

NorthWestern Energy

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February 1, 2012

via Email

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7 West Sixth Avenue, Suite 4E
Helena, MT 59601

Re: *In the Matter of the Complaint by Oak Tree Energy LLC against NorthWestern Energy for refusing to enter into a Purchase Power Agreement - Docket EL11-006*

Dear Counsel:

In response to your January 23 e-mail asking NorthWestern Energy to supplement its discovery responses, I enclose NorthWestern Energy's Fourth Supplemental Response to Oak Tree Energy, LLC's First Combined Discovery Requests.

In addition, you asked for an unredacted version of the Burns & McDowell study that was produced in response to RFP 18. NorthWestern Energy does not have an unredacted version of the January 3, 2011, Big Stone Plant Pro Forma Economic Analysis - Modeling Results from Burns & McDowell [NWE 001284 - NWE 001296]. Otter Tail Power has declined to provide an unredacted version. In addition, NorthWestern Energy maintains its objections as set forth in our original response.

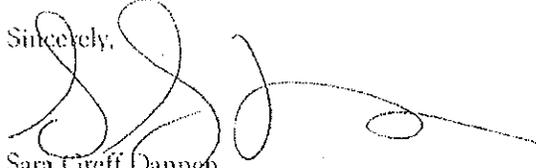
Finally, you asked for any analysis or data used to develop a 20-year avoided cost analysis. NorthWestern provided its avoided cost analysis to Oak Tree in its response to RFP 22. NorthWestern maintains its position that long-term estimates of avoided costs are unreliable, and as of the date of this letter, NorthWestern has not completed a 20-year avoided cost analysis. As indicated in Bleau Lafave's testimony and Exhibit BJL-1, NorthWestern has estimated its incremental costs beyond 2016 by spreading the increased cost from 2016 to 2023 uniformly over the period and by using Steve Lewis's market estimates for 2023 to 2032. There is no analysis or data beyond that which has been provided and explained. NorthWestern also maintains its position that its estimated incremental cost exceeds the costs that it actually will be able to avoid by

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purchasing the output of the proposed Oak Tree project because of the factors described in Beau Lalave's testimony.

Sincerely,



Sara Greff Danner
Corporate Counsel

SGD/dq
Enclosure
cc via Email: Service List