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May 20, 2011

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

RE: IN THE MATTER OF THE FILING BY NORTHWESTERN ENERGY FOR
CHANGES TO ITS SCHEDULED RATES FOR NATURAL GAS SERVICE
IN SOUTH DAKOTA
NG11-___

Dear Ms. Van Gerpen:

NorthWestern Energy is submitting to the Commission a rate case for its natural gas operations in South Dakota. As you may know, 2007 was the last such rate case submission made by NorthWestern. We look forward to the consideration of this filing.

Please consider this letter as a letter of transmittal required by ARSD 20:10:13:39 transmitting a rate schedule to the Commission for filing to supersede the provisions of a rate schedule required to be on file. Confidential materials contained within this filing are marked as such.

Included with this filing are all supporting schedules required by Commission Rules and the pre-filed direct testimony of several witnesses and exhibits supporting their testimonies. Also included are proposed natural gas rate schedules and tariffs appropriate to NorthWestern Energy. These schedules are designed to produce an additional \$4,123,035 in revenues applicable to NorthWestern Energy's South Dakota natural gas service area. The proposal represents a 7.20 % increase from NorthWestern's current revenue requirement.

NorthWestern Energy proposes to make the changes in rates and charges effective on July 1, 2011.

The proposed changes are occasioned by increases in NorthWestern's costs of doing business relative to natural gas service in South Dakota, including, adjustments for

increased costs related to environmental remediation activities at the Aberdeen manufactured gas plant ("MGP") site, acquisition of the Milbank pipeline from Northern Natural Gas, and the removal of the customer insurance refund related to the Huron MGP site as that has been fully allocated to customers in compliance with our settlement agreement from the 2007 rate case (SD PUC Docket NG07-013).

According to Rule 20:10:01:39-42, NorthWestern requests confidential treatment of the enclosed information designated as **Confidential** in Commission files. In accordance with Rule 20:10:01:41, the following information regarding this request is provided:

- (1) Description of Information: May 2011 Purchased Gas Adjustment Calculation
- (2) Length of Time: Fifteen (15) years
- (3) Identification of Contact Person:

Pamela A. Bonrud Director – Government and Regulatory Affairs NorthWestern Energy 3010 W. 69 th Street Sioux Falls, SD 57108	Jeffrey Decker Specialist Regulatory NorthWestern Energy 600 Market Street West Huron, SD 57350
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The grounds on which confidential treatment is sought are Sections 4 and 5 of Rule 20:10:01:39. Ten (10) copies are enclosed and marked (PRIVILEGED AND CONFIDENTIAL) for Commission use.

We appreciate the Commission's consideration of this submission. As you know, a tremendous amount of work has gone into the preparation of this filing, and we believe that this filing complies with all of the Commission's rules and regulations with respect to the same. We look forward to engaging with the staff in discussions about the contents of this filing and will stand by to hear more from you and your staff.

Very truly yours,



Pamela A. Bonrud
Director – Government and Regulatory Affairs