



# Montana Rate Review Update

June 2025



Excluding our electric  
and natural gas  
requests, there are  
currently

**102**

**pending rate reviews**  
(across 35 states)



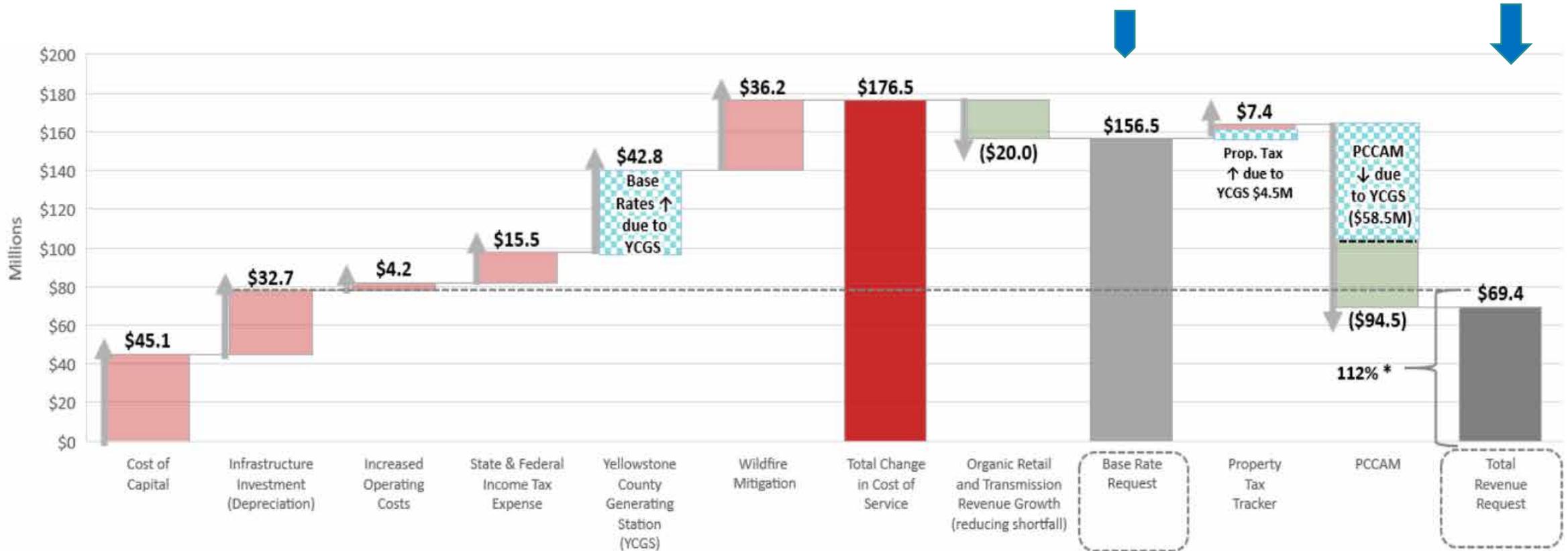


# NorthWestern's 2024 Rate Reviews & Settlement

# Montana Electric Rate Review (Initial Request)

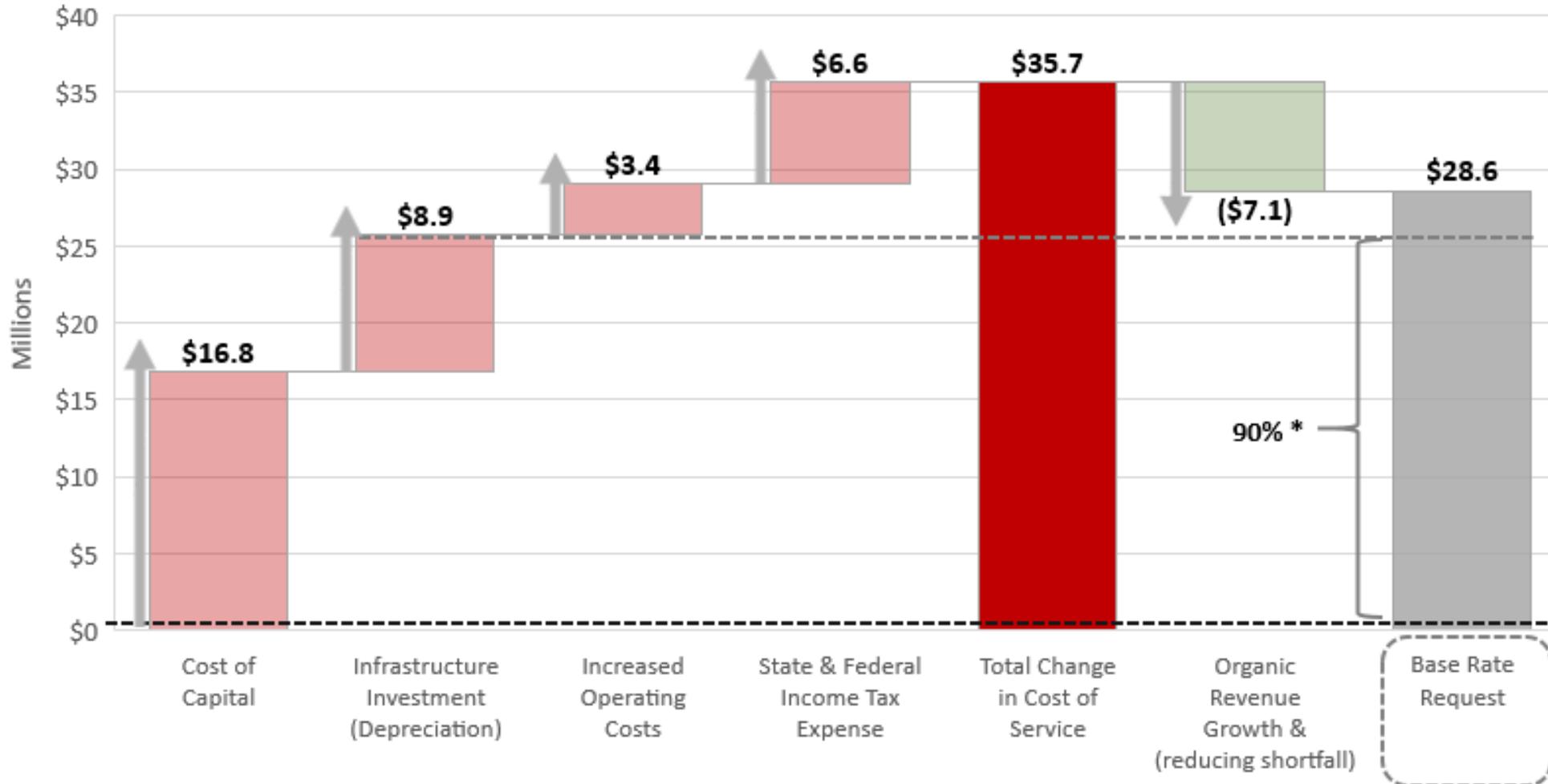
NorthWestern is seeking an overall increase in revenue of \$69.4 million, driven by infrastructure investment and wildfire mitigation efforts.

**\$156.5 Million Base Rate Increase Requested & \$69.4 Million Total Request**



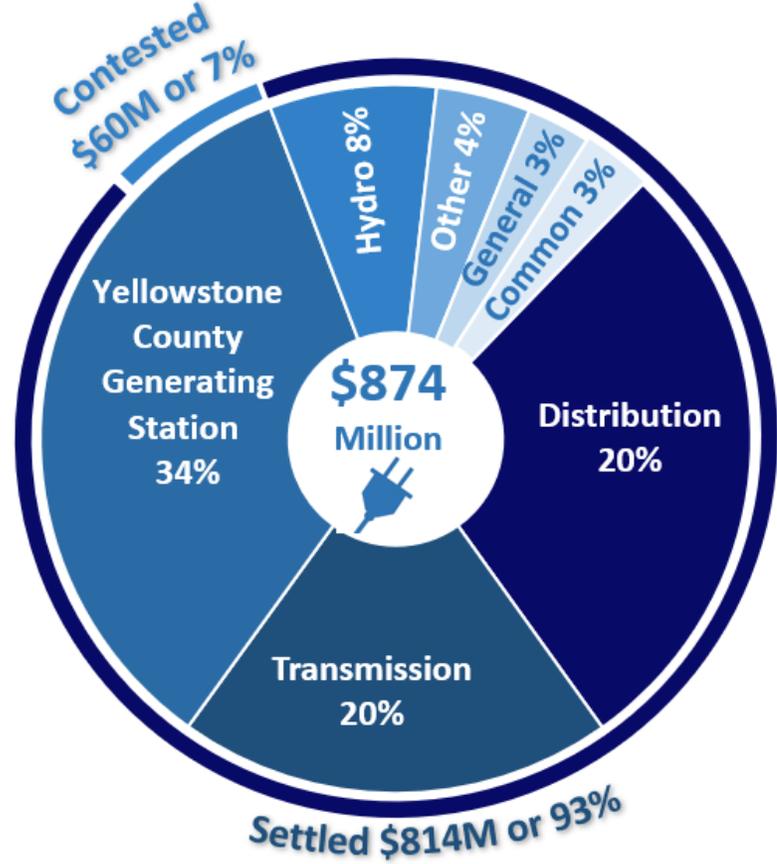
# Montana Natural Gas Rate Review (Initial request)

\$28.6 Million Base Rate Increase Requested

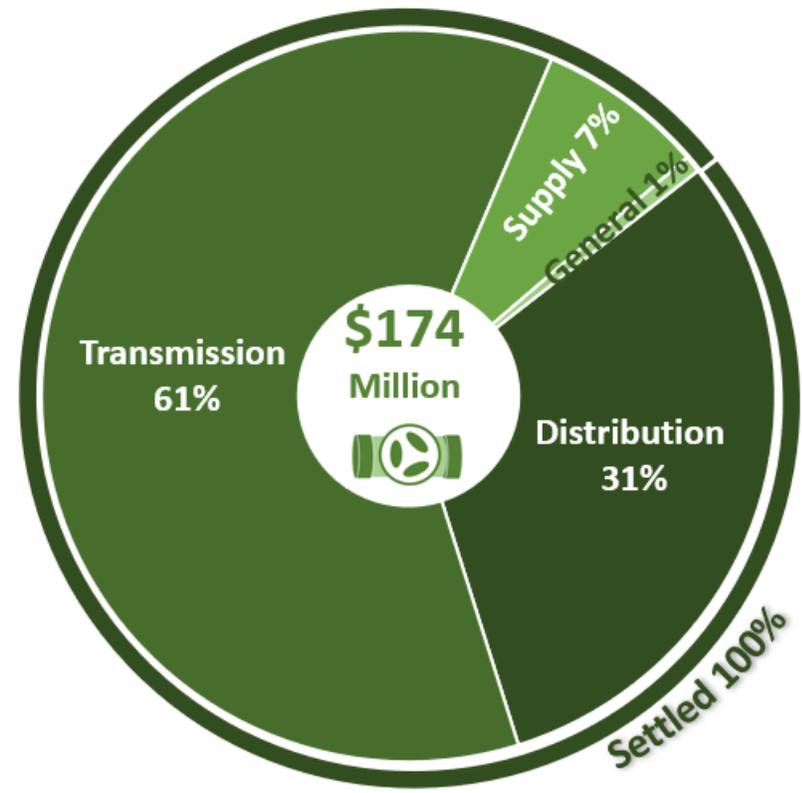


# Montana Electric & Gas Rate Review Plant Additions

### NWE Montana Electric Plant-In-Service Additions 2023 Actuals and 2024 Known and Measurable

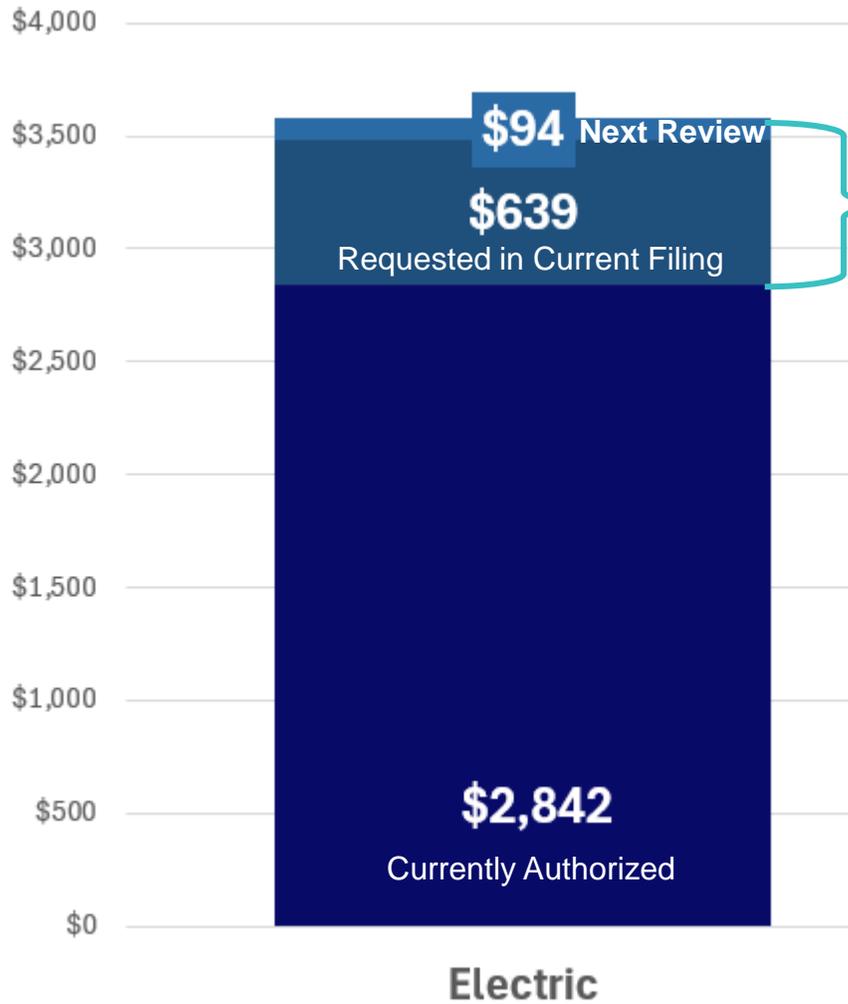


### NWE Montana Natural Gas Plant-In-Service Additions 2023 Actuals and 2024 Known and Measurable

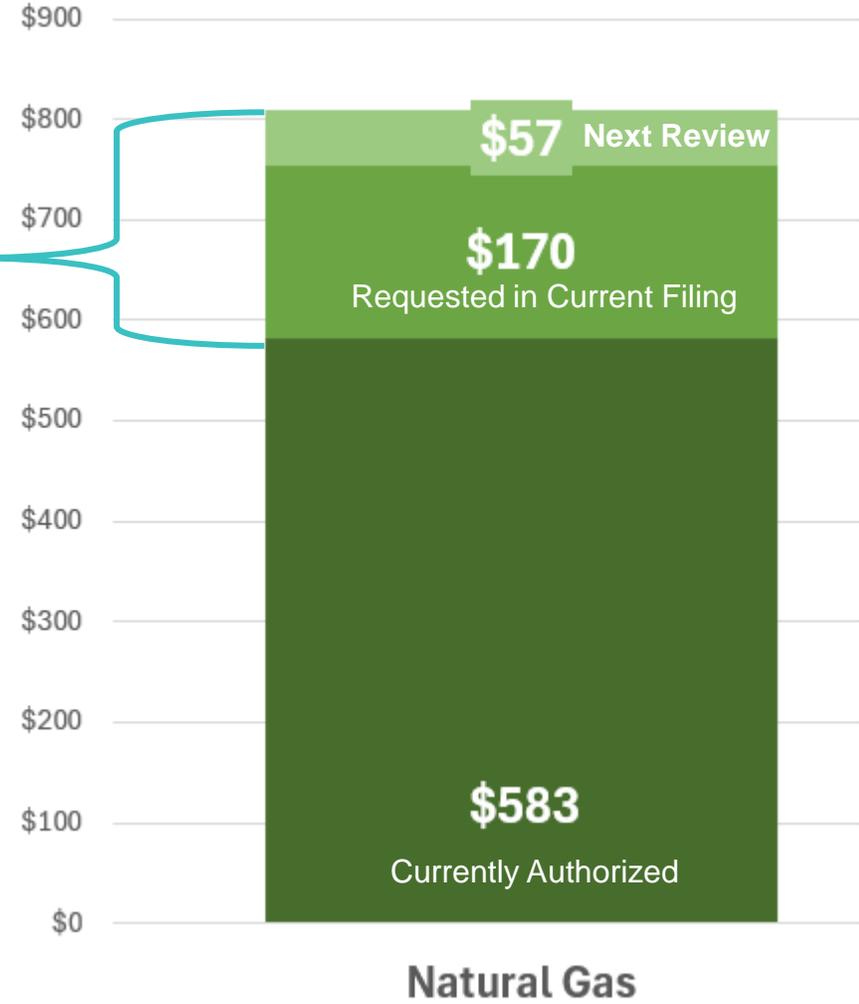


We are continuing to invest to meet our customers' needs, with approximately \$1 billion of infrastructure investment in Montana (2023 and 2024 expected) included in this rate review, reflecting our commitment to providing customers reliable, affordable and sustainable service. Investment is focused on grid resiliency, capacity and continued wildfire mitigation. The investment in Yellowstone County Generating Station drives price stability and provides a resource within Montana to serve customers.

# Rate Base and Regulatory Lag (\$Millions)

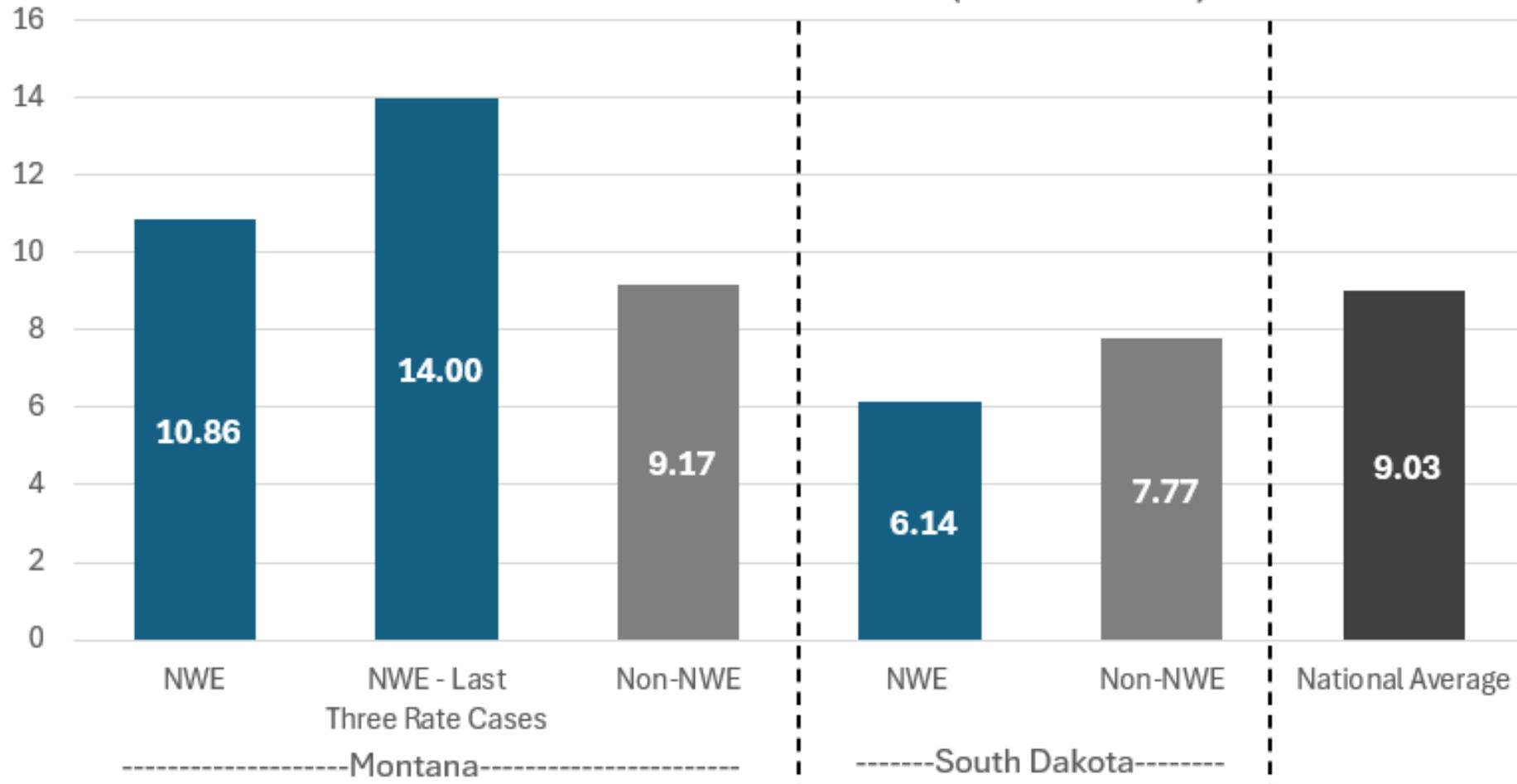


Due to regulatory lag, NorthWestern has invested nearly **\$1 billion** in electric and natural gas assets that are serving customers but are not yet in rate base and earning a return.



# Regulatory Lag Impacts

## Rate Case Duration - Months (1979-2024)



Rate case duration over the last 45 years averaged just over 9 months in the United States.

The last three rate cases in Montana have averaged **14 months**.

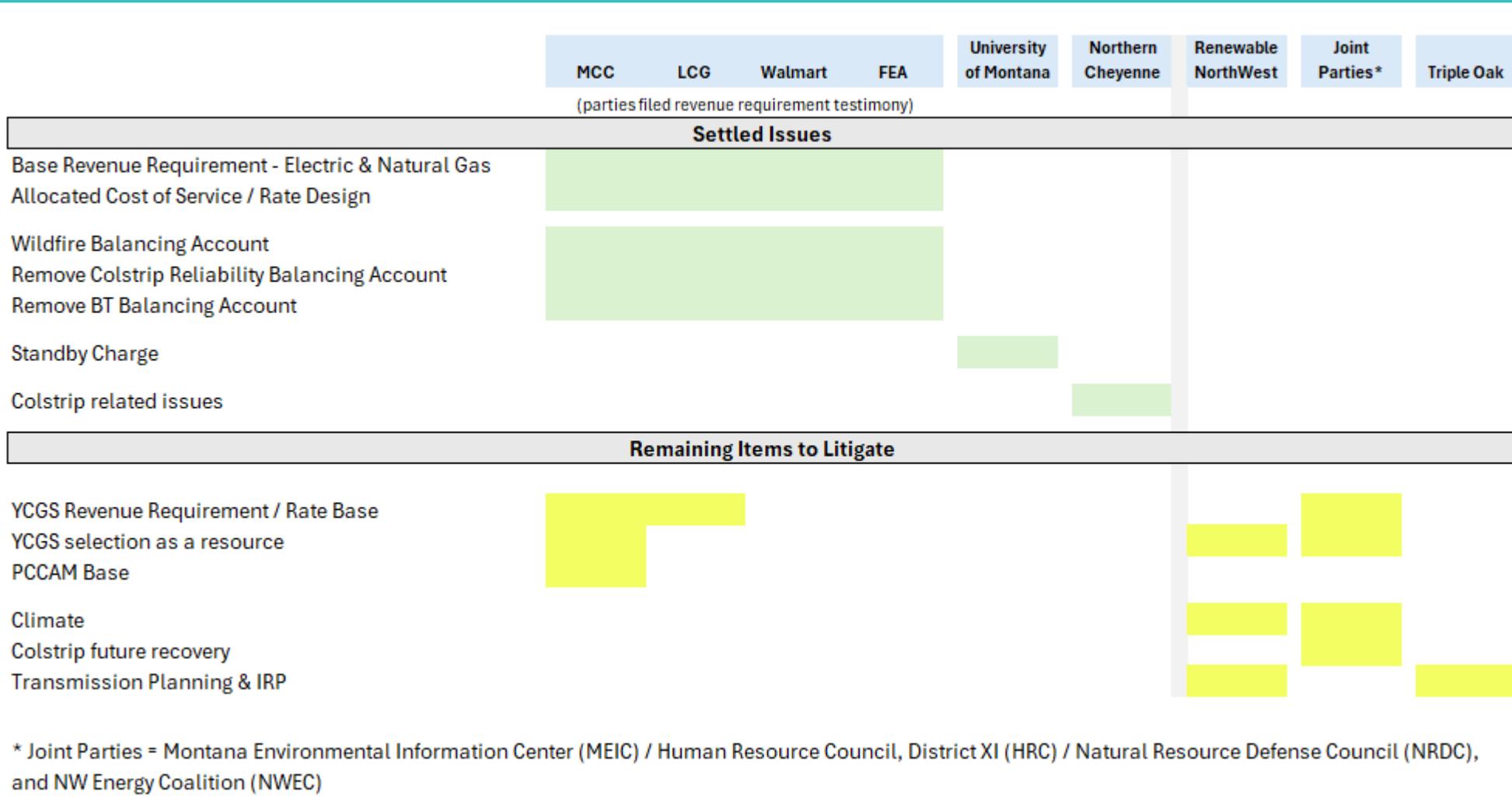
This case was filed in July 2024, with a final order likely in late 2025.

*Rate cases analysis include distribution, transmission and vertically integrated rate cases (i.e. full rate cases) and exclude Limited-Issue Rider cases*



# Settlements

# Montana Electric & Natural Gas Rate Review



12 parties intervened in the Montana Rate Review

- 4 parties filed revenue requirement testimony

- 4 settlements filed

-Partial Electric Settlement

-Full Natural Gas Settlement

-Standby Charge

-Colstrip Transition

# Montana Natural Gas Rate Review – Fully Settled

Category	Current Rates	Settlement - Pending Approval		
Test Year (Trailing Twelve Months)	December 2021	December 2023		
Return on Equity <sup>1</sup>	9.55%	9.60%		
Equity Ratio <sup>1</sup>	48.02%	47.84%		
Cost of Debt <sup>1</sup>	4.01%	4.57%		
Rate of Return <sup>1</sup>	6.67%	6.98%		
Authorized Rate Base (Millions)	\$583	\$753		
		Pass-through Costs		
		Base Rates	Prop. Tax Tracker	Total
(Millions)				
NWE Rebuttal Request		\$27.9	\$0.1	\$28.0
Joint Settlement Position		\$18.0	\$0.1	\$18.1

Joint Settlement Parties include the Montana Consumer Counsel, Large Customer Group, Federal Executive Agencies and Walmart, Inc.

## NWE Settled Base Revenue (\$ Millions)



The settlement reflects a \$18.1 million or 10.6% increase in natural gas rate revenues, with an increase in revenues from \$170.0 million up to \$188.2 million.

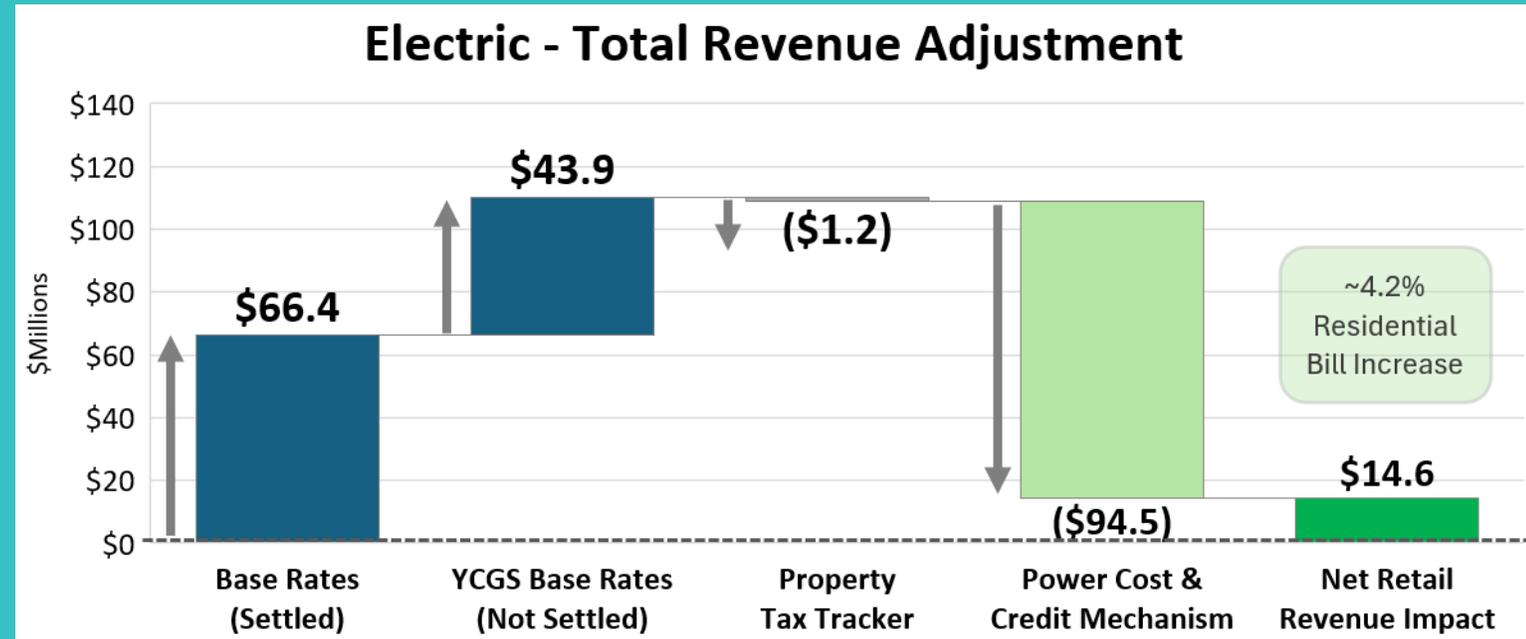
- Assumptions in the settlement are agreed upon by all intervenors.
- The settlement reflects a 9.60% authorized return on equity. The national average ROE on approved gas rate cases in 2024 was 9.72%.

# Montana Electric – Partially Settled

On \$874 Million of investment on customers behalf, NorthWestern's case with settlements results in a \$14.6 Million revenue impact.

Remaining contested items are:

- YCGS revenue requirement
- PCCAM base



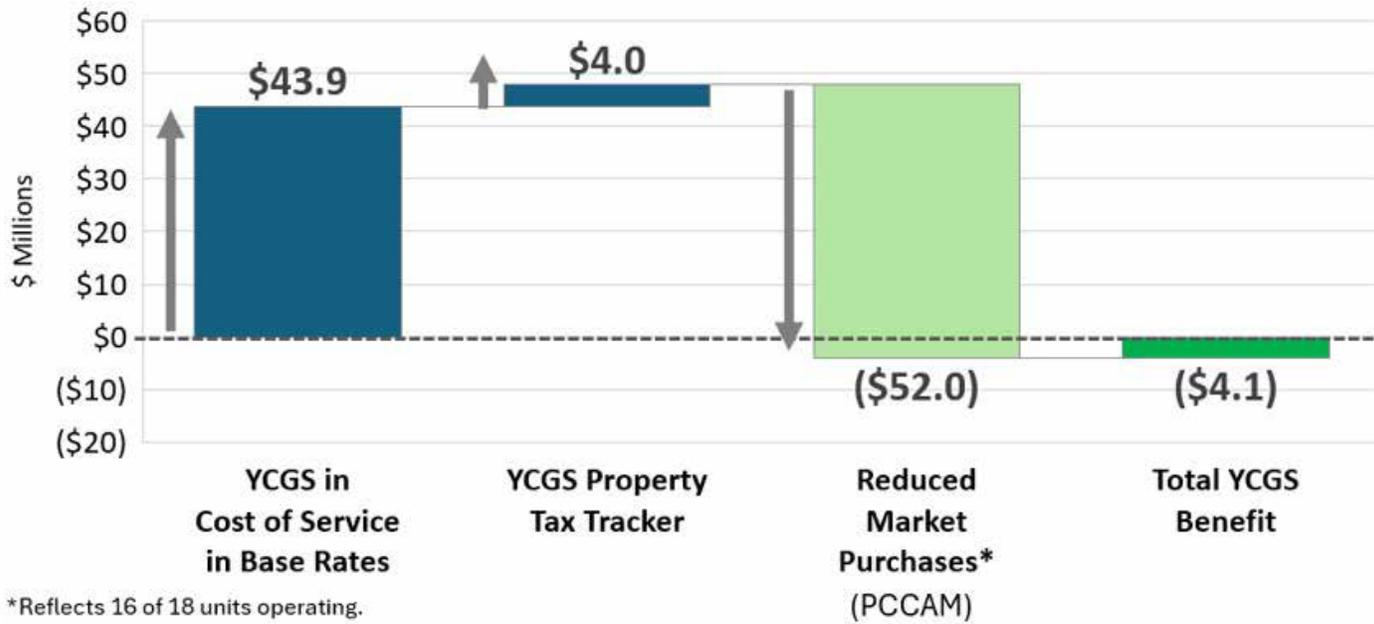
# Capacity - Yellowstone County Generating Station

- Broke ground in 2022 on the 175-megawatt natural gas plant south of Laurel.
- YCGS began putting test energy on the system in May of 2024 and reached substantial completion in November 2024.
- Designed specifically to provide peak capacity and support the intermittent nature of renewable energy.



# YCGS Providing Significant Value for Customers

## \$4.1M Net YCGS Benefit to Customers

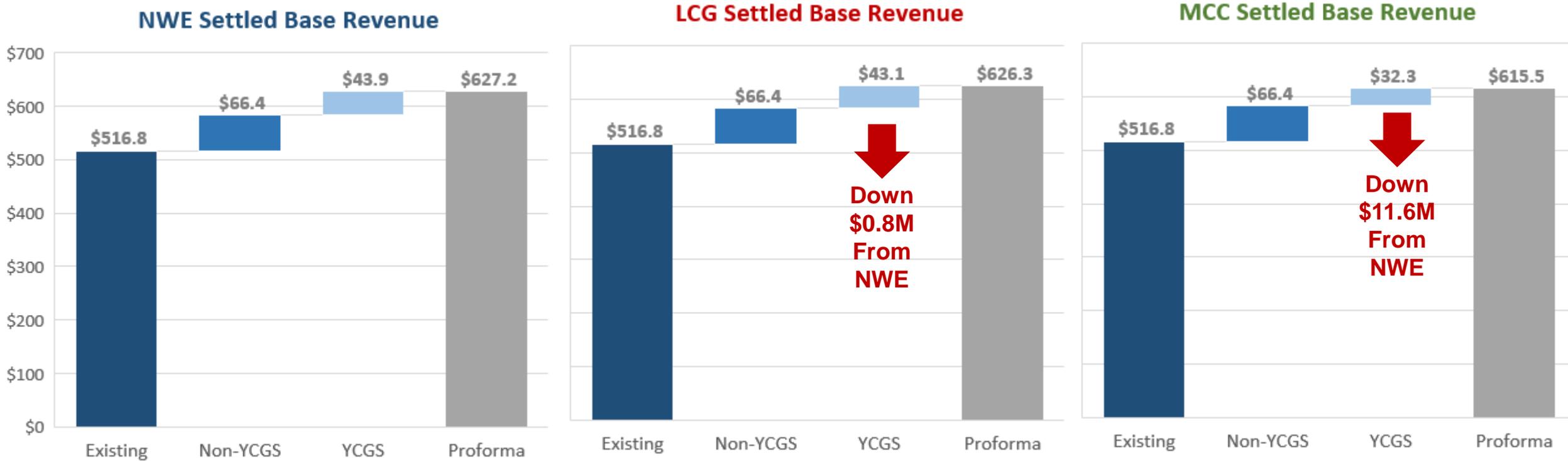


The YCGS construction costs are prudent and provide significant value to customers.

NorthWestern disagrees that certain costs should be excluded from recovery.

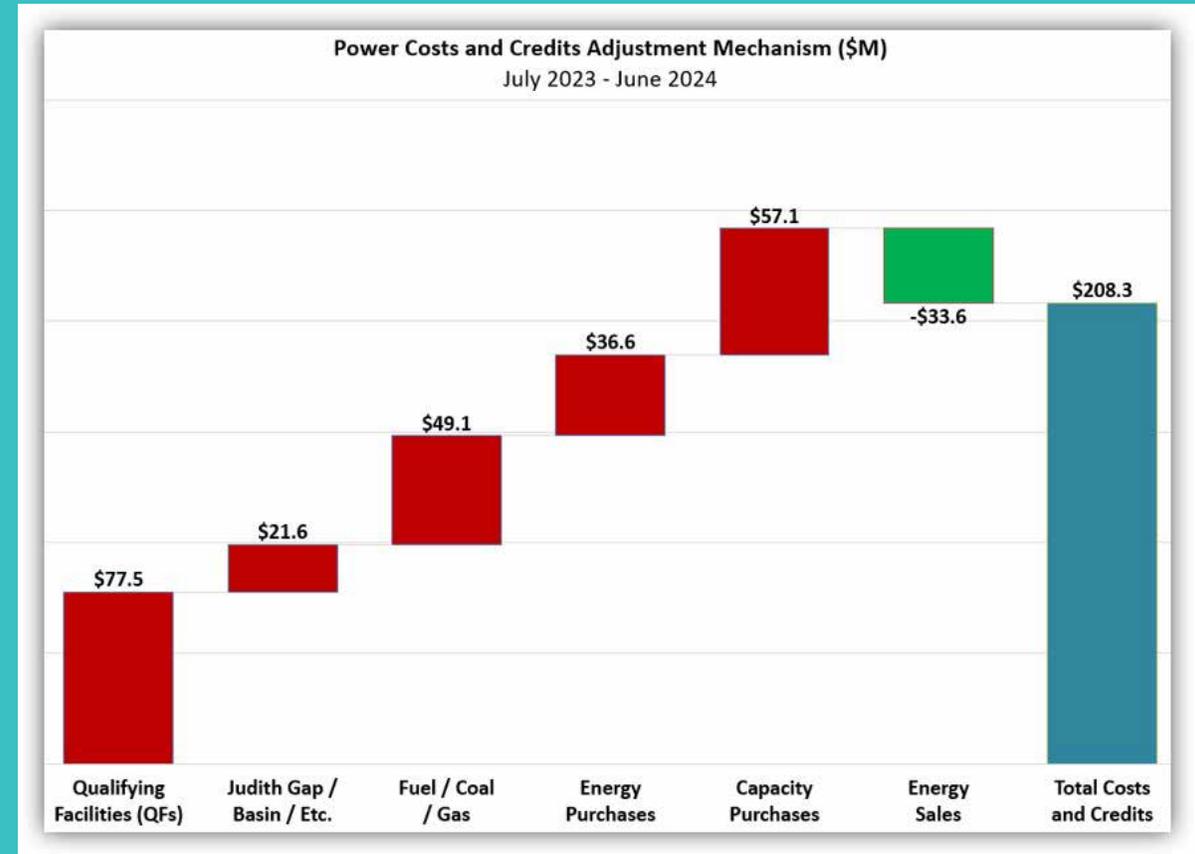
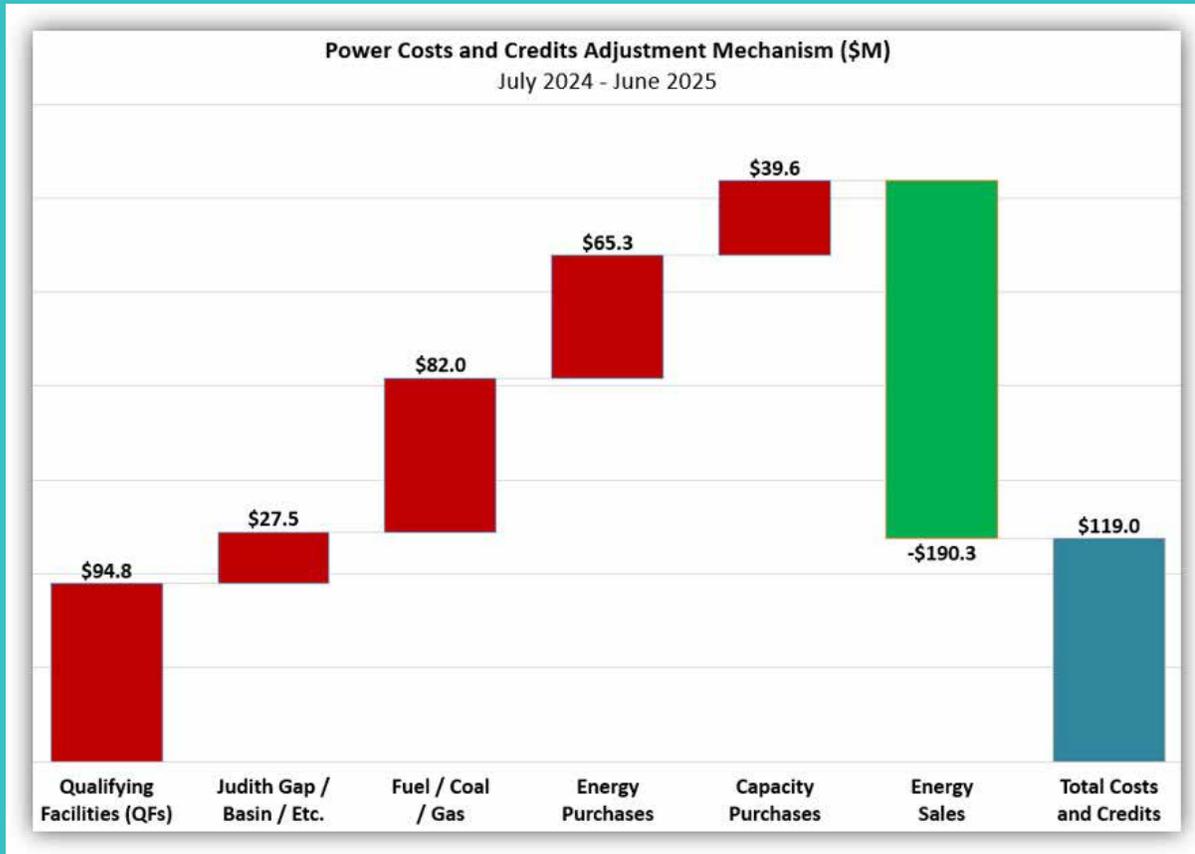
# YCGS – Proposed Settlement of Base Revenues

\$ Millions

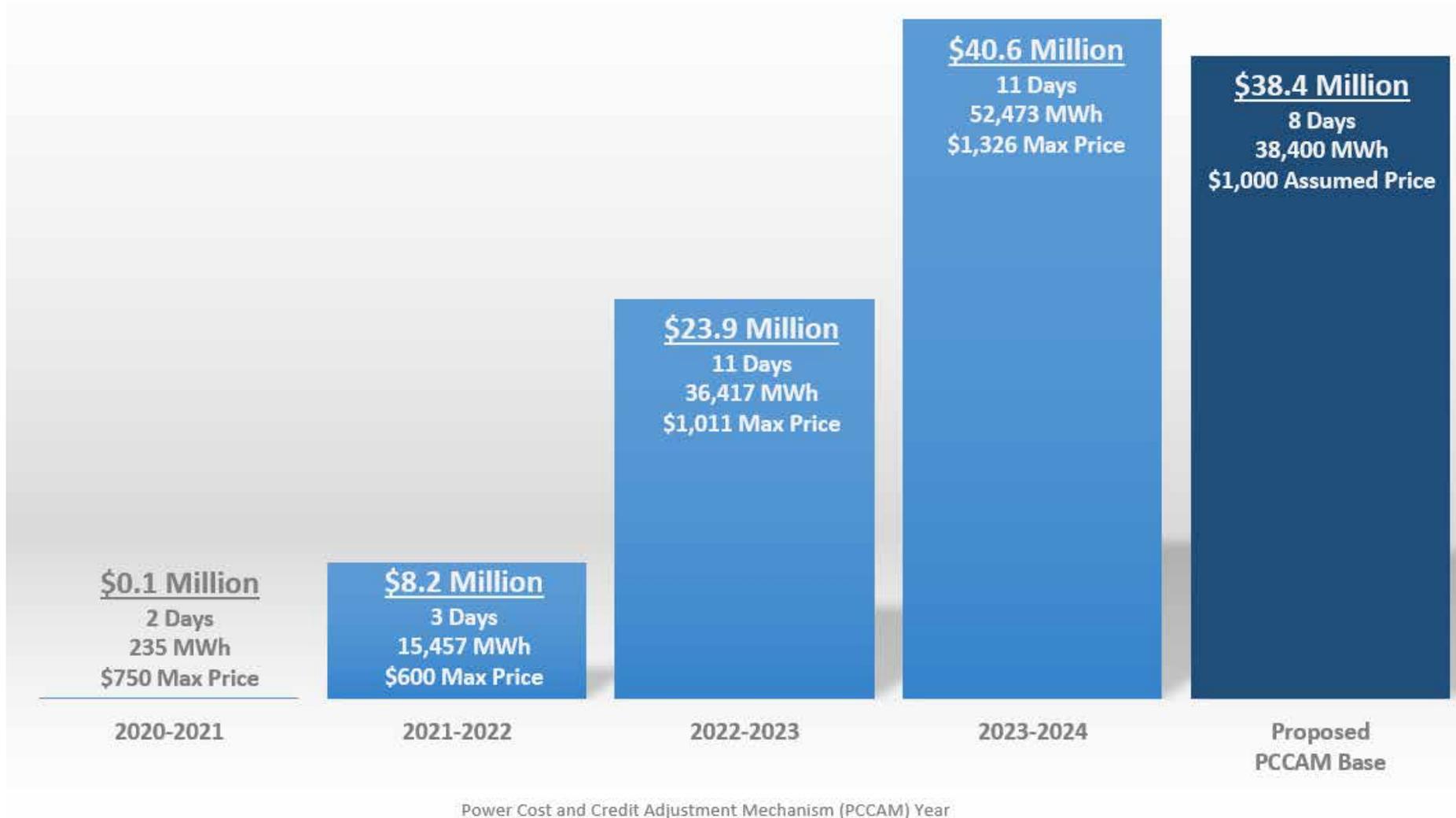


The MCC, LCG, FEA and Walmart agreed on the revenue increase for Transmission, Distribution and existing Generation (+\$66.4 million). The remaining contested issues are the YCGS revenue and PCCAM base. For YCGS, NWE's case results in revenue of \$43.9 million, with the LCG at \$43.1M (\$0.8M or 1.8% lower) and the MCC at \$32.3M (\$11.6M or 23.5% less).

# PCCAM Base – Market Purchases / Sales Have Significant Impact



# Market Purchases During Extreme Market Events



Frequency and Intensity of Extreme Market Events (i.e. market prices > \$500 per megawatt) has increased over past several years.

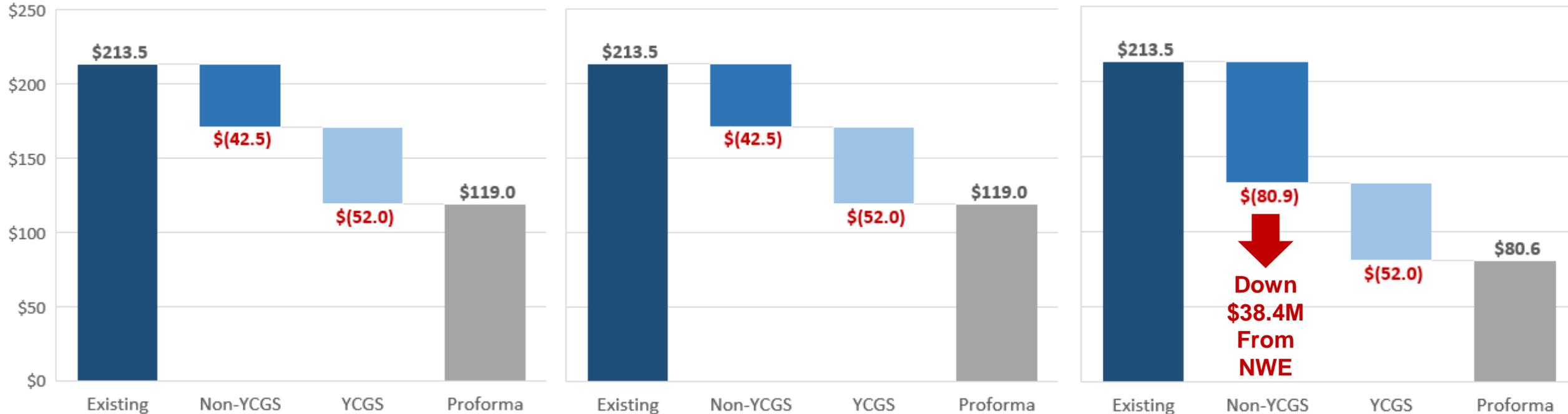
# Electric – Proposed Settlement of PCCAM Flow-Thru Revenues

\$ Millions

**NWE Settled PCCAM Flow-Thru Revenue**

**LCG Settled PCCAM Flow-Thru Revenue**

**MCC Settled PCCAM Flow-Thru Revenue**



The major intervenors, Large Customer Group (LCG) and Montana Consumer Council (MCC) all agreed on the PCCAM (flow-through) base revenue reduction for YCGS (-\$52.0 million). For non-YCGS PCCAM base revenue decrease, the LCG agrees with the \$42.5 million decrease but the MCC would like to settle at -\$80.9 million (\$38.4M or 90.4% less than NWE's proposed settlement).



# Montana Rate Reviews - Impact on Customer Bills

# Total Revenue Adjustments

(\$Millions)

<b>Fiction</b>	<b>Existing</b>	<b>Adj.</b>	<b>Proforma</b>	<b>% Increase</b>
PCCAM	\$ -	\$ -	\$ -	
Rate Schedule	516.8	156.5	673.3	
Property Tax Tracker	105.8	7.4	113.2	
<b>Total Revenue</b>	<b>\$ 622.6</b>	<b>\$ 163.9</b>	<b>\$ 786.5</b>	<b>26.3%</b>

<b>Fact (Requested)</b>	<b>Existing</b>	<b>Adj.</b>	<b>Proforma</b>	
PCCAM	\$ 213.5	\$ (94.5)	\$ 119.0	
Rate Schedule	516.8	156.5	673.3	
Property Tax Tracker	105.8	7.4	113.2	
<b>Total Revenue</b>	<b>\$ 836.1</b>	<b>\$ 69.4</b>	<b>\$ 905.5</b>	<b>8.3%</b>

<b>Fact (Partial Settled)</b>	<b>Existing</b>	<b>Adj.</b>	<b>Proforma</b>	
PCCAM	\$ 213.5	\$ (94.5)	\$ 119.0	
Rate Schedule	516.8	110.3	627.1	
Property Tax Tracker	105.8	(1.2)	104.6	
<b>Total Revenue</b>	<b>\$ 836.1</b>	<b>\$ 14.6</b>	<b>\$ 850.7</b>	<b>1.7%</b>

NorthWestern's request is a total impact of **8.3%** on a revenue basis. If the full amount of the settlement + our position on contested issues is approved, it is a **1.7%** total revenue impact.

*The number used in media reports instead focuses 26%, which is the increase in revenue excluding the decrease in base supply costs.*

# Typical Residential Bills – Impact of NorthWestern’s Proposals

## Electric (750 kWh)

### NorthWestern Proposed



### Result of MPSC Actions



## Natural Gas (60 therms)

### NorthWestern Proposed



### Result of MPSC Actions



# Montana Rate Review Bill Impacts

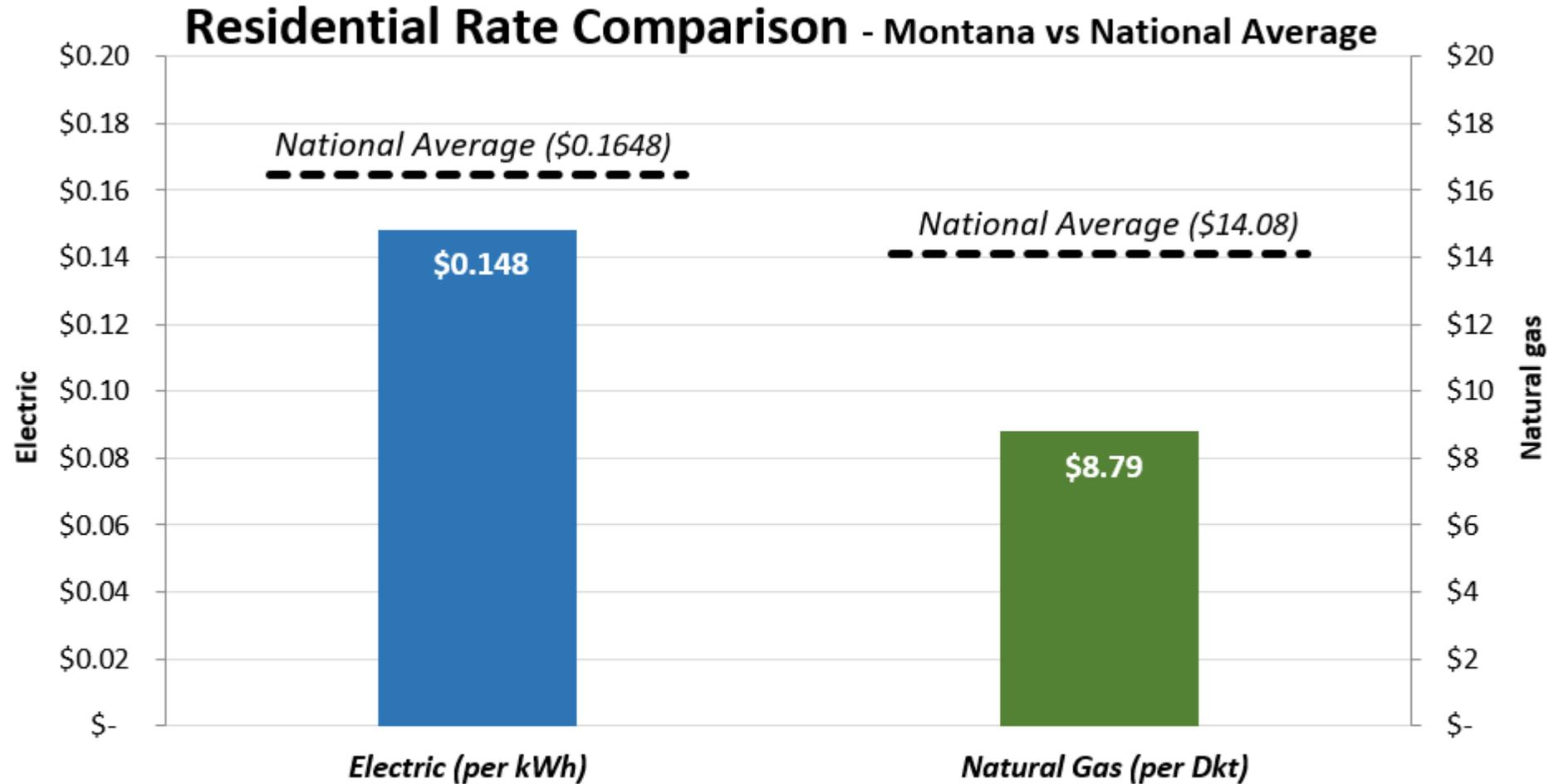
## Electric Rates

	<u>Base Rates</u>	<u>Flow-Through Costs</u>	<u>Typical Resi. Monthly Bill</u>
Current Rates	\$64.33	\$45.74	\$110.07
<u>Proposed Partial Settlement</u>	<u>\$80.23</u>	<u>\$34.47</u>	<u>\$114.70</u>
\$ Increase (Decrease)	\$15.89	(\$11.27)	\$4.63
% Increase (Decrease)	24.7%	-24.6%	4.2%

## Natural Gas Rates

	<u>Base Rates</u>	<u>Flow-Through Costs</u>	<u>Typical Resi. Monthly Bill</u>
July 1, 2024 Bill	\$32.77	\$19.12	\$51.89
<u>Proposed Settlement</u>	<u>\$37.26</u>	<u>\$19.37</u>	<u>\$56.63</u>
\$ Increase	\$4.49	\$0.25	\$4.74
% Increase	13.7%	1.3%	9.1%

# Affordability – Residential Rates



Adding in the partial electric settlement and the agreed upon natural gas settlement, residential rates at NWE in Montana are still significantly lower than the national average.

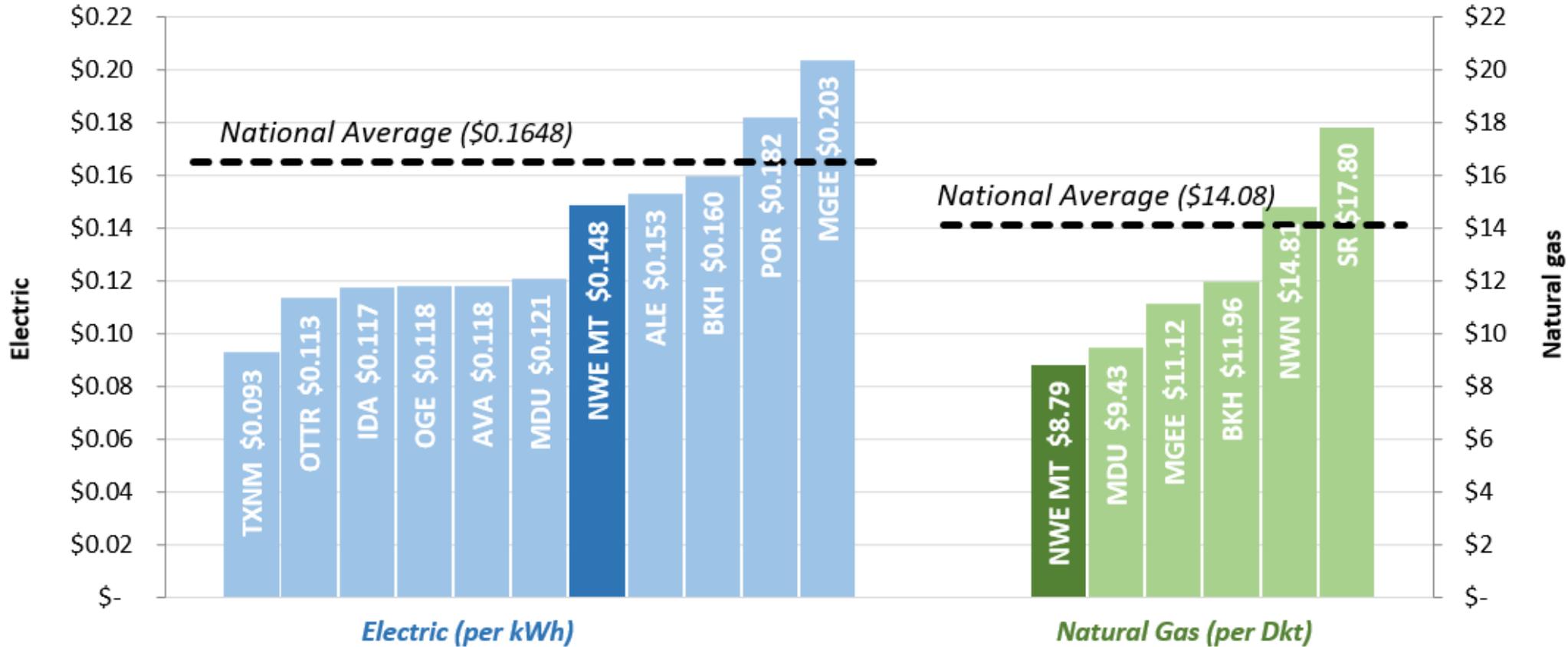
*NWE rates average for 2024 plus proposed settled residential revenue - total residential revenues divided by total residential loads delivered*

*Electric source: U.S. EIA - Average Retail Price of Electricity, Annual for 2024*

*Natural Gas source: U.S. EIA - U.S. Price of Natural Gas Delivered to Residential Customers for 2024*

# Affordability – Residential Rates – NWE MT vs Peer Group

## Residential Rate Comparison - NWE vs Peer Group vs National Average



Residential Rates – NWE MT vs our peer group, we sit in the middle of the pack but below the national average and for natural gas, we have the lowest rates, even layering in our settled rate review revenues into the mix.

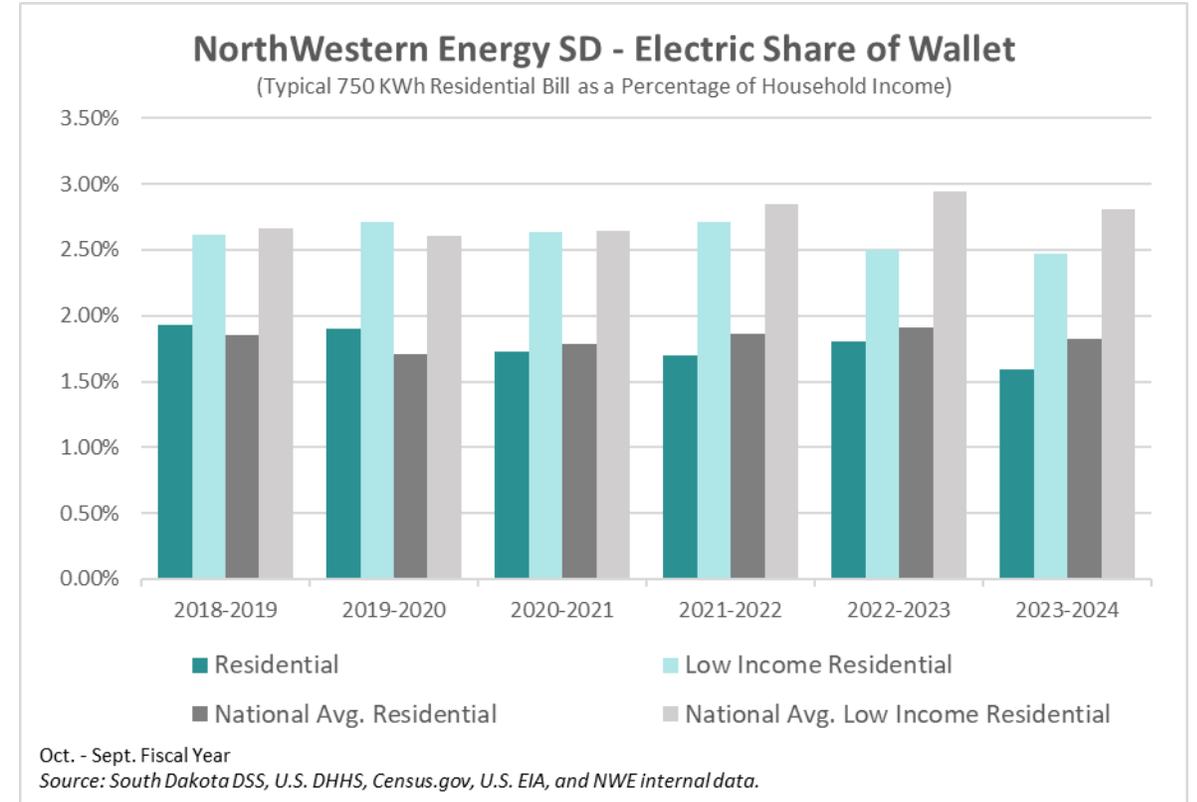
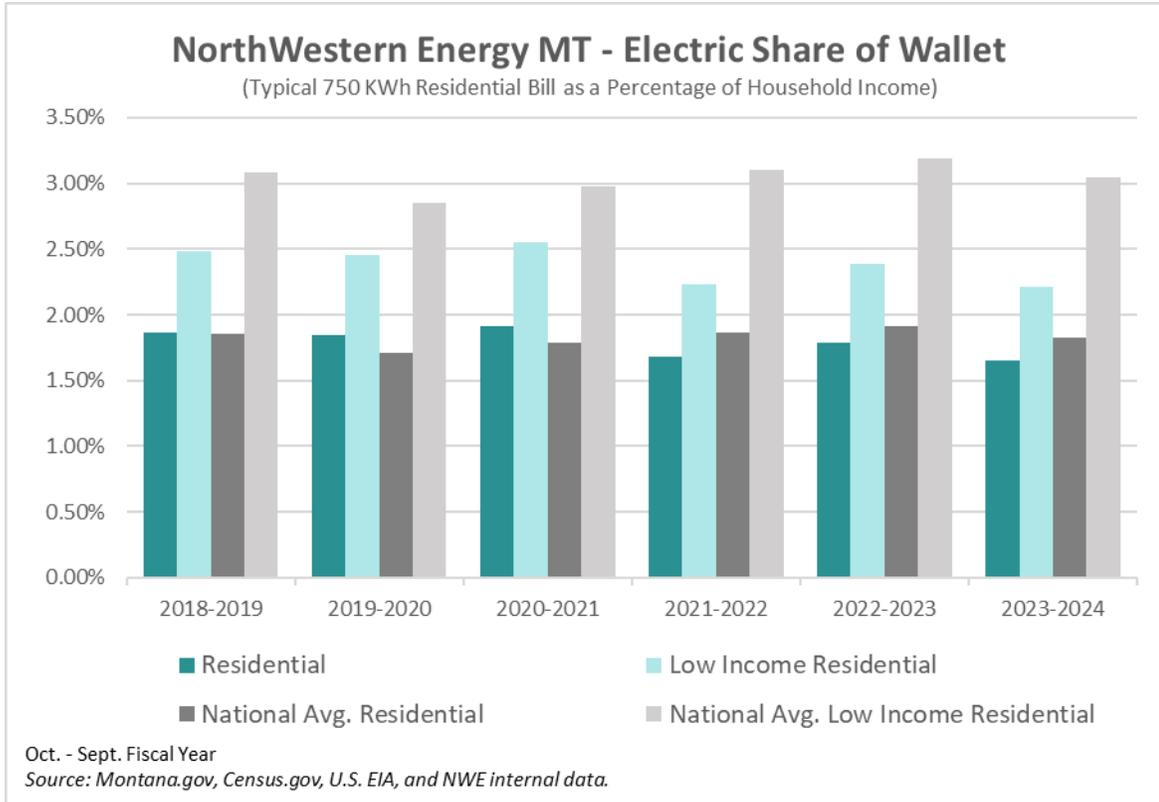
NWE rates average for 2024 - total residential revenues plus proposed settled residential revenue divided by total residential loads delivered

Peers: Total Residential Sales divided by Total Residential volumes delivered in 2024

Electric source: U.S. EIA - Average Retail Price of Electricity, Annual for 2024

Natural Gas source: U.S. EIA - U.S. Price of Natural Gas Delivered to Residential Customers for 2024

# Electric Wallet Share



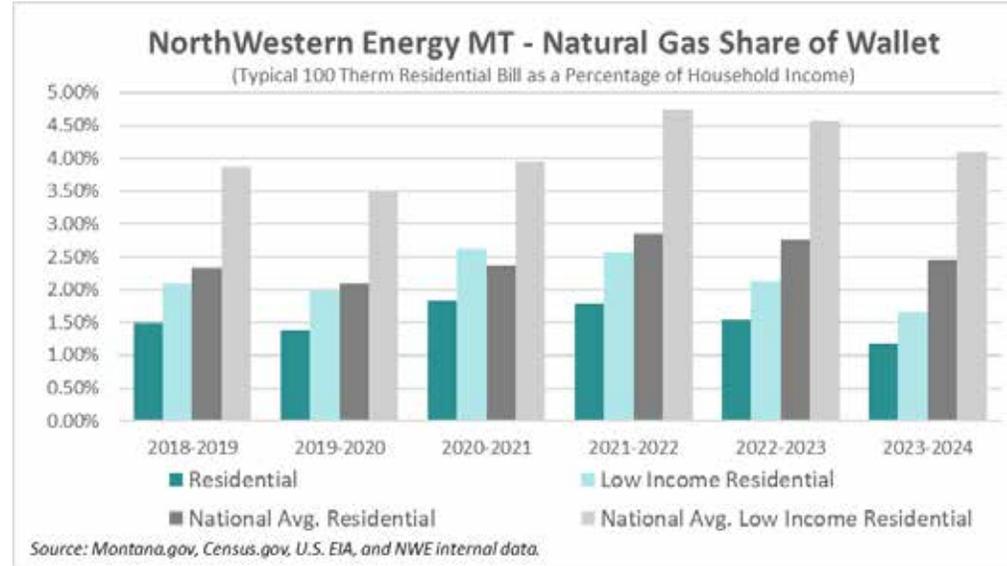
## 18'-24' Average Wallet Share:

	Residential	Residential Low Income
MT	1.79%	2.39%
SD	1.78%	2.61%
Nat. Avg.	1.82%	2.90%

# Natural Gas Wallet Share

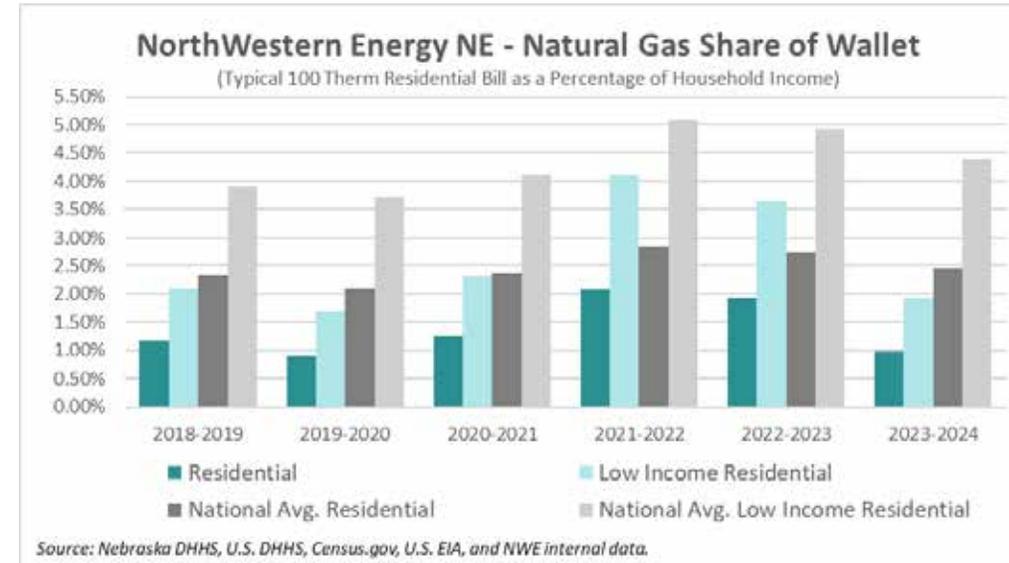
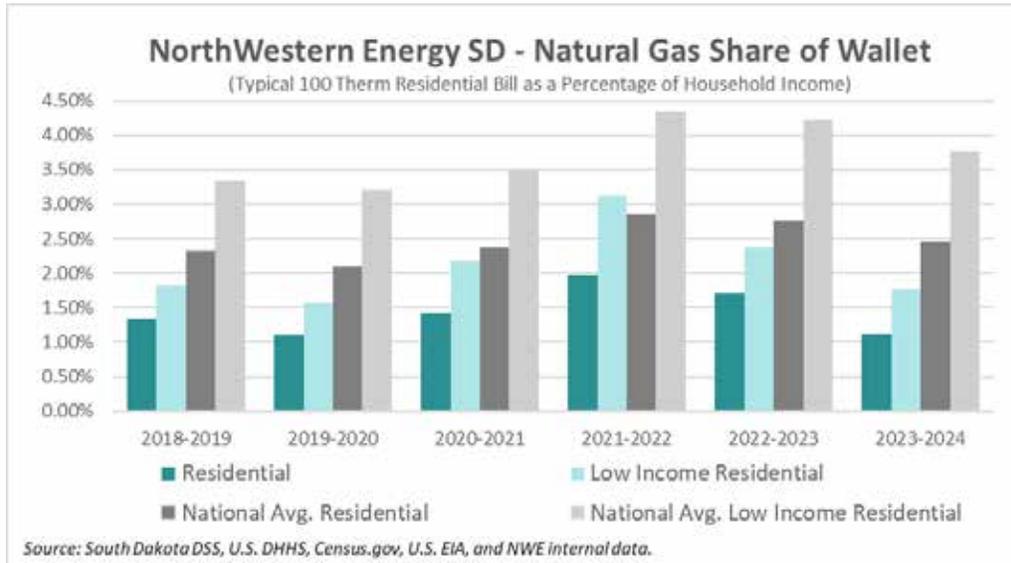
## 18'-24' Average Wallet Share:

	Residential	Low Income
MT	● 1.54%	● 2.18%
SD	● 1.45%	● 2.14%
NE	● 1.39%	● 2.63%
Nat. Avg.	2.47%	4.07%



Note: Montana typical bill is based on 65 therms which translates to ~0.50% lower wallet share than pictured. For consistency with South Dakota and Nebraska, 100 therms is used for Montana in this illustration.

Oct. - Sept. Fiscal Year



# The Incredible Value of Electricity & Natural Gas

Coffee / Latte



**\$4 - \$5**  
per day

Cell Phone Bill  
Family of 4



**\$5 - \$11**  
per day

McDonald's  
Big Mac Meal



**\$10 - \$12**  
per meal

Heat, Cool, Power  
& Protect Your  
Entire Home



**\$5 - \$7 per day**  
Electricity \$3-\$4  
Natural Gas \$2-\$3

**Compared to the cost of other *niceties* of your daily life,  
the *necessity* of powering your home remains an incredible value.**

*(After all, brewing that coffee, cooking that meal, or charging that cell phone can't happen without electricity and natural gas)*



# Thank you

