



January 30, 2017

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

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 2016. As you will see, NorthWestern incurred \$452,877 of remediation costs and recovered \$1,690,180 from customers during 2016. We also received a rate order in Docket NG16-010 which allows us to refund back to customers a portion of the over collected position. That refund began in December 2016 and resulted in a refund of \$176,603 back to customers. We have a cumulative over collected position of \$4,854,637 as of December 31, 2016. 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 2017 through 2021, 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) 978-2960 if you have any questions.

Sincerely,

Crystal Lail  
Vice President and Controller