



July 6, 2015

Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

RE: GE12 – 001 In the Matter of an Update by NorthWestern Corporation, d.b.a. NorthWestern Energy for revision to its South Dakota Demand Side Management Plan

Dear Ms. Van Gerpen:

Included with this communication is a report on the first year of activity under NorthWestern Energy's two-year South Dakota Demand Side Management (SDDSM) plan to the South Dakota Public Utilities Commission ("Commission"). The Commission approved the plan with Order GE12 – 001. This report outlines the Year 1 activities completed or anticipated as complete through June 30, 2015, provides updates to the Year 2 plan proposed for July 1, 2015 through June 30, 2016, and requests changes to the tariffs to true up the rates based upon Year 1 results and the Year 2 budget. The proposed effective date for the revised DSM tariff is August 1, 2015. NorthWestern requests the Commission approve the effective date for the revised DSM tariffs on a less than 30-days' notice.

NorthWestern appreciates that, in approving the SDDSM plan, the Commission recognized the need for some flexibility with NorthWestern in budget management related to the SDDSM plan, especially in the first two years of activation. As noted in the report, program start-up proved more challenging than anticipated and the level of customer participation in the offered programs is still unpredictable. The Commission has witnessed similar predicaments in its oversight of DSM programs offered by other regulated utilities in SD. The outcomes of the offerings for Year 1, ending June 30, 2015 were difficult to forecast until the final weeks. NorthWestern is committed to keeping staff updated on a quarterly basis in Year 2 of the plan.

NorthWestern wishes to thank Staff for their diligence and good faith efforts in working with us as we progress with the first NorthWestern SDDSM plan. If there are any questions regarding this filing please contact me at your convenience.

Thank you,

Pamela A. Bonrud

Director – Government and Regulatory Affairs

Pam.bonrud@northwestern.com

☎ 605-978-2900

☎ 605-321-4025

cc: Danie Williams, Manager Regulatory Support Services, NorthWestern Energy
Jeff Decker, Specialist Regulatory, NorthWestern Energy
Tom Glanzer, Coordinator DSM & Public Relations, NorthWestern Energy