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March 18, 2011

Bleau LaFave
Director SD Supply and Development
NorthWestern Energy
3010 W. 69th St.
Sioux Falls, SD 57108
bleau.lafave@northwestern.com

RE: *Notice of Dispute*

Dear Mr. LaFave,

This letter is to notify you that it is the intention of Oak Tree Energy, LLC to file a formal complaint with the South Dakota Public Utilities Commission (PUC).

As you know, Oak Tree Energy, LLC (Oak Tree), an independent wind power developer, has a proposed wind project located in Clark County, South Dakota, capable of generating 19.5 megawatts of electrical power. As you also know, Oak Tree has repeatedly attempted over the past year to work with NorthWestern Energy (NWE) to negotiate a power purchase agreement. At the breakdown of those negotiations, NorthWestern Energy stated that it does not need additional capacity and will not enter into any contract with Oak Tree unless Oak Tree is willing to accept a price substantially below what Oak Tree believes are NWE's long-term avoided costs.

NWE, in our opinion, has failed to negotiate in good faith and is not in accordance with the guidelines established by the PUC. See, *In the Matter of the Investigation of the Implementation of Certain Requirements of Title II of the Public Utilities Regulatory Policy Act of 1978 Regarding Cogeneration and Small Power Production*, No. F-3365 (SD PUC Dec. 11, 1982). Oak Tree continues to seek a mutually satisfactory agreement with NWE regarding the purchase

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of the electrical power generated by Oak Tree's project. In addition, Oak Tree is willing to work with the PUC, either formally or informally, to resolve this dispute with NWE.

If NWE is willing to resolve this dispute in an informal manner with the PUC, please contact us no later than March 25, 2011. In the event this dispute is not able to be resolved informally between Oak Tree and NWE Oak Tree will file a formal complaint with the PUC.

Sincerely,



Yvette K. Lafrentz

Michael J. Uda

Attorneys for Oak Tree Energy, LLC

cc: South Dakota Public Utilities Commission