mar-06	Oct-06
5	PR.103012	06 Brk Gas Main Ext To Industrial Park	236,558			May-06	Dec-06
6	PR.102597	06 Nps Go Purchase Gas Meters/Regs SD Share	177,071			Jan-06	throughout 2006
7	PR.102602	06 Abn Gas Capital Blanket - Growth	382,464			Jan-06	throughout 2006
8	PR.102610	06 Hur Gas Capital Blanket - Growth	100,162			Jan-06	throughout 2006
9	PR.102618	06 Mit Gas Capital Blanket - Growth	215,558			Jan-06	throughout 2006
10	PR.102632	06 Brk Gas Capital Blanket - System Integrity	127,471			Jan-06	throughout 2006
11	PR.102634	06 Brk Gas Capital Blanket - Growth	292,789			Jan-06	throughout 2006
12							
13		Major Retirements		0			
14							
15		Minor Additions	632,519			2006	2006
16							
17		Minor Retirements		(291,487)			
18							
19		106-Completed Construction Not Classified	0				
20							
21		2006 Activity	<u>4,024,207</u>	<u>(291,487)</u>			
22							
23		Balance December 31, 2006			<u>66,159,064</u>		

Line No.	Project No.	Project Description	Amount Addition	Retirement	Balance	Construction Start Date	In Service Date
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		SD GAS PLANT BALANCE 12/31/2006			66,159,064		
2							
3		Major Additions:					
4	PR.103066	10 HUR SDWG Willow Lake Natural Gas Upgrade	1,589,367			Feb-07	2/26/2007
5	PR.103270	07 BRK REG STATION GROWTH MODIFICATIONS	100,311			Feb-07	10/29/2007
6	PR.103238	07 NESD Gas Distribution General Equip	219,322			Jan-07	12/19/2007
7	PR.103171	07 NPS GO Purch Gas Meter/Reg Blanket	335,391			Jan-07	12/28/2007
8	PR.103208	07 BRK Gas Cap Blanket - Growth	300,007			Jan-07	throughout 2007
9	PR.103176	07 ABN Gas Cap Blanket - Growth	280,464			Jan-07	throughout 2007
10	PR.103192	07 MIT Gas Cap Blanket - Growth	142,769			Jan-07	throughout 2007
14	PR.103174	07 ABN Gas Cap Blanket - Sys Int	113,165			Jan-07	throughout 2007
15							
16		Major Retirements		0			
17							
18		Minor Additions	394,024			2007	2007
19							
20		Minor Retirements		(559,718)			
21							
22		Corrections or Transfers (Nekota pipelines)	10,965,475				
23							
24		106-Completed Construction Not Classified					
25							
26		2007 Activity	14,440,294	(559,718)			
27							
28		Balance December 31, 2007			80,039,641		
29							

Line No.	Project No.	Project Description	Amount Addition	Retirement	Balance	Construction Start Date	In Service Date
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		SD GAS PLANT BALANCE 12/31/2007			80,039,641		
2							
3		Major Additions:					
4	PR.103585	10 HUR SDWG Willow Lake Natural Gas Upgrade	4,988,575.01			Mar-07	3/10/2008
5	PR.103599	07 ABN Aberdeen Energy Ethanol-Mina Lake	3,025,214.77			Apr-07	5/1/2008
6	PR.104353	08 ABN James Valley Ethanol Lease Buyout	147,015.13			Jun-08	6/17/2008
7	PR.103859	08 NPS GO-Purch Gas Meter/Reg Blanket	358,377.96			Feb-07	9/30/2008
8	PR.104368	08 YNK Tea Area Distribution	1,291,869.40			Aug-08	12/31/2008
9	PR.103909	08 BRK Gas-Cap Blanket-Growth	310,529.35			Jan-08	throughout 2008
10	PR.103865	08 ABN Gas-Cap Blanket - Growth	284,677.70			Jan-08	throughout 2008
11	PR.103862	08 ABN Gas-Cap Blanket-Sys Int	114,563.85			Jan-08	throughout 2008
12	PR.103887	08 MIT Gas-Cap Blanket-Growth	100,523.43			Jan-08	throughout 2008
13							
14		Major Retirements		0			
15							
16		Minor Additions	733,714			2008	2008
17							
18		Minor Retirements		(158,530)			
19							
20		106-Completed Construction Not Classified	0				
21							
22		2008 Activity	11,355,061	(158,530)			
23							
24		Balance December 31, 2008			91,236,172		

Line No.	Project No.	Project Description	Amount Addition	Retirement	Balance	Construction Start Date	In Service Date
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		SD GAS PLANT BALANCE 12/31/2008			91,236,172		
2							
3		Major Additions:					
4	PR.105283	10 HUR SDWG Willow Lake Natural Gas Upgrade	115,747.85			10/1/2009	12/10/2009
5	PR.105260	09 FMS SD Brookings New Facility CO 10	815,983.05			9/1/2009	12/30/2009
6	PR.104621	09 NPS GO-Purch Gas Meter/Reg Blanket	487,882.20			1/1/2009	12/31/2009
7	PR.104671	09 BRK Gas-Cap Blanket-Growth	309,856.90			1/1/2009	throughout 2009
8	PR.104624	09 ABN Gas-Cap Blanket-Sys Int	179,830.86			1/1/2009	throughout 2009
9	PR.104627	09 ABN Gas-Cap Blanket - Growth	176,405.54			1/1/2009	throughout 2009
10							
11		Major Retirements		0			
12							
13		Minor Additions	544,142			2009	2009
14							
15		Minor Retirements		(326,102)			
16							
17		106-Completed Construction Not Classified	0				
18							
19		2009 Activity	2,629,848	(326,102)			
20							
21		Balance December 31, 2009			93,539,918		



Line No.	Project No. (a)	Project Description (b)	Amount Addition (c)	Retirement (d)	Balance (e)	Construction Start Date (f)	In Service Date (g)
1		SD Gas Plant Balance 12/31/2009			93,539,918		
2							
3		Major Additions:					
4	PR.106223	10 HUR SDWG Willow Lake Natural Gas Upgrade	683,077			Jun-10	11/1/2010
5	PR.106224	10 HUR SDWG Yale Natural Gas Upgrade	598,463			Jun-10	11/1/2010
6	PR.106221	10 ABN SDWG ABN East (Grebner) Upgrade	714,910			Aug-10	11/19/2010
7	PR.105369	10 BRK Madison State Hwy 34 Pipe Replace	156,583			Aug-10	12/15/2010
8	PR.106222	10 ABN SDWG Andover Natural Gas Upgrade	825,312			Jun-10	12/16/2010
9	PR.105400	10 YNK Olivet State Hwy 18 Rd Improvement	358,093			Apr-10	12/17/2010
10	PR.105635	10 NPS GO-Purch Gas Meter/Reg Blanket	406,662			Jan-10	throughout 2010
11	PR.105641	10 ABN Gas-Cap Blanket - Growth	108,459			Jan-10	throughout 2010
12	PR.105663	10 MIT Gas-Cap Blanket-Growth	126,665			Jan-10	throughout 2010
13	PR.105682	10 BRK Gas-Reactive Gas Blanket	131,509			Jan-10	throughout 2010
14	PR.105685	10 BRK Gas-Cus Relocate Cap Blanket	115,183			Jan-10	throughout 2010
15							
16		Major Retirements		0			
17							
18		Minor Additions	961,904			2010	2010
19							
20		Minor Retirements	0	(561,165)	0		
21							
22		106-Completed Construction Not Classified	0	0	0		
23							
24		December 31, 2010 Test Year Totals	<u>5,186,821</u>	<u>(561,165)</u>	<u>0</u>		
25							
26		SD Gas Plant Balance 12/31/2010			<u>98,165,575</u>		

Allowance for Funds Used During Construction (AFUDC)

AFUDC is computed on projects exceeding \$10,000 which are under construction more than thirty days with the exception of land and land rights and blanket or permanent work orders. AFUDC, when applicable, is calculated based on the number of days that charges have been in Construction-Work-in-Progress for each month. The previous month balance is charged AFUDC based on the number of days in the current month, minus 1 day. AFUDC for the current month charges is calculated using 1 day. This is a policy change that was required as part of the SAP system implementation in 2002. Capitalization of AFUDC ceases when the project is placed in service. The AFUDC rate is calculated in accordance with the formula prescribed by FERC.

The AFUDC calculation within Power Plant will change slightly. The rate will be calculated monthly, rather than annually, but will still be computed on projects exceeding \$10,000 which are under construction more than thirty days with the exception of land and land rights and blanket or permanent work orders. AFUDC, when applicable, will be applied for 1/2 of the month it begins receiving charges and 1/2 of a month will be applied in the month it is placed into service. This is a policy change that will be required as part of the Power Plant system which will be implemented in September 2011. The AFUDC rate will still be calculated in accordance with the formula prescribed by FERC

Engineering and Supervision/Administrative and General Expense

Every 3 years the company conducts a time study to identify the portion of supervision, engineering, and administrative activities that directly support construction related activities, and should be capitalized as part of the cost of a project. To be capitalized, these activities must have a direct relationship to the construction activity. This applies to all employees that do not charge their payroll directly to capital projects or orders.

The amount of capitalized A&G labor is determined by identifying the portion of an individual's activities, which relates to capital projects through the use of time studies, interviews, and data queries. In addition to labor, a charge for Business Technology (BT) and un-recovered benefits is also included.

NorthWestern Corporation, dba NorthWestern Energy  
Changes in Intangible Plant Working Papers  
December 31, 2010 Test Year

**Line  
No.**

1	<u>Changes in Intangible Plant</u>	None
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<u>Line No.</u>	<u>Asset #</u> (a)	<u>Acq Year</u> (b)	<u>Class</u> (c)	<u>Location</u> (d)	<u>Description</u> (e)	<u>Acquisition Value</u> (f)	<u>Accumulated Depreciation</u> (g)	<u>Net Book Value</u> (h)
1	64240	1963	NG311.S	9BKBRK0120	Propane Air Mixing Plant	62,294	(73,405)	(11,111)
2	64254	1964	NG311.S	9BKBRK0120	Pen Recording Thermometer #63A23	227	(280)	(53)
3	64284	1964	NG311.S	9BKBRK0120	Install Air Storage Tank	6,662	(8,280)	(1,618)
4					Plant in Service not Used and Useful	69,184	(81,966)	(12,782)

- A. The Continuing Property Records (CPR) are subsidiary or auxiliary to support Plant Account Nos. NG301 through NG398, which in turn are summarized in Account No. 161010 - Plant in Service.
- B. The CPR records support the ledger accounts by providing necessary details indicating the below listed fundamental data.
  - 1. Name of Item
  - 2. Location of Property
  - 3. Date Acquired
  - 4. Cost of Asset
  - 5. Asset Control Account and Numbers to which Property is charged.
- C. Retirements are recorded on an original cost basis and identified by the year that they were added to plant. The original cost is credited to both the plant account and location at time of retirement. In instances when installation dates cannot be reasonably ascertained, retirements are priced by engineering estimates. Cost of removal and salvage, if any, are charged and credited respectively to the accumulated depreciation account.

NorthWestern Corporation, dba NorthWestern Energy  
Working Papers for Plant Acquired for which  
Regulatory Approval Has Not Been Obtained  
December 31, 2010 Test Year

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**Line**  
**No.**

1	Working Papers for Plant Acquired for which	None
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