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April 13, 2013

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

RE: NG13-002 – In the Matter of the Filing by NorthWestern Corporation, dba NorthWestern Energy, for Approval of Its 2013 Economic Development Proposed Budget and 2012 Economic Development Expenses

Dear Ms. Van Gerpen,

NorthWestern Corporation, dba NorthWestern Energy, hereby submits its responses to Staff's Data Request No. 1 in the above referenced docket.

1-1) Were any of the expenses in 2012 spent on lobbying?

No.

1-2) What method does NorthWestern use for measuring and monitoring the effectiveness of the dollars spent on economic development activities?

Job growth, effectiveness of local development organizations, ability to collaborate with local development organizations regarding potential projects, revenue growth, and load growth.

1-3) When making one-time donations (i.e not funding routine membership dues to various chambers and associations), how does NorthWestern determine what organizations to fund and the potential economic benefit that may result from funding those organizations?

We consider job creation opportunities and the ability of revenue/load growth. Also, in certain situations, we complete an economic impact analysis to determine the potential impact of a project to a community or region.

1-4) What did the \$3,000 given to Avera St. Benedict Health Care Center go towards, and, more specifically, how did that create economic development opportunities?

This contribution was related primarily to a business retention initiative. Additionally, this facility is attached to the Avera Hospital in Parkston. Avera has a number of hospitals that we serve. In regard to load size, Avera Hospitals rank 8th, 9th, and 11th within our system. So, the Avera system is definitely a key account. In regard to net margin, they rank No. 2 in South Dakota. Avera is also the

largest employer in Parkston. As such, in addition to retention, this contribution may contribute to some business expansion opportunities as well.

- 1-5) Please explain why the \$260 given to the Groton Area Chamber of Commerce in 2012 is not allocated 100% to Natural Gas?

The 2013 budget identifies that all of the \$260 to be spent in year 2013 will be allocated to natural gas. That was an oversight. It should be 100% as well. A revised 2012 budget/expense chart is attached.

- 1-6) In the 2013 budget, it appears that the majority of the Natural Gas allocations were completed at 31.15%. However, for dollars to be given to the SD Chamber of Commerce and Industry, Greater Huron Development Corp, and Absolutely Aberdeen it appears that the gas allocation was 31.0%. What is the proper gas allocation to be used in areas where NorthWestern provides both gas and electric service for the 2013 budget? Please verify what allocation should be used, double check the 2013 budget allocations, and then resubmit a 2013 budget if needed.

The proper allocation is 31%. A rounding correction did not get carried all the way through the natural gas allocation column. That has been corrected and a revised 2013 budget is attached which shows a decrease of \$221 for the 2013 Adjusted Budget total.

Sincerely,



Pamela A. Bonrud
Director – Government and Regulatory Affairs

Cc: Darren Kearney, SD Public Utilities Commission
Karen Cremer, SD Public Utilities Commission
Rick Edwards, NorthWestern Energy
Jerry Bertsch, NorthWestern Energy