

**Siebert Williams Shank
West Coast Utilities Conference
March 21, 2024**

8-K March 21, 2024

NORTHWESTERN
PUBLIC SERVICE COMPANY
MONTANA POWER
NorthWestern Energy
100 POWERFUL YEARS
CENTENNIAL

NorthWestern Energy

Vision
Enriching lives through a **safe and sustainable** energy future.

Mission
Working together to deliver **safe, reliable and affordable** energy solutions.

Values
Safety
Excellence
Respect
Value
Integrity
Community
Environment

NorthWestern Energy Group, Inc.
dba: NorthWestern Energy
Ticker: NWE (Nasdaq)
www.northwesternenergy.com

Corporate Support Office
3010 West 69th Street
Sioux Falls, SD 57108
(605) 978-2900

Investor Relations Officer
Travis Meyer
605-978-2967
travis.meyer@northwestern.com

Forward Looking Statements

During the course of this presentation, there will be forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.”

The information in this presentation is based upon our current expectations as of the date of this document unless otherwise noted. Our actual future business and financial performance may differ materially and adversely from our expectations expressed in any forward-looking statements. We undertake no obligation to revise or publicly update our forward-looking statements or this presentation for any reason. Although our expectations and beliefs are based on reasonable assumptions, actual results may differ materially. The factors that may affect our results are listed in certain of our press releases and disclosed in the Company’s 10-K and 10-Q along with other public filings with the SEC.



Overview

NWE – An Investment for the Long Term

Pure Electric & Gas Utility

- 100% pure electric & natural gas utility with over 100 years of operating history
- Solid economic indicators in service territory
- Diverse electric supply portfolio ~55% hydro, wind & solar

Solid Utility Foundation

- Residential electric & gas rates below national average
- Solid system reliability
- Low leaks per 100 miles of pipe
- Solid JD Power Overall Customer Satisfaction scores

Earnings & Cash Flow

- Approved Montana electric & natural gas and South Dakota electric rate reviews aid earnings, cash flow, and balance sheet strength
- History of consistent annual dividend growth

Attractive Future Growth Prospects

- Disciplined maintenance capital investment program focus on reliability, capacity, asset life and compliance
- Further opportunity for energy supply investment to meet significant capacity shortfalls

Financial Goals & Metrics

- Target 4%-6% EPS growth plus dividend yield to provide competitive total return
- Target dividend long-term payout ratio of 60%-70%
- Target debt to capitalization ratio of 50%-55% with liquidity of \$100 million or greater

Best Practices Corporate Governance

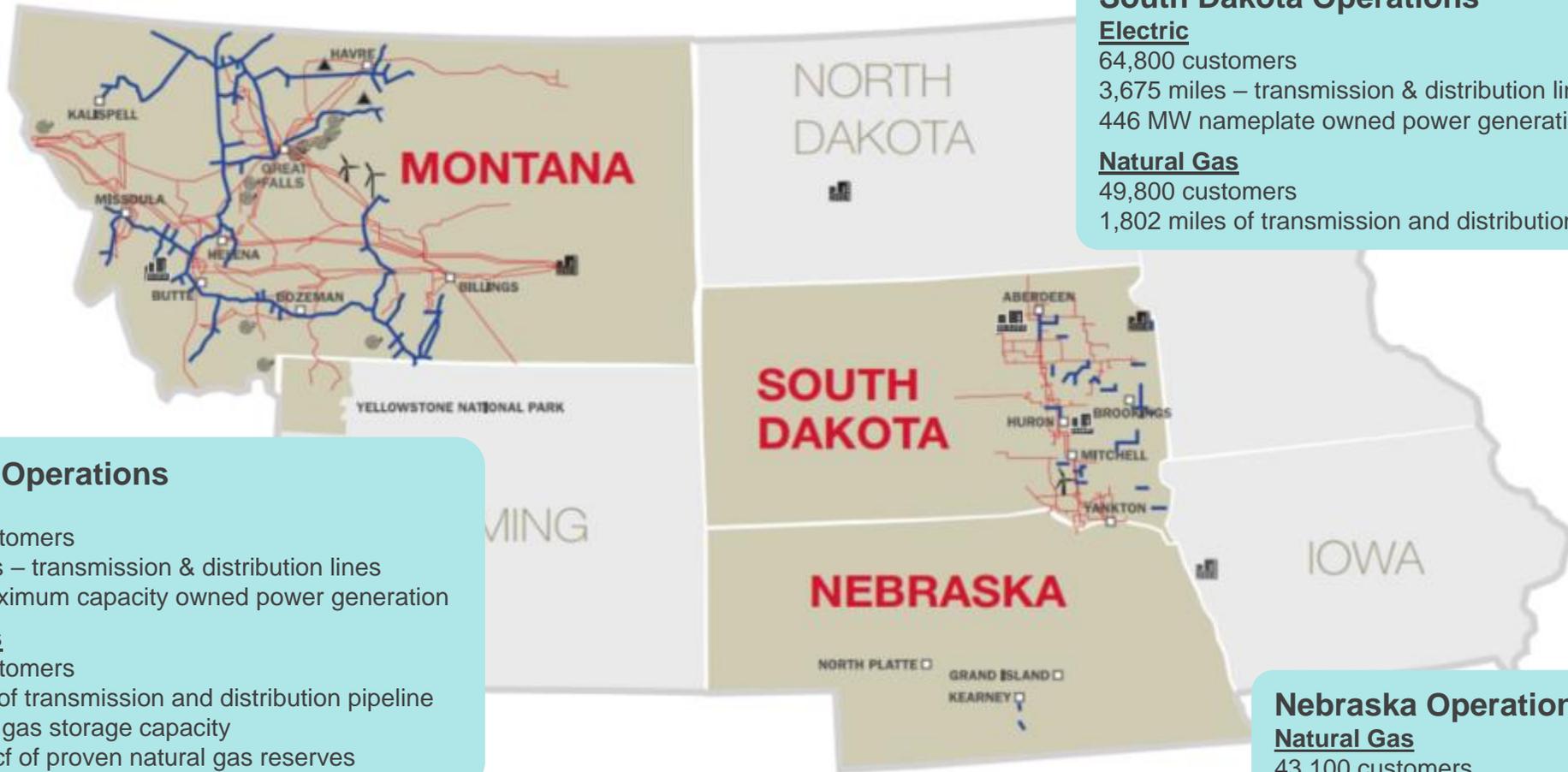


5th Best Governance Score



Recognized as one of America's Greatest Workplaces

About NorthWestern



Montana Operations
Electric
 405,500 customers
 25,274 miles – transmission & distribution lines
 887 MW maximum capacity owned power generation
Natural Gas
 212,100 customers
 7,390 miles of transmission and distribution pipeline
 17.85 Bcf of gas storage capacity
 Own 31.5 Bcf of proven natural gas reserves

South Dakota Operations
Electric
 64,800 customers
 3,675 miles – transmission & distribution lines
 446 MW nameplate owned power generation
Natural Gas
 49,800 customers
 1,802 miles of transmission and distribution pipeline

Nebraska Operations
Natural Gas
 43,100 customers
 826 miles of distribution pipeline

- Electric
- Natural Gas
-  Wind Farm
-  Hydro Facilities
-  Thermal Generating Plants
-  Natural Gas Reserves
-  Peaking Plants

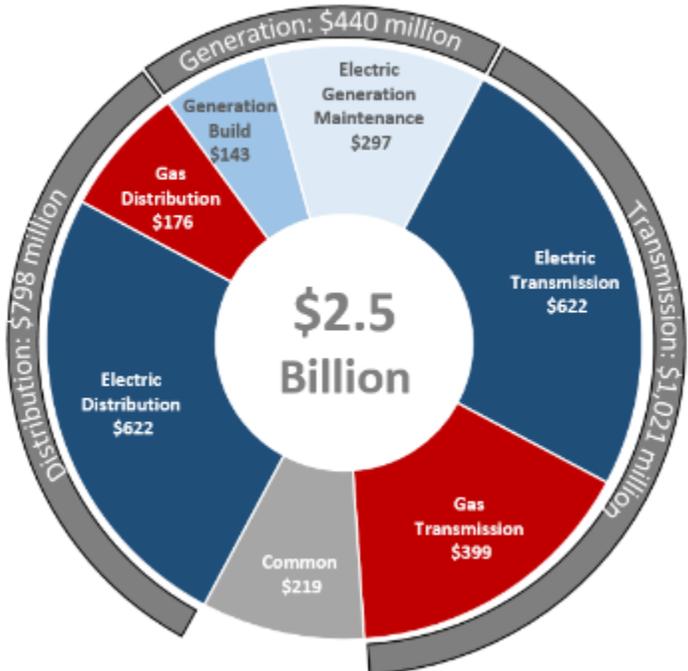
The NorthWestern Value Proposition

~5% Dividend Yield

Base Capital Plan:
4%-6% EPS Growth

Incremental Opportunities:
6% + EPS Growth

2024-2028 Capital Investment
(\$ Millions)



- ✓ FERC Transmission
- ✓ Incremental generating capacity
(subject to successful resource procurement bids)
- ✓ Qualifying Facility and / or Power Purchase Agreement buyouts
- ✓ Electrification supporting economic development

9%-11% Total Growth

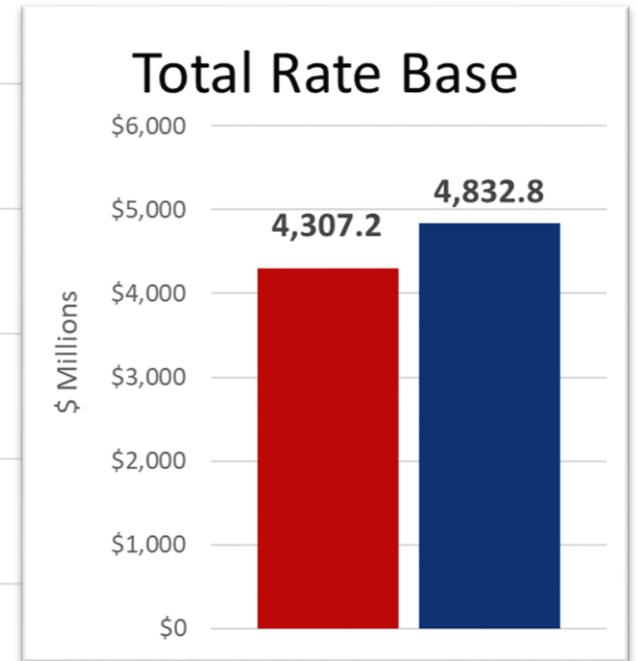
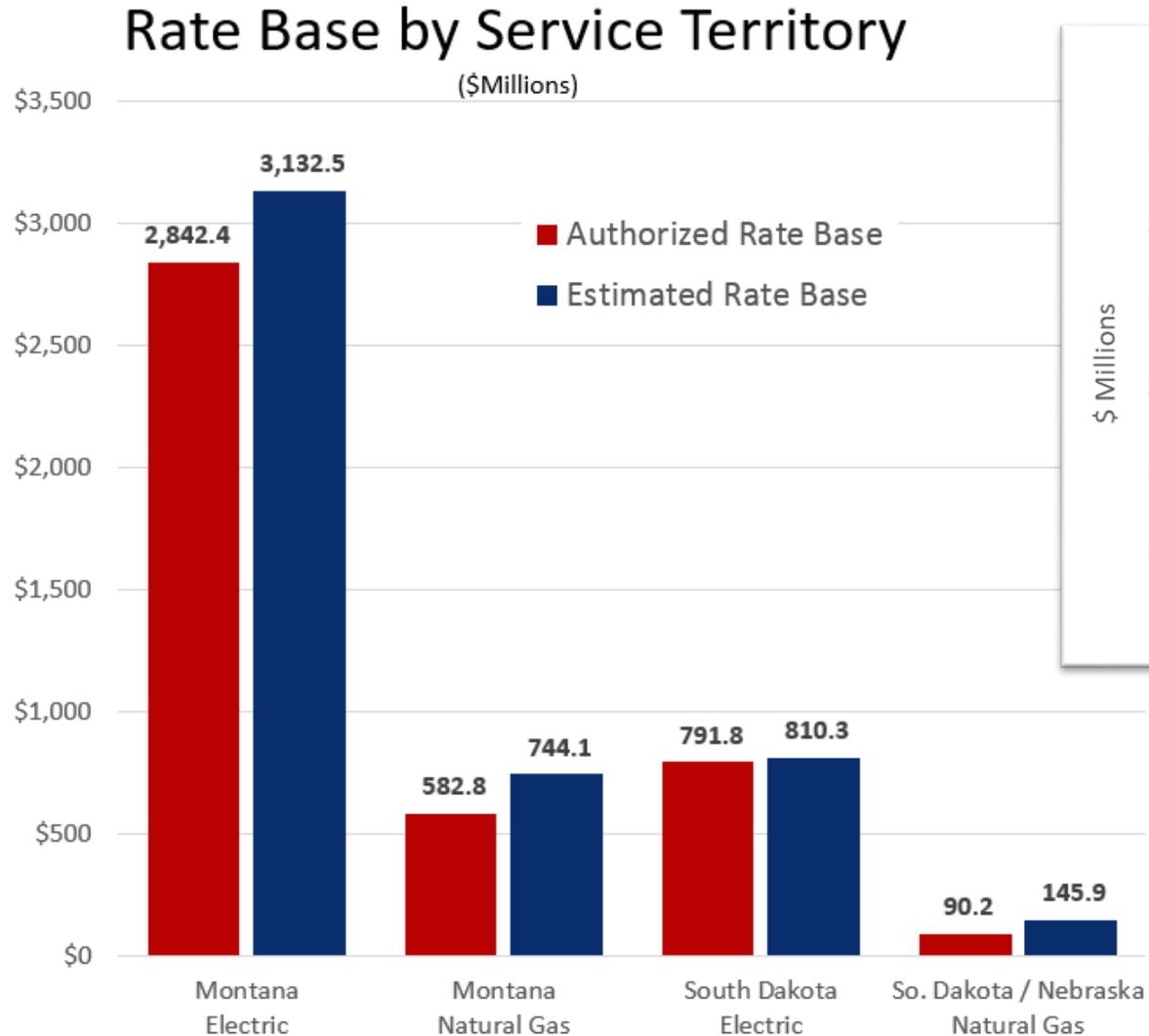
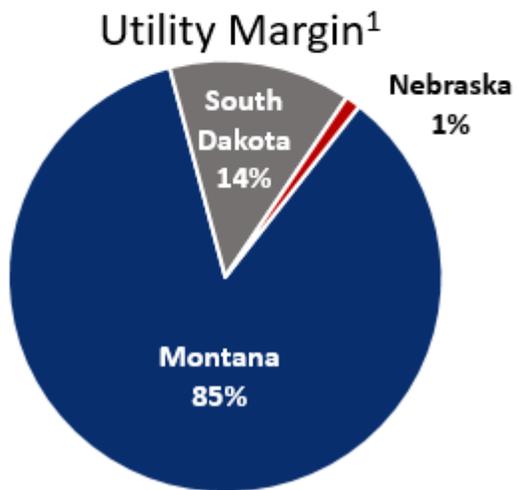
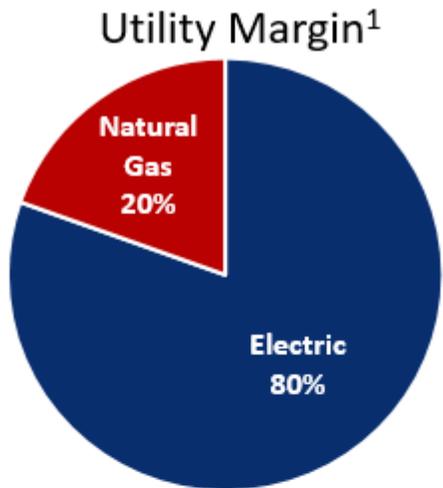
11%+ Total Growth

Nearly \$2.5 billion of highly executable and low-risk capital investment forecasted over the next five years.

This investment is expected to drive annualized earnings and rate base growth of approximately 4% - 6%.

See slide titled "Affirming Guidance and Growth Rate Targets" for additional information.

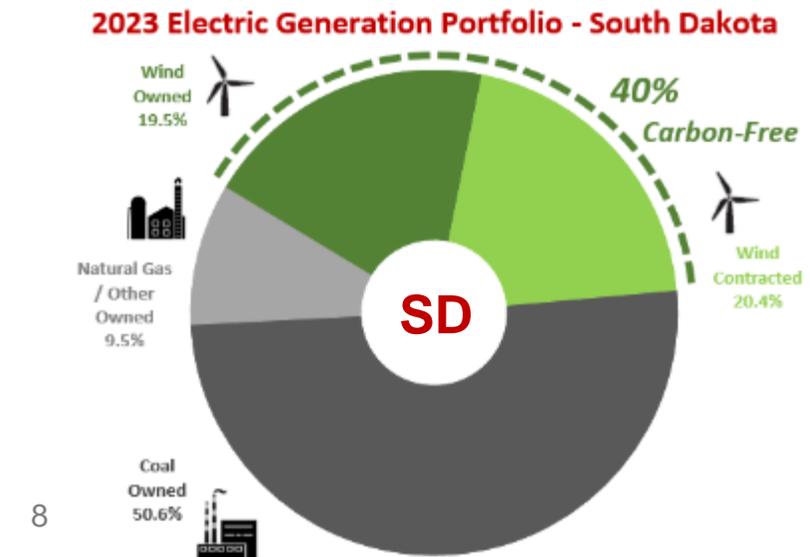
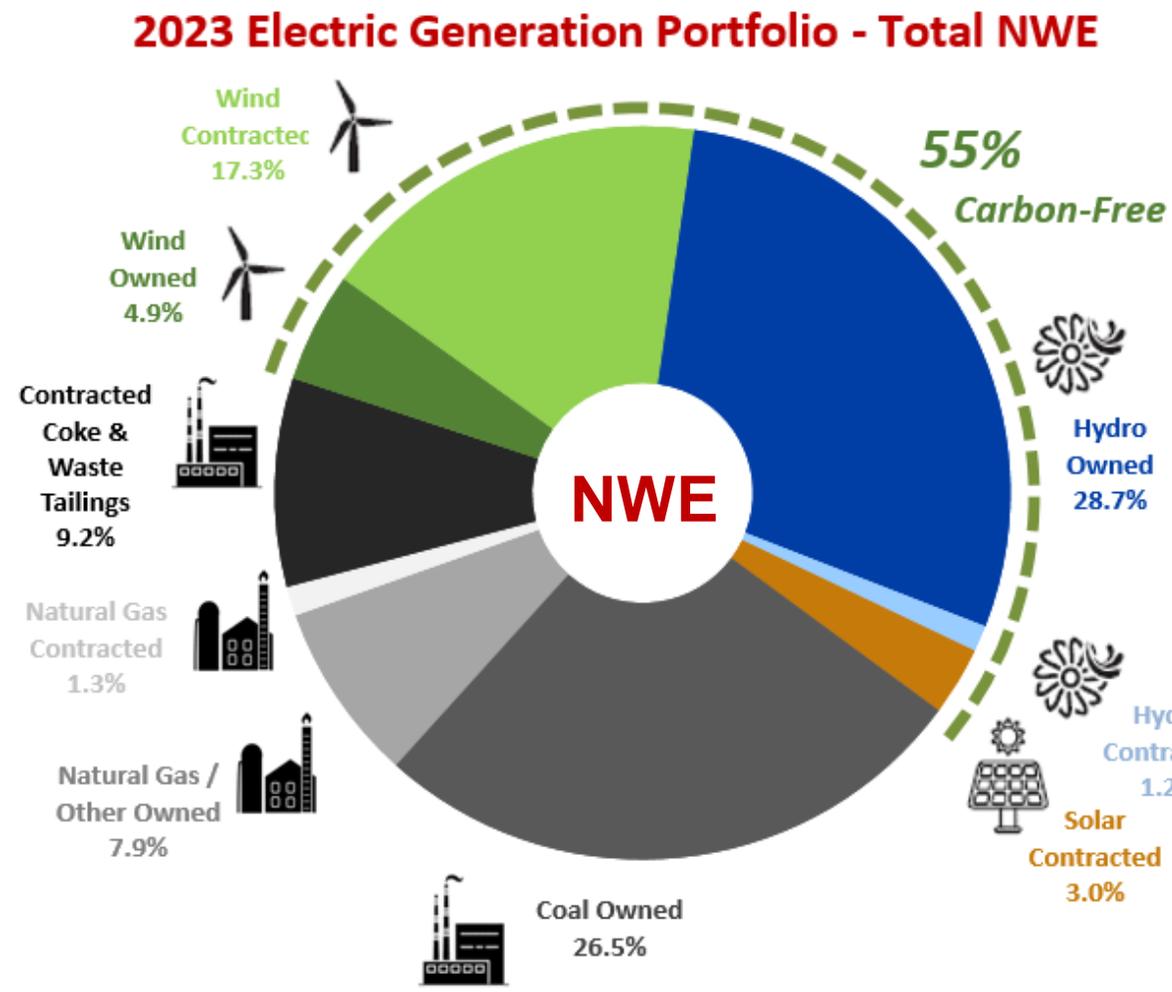
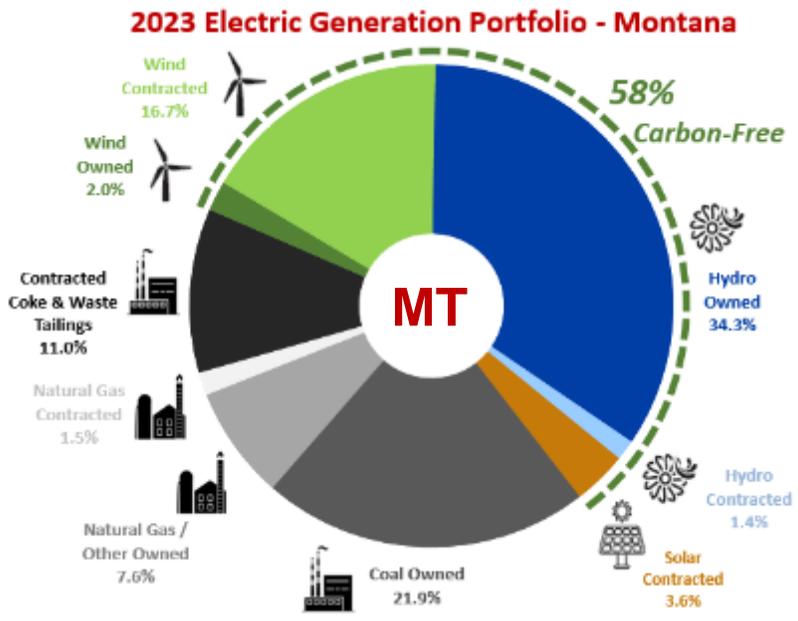
A Diversified Electric and Gas Utility



* Reflects settled filings in Montana and South Dakota.

NorthWestern's '80/20' rules: Approximately 80% Electric and 80% Montana. Over \$4.8 billion of rate base investment to serve our customers

Highly Carbon-Free Supply Portfolio



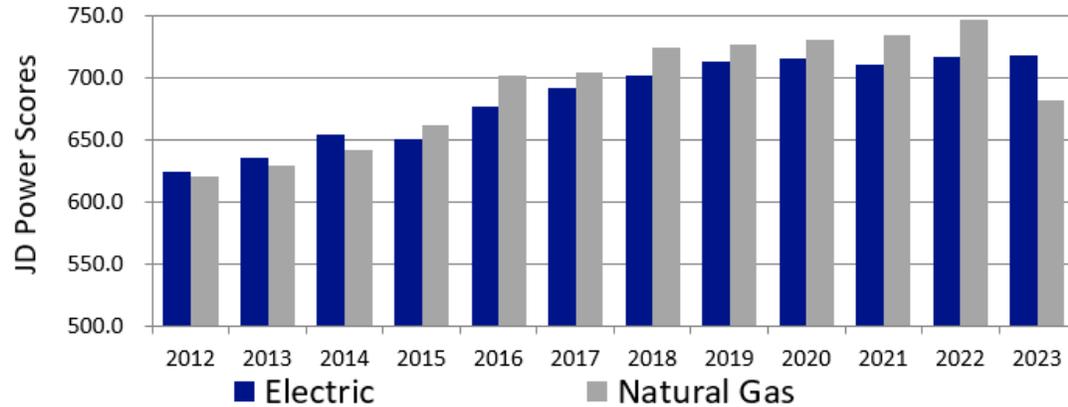
Contracted coke and waste tailings as well as a majority of the contracted wind, hydro and solar are federally mandated Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act of 1978 (PURPA).

NorthWestern does not own all the renewable energy certificates (RECs) generated by contracted wind, and periodically sells its own RECs with proceeds benefiting retail customers. Accordingly, we cannot represent that 100% of carbon-free energy in the portfolio was delivered to our customers.

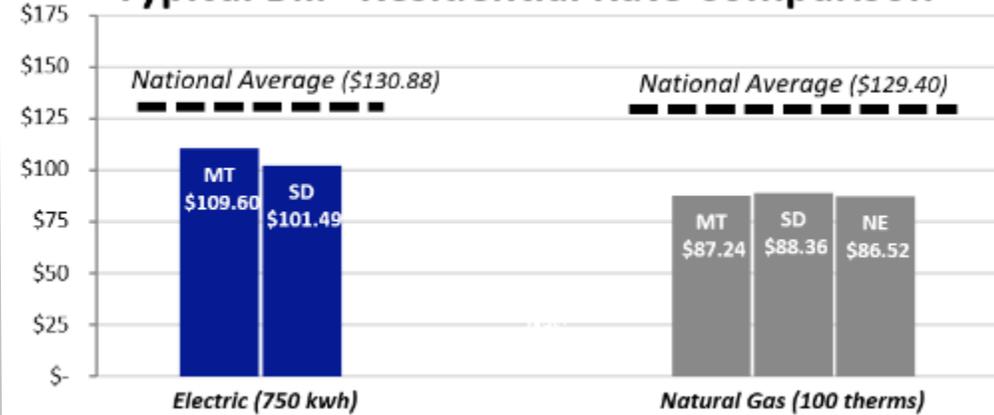
Based upon 2023 MWH's of owned and long-term contracted resources. Approximately 55% of our total company of owned and contracted supply is carbon-free – better than the national average of ~40% in 2022. (eia.gov table 7.2b)

Strong Utility Foundation

NWE's Overall Customer Satisfaction Scores
via JD Power Electric & Gas Residential Studies

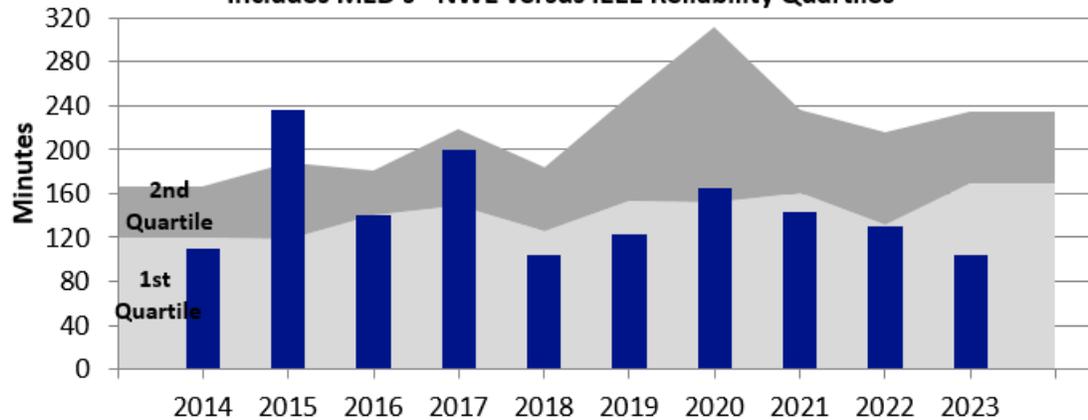


"Typical Bill" Residential Rate Comparison

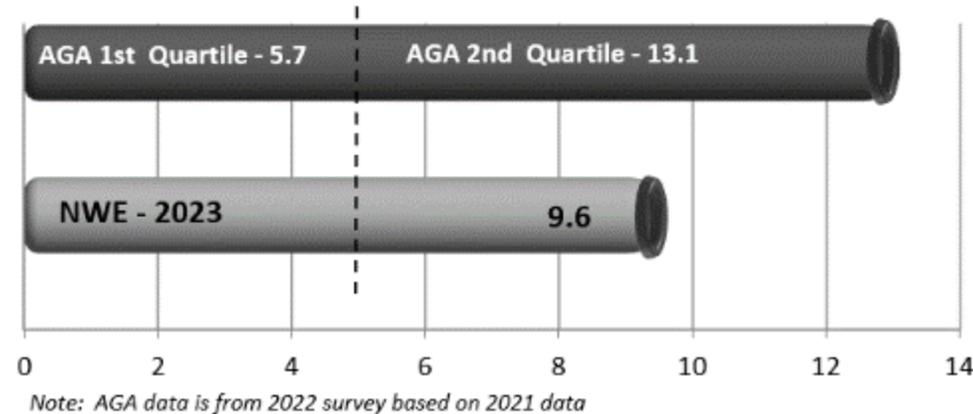


NWE rates as of 7/1/2023 (Electric) and December 2023 (Natural Gas)
Electric source: Edison Electric Institute Typical Bills and Average Rates Report, Summer (July) 2023
Natural Gas source: US EIA - Monthly residential supply and delivery rates as of December 2023

System Average Interruption Duration Index (SAIDI)
Includes MED's - NWE versus IEEE Reliability Quartiles



Leaks per 100 Miles of Pipe
Excluding Excavation Damages - 2023



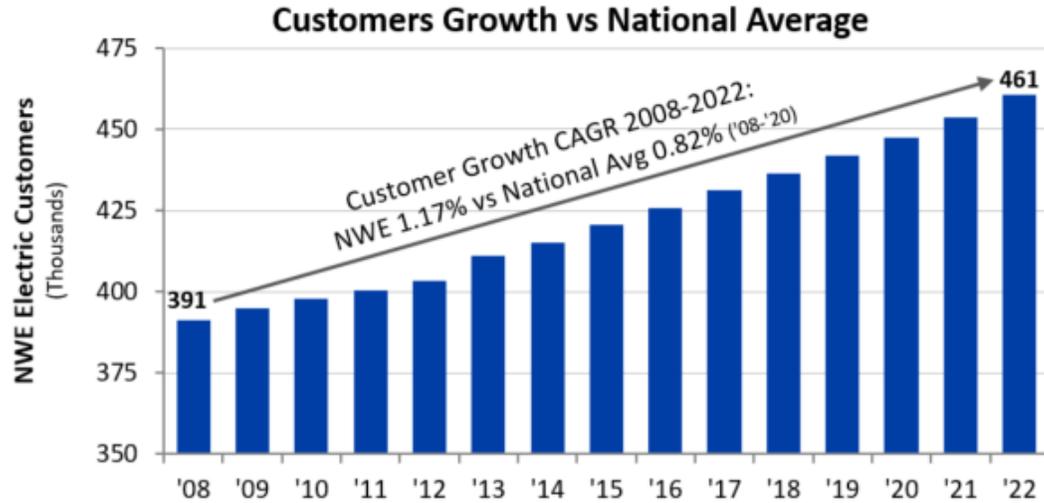
Note: AGA data is from 2022 survey based on 2021 data

- Solid and generally improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average

- Solid electric system reliability
- Better than average natural gas leaks per mile

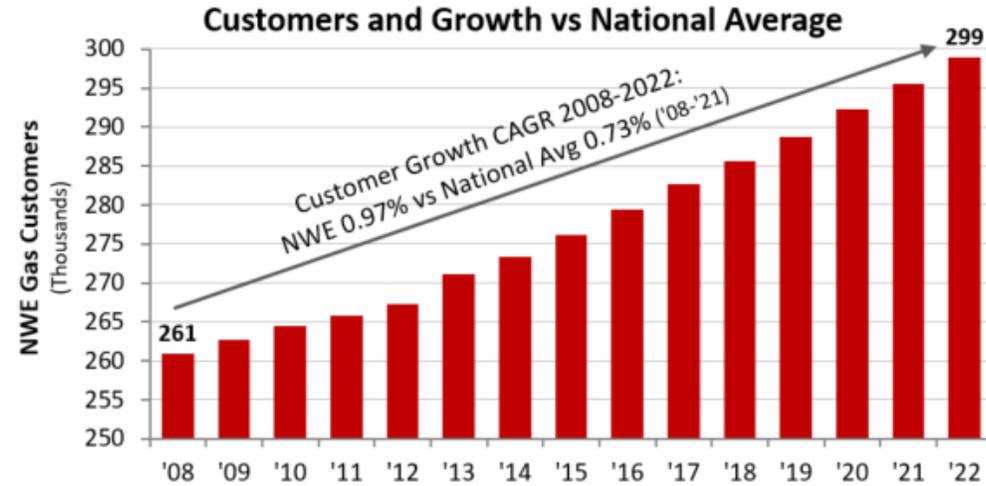
Solid Economic Indicators

Electric



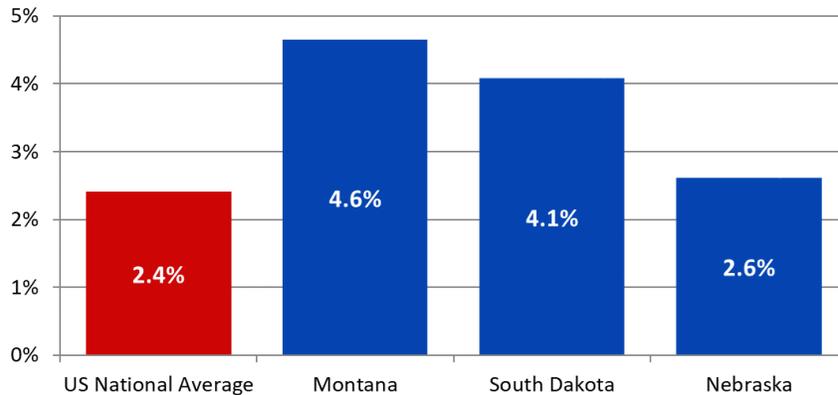
Source: Company 10K's, 2020/2021 EEI Statistical Yearbook – Table 7.2 and EIA.gov

Natural Gas



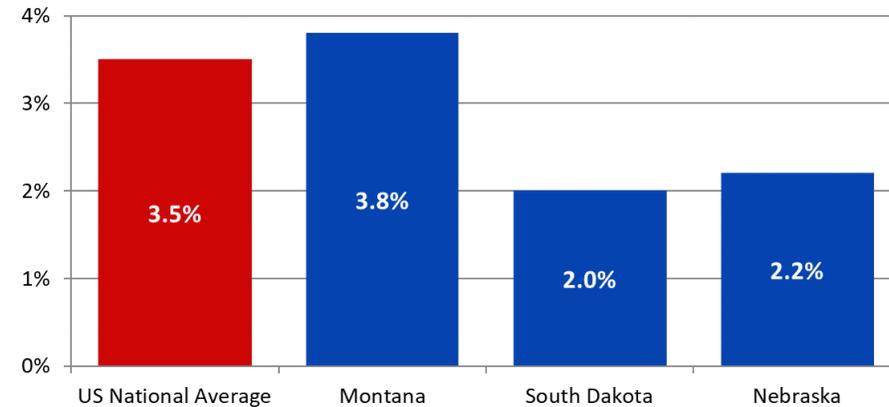
Projected Population Growth 2024 - 2029

(cumulative growth)



Source: Claritas via S&P Global Market Intelligence 2/19/2024

Unemployment Rate - December 2023



Source: U.S. Department of Labor via S&P Global Market Intelligence 2/19/2024

- Customer growth rates historically exceed National Averages.

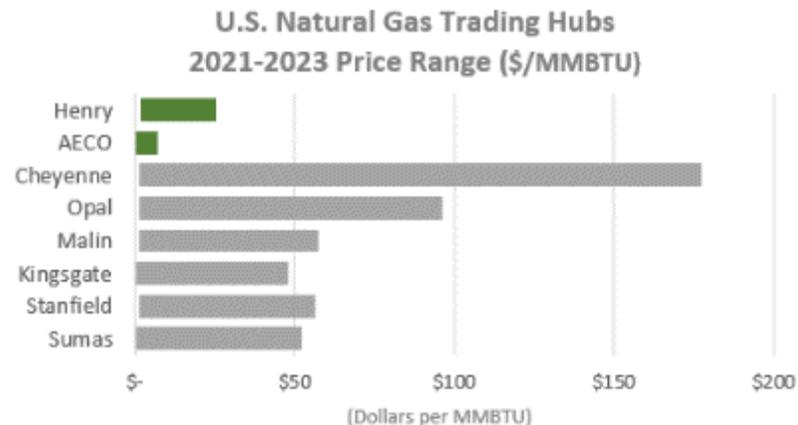
- Projected population growth in our service territories in-line or better than the National Average.

NorthWestern's Combo-Advantage

- ✓ **Combination electric & natural gas provider in Montana & South Dakota**
 - Targeting best-in-class Customer Experience
 - Opportunity to invest in critical Capacity expansion (supply & transmission)
 - Continued Grid Evolution to improve resiliency and enhance wildfire mitigation efforts
 - Transforming our Digital Platform to enhance cyber-security & technology solutions
- ✓ **Natural hedge between natural gas to electric conversions**
- ✓ **Primarily residential with commercial & industrial customers across many industries**

Natural Gas

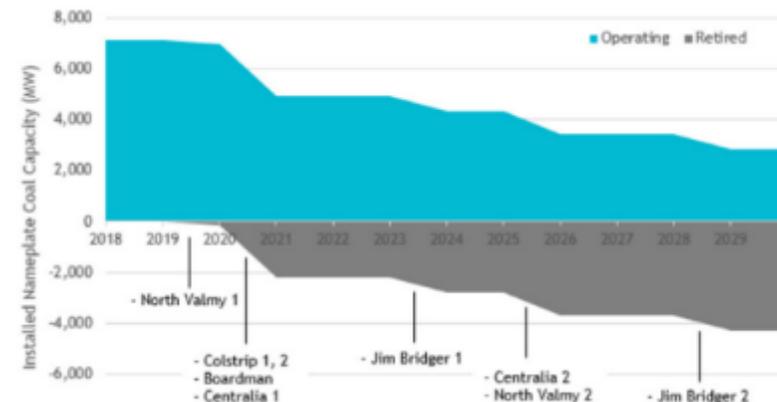
- Investment in production*, transmission & distribution
- Extreme winters necessitate economical gas heating
- Energy Choice (*Ban the Ban*) laws in MT & SD
- Access to low & less volatile natural gas pricing
 - AECO & Henry Hub (Ventura)



*Proven reserves only, no exploration

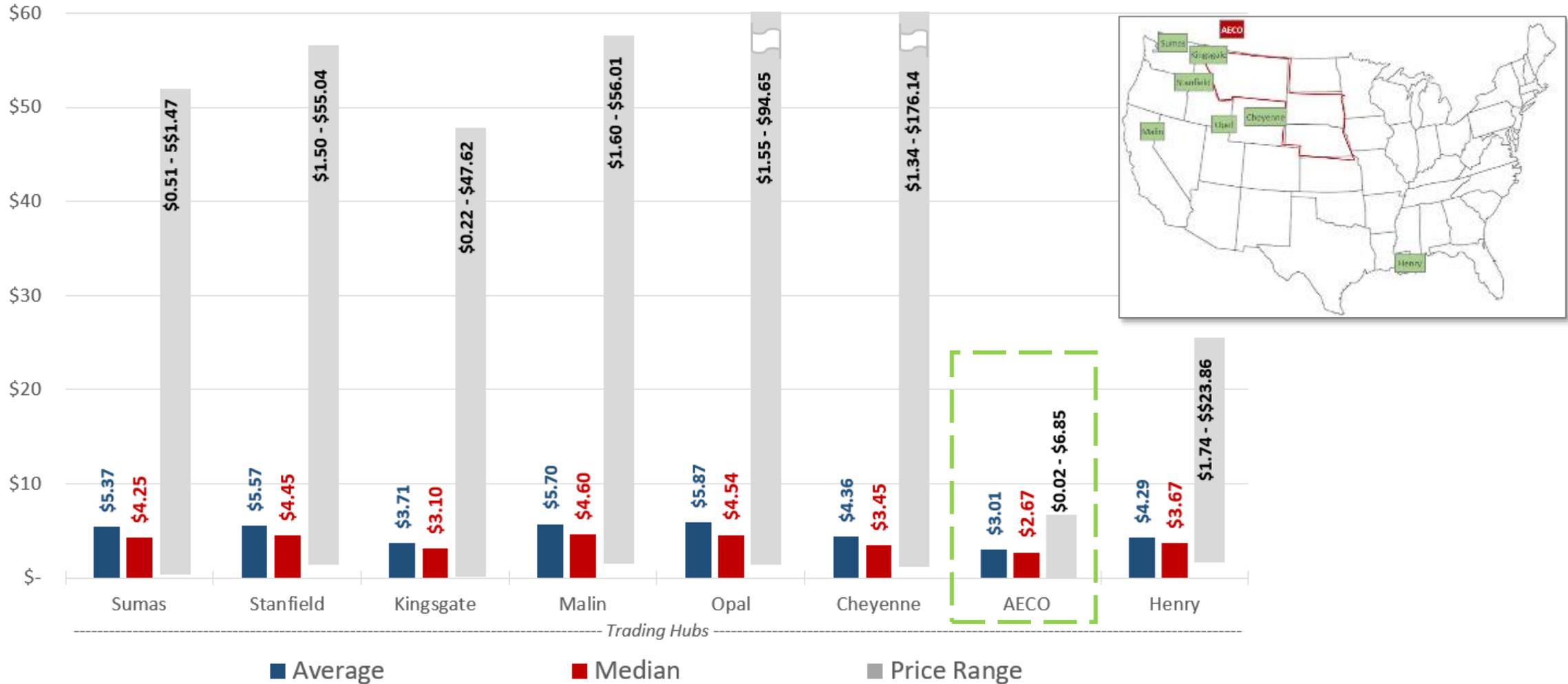
Electric

- Investment in generation, transmission & distribution
- Highly diverse & carbon-free electric supply portfolio
- Broad footprint spanning multiple reliability & transmission regions / organizations
- Growing regional capacity deficit requiring investment



Natural Gas LDC – AECO Advantage to Customers

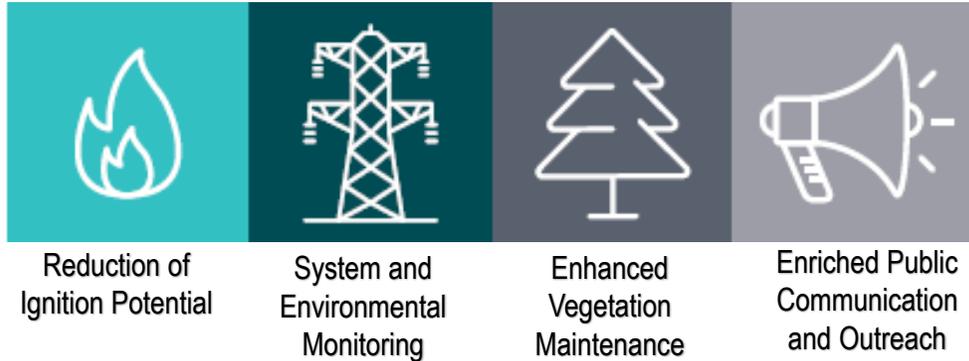
NWE Natural Gas Supply Advantage - 2021-2023 Prices - \$/MMBTU



NWE has access to some of the lowest and most stable natural gas prices in the nation, through the Alberta Energy Company (AECO) trading hub.

Source: S&P Global

Montana Wildfire Mitigation Plan



✓ Former plan filed in 2022 with the Montana general rate review

- Approved settlement provides enhancement to former wildfire mitigation efforts by allowing incremental operating expense of up to approximately \$95 million over a five-year period for future recovery.

✓ Key elements of the plan, driven by risk analysis include:

- Situational Awareness
- Operational Practice
- System Preparedness
- Vegetation Management
- Public Communication



NorthWestern's Public Safety Power Shutoff (PSPS) plan is expected to be formalized and available for implementation for the 2024 Montana wild fire season (second quarter).

Corporate Sustainability

Environmental



Social



Governance



These eight publications provide valuable insight into NorthWestern Energy's Environmental, Social and Governance (ESG) Sustainability practices. Sustainability Report includes Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) aligned reporting.

Best Practices Governance

5th Best Score Among **50** Publicly Traded North American Utility and Power Companies by **Moody's Investment Services** for **Best Governance Practices**

Recent Governance Recognition



America's Most Responsible Companies
Recognized by **Newsweek** as one of the most responsible companies in 2023. One of only eleven EEI member utilities selected.



America's Greatest Workplaces
Recognized by **Newsweek** as one of America's greatest workplaces in 2023.



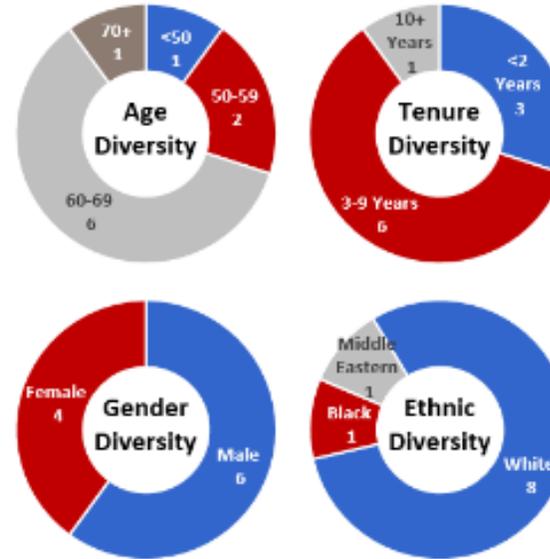
20 / 20 – Women on Boards
Recognized for gender diversity on its board of directors by 2022 Women on Boards. Currently four of the company's ten directors are female.



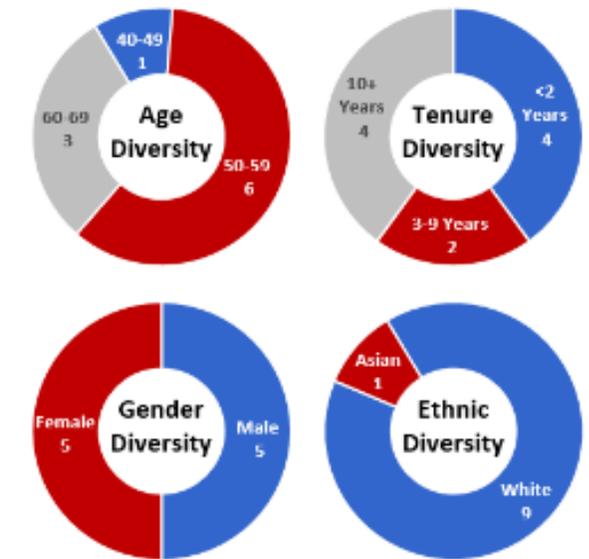
Edison Electric Institute Emergency Response Award recipient
Recognized for our restoration response for both the May 2022 derecho in South Dakota and the historic flooding in Montana & Yellowstone National Park in June 2022.

Diverse Leadership

Board of Directors



Executive Team



2023 CEO Pay Ratio to Average Employee Salary

NWE

23:1

U.S. Utilities
Average in '22
66:1

12 Member Peer
Group Average in '22
40:1

Performance-Based CEO Pay to Peers¹

75%

1) Peer data based on 2022 pay



Financial & Regulatory Update

Strong Growth Outlook

2024 Non-GAAP EPS Guidance¹ of \$3.42 - \$3.62

- ✓ **Affirming long-term (5 Year) expected growth rates**
 - **EPS growth of 4% to 6%** from 2022 base year of \$3.18 Non-GAAP
 - **Rate base growth of 4% to 6%** from 2022 base year \$4.54 billion
 - Continued focus on earned returns driven by financial and operational execution
- ✓ **No equity expected** to fund the current 5-year | \$2.5 billion capital plan
 - Capital plan is expected to be funded by cash from operations (aided by net operating losses¹) and secured debt
 - Any equity needs would be driven by opportunities incremental to the plan
- ✓ **Targeting FFO > 14% by end of 2024** and beyond
- ✓ Earnings growth is expected to exceed dividend growth until we return to our targeted 60% to 70% payout ratio



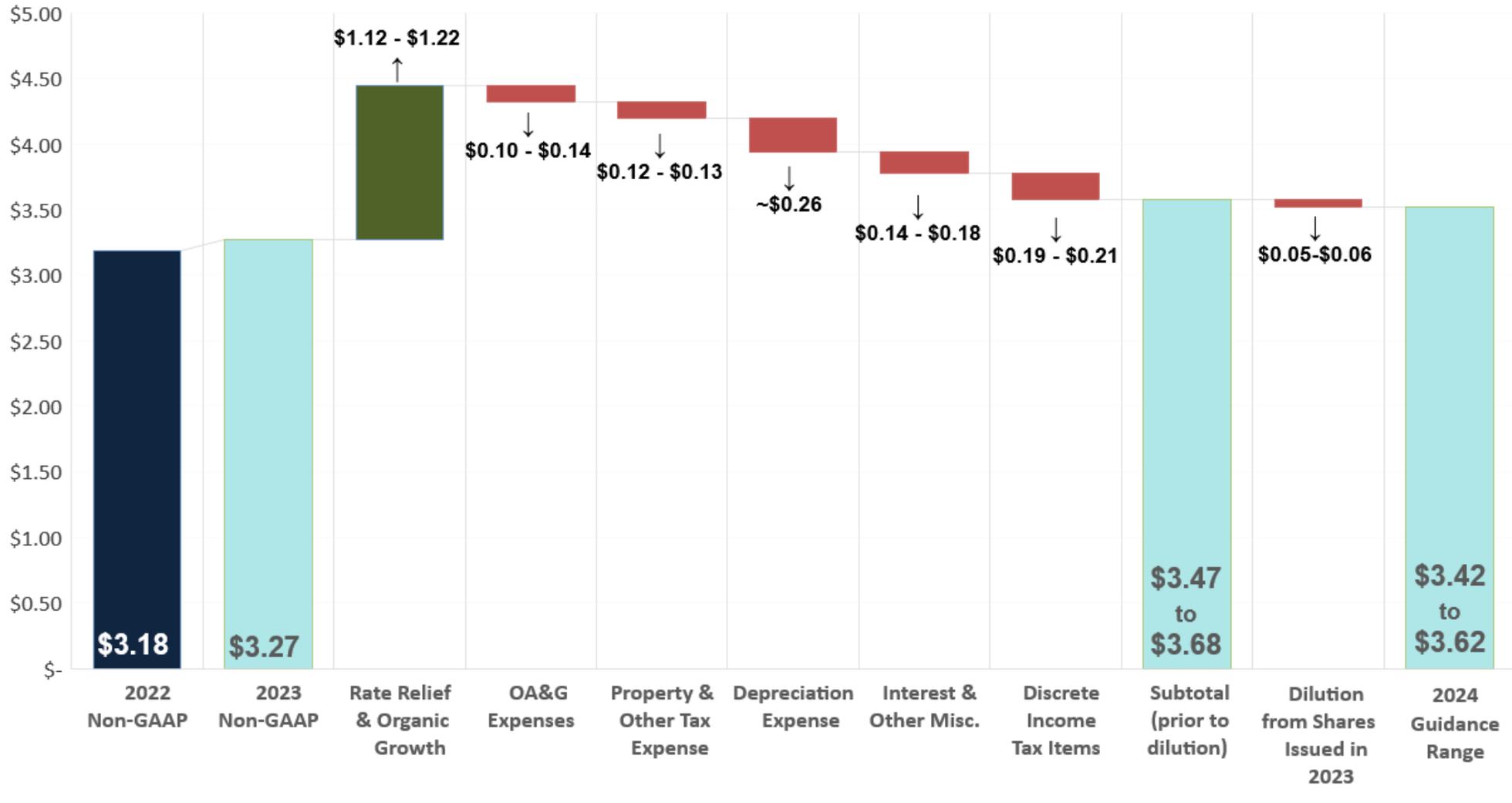
This guidance range is based upon, but not limited to, the following major assumptions:

- Normal weather in our service territories;
- An effective income tax rate of approximately 12%-14%; and
- Diluted average shares outstanding of approximately 61.3 million.

1.) See "2024 Earnings Bridge" in the Appendix for additional detail.

2024 Earnings Bridge

Preliminary Earnings Per Share Bridge
2023 Non-GAAP to 2024 Estimate



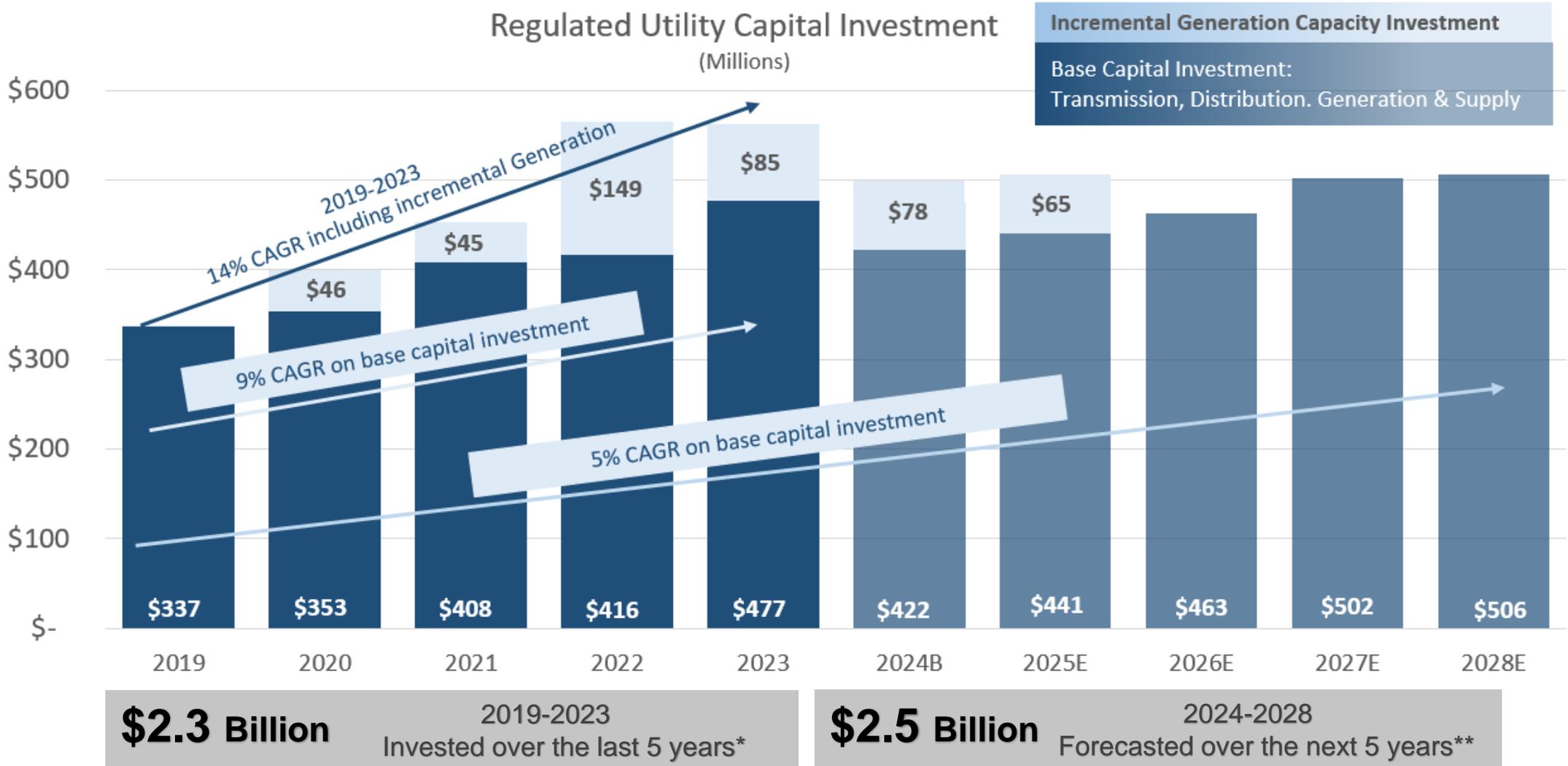
This guidance range is based upon, but not limited to, the following major assumptions:

- Normal weather in our service territories;
- An effective income tax rate of approximately 12%-14%; and
- Diluted average shares outstanding of approximately 61.3 million.

We project an annualized dividend of \$2.60 per share for 2024.

Note: 2024 earnings drivers are calculated using a 25.3% effective tax rate. The discrete income tax adjustments included to the left reflect anticipated changes in discrete tax items (such as amortization of removals, tax repairs and meter deductions, production tax credits, and other permanent or flow-through items) from 2023 non-GAAP earnings to 2024 guidance.

Track Record of Growing Capital Investment

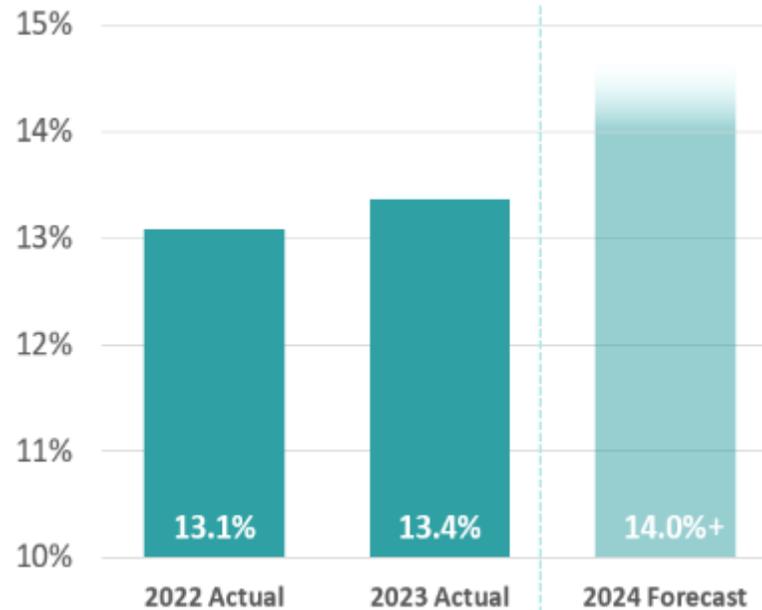


Credit, Cash Flow and Financing Plans

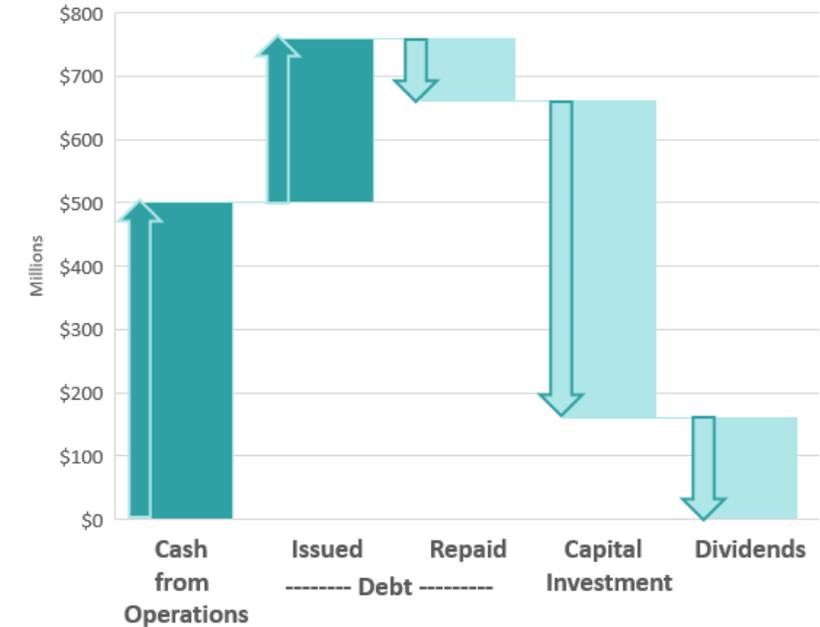
Credit Ratings

		<i>Moody's</i>	<i>S&P</i>	<i>Fitch</i>
NWEG (Hold-Co.)	Issuer	-	<i>BBB</i>	<i>BBB</i>
	Secured	-	-	-
	Unsecured	-	-	<i>BBB</i>
	Outlook	-	<i>Stable</i>	<i>Stable</i>
NW Corp. (MT Op.-Co.)	Issuer	<i>Baa2</i>	<i>BBB</i>	<i>BBB</i>
	Secured	<i>A3</i>	<i>A-</i>	<i>A-</i>
	Unsecured	<i>Baa2</i>	-	<i>BBB+</i>
	Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>
NWEPS (SDNE Op.-Co.)	Issuer	<i>Baa2</i>	<i>BBB</i>	<i>BBB</i>
	Secured	<i>A3</i>	<i>A-</i>	<i>A-</i>
	Unsecured	-	-	<i>BBB+</i>
	Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

FFO / Total Debt



2024 Financing Plan

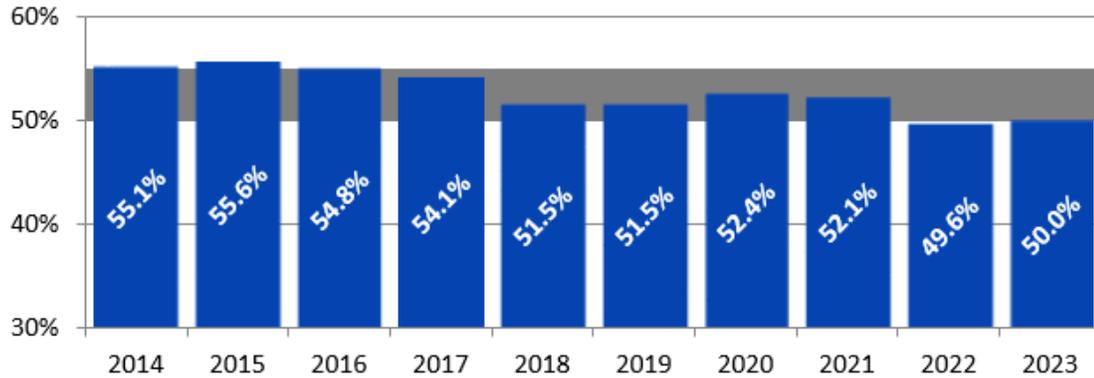


Financing plans (targeting a FFO to Debt ratio > 14%) are expected to maintain our current credit ratings.

We expect to pay minimal cash taxes into 2028 due to utilization of our NOL's and tax credits.
Financing plans and are subject to change.

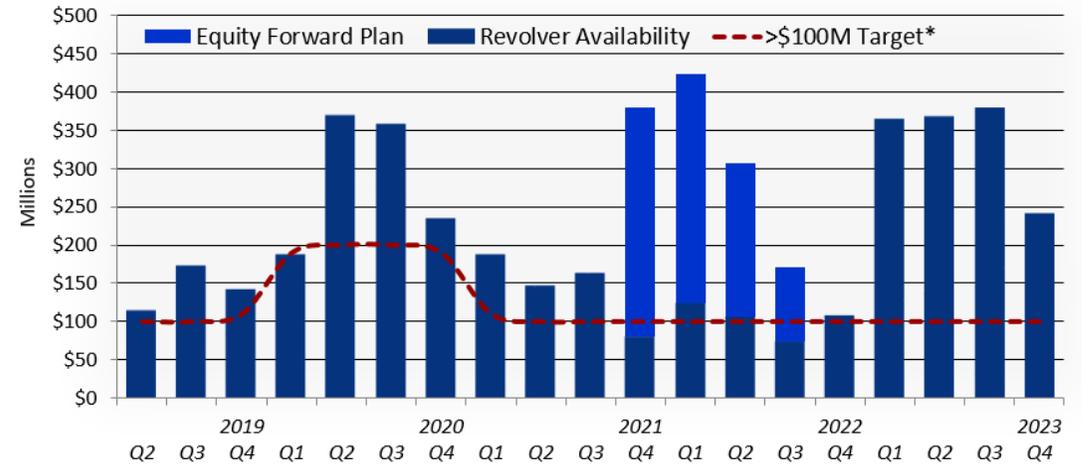
Solid Balance Sheet

Debt to Capital Ratio



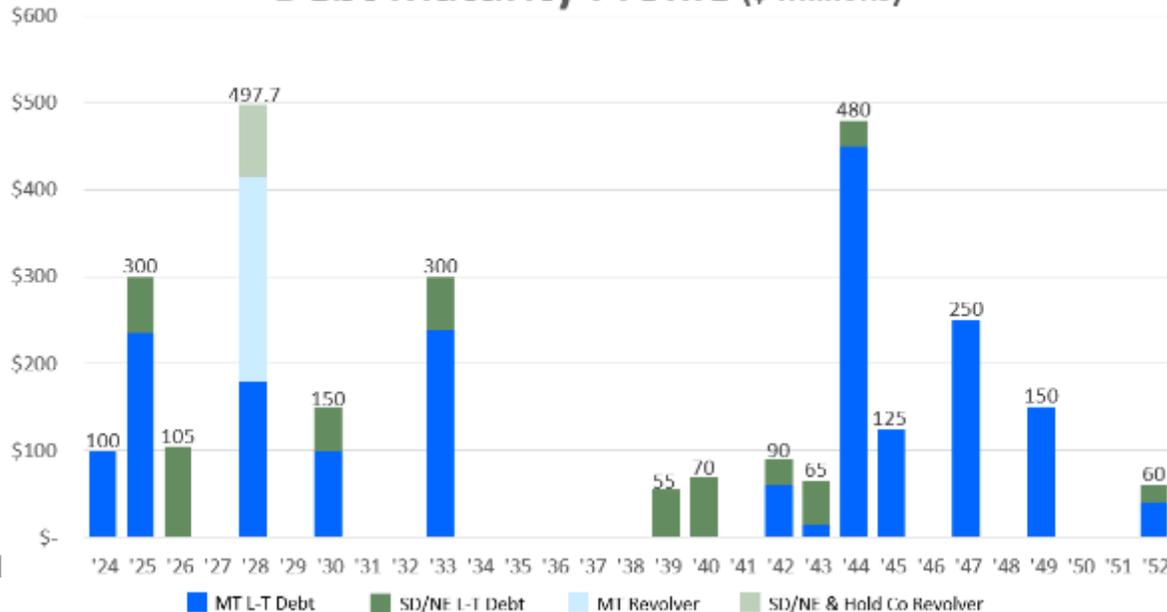
Target: 50% - 55% - Annual ratio based on average of each quarter's debt/cap ratio
Excludes Basin Creek capital lease and New Market Tax Credit Financing

Liquidity - Revolver Availability & Equity Forward Plan



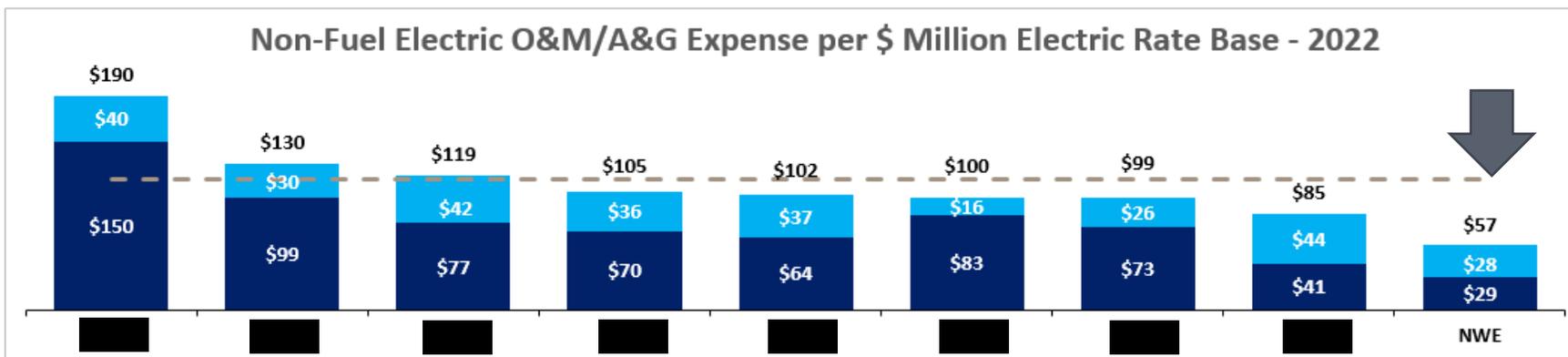
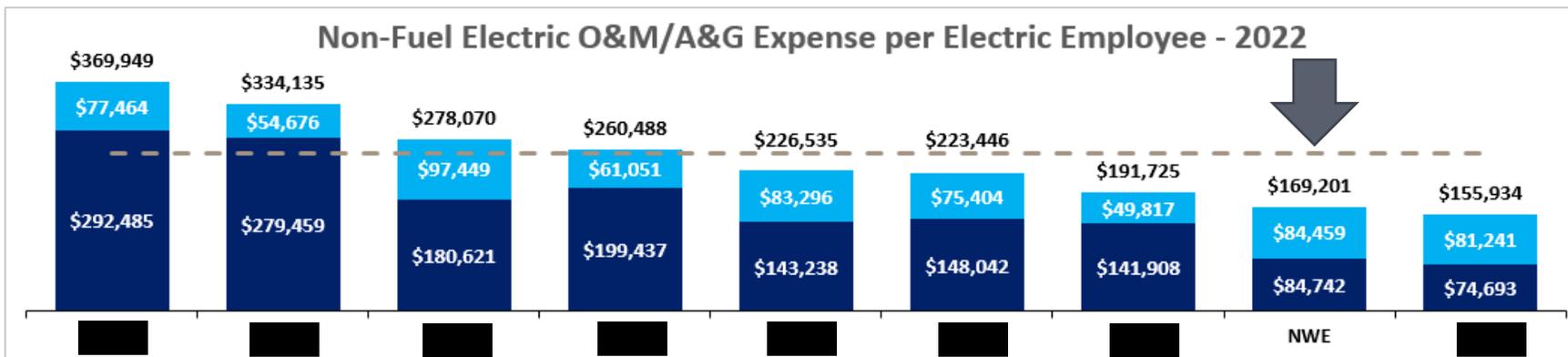
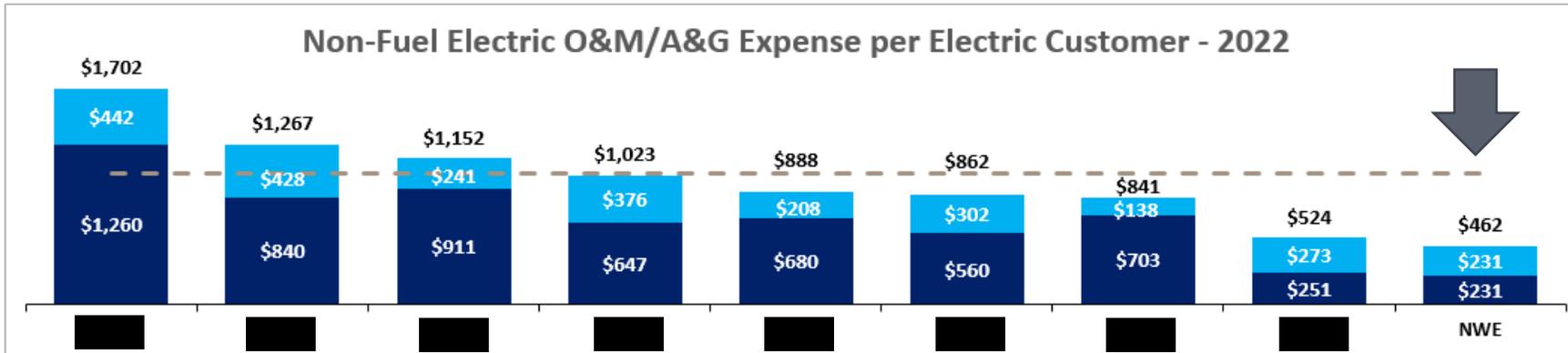
* Liquidity target was raised to \$200 million during the height of the Covid pandemic

Debt Maturity Profile (\$ Millions)



Investment grade credit ratings, liquidity significantly greater than our \$100 million target, debt to capitalization at the bottom of our targeted 50%-55% range, and a manageable schedule of debt maturities.

Disciplined Expense Program



**Per Customer...
Per Employee...
Per Rate Base...**

NorthWestern maintains best-in-class expense efficiency among our regional peers.

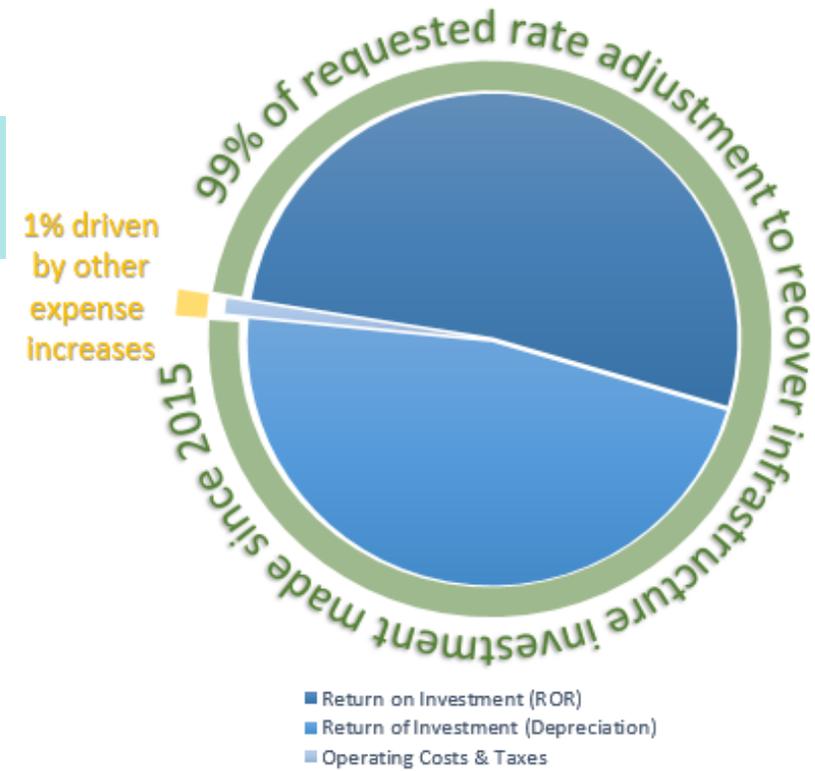
■ A&G Expense
■ O&M Expense

Source: FERC Form 1 Reports - 2022 expenses and company filings through S&P Global IQ Electric Non-Fuel O&M excludes fuel and steam costs for power generation, water costs for hydro operations and purchased power cost unless identified in company disclosures, electric employees are allocated by electric rate base weighting to total rate base

South Dakota Electric Rate Review

Unanimous approval from the South Dakota Public Utility Commission of a constructive settlement with the PUC staff in January 2024

- **First rate review since 2015** with base rate increase driven by **more than \$267 million invested in South Dakota critical electric infrastructure**, while keeping operating costs below the rate of inflation, since our last electric rate review.
- **Received nearly 70% of our ask (\$21.5M vs request of \$30.9M) in base rates** with **6.81% authorized rate of return vs 7.54% as requested.**
- **Rates effective January 10, 2024**



Category	Pre-Filing Rates	Requested Rates	Final Rates
<i>Test Year (Trailing Twelve Months)</i>	Sep. 30, 2014	Dec. 31, 2022	Effective Jan. 10, 2024
<i>Equity Ratio</i>	Black Box	50.50%	50.50%
<i>Return on Equity</i>		10.70%	Black Box
<i>Cost of Debt</i>		4.32%	
<i>Rate of Return</i>	7.24%	7.54%	6.81%
<i>Authorized Rate Base</i>	\$557.3M	\$787.3M	\$791.8M
<i>Rate Relief</i>		\$30.9M	\$21.5M

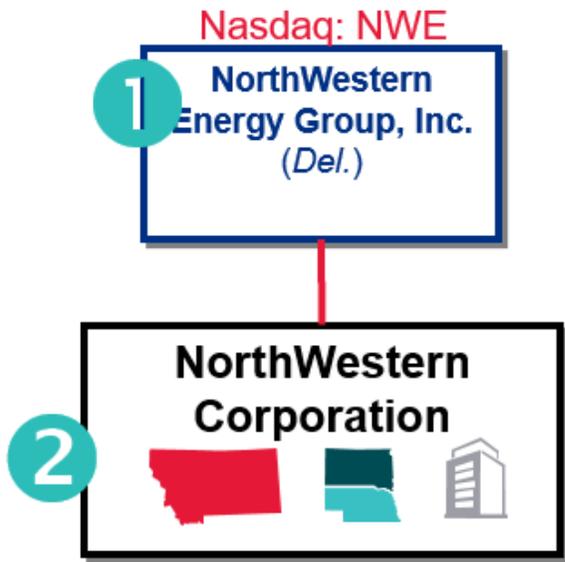
↳ Holding Company Reorganization Completed

Before



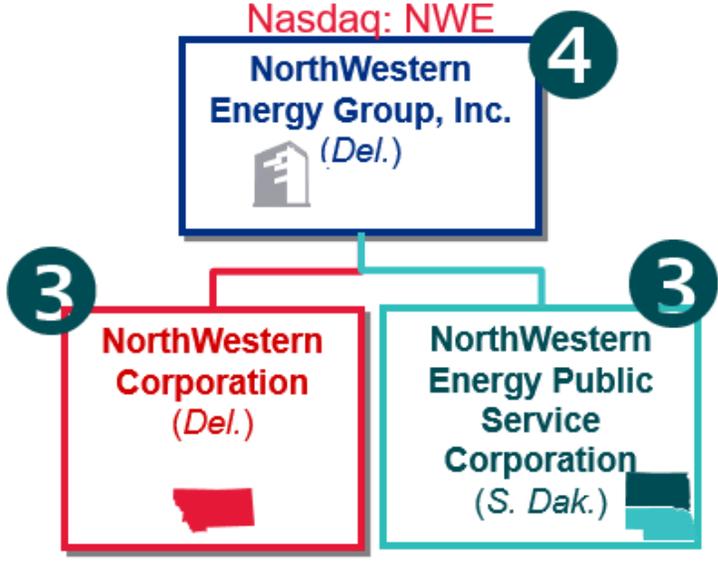
Phase I Oct. 2, 2023

1. New publicly traded holding company
2. Utility unchanged



Phase II Jan. 1, 2024

3. Separate utility subsidiaries
4. Isolate unregulated non-utility assets



Stock

- New name – NorthWestern Energy Group, Inc.
- Same NWE stock ticker
- Same shareholders
- Same stock plans

Governance

- Same board of directors, but now at new parent NorthWestern Energy Group, Inc.
- Same executive team
- Same policies

Generation Investment

Montana

175 MW Yellowstone County Generating Station natural gas fired facility

- Construction started April 2022
- Total cost of \$310-\$320 million with \$240M incurred thru 12/31/2023
- Scheduled to be online in Q3 of 2024*

222 MW of Colstrip from Avista

- \$0 purchase price
- Avista retains pre-closing environmental and pension liabilities
- Transfer effective 12/31/2025

Filed in April 2023, the plan evaluates alternatives to reliably and affordably to meet customer needs over a 20 year horizon. With the anticipated addition of YCGS and Avista's transfer of Colstrip, the plan anticipates resource adequacy into 2029.

South Dakota

Capacity generation in Aberdeen, SD to replace aging generation resources

- Construction to start in 2024
- Total cost of \$70 million
- Scheduled to be completed end of 2025

Filed in September 2022, the plan identifies 43 megawatts as retire and replace candidates. We anticipate filing the next IRP in the summer of 2024.



Construction of our 175 MW Yellowstone County Generating Station

Generation Update

Resource Plans

* See NorthWestern Energy Group's 2023 10-K for additional detail associated with litigation challenging the Yellowstone County Generating Station air quality permit. This litigation could further delay the project and increase costs.

Conclusion

Pure
Electric &
Gas Utility

Solid Utility
Foundation

Best
Practices
Corporate
Governance

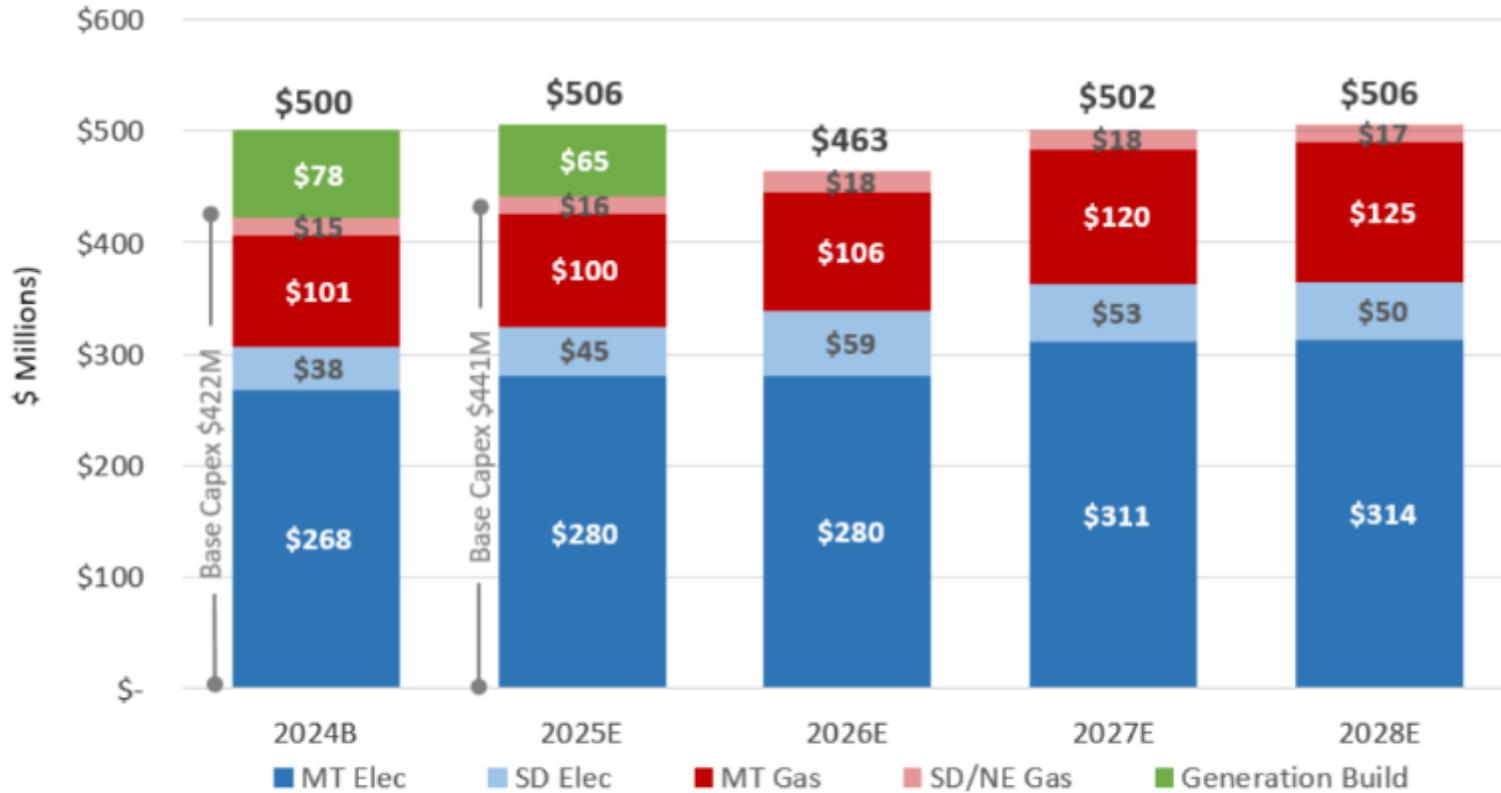
Attractive
Future
Growth
Prospects

Strong
Earnings &
Cash Flows



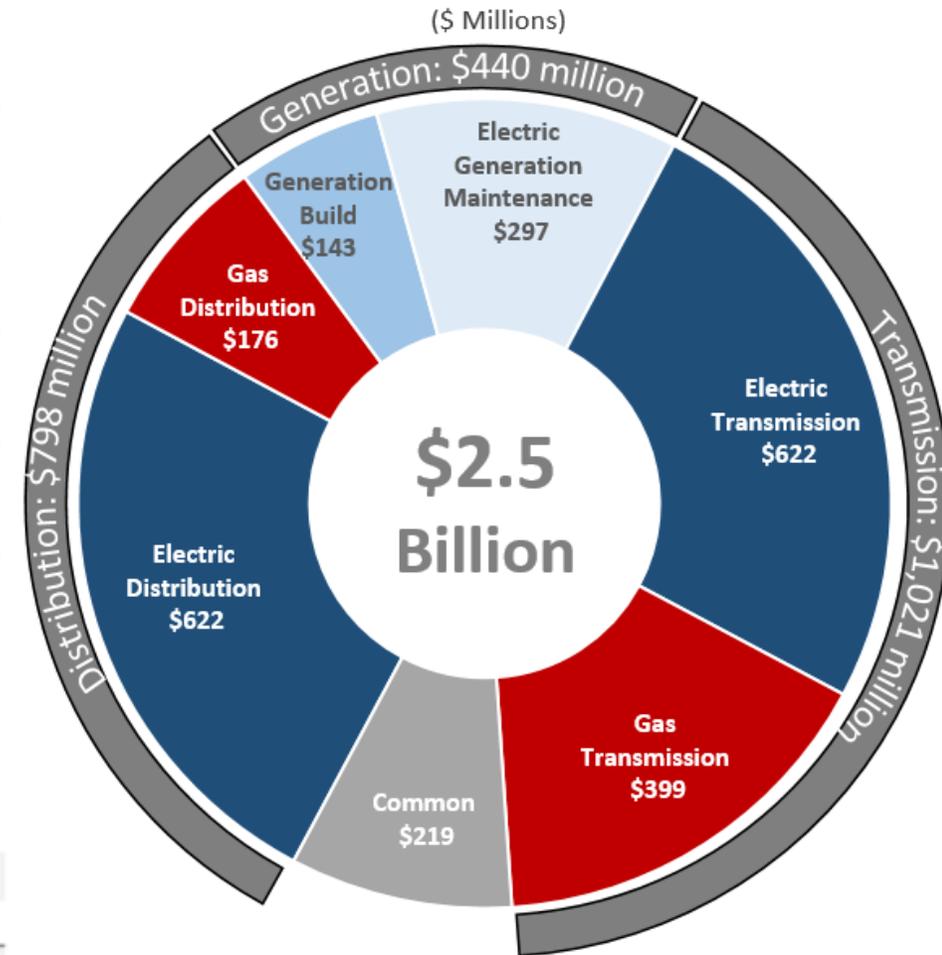
Appendix

Regulated Utility Five-Year Capital Forecast



\$ Millions	2024	2025	2026	2027	2028
Electric	\$ 384	\$ 390	\$ 339	\$ 364	\$ 364
Natural Gas	\$ 116	\$ 117	\$ 124	\$ 138	\$ 142
Total NWE Capex	\$ 500	\$ 506	\$ 463	\$ 502	\$ 506

2024-2028 Capital Investment



\$2.5 billion of highly-executable and low-risk capital investment

Rate Base & Authorized Return Summary

Estimate as of 12/31/2023

Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions)	Year-end Estimated Rate Base (millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery and production (1)	November 2023	2,565.50	2,874.80	6.72%	9.65%	48.02%
Montana - Colstrip Unit 4	November 2023	\$ 276.9	\$ 257.7	8.25%	10.00%	50.00%
Montana natural gas delivery and production (2)	November 2023	\$ 582.8	\$ 744.1	6.67%	9.55%	48.02%
Total Montana		\$ 3,425.2	\$ 3,876.6			
South Dakota electric (3) (4)	January 2024	\$ 791.8	\$ 810.3	6.81%	n/a	n/a
South Dakota natural gas (3)	December 2011	\$ 65.9	\$ 95.8	7.80%	n/a	n/a
Total South Dakota		\$ 857.7	\$ 906.1			
Nebraska natural gas (3)	December 2007	\$ 24.3	\$ 50.1	8.49%	10.40%	n/a
Total NorthWestern Energy		\$ 4,307.2	\$ 4,832.8			

(1) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and ancillary services are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.

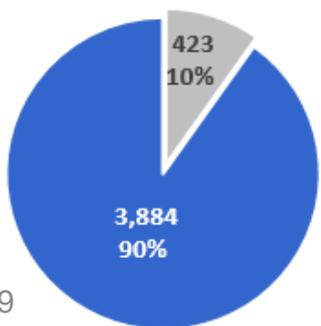
(2) The Montana gas revenue requirement includes a step down which approximates annual depletion of our natural gas production assets included in rate base.

(3) For those items marked as "n/a," the respective settlement and/or order was not specific as to these terms.

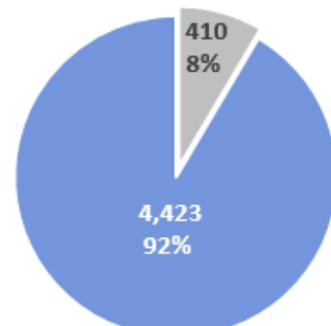
(4) On June 15, 2023, we filed a South Dakota electric rate review filing (2022 test year) with the South Dakota Public Utility Commission

Coal Generation Rate Base as a percentage of Total Rate Base

Authorized Rate Base



Estimated Rate Base



■ Coal Rate Base
■ Non-Coal Rate Base

Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 9 -14% of earnings from its jointly owned coal generation rate base.

2023 System Statistics



Owned Energy Supply

Electric (MW)	MT	SD	Total
Base load coal	222	211	433
Wind	51	80	131
Hydro	464	-	464
Other resources	150	155	305
	887	446	1,333

Natural Gas (Bcf)	MT	SD	Total
Proven reserves	31.5	-	31.5
Annual production	2.8	-	2.8
Storage	17.9	-	17.9

Transmission

Trans for Others	MT	SD	Total
Electric (GWh)	13,603	25	13,628
Natural Gas (Bcf)	48	35	83

System (miles)	MT	SD	Total
Electric	6,600	1,310	7,910
Natural gas	2,235	55	2,290
Total	8,835	1,365	10,200

Distribution

Demand	MT	SD / NE	Total
Daily MWs	750	200	950
Peak MWs	1,300	340	1,640
Annual GWhs	6,570	1,750	8,320
Annual Bcf	23	11	33

Customers	MT	SD / NE	Total
Electric	405,500	64,800	470,300
Natural gas	212,100	92,900	305,000
Total	617,600	157,700	775,300

System (miles)	MT	SD / NE	Total
Electric	18,674	2,365	21,039
Natural gas	5,155	2,573	7,728
Total	23,829	4,938	28,767

Note: Statistics above are as of 12/31/2023

(1) Nebraska is a natural gas only jurisdiction

(2) Dave Gates Generating Station (DGGS) in Montana is a 150 MW nameplate facility but consider it a 105 MW (60 MW FERC & 45MW MPSC jurisdictions) peaker



Colstrip Transfer Agreement

Colstrip Transfer Overview

NorthWestern Energy executed an agreement with Avista Corporation (Exit Agreement) for the transfer of Avista’s ownership interests in Colstrip Units 3 and 4.

- **Effective date of transfer: December 31, 2025**
- **Generating capacity: 222 MW**
(bringing our total ownership to 444 MW)
- **Transfer price: \$0.00**
- NorthWestern will be responsible for operational and capital costs beginning January 1, 2026.
 - The agreement does not require approval by the Montana Public Service Commission (MPSC). We expect to work with the MPSC in a future docket for cost recovery in 2026.
 - NorthWestern will have the right to exercise Avista’s vote with respect to capital expenditures¹ between now and 2025 with Avista responsible for its pro rata share².
- Avista will retain its existing environmental and decommissioning obligations through life of plant.
- Under the Colstrip Ownership & Operating Agreement, each of the owners will have a 90-day period in which to evaluate the transaction between NorthWestern and Avista to determine whether to exercise their respective right of first refusal.
- We filed our Montana Integrated Resource Plan on April 28, 2023. This transaction is expected to satisfy our capacity needs in Montana for at least the next 5 years.



1. Avista retains the vote related to remediation activities.

2. Avista bears its current project share (15%) costs through 2025, other than “Enhancement Work Costs” for which it bears a time-based pro-rata share. Enhancement Work Costs are costs that are not performed on a least-costs basis or are intended to extend the life of the facility beyond 2025. See the Exit Agreement for additional detail.

Colstrip Facility Ownership Overview

Mitigating today's capacity crisis while creating a sustainable glide path to the cost-effective carbon-free technologies of tomorrow



	<u>Unit 3</u>	<u>Unit 4</u>	<u>Unit 3</u>	<u>Unit 4</u>	<u>Unit 3</u>	<u>Unit 4</u>
Avista	111	111	111	111		
NorthWestern		222		222	111	333
PacifiCorp	74	74	74	74	74	74
Portland	148	148	148	148	148	148
Puget	185	185				
Talen	222		407	185	407	185
Total	740	740	740	740	740	740

NorthWestern is actively working with the other owners to resolve outstanding issues, including the associated pending legal proceedings. Additionally, the owners intend to pursue a mutually beneficial reallocation (swap) of megawatts between the two units that would ideally provide NorthWestern with a controlling (> 370 megawatts) share of Unit 4.

Why Colstrip?

Reliable

- **Existing resource, ready to serve our Montana customers.** Avoids lengthy planning, permitting and construction of a new facility that would stretch in-service beyond 2026.
- Reduces reliance on imported power and volatile markets, providing increased energy independence.
- In-state and on-system asset mitigating the transmission constraints we experience importing capacity.
- Adds critical long-duration, 24/7 on-demand generation necessary for balancing our existing portfolio.

Affordable

- **222 MW of capacity with no upfront capital costs and stable operating costs going forward.**
 - Equivalent new build would cost in excess of \$500 million.
 - Incremental operating costs are known and reasonable. Resulting variable generation costs represent a 90%+ discount to market prices incurred during December's polar vortex.
- In addition to no upfront capital, low and stably priced mine-mouth coal supply costs.

Sustainable

- **We remain committed to our net zero goal by 2050.** This additional capacity, with a remaining life of up to 20 years, helps bridge the interim gap and will likely lead to less carbon post 2040.
- Yellowstone County Generating Station is potentially our last natural gas resource addition in Montana.
- Partners are committed to evaluate non-carbon long-duration alternative resources for the site.
- Keeps the existing plant open and retains its highly skilled jobs vital to the Colstrip community.
- Protects existing ownership interests with an ultimate goal of majority ownership of Unit 4.

NorthWestern Energy executed an agreement with Avista Corporation for the transfer of Avista's ownership interests in Colstrip Units 3 & 4.

- Effective date of transfer:
12/31/2025
- Generating capacity:
222 MW
- **Transfer price:
\$0.00**

Why Colstrip?

Reduces Risk

- We are in a supply capacity crisis due to lack of resource adequacy, with approx. 40% of our customers' peak needs on the market. This transaction will reduce our need to import expensive capacity during critical times.
- Establishes clarity regarding operations past 2025 Washington state legislation deadline.
- Reduces PCCAM risk sharing for customers and shareholders.

Bill Headroom

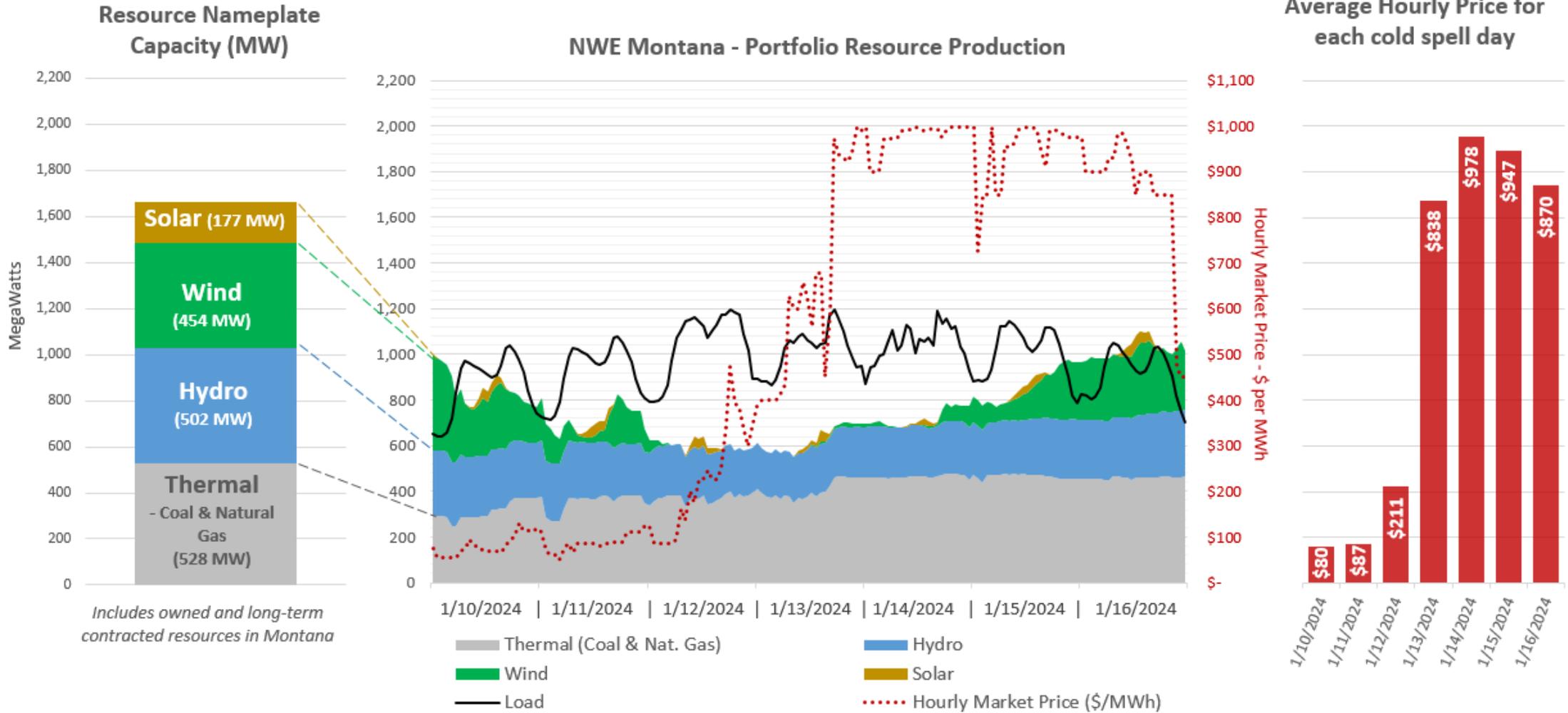
- Stable pricing reduces impact of market volatility and high energy prices on customers.

Aligned with 'All of the Above' energy transition in Montana

- Supports our generating portfolio that is nearly 60% carbon-free today.
- Provides future opportunity at the site while supporting economic development in Montana.
- Agreement considers the appropriate balance of reliability, affordability and sustainability.

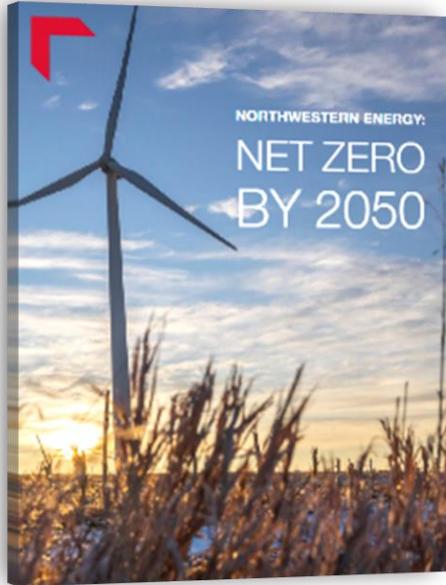


January 2024 Cold Weather Event - Montana



The above charts illustrate our resource nameplate capacity, the actual resource specific contribution of energy, the capacity deficit we faced, and the market price of power during the January 2024 multi-day cold weather event in Montana. As a result of our capacity deficit, we were reliant upon the high and volatile power market a majority of the time to meet customer demand.

Our Net-Zero Vision



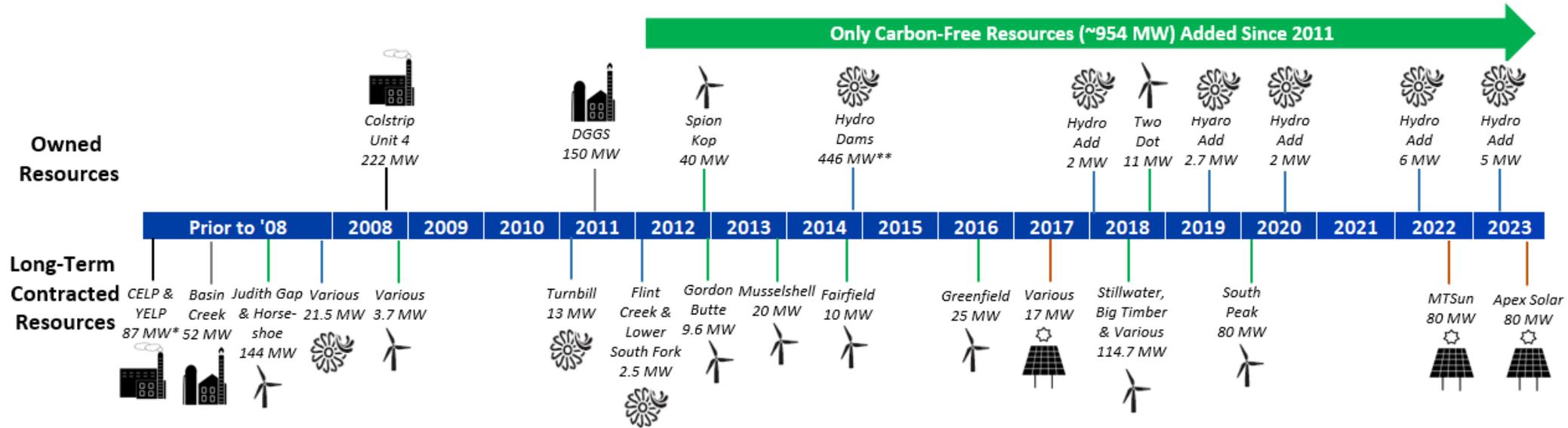
Over the past 100 years, NorthWestern Energy has maintained our commitment to provide customers with reliable and affordable electric and natural gas service while also being good stewards of the environment. We have responded to climate change, its implications and risks, by increasing our environmental sustainability efforts and our access to clean energy resources. But more must be done. We are committed to achieving net zero emissions by 2050.



- Committed to achieving net-zero by 2050 for Scope 1 and 2 emissions
- Must balance Affordability, Reliability and Sustainability in this transition
- No new carbon emitting generation additions after 2035
- Pipeline modernization, enhanced leak detection and development of alternative fuels for natural gas business
- Electrify fleet and add charging infrastructure
- Carbon offsets likely needed to ultimately achieve net-zero
- Please visit www.NorthWesternEnergy.com/NetZero to learn more about our Net Zero Vision.

Timeline of Montana Generation Portfolio

NorthWestern Energy - Montana Owned & Long-Term Contracted Electric Portfolio by Capacity



* Federally mandated Qualifying Facilities contracts with CELP (Colstrip Energy Limited Partnership) and YELP (Yellowstone Energy Limited Partnership) expire in 2024 and 2028, respectively.
 ** Excludes 194 MW Kerr Dam which was purchased and subsequently transferred to the Salish & Kootenai Tribes in 2015.

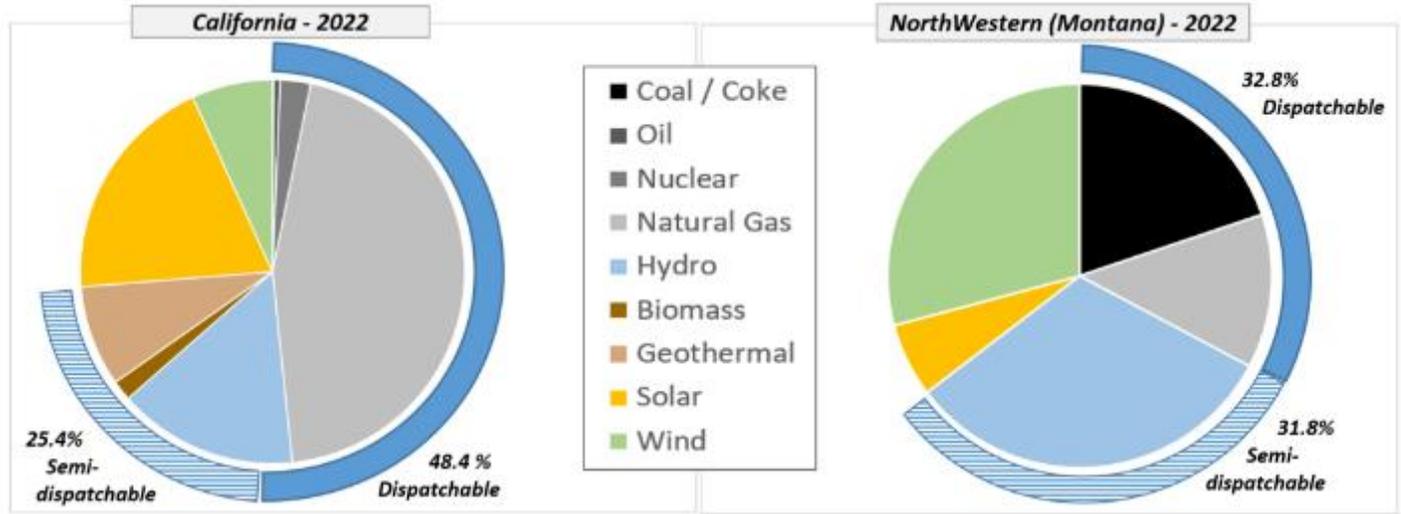
NorthWestern Energy Montana - Cumulative Timeline of Owned and Long-Term Contracted Electric Resources



Since 2011, we have added approximately 954 MW, both owned and long-term contracted, to our generation portfolio, all of which is from carbon-free resources.

Comparison of Installed Capacity

Comparison of Installed Capacity (MW) - Dispatchability and Carbon Emitting								
	California				NorthWestern Energy (Montana)			
	MW 2021	of Total	Percent Dispatchable	Non-Carbon	MW 2022	of Total	Percent Dispatchable	Non-Carbon
Coal / Coke	90	0.1%	0.1%		309	19.8%	19.8%	
Oil	492	0.5%	0.5%		0	0.0%	0.0%	
Nuclear	2,323	2.6%	2.6%		0	0.0%	0.0%	
Natural Gas	41,102	45.2%	45.2%		202	13.0%	13.0%	
Hydro	13,804	15.2%		15.2%	496	31.8%		31.8%
Biomass	1,555	1.7%		1.7%		0.0%		
Geothermal	7,739	8.5%		8.5%		0.0%		
Solar	17,685	19.4%		19.4%	97	6.2%		6.2%
Wind	6,206	6.8%		6.8%	454	29.2%		29.2%
Total	90,996	100.0%	48.4%	51.6%	1,558	100.0%	32.8%	67.2%



Source: EIA.gov – 2022 Form EIA-860 Data - Schedule 3 for calendar year 2022

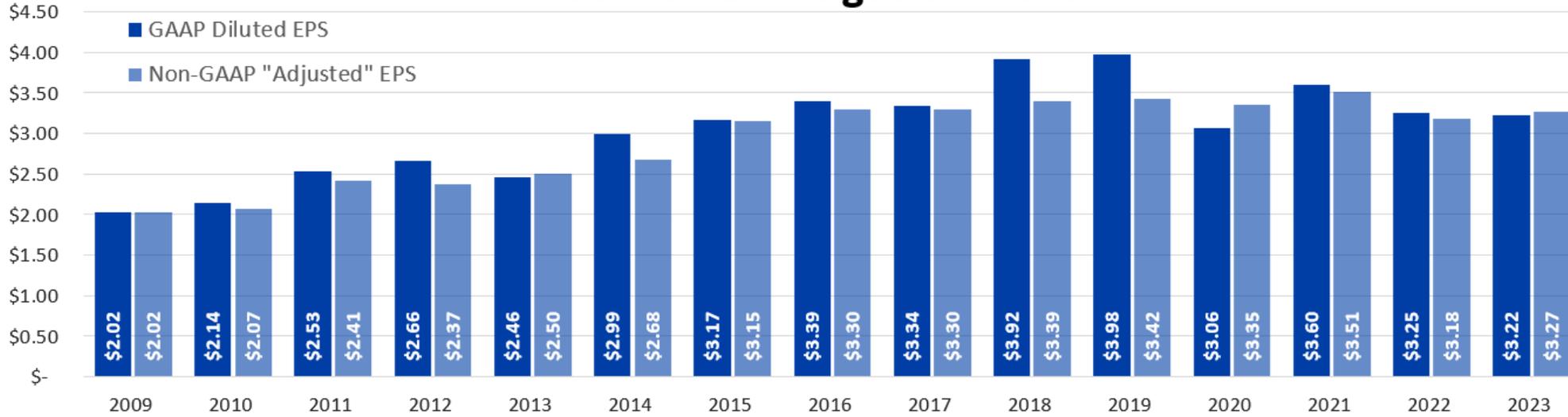
California is dealing with significant capacity issues **DESPITE** having a greater amount of dispatchable generation and fewer renewables than NorthWestern Energy in Montana (as a percentage of the total).



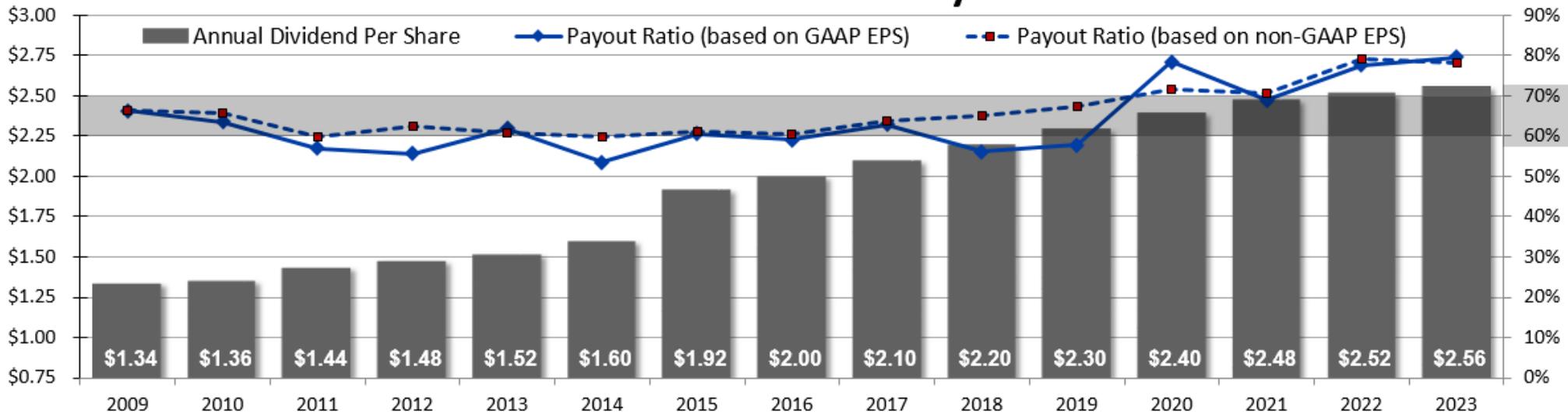
Earnings and Other

EPS & Dividend History

Diluted Earnings Per Share



Dividend Per Share and Payout Ratio



**2009-2023
CAGR's:**

GAAP EPS:
3.4%

Non-GAAP EPS:
3.5%

Dividend:
4.7%

See appendix for "Non-GAAP Financial Measures"

Full Year Financial Results

(in millions except per share amounts)

	Twelve Months Ended December 31,			
	2023	2022	Variance	% Variance
Operating Revenues	\$ 1,422.1	\$ 1,477.8	\$ (55.7)	(3.8%)
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	420.2	492.0	(71.8)	(14.6%)
Utility Margin ¹	1,001.9	985.8	16.1	1.6%
Operating Expenses				
Operating and maintenance	220.5	221.4	(0.9)	(0.4%)
Administrative and general	117.3	113.8	3.5	3.1%
Property and other taxes	153.1	192.5	(39.4)	(20.5%)
Depreciation and depletion	210.5	195.0	15.5	7.9%
Total Operating Expenses	701.4	722.7	(21.3)	(2.9%)
Operating Income	300.5	263.1	37.4	14.2%
Interest expense	(114.6)	(100.1)	(14.5)	(14.5%)
Other income, net	15.8	19.4	(3.6)	(18.6%)
Income Before Taxes	201.6	182.4	19.2	10.5%
Income tax benefit (expense)	(7.5)	0.6	(8.1)	(1350.0%)
Net Income	\$ 194.1	\$ 183.0	\$ 11.1	6.1%
Effective Tax Rate	3.7%	(0.3%)	4.0%	
Diluted Average Shares Outstanding	60.4	56.3	4.1	7.3%
Diluted Earnings Per Share	\$3.22	\$3.25	(\$0.03)	(0.9%)
Dividends Paid per Common Share	\$ 2.56	\$ 2.52	\$ 0.04	1.6%

Decrease in revenues is primarily related to pass-through property tax and supply trackers and non-cash regulatory amortizations.

1.) Utility Margin is a non-GAAP Measure. See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Full Year Non-GAAP Earnings

Twelve Months Ended December 31, GAAP and Non-GAAP

	GAAP	12 Months Actual					Non GAAP	Non-GAAP Variance		Non GAAP	12 Months Actual					GAAP
	Twelve Months Ended Dec. 31, 2023	Unfavorable Weather (Addback)	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) ⁽¹⁾	Deferred Compensation Reclass	Q1: Add Back Reduction related to Previously Claimed AMT Credit	Q4: Remove Release of Unrecognized Tax Benefit	Twelve Months Ended Dec. 31, 2023	\$	%	Twelve Months Ended Dec. 31, 2022	Community Renewable Energy Project Penalty (not tax deductible)	Deferred Compensation Reclass	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) ⁽¹⁾	Favorable Weather (Deduct)	Twelve Months Ended Dec. 31, 2022	
<i>(in millions)</i>																
Revenues	\$1,422.1	4.3	-	-	-	-	\$1,426.4	(\$42.5)	-2.9%	\$1,468.9	-	-	-	(8.9)	\$1,477.8	
Fuel, supply & dir. tx	420.2	-	-	-	-	-	420.2	(71.8)	-14.6%	492.0	-	-	-	-	492.0	
Utility Margin ⁽²⁾	1,001.9	4.3	-	-	-	-	1,006.2	29.3	3.0%	976.9	-	-	-	(8.9)	985.8	
Op. Expenses																
OG&A Expense	337.8	-	2.7	(0.2)	-	-	340.3	11.2	3.4%	329.1	-	(0.1)	(6.0)	-	335.2	
Prop. & other taxes	153.1	-	-	-	-	-	153.1	(39.4)	-20.5%	192.5	-	-	-	-	192.5	
Depreciation	210.5	-	-	-	-	-	210.5	15.5	7.9%	195.0	-	-	-	-	195.0	
Total Op. Exp.	701.4	-	2.7	(0.2)	-	-	703.9	(12.7)	-1.8%	716.6	-	(0.1)	(6.0)	-	722.7	
Op. Income	300.5	4.3	(2.7)	0.2	-	-	302.3	42.0	16.1%	260.3	-	0.1	6.0	(8.9)	263.1	
Interest expense	(114.6)	-	-	-	-	-	(114.6)	(14.5)	-14.5%	(100.1)	-	-	-	-	(100.1)	
Other Inc. (Exp.), net	15.8	-	2.7	(0.2)	-	-	18.3	2.5	15.9%	15.8	2.5	(0.1)	(6.0)	-	19.4	
Pretax Income	201.6	4.3	-	-	-	-	205.9	29.9	17.0%	176.0	2.5	-	-	(8.9)	182.4	
Income tax Ben / (Exp)	(7.5)	(1.1)	-	-	3.2	(3.2)	(8.6)	(11.5)	-394.1%	2.9	-	-	-	2.3	0.6	
Net Income	\$194.1	3.2	-	-	3.2	(3.2)	\$197.3	\$18.4	10.3%	\$178.9	2.5	-	-	(6.6)	\$183.0	
<i>ETR</i>	3.7%	25.3%	-	-	-	-	4.2%			-1.7%	0.0%	-	-	25.3%	-0.3%	
Diluted Shares	60.4						60.4	4.1	7.3%	56.3					56.3	
Diluted EPS	\$3.22	0.05	-	-	0.05	(0.05)	\$3.27	\$0.09	2.8%	\$3.18	0.04	-	-	(0.11)	\$3.25	

We estimate weather to be a \$4.3 million pre-tax detriment as compared to normal and a \$13.2 million detriment as compared to 2022.

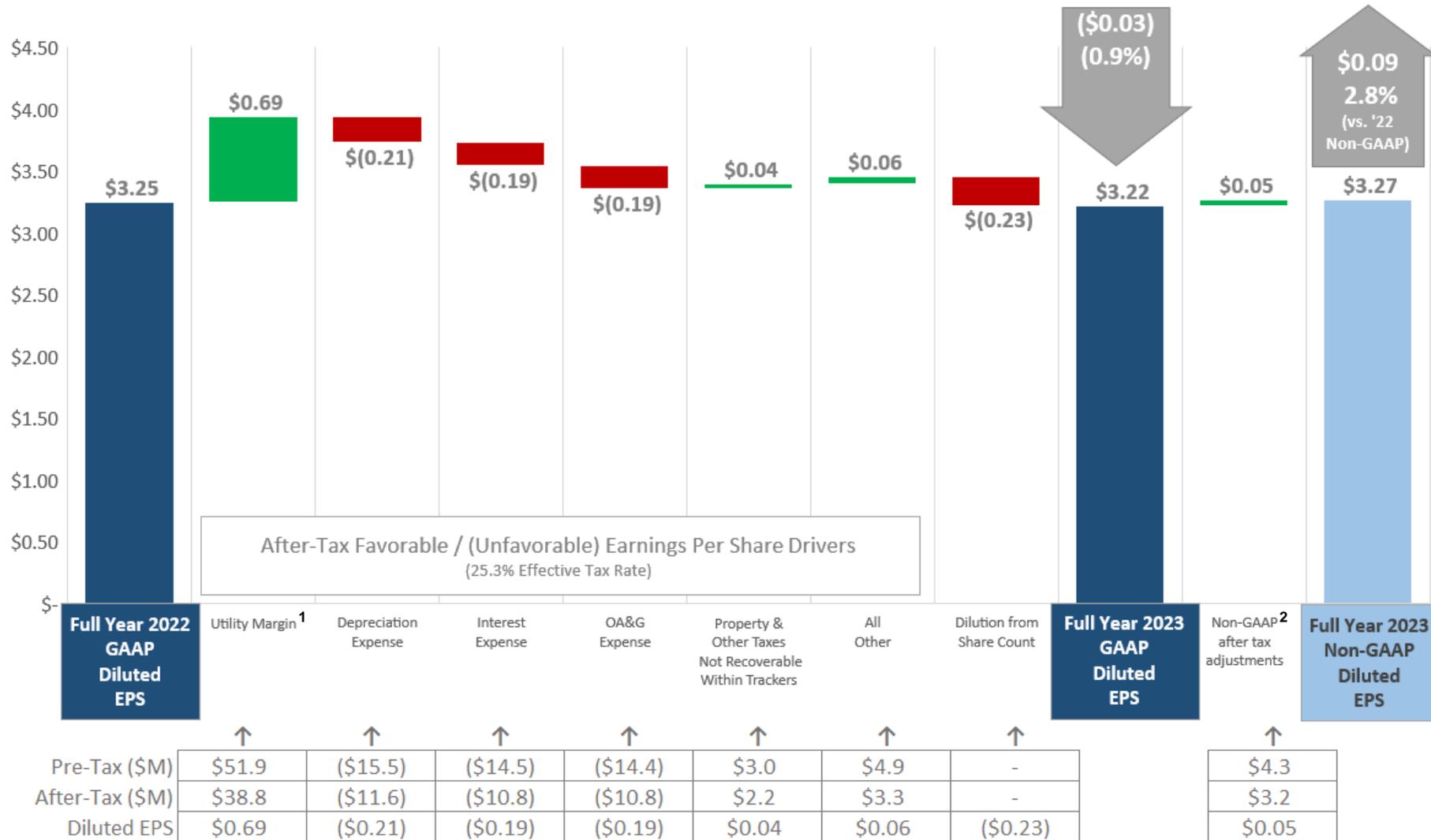
The adjusted non-GAAP measures reflect significant items that are non-recurring or a variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends in year-over-year comparisons, the non-GAAP adjustment above re-aggregates the expense in OG&A - as it was historically presented prior to the ASU 2017-07 (with no impact to net income or earnings per share).

(2) Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.

Year Over Year Earnings Drivers

After-tax EPS vs Prior Year

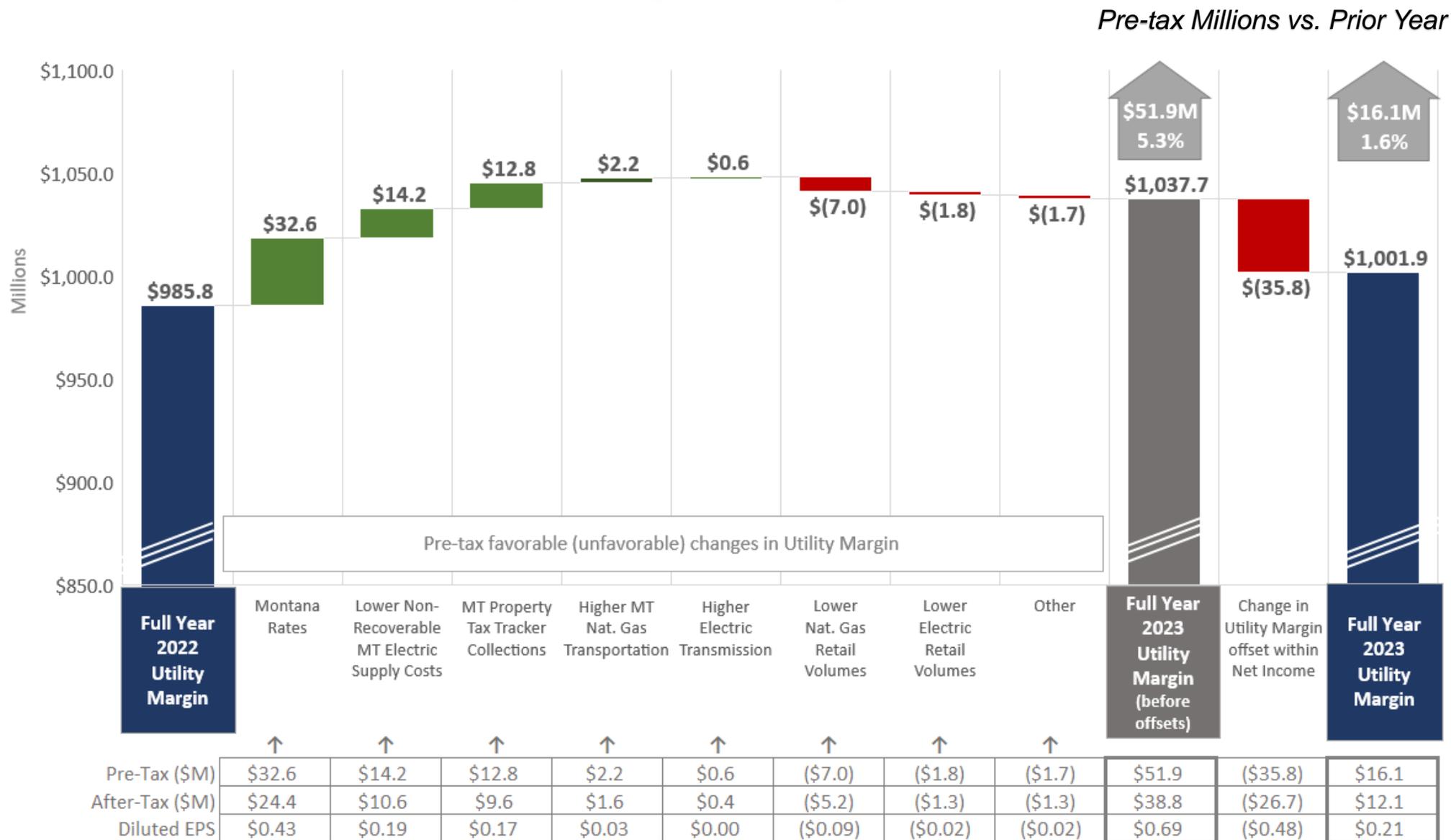


Improvement in Utility Margin offset weather, inflationary impacts, depreciation, interest rates and share count dilution

1.) Utility Margin is a non-GAAP Measure. See appendix slide titled "Explaining Utility Margin" for additional disclosure.

2.) See reconciliation of Non-GAAP adjustments on page 12 and "Non-GAAP Financial Measures" in appendix

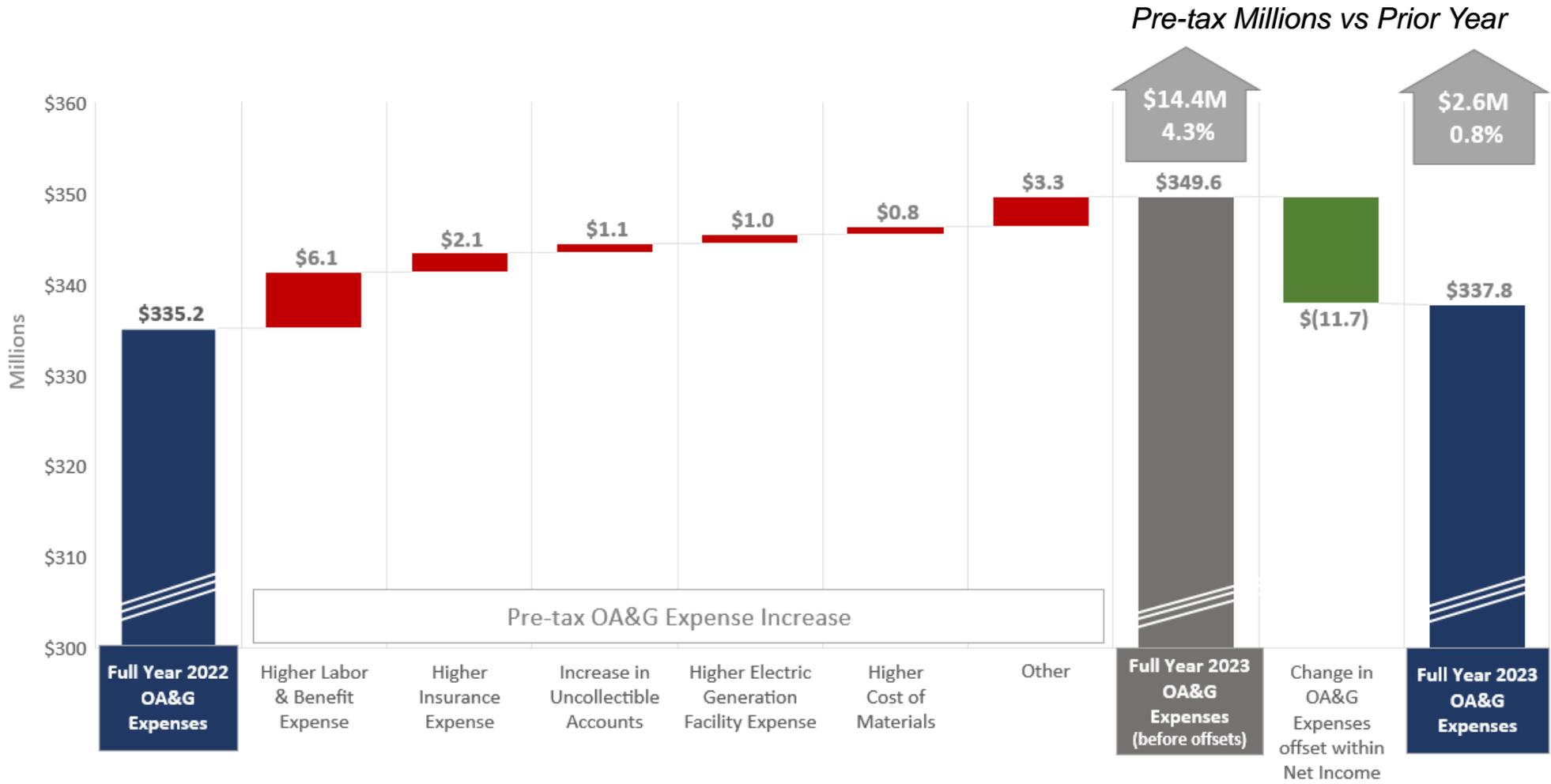
Year Over Year Utility Margin Bridge



5.3% increase in Utility Margin

NOTE: Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Year Over Year Operating & Administrative Costs



NorthWestern maintains best-in-class expense efficiency among our regional peers.

(See slide "Disciplined Expense Program" that follows in appendix)

(Millions, except EPS)	↑	↑	↑	↑	↑	↑	↑	↑	↑
OA&G Inc. (Dec.)	\$6.1	\$2.1	\$1.1	\$1.0	\$0.8	\$3.3	\$14.4	(\$11.7)	\$2.6
After-Tax	\$4.6	\$1.6	\$0.8	\$0.7	\$0.6	\$2.5	\$10.8	(\$8.7)	\$2.1
Diluted EPS	\$0.08	\$0.03	\$0.01	\$0.01	\$0.01	\$0.05	\$0.19	(\$0.14)	\$0.05

Utility Margin (Full-Year)

(dollars in millions)

Twelve Months Ended December 31,

	2023	2022	Variance	
Electric	\$ 806.1	\$ 782.1	\$ 24.0	3.1%
Natural Gas	195.8	203.7	(7.9)	(3.9)%
Total Utility Margin¹	\$ 1001.9	\$ 985.8	\$ 16.1	1.6%

Increase in utility margin due to the following factors:

\$ 32.6	Higher Montana rate review – new base rates
14.2	Lower non-recoverable Montana electric supply costs
12.8	Higher Montana property tax tracker collections
2.2	Higher Montana natural gas transportation
0.6	Higher electric transmission revenue due to market conditions
(7.0)	Lower natural gas retail volumes
(1.8)	Lower electric retail volumes
(1.7)	Other

\$ 51.9 **Change in Utility Margin Impacting Net Income**

\$ (35.8)	Lower property taxes recovered in revenue, offset in property tax expense
(3.1)	Lower operating expenses recovered in revenue, offset in O&M expense
(0.7)	Lower natural gas production taxes recovered in revenue, offset in property & other taxes
3.8	Higher revenue from lower production tax credits, offset in income tax expense

\$ (35.8) **Change in Utility Margin Offset Within Net Income**

\$ 16.1 **Increase in Utility Margin**

Operating Expenses (Full-Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2023	2022	Variance	
Operating & maintenance	\$ 220.5	\$ 221.4	\$ (0.9)	(0.4)%
Administrative & general	117.3	113.8	3.5	3.1%
Property and other taxes	153.1	192.5	(39.4)	(20.5)%
Depreciation and depletion	210.5	195.0	15.5	7.9%
Operating Expenses	\$ 701.4	\$ 722.7	\$ (21.3)	(2.9)%

Decrease in operating expenses due to the following factors:

\$ 15.5	Higher depreciation due to plant additions
6.1	Higher labor and benefits expense ⁽¹⁾
2.1	Higher insurance expense
1.1	Increase in uncollectible accounts
1.0	Higher expenses at our electric generation facilities
0.8	Higher cost of materials
(3.0)	Lower property and other taxes not recoverable within trackers
3.3	Other
\$ 26.9	Change in Operating Expense Items <u>Impacting</u> Net Income
\$ (35.8)	Lower property and other taxes recovered in trackers, offset in revenue
(8.7)	Lower pension and other postretirement benefits, offset in other income ⁽¹⁾
(3.1)	Lower operating expenses recovered in trackers, offset in revenue
(0.7)	Lower natural gas production taxes recovered in trackers, offset in revenue
(0.1)	Higher deferred compensation, offset in other income
\$ (48.2)	Change in Operating Expense Items <u>Offset Within</u> Net Income
\$ (21.3)	Decrease in Operating Expenses

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

Operating to Net Income (Full-Year)

(dollars in millions)

Twelve Months Ended December 31,

	2023	2022	Variance	
Operating Income	\$ 300.5	\$ 263.1	\$ 37.4	14.2%
Interest expense	(114.6)	(100.1)	(14.5)	(14.5)%
Other income, net	15.8	19.4	(3.6)	(18.6)%
Income Before Taxes	201.6	182.4	19.2	10.5%
Income tax (expense) / benefit	(7.5)	0.6	(8.1)	(1350)%
Net Income	\$ 194.1	\$ 183.0	\$ 11.1	6.1%

\$14.5 million increase in interest expense was primarily due to higher borrowings and interest rates, partly offset by higher capitalization of AFUDC.

\$3.6 million decrease in other income, net was primarily due to an increase in the non-service cost component of pension expense, partly offset by the prior year CREP penalty and higher capitalization of AFUDC.

\$8.1 million increase in income tax expense was primarily due to higher pre-tax income and lower permanent or flow through adjustments.

Tax Reconciliation (Full-Year)

(in millions)

	Twelve Months Ended December 31,				
	2023		2022		Variance
Income Before Income Taxes	\$201.6		\$182.4		\$19.2
Income tax calculated at federal statutory rate	42.4	21.0%	38.3	21.0%	4.1
Permanent or flow through adjustments:					
State income taxes, net of federal provisions	0.6	0.3%	0.6	0.3%	-
Flow - through repairs deductions	(25.9)	(12.9%)	(22.7)	(12.4%)	(3.2)
Production tax credits	(10.3)	(5.1%)	(13.2)	(7.2%)	2.9
Unregulated Tax Cuts and Jobs Act excess deferred income taxes	(3.4)	(1.7%)	-	-	(3.4)
Release of unrecognized tax benefits	(3.2)	(1.6%)	-	-	(3.2)
Amortization of excess deferred income tax (DIT)	(2.2)	(1.1%)	(1.7)	(0.9%)	(0.5)
Plant and depreciation flow-through items	6.6	3.3%	(0.2)	(0.1%)	6.8
Reduction to previously claimed alternative minimum tax credit	3.2	1.6%	-	-	3.2
Income tax return to accrual adjustment	-	-	(1.4)	(0.8%)	1.4
Other, net	(0.3)	(0.1%)	(0.3)	(0.2%)	-
Sub-total	(34.9)	(17.3%)	(38.9)	(21.3%)	4.0
Income Tax Expense (Benefit)	\$ 7.5	3.7%	\$ (0.6)	(0.3%)	\$ 8.1

Reconciling Gross Margin to Utility Margin

Reconciliation of Gross Margin to Utility Margin for Twelve Months Ending December 31,

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
(in millions)						
Reconciliation of gross margin to utility margin						
Operating Revenues	\$ 1,068.8	\$ 1,106.5	\$ 353.3	\$ 371.3	\$ 1,422.1	\$ 1,477.8
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown)	262.7	324.4	157.5	167.6	420.2	492.0
Less: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Less: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Less: Depreciation and depletion expense	174.1	162.4	36.4	32.6	210.5	195.0
Gross Margin	345.7	302.1	70.6	74.8	416.3	376.9
Plus: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Plus: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Plus: Depreciation and depletion	174.1	162.4	36.4	32.6	210.5	195.0
Utility Margin ⁽¹⁾	\$ 806.1	\$ 782.1	\$ 195.8	\$ 203.7	\$ 1,001.9	\$ 985.8

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

(1) Utility Margin is a non-GAAP Measure.

Segment Results (Full-Year)

(in thousands)

Twelve Months Ending December 31, 2023	Electric	Gas	Other	Total
Operating revenues	\$ 1,068,833	\$ 353,310	\$ -	\$ 1,422,143
Fuel, purchased supply & direct transmission*	262,755	157,507	-	420,262
Utility margin ¹	806,078	195,803	-	1,001,881
Operating and maintenance	166,028	54,496	-	220,524
Administrative and general	83,521	32,657	1,182	117,360
Property and other taxes	120,289	34,323	(1,544)	153,068
Depreciation & depletion	174,071	36,403	-	210,474
Operating Income	262,169	37,924	362	300,455
Interest expense	(84,089)	(15,719)	(14,809)	(114,617)
Other income (expense)	11,580	3,344	908	15,832
Income tax expense	(14,196)	4,627	2,030	(7,539)
Net income (loss)	\$ 175,464	\$ 30,176	\$ (11,509)	\$ 194,131
Twelve Months Ending December 31, 2022	Electric	Gas	Other	Total
Operating revenues	\$ 1,106,565	\$ 371,272	\$ -	\$ 1,477,837
Fuel, purchased supply & direct transmission*	324,434	167,577	-	492,011
Utility margin ¹	782,131	203,695	-	985,826
Operating and maintenance	167,798	53,629	-	221,427
Administrative and general	82,405	31,002	369	113,776
Property and other taxes	149,781	42,734	9	192,524
Depreciation & depletion	162,404	32,616	-	195,020
Operating Income	219,743	43,714	(378)	263,079
Interest expense	(74,420)	(13,030)	(12,660)	(100,110)
Other income (expense)	12,491	6,399	544	19,434
Income tax (expense) benefit	798	(3,108)	2,915	605
Net income (loss)	\$ 158,612	\$ 33,975	\$ (9,579)	\$ 183,008

* Direct Transmission expense excludes depreciation and depletion

(1) Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Electric Segment (Full-Year)

Twelve Months Ended December 31,

	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2023	2022	\$	%	2023	2022	2023	2022
	(in thousands)							
Montana	\$ 408,341	\$ 357,384	\$ 50,957	14.3 %	2,795	2,868	322,489	316,968
South Dakota	67,888	69,809	(1,921)	(2.8) %	603	596	51,261	51,069
Residential	476,229	427,193	49,036	11.5 %	3,398	3,464	373,750	368,037
Montana	431,357	368,634	62,723	17.0 %	3,238	3,237	74,438	73,093
South Dakota	103,194	108,202	(5,008)	(4.6) %	1,101	1,114	12,973	12,897
Commercial	534,551	476,836	57,715	12.1 %	4,339	4,351	87,411	85,990
Industrial	45,958	39,773	6,185	15.6 %	2,660	2,590	79	76
Other	32,756	31,007	1,749	5.6 %	134	161	6,443	6,406
Total Retail Electric	1,089,494	974,809	114,685	11.8 %	10,531	10,566	467,683	460,509
Regulatory amortization	(105,608)	46,382	(151,990)	(327.7) %				
Transmission	78,436	77,791	645	0.8 %				
Wholesale and other	6,511	7,583	(1,072)	(14.1) %				
Total Revenues	1,068,833	1,106,565	(37,732)	(3.4) %				
Total fuel, purchased supply & direct transmission expense*	262,755	324,434	(61,679)	(19.0) %				
Utility Margin ¹	\$ 806,078	\$ 782,131	\$ 23,947	3.1 %				

* Direct transmission expense is exclusive of depreciation and depletion expense

(1) Utility Margin is a non-GAAP Measure
See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Natural Gas Segment (Full-Year)

Twelve Months Ended December 31,

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2023	2022	\$	%	2023	2022	2023	2022
	(in thousands)							
Montana	\$ 136,097	\$ 152,343	\$ (16,246)	(10.7) %	14,008	15,319	183,810	181,879
South Dakota	36,638	39,178	(2,540)	(6.5) %	3,179	3,280	42,053	41,524
Nebraska	35,539	35,756	(217)	(0.6) %	2,581	2,558	37,793	37,693
Residential	208,274	227,277	(19,003)	(8.4) %	19,768	21,157	263,656	261,096
Montana	73,721	79,274	(5,553)	(7.0) %	8,036	8,329	25,725	25,319
South Dakota	25,869	28,487	(2,618)	(9.2) %	3,169	2,981	7,232	7,058
Nebraska	22,114	22,071	43	0.2 %	1,916	1,846	5,023	5,003
Commercial	121,704	129,832	(8,128)	(6.3) %	13,121	13,156	37,980	37,380
Industrial	1,392	1,520	(128)	(8.4) %	157	163	232	232
Other	1,681	1,932	(251)	(13.0) %	209	232	190	178
Total Retail Electric	\$ 333,051	\$ 360,561	\$ (27,510)	(7.6) %	33,255	34,708	302,058	298,886
Regulatory amortization	(25,012)	(27,964)	2,952	(10.6) %				
Wholesale and other	45,271	38,675	6,596	17.1 %				
Total Revenues	\$ 353,310	\$ 371,272	\$ (17,962)	(4.8) %				
Total fuel, purchased supply & direct transmission expense*	\$ 157,507	\$ 167,577	\$ (10,070)	(6.0) %				
Utility Margin¹	\$ 195,803	\$ 203,695	\$ (7,892)	(3.9) %				

* Direct transmission expense is exclusive of depreciation and depletion expense

(1) Utility Margin is a non-GAAP Measure
See appendix slide titled "Explaining Utility Margin" for additional disclosure.

Full Year Cash Flow

(dollars in millions)	Twelve Months Ending December 31,	
	2023	2022
Operating Activities		
Net Income	\$ 194.1	\$ 183.0
Non-Cash adjustments to net income	210.1	183.1
Changes in working capital	115.6	(37.0)
Other non-current assets & liabilities	(30.6)	(21.9)
Cash provided by Operating Activities	489.2	307.2
Cash used in Investing Activities	(570.8)	(516.8)
Cash provided by Financing Activities	84.3	213.3
<hr/>		
Cash provided by Operating Activities	\$ 489.2	\$ 307.2
Less: Changes in working capital	115.6	(37.0)
Funds from Operations	\$ 373.6	\$ 344.2
<hr/>		
PP&E additions	566.9	515.1
Capital expenditures included in trade accounts payable	(22.4)	35.7
AFUDC Credit	17.6	14.2
Total Capital Investment	\$ 562.1	\$ 565.0

Cash from Operating Activities increased by \$182.0 million driven primarily by a \$123.9 million increase in collection of energy supply costs from customers and Montana rates.

Funds from Operations increased by \$29.4 million over prior period.

Net Under-Collected Supply Costs

(in millions)

	Beginning (Jan. 1)	Ending (Dec. 31)	(Outflow) / Inflow
2022	\$99.1	\$115.4	\$(16.3)
2023	\$115.4	\$7.8	\$107.6
2023 Improvement			\$123.9

Equity Issuances in 2023

- Issued remaining \$73.6 million of common stock under our At-the-Market program

Financing plans (targeting a FFO to Debt ratio > 14%) are expected to maintain our current credit ratings and are subject to change.

Debt financing in 2023

- Issued \$239 million, 5.57% coupon, 10 year Montana FMBs priced in Q1
- Issued \$31 million, 5.57% coupon, 10 year South Dakota FMB's priced in Q1
- Issued \$30 million, 5.42% coupon, 10 year, South Dakota FMBs in Q2
- Refinanced \$144.7 million, 3.88% coupon, 5 year Pollution Control Revenue Refunding Bonds in Q2

Balance Sheet

(dollars in millions)

	As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents	\$ 9.2	\$ 8.5
Restricted cash	16.0	\$ 14.0
Accounts receivable, net	212.3	\$ 245.0
Inventories	114.5	\$ 107.4
Other current assets	55.0	\$ 164.1
Goodwill	357.6	\$ 357.6
PP&E and other non-current assets	6,836.1	\$ 6,421.4
Total Assets	\$ 7,600.7	\$ 7,317.8
Payables	124.3	201.5
Other current liabilities	307.3	271.7
Total debt & capital leases	2,793.4	2,630.8
Other non-current liabilities	1,590.3	1,548.6
Shareholders' equity	2,785.3	2,665.2
Total Liabilities and Equity	\$ 7,600.7	\$ 7,317.8
Capitalization:		
Total Debt & Capital Leases	2,793.4	2,630.8
Less: Basin Creek Capital Lease	(8.8)	(11.9)
Shareholders' Equity	2,785.3	2,665.2
Total Capitalization	\$ 5,569.9	\$ 5,284.1
Ratio of Debt to Total Capitalization	50.0%	49.6%

Debt to Total Capitalization remains at the bottom of our targeted 50% - 55% range.

PCCAM Impact by Quarter

Pretax millions – shareholder (detriment) benefit

	Q1	Q2	Q3	Q4	Full Year
'17/'18 Tracker	First full year recorded in Q3				\$3.3
'18/'19 Tracker			(\$5.1)	\$0.3	(4.8)
2018 (Expense) Benefit	\$0.0	\$0.0	(\$1.8)	\$0.3	(\$1.5)
					Full Year
'18/'19 Tracker	(\$1.6)	\$4.6			\$3.0
'19/'20 Tracker			\$0.1	(\$0.7)	(0.6)
2019 (Expense) Benefit	(\$1.6)	\$4.6	\$0.1	(\$0.7)	\$2.4
					Full Year
CU4 Disallowance ('18/'19 Tracker)				(\$9.4)	(\$9.4)
'19/'20 Tracker	(\$0.1)	\$0.2			\$0.1
Recovery of modeling costs	\$0.7				\$0.7
'20/'21 Tracker			(\$0.6)	(\$0.3)	(\$0.9)
2020 (Expense) Benefit	\$0.6	\$0.2	(\$0.6)	(\$0.3)	(\$0.1)
					Full Year
'20/'21 Tracker	(\$0.8)	(\$0.5)			(\$1.3)
'21/'22 Tracker			(\$2.7)	(\$1.4)	(\$4.1)
2021 (Expense) Benefit	(\$0.8)	(\$0.5)	(\$2.7)	(\$1.4)	(\$5.4)
					Full Year
'21/'22 Tracker	(\$0.8)	(\$0.8)			(\$1.6)
'22/'23 Tracker			(\$3.9)	(\$1.7)	(\$5.6)
2022 (Expense) Benefit	(\$0.8)	(\$0.8)	(\$3.9)	(\$1.7)	(\$7.2)
					Full Year
'22/'23 Tracker	\$0.5	\$2.1			\$2.6
Retro-active application of PCCAM base				\$3.2	\$3.2
'23/'24 Tracker			\$0.1	\$1.1	\$1.2
2023 (Expense) Benefit	\$0.5	\$2.1	\$0.1	\$4.3	\$7.0
					Year-to-Date
Year-over-Year Variance	\$1.3	\$2.9	\$4.0	\$6.0	\$14.2

In 2017, the Montana legislature revised the statute regarding our recovery of electric supply costs. In response, the MPSC approved a new design for our electric tracker in 2018, effective July 1, 2017. The revised electric tracker, or PCCAM established a baseline of power supply costs and tracks the differences between the actual costs and revenues. Variances in supply costs above or below the baseline are allocated 90% to customers and 10% to shareholders, with an annual adjustment. From July 2017 to May 2019, the PCCAM also included a "deadband" which required us to absorb the variances within +/- \$4.1 million from the base, with 90% of the variance above or below the deadband collected from or refunded to customers. In 2019, the Montana legislature revised the statute effective May 7, 2019, prohibiting a deadband, allowing 100% recovery of QF purchases, and maintaining the 90% / 10% sharing ratio for other purchases. In 2023, the PCCAM base increased from the Montana rate review, supporting a benefit in 2023 as compared to expense in 2021 & 2022.

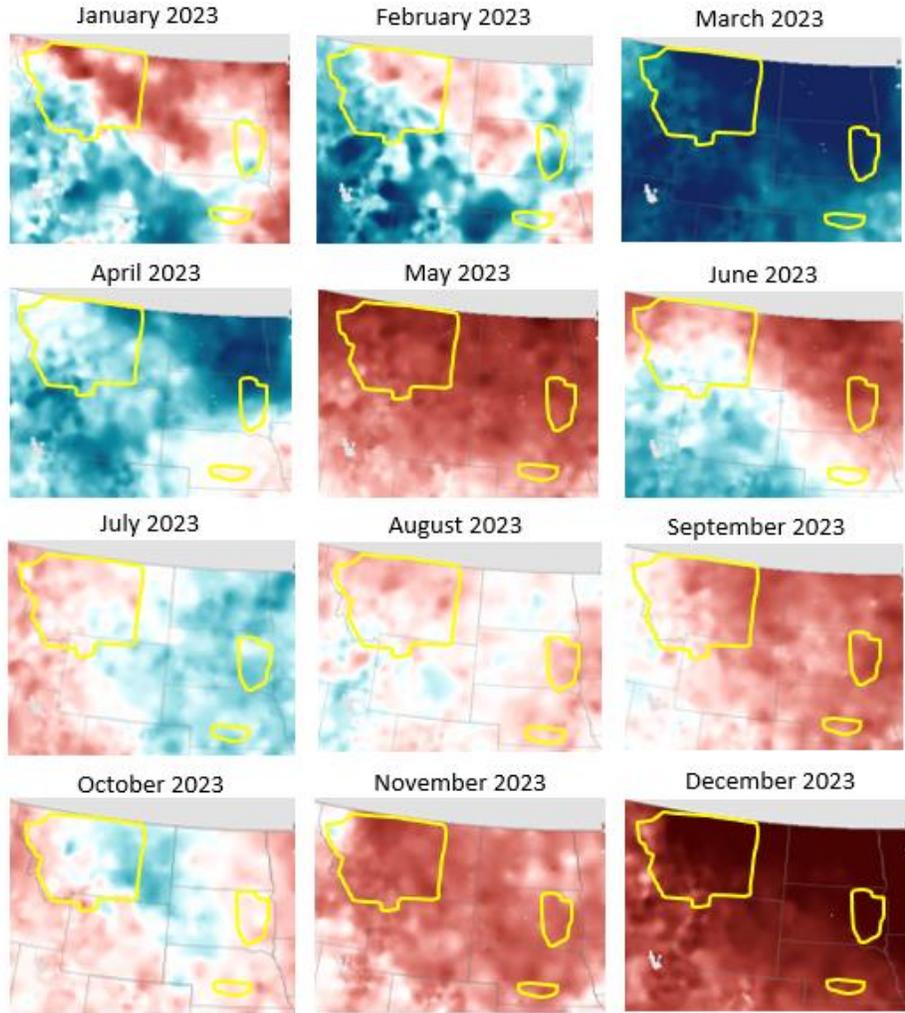
Qualified Facility Earnings Adjustment

(Millions)	Annual actual contract price escalation		Annual adjustment for actual output and pricing	Adjustment associated with the one-time clarification in contract term	Total
	(Arbitration)	Non-GAAP Adj.			
Nov-12	\$47.9	Non-GAAP Adj.	\$0.0	\$0.0	\$47.9
Jun-13	\$0.0		1.0	0.0	\$1.0
Jun-14	\$0.0		0.0	0.0	\$0.0
Jun-15	(\$6.1)	Non-GAAP Adj.	1.8	0.0	(\$4.3)
Jun-16	\$0.0		1.8	0.0	\$1.8
Jun-17	\$0.0		2.1	0.0	\$2.1
Jun-18	\$17.5	Non-GAAP Adj.	9.7	0.0	\$27.2
Jun-19	\$3.3		3.1	0.0	\$6.4
Jun-20	\$2.2		0.9	0.0	\$3.1
Jun-21	(\$2.1)		2.6	8.7 Non-GAAP Adj.	\$9.2
Sep-21	\$0.0		0.0	(1.3) Non-GAAP Adj.	(\$1.3)
Dec-21	\$0.0		0.0	(0.4) Non-GAAP Adj.	(\$0.4)
Jun-22	\$3.3		1.8	0.0	\$5.1
Jun-23	\$4.2		0.8	0.0	\$5.0
Year-over-Year Better (Worse)					
2013	(\$47.9)		1.0	0.0	(\$46.9)
2014	\$0.0		(1.0)	0.0	(\$1.0)
2015	(\$6.1)		1.8	0.0	(\$4.3)
2016	\$6.1		0.0	0.0	\$6.1
2017	\$0.0		0.3	0.0	\$0.3
2018	\$17.5		7.6	0.0	\$25.1
2019	(\$14.2)		(6.6)	0.0	(\$20.8)
2020	(\$1.1)		(2.2)	0.0	(\$3.3)
2021	(\$4.3)		\$1.7	\$7.0	\$4.4
2022	\$5.4		(\$0.8)	(\$7.0)	(\$2.4)
2023	\$0.9		(\$1.0)	\$0.0	(\$0.1)

Our electric QF liability consists of unrecoverable costs associated with contracts covered under PURPA that are part of a 2002 stipulation with the MPSC and other parties. Risks / losses associated with these contracts are born by shareholders, not customers. Therefore, any mitigation of prior losses and / or benefits of liability reduction also accrue to shareholders.

Weather and Hydro Conditions

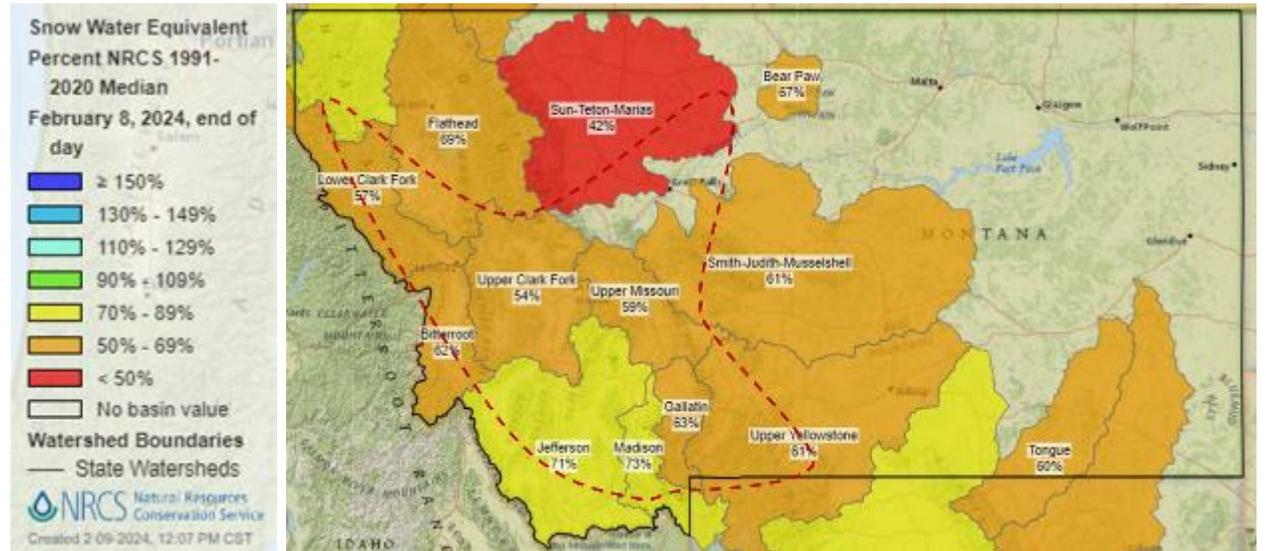
Mean Temperature Departures from Average



For Q4, we estimated a \$5.2 million pre-tax detriment as compared to normal and a \$7.5 million detriment as compared to Q4 2022.

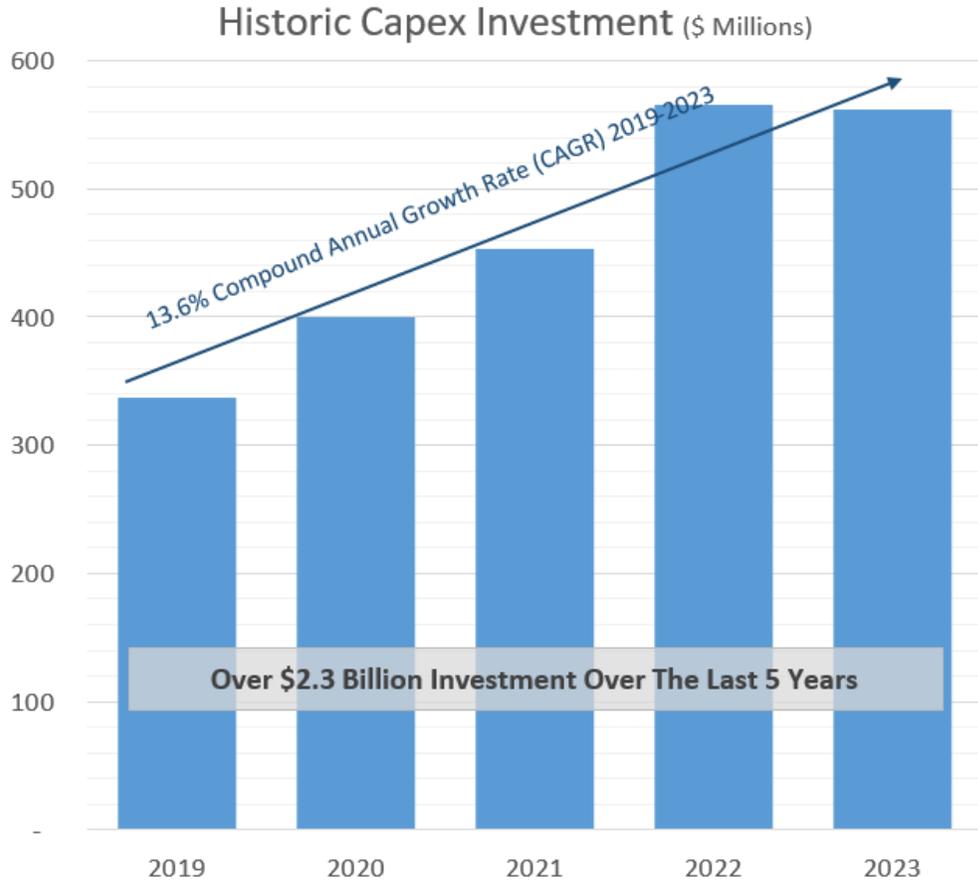
For 2023, we estimated a \$4.3 million pre-tax detriment as compared to normal and a \$13.2 million detriment as compared to 2022.

Snow Water Equivalent vs. 30-Year Median

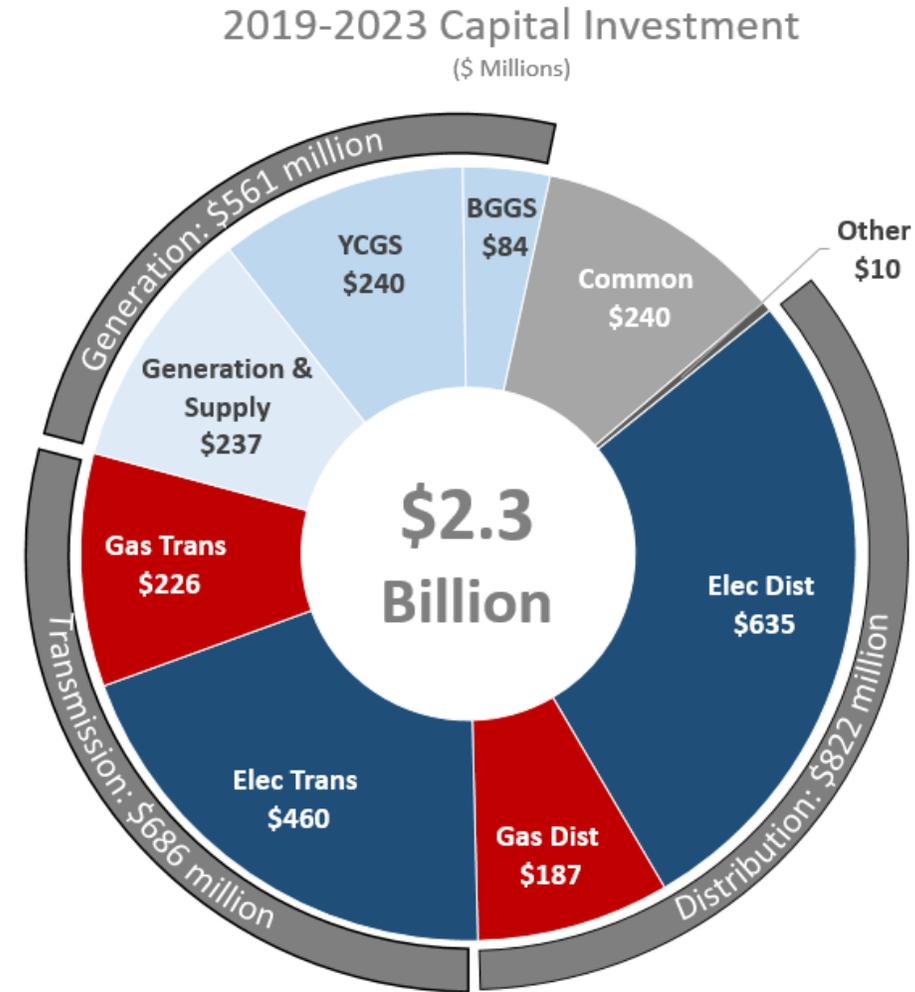


Snow water equivalents 42% to 73% of the 30-year medians for our hydro territory as of Feb, 9th 2024.

Historic 5-Year Capital Investment



Capex shown above is from the "Cash From Investing" portion of the Cash Flow Statement, AFUDC Credit as reported on our cash flow statement and capital expenditures in trade accounts payable from our Supplemental Cash Flow Information section of our 10-K



\$2.3 billion invested into our operations over the last five years of which 65% was transmission and distribution.

Experienced & Engaged Board of Directors



Dana J. Dykhouse

- Chairman
- Independent
- Since Jan. 2009



Brian B. Bird

- President & Chief Executive Officer
- Non-independent
- Since January 2023



Anthony T. Clark

- Nominating & Governance., HR
- Independent
- Since Dec. 2016



Sherina M. Edwards

- Nominating & Governance, HR
- Independent
- Since April 2023



Jan R. Horsfall

- SETO (chair), Audit
- Independent
- Since April 2015



Britt E. Ide

- Nominating & Governance, HR
- Independent
- Since April 2017



Kent T. Larson

- SETO, Audit
- Independent
- Since July 2022



Linda G. Sullivan

- Audit (Chair), SETO
- Independent
- Since April 2017



Mahvash Yazdi

- HR (Chair), SETO
- Independent
- Since December 2019



Jeff W. Yingling

- Nominating & Governance (Chair), Audit
- Independent
- Since October 2019

Strong Executive Team



Brian B. Bird

- President & Chief Executive Officer
- Current position since 2023 (formerly President & Chief Operating Officer '21-'22 and Chief Financial Officer '03-'21)



Crystal D. Lail

- Vice President and Chief Financial Officer
- Current position since 2021 (formerly VP and Chief Accounting Officer '20-'21)



Michael R. Cashell

- Vice President - Transmission
- Current Position since 2011



Cynthia S. Fang

- Vice President - Regulatory
- Current position since 2023



Shannon M. Heim

- Vice President & General Counsel
- Current position since 2023



John D. Hines

- Vice President – Supply/Montana Affairs
- Current Position since 2011



Bleu LaFave

- Vice President – Asset Management & Business Development
- Current position since June 2023 (formerly Director of Long-Term Resources)



Jason Merkel

- Vice President – Distribution
- Current Position since 2022



Bobbi L. Schroepel

- Vice President – Customer Care, Communications and Human Resources
- Current Position since 2002



Jeanne M. Vold

- Vice President – Technology
- Current Position since 2021 (former Business Technology Officer '12-'21)

Our Commissioners

Montana Public Service Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
James Brown (President)	R	Jan-21	Jan-25
Jennifer Fielder (Vice President)	R	Jan-21	Jan-25
Annie Bukacek	R	Jan-23	Jan-27
Tony O'Donnell	R	Jan-17	Jan-25
Randy Pinocci	R	Jan-23	Jan-27

Commissioners are elected in statewide elections from each of five districts. Leadership positions are elected by fellow Commissioners.
Commissioner term is four years, Chairperson term is two years.

South Dakota Public Utilities Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
Kristie Fiegen (Chair)	R	Aug-11	Jan-25
Gary Hanson (Vice Chair)	R	Jan-03	Jan-27
Chris Nelson	R	Jan-11	Jan-29

Commissioners are elected in statewide elections.
Chairperson is elected by fellow Commissioners.
Commissioner term is six years, Chairperson term is one year.

Nebraska Public Service Commission



<u>Name</u>	<u>Party</u>	<u>Began Serving</u>	<u>Term Ends</u>
Eric Kamler	R	Jan-23	Jan-29
Christian Mirch	R	Jan-23	Jan-27
Tim Schram	R	Jan-07	Jan-25
Kevin Stocker	R	Jan-23	Jan-29
Dan Watermeier (Chair)	R	Jan-19	Jan-25

Commissioners are elected in statewide elections.
Chairperson is elected by fellow Commissioners.
Commissioner term is six years, Chairperson term is one year.

Reconciling Gross Margin to Utility Margin

Reconciliation of Gross Margin to Utility Margin for Quarter Ending December 31,

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
(in millions)						
Reconciliation of gross margin to utility margin						
Operating Revenues	\$ 264.2	\$ 299.1	\$ 91.8	\$ 126.2	\$ 356.0	\$ 425.3
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown)	64.2	93.5	34.0	59.5	98.2	153.0
Less: Operating & maintenance expense	42.2	46.6	14.3	14.0	56.5	60.6
Less: Property and other tax expense	17.3	40.6	4.7	11.7	22.0	52.3
Less: Depreciation and depletion expense	43.6	41.1	9.1	8.2	52.7	49.3
Gross Margin	96.9	77.3	29.7	32.8	126.6	110.1
Plus: Operating & maintenance expense	42.2	46.6	14.3	14.0	56.5	60.6
Plus: Property and other tax expense	17.3	40.6	4.7	11.7	22.0	52.3
Plus: Depreciation and depletion	43.6	41.1	9.1	8.2	52.7	49.3
Utility Margin ⁽¹⁾	\$ 200.0	\$ 205.6	\$ 57.8	\$ 66.7	\$ 257.8	\$ 272.3

Reconciliation of Gross Margin to Utility Margin for Twelve Months Ending December 31,

	Electric		Natural Gas		Total	
	2023	2022	2023	2022	2023	2022
(in millions)						
Reconciliation of gross margin to utility margin						
Operating Revenues	\$ 1,068.8	\$ 1,106.5	\$ 353.3	\$ 371.3	\$ 1,422.1	\$ 1,477.8
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown)	262.7	324.4	157.5	167.6	420.2	492.0
Less: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Less: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Less: Depreciation and depletion expense	174.1	162.4	36.4	32.6	210.5	195.0
Gross Margin	345.7	302.1	70.6	74.8	416.3	376.9
Plus: Operating & maintenance expense	166.0	167.8	54.5	53.6	220.5	221.4
Plus: Property and other tax expense	120.3	149.8	34.3	42.7	154.6	192.5
Plus: Depreciation and depletion	174.1	162.4	36.4	32.6	210.5	195.0
Utility Margin ⁽¹⁾	\$ 806.1	\$ 782.1	\$ 195.8	\$ 203.7	\$ 1,001.9	\$ 985.8

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

(1) Utility Margin is a non-GAAP Measure.

Non-GAAP Financial Measures

Use of Non-GAAP Financial Measures - Reconcile to Non-GAAP diluted EPS

Pre-Tax Adjustments (\$ Millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Reported GAAP Pre-Tax Income	\$ 110.4	\$ 181.2	\$ 156.5	\$ 176.1	\$ 178.3	\$ 182.2	\$ 144.2	\$ 190.2	\$ 182.4	\$ 201.6
Non-GAAP Adjustments to Pre-Tax Income:										
Weather	(1.3)	13.2	15.2	(3.4)	(1.3)	(7.3)	9.8	1.1	(8.9)	4.3
Lost revenue recovery related to prior periods	-	-	(14.2)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	15.4	-	-	-	-	-	-	-	-	-
Exclude unplanned hydro earnings	(8.7)	-	-	-	-	-	-	-	-	-
Remove benefit of insurance settlement	-	(20.8)	-	-	-	-	-	-	-	-
QF liability adjustment	-	6.1	-	-	(17.5)	-	-	(6.9)	-	-
Electric tracker disallowance of prior period costs	-	-	12.2	-	-	-	9.9	-	-	-
Income tax adjustment	-	-	-	-	9.4	-	-	-	-	-
Community Renewable Energy Project Penalty	-	-	-	-	-	-	-	-	2.5	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	-	-	-	-	-
Adjusted Non-GAAP Pre-Tax Income	\$ 115.8	\$ 179.7	\$ 169.7	\$ 172.7	\$ 168.9	\$ 174.9	\$ 163.9	\$ 184.4	\$ 176.0	\$ 205.9
Tax Adjustments to Non-GAAP Items (\$ Million)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GAAP Net Income	\$ 120.7	\$ 151.2	\$ 164.2	\$ 162.7	\$ 197.0	\$ 202.1	\$ 155.2	\$ 186.8	\$ 183.0	\$ 194.1
Non-GAAP Adjustments Taxed at 38.5% ('12-'17) and 25.3% ('18-current):										
Weather	(0.8)	8.1	9.3	(2.1)	(1.0)	(5.5)	7.3	0.8	(6.6)	3.2
Lost revenue recovery related to prior periods	-	-	(8.7)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	9.5	-	-	-	-	-	-	-	-	-
Exclude unplanned hydro earnings	(5.4)	-	-	-	-	-	-	-	-	-
Remove benefit of insurance settlement	-	(12.8)	-	-	-	-	-	-	-	-
QF liability adjustment	-	3.8	-	-	(13.1)	-	-	(5.2)	-	-
Electric tracker disallowance of prior period costs	-	-	7.5	-	-	-	7.4	-	-	-
Income tax adjustment	(18.5)	-	(12.5)	-	(12.8)	(22.8)	-	-	-	-
Community Renewable Energy Project Penalty	-	-	-	-	-	-	-	-	2.5	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	-	-	-	-	-
Previously claimed AMT Credit	-	-	-	-	-	-	-	-	-	3.2
Natural Gas Safe Harbor UTP Benefit	-	-	-	-	-	-	-	-	-	(3.2)
Non-GAAP Net Income	\$ 105.5	\$ 150.3	\$ 159.8	\$ 160.6	\$ 170.1	\$ 173.8	\$ 169.9	\$ 182.4	\$ 178.9	\$ 197.3
Non-GAAP Diluted Earnings Per Share	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<i>Diluted Average Shares (Millions)</i>	40.4	47.6	48.5	48.7	50.2	50.8	50.7	51.9	56.3	60.4
Reported GAAP Diluted earnings per share	\$ 2.99	\$ 3.17	\$ 3.39	\$ 3.34	\$ 3.92	\$ 3.98	\$ 3.06	\$ 3.60	\$ 3.25	\$ 3.22
Non-GAAP Adjustments:										
Weather	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)	0.14	0.01	(0.11)	0.05
Lost revenue recovery related to prior periods	-	-	(0.18)	-	-	-	-	-	-	-
Remove hydro acquisition transaction costs	0.24	-	-	-	-	-	-	-	-	-
Exclude unplanned hydro earnings	(0.14)	-	-	-	-	-	-	-	-	-
Remove benefit of insurance settlements & recoveries	-	(0.27)	-	-	-	-	-	-	-	-
QF liability adjustment	-	0.08	-	-	(0.26)	-	-	(0.10)	-	-
Electric tracker disallowance of prior period costs	-	-	0.16	-	-	-	0.15	-	-	-
Income tax adjustment	(0.47)	-	(0.26)	-	(0.25)	(0.45)	-	-	-	-
Community Renewable Energy Project Penalty	-	-	-	-	-	-	-	-	0.04	-
Unplanned Equity Dilution from Hydro transaction	0.08	-	-	-	-	-	-	-	-	-
Previously claimed AMT Credit	-	-	-	-	-	-	-	-	-	0.05
Natural Gas Safe Harbor UTP Benefit	-	-	-	-	-	-	-	-	-	(0.05)
Non-GAAP Diluted Earnings Per Share	\$ 2.68	\$ 3.15	\$ 3.30	\$ 3.30	\$ 3.39	\$ 3.42	\$ 3.35	\$ 3.51	\$ 3.18	\$ 3.27

Non-GAAP Financial Measures

This presentation includes financial information prepared in accordance with GAAP, as well as other financial measures, such as Utility Margin, Adjusted Non-GAAP pretax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP Diluted EPS that are considered “non-GAAP financial measures.” Generally, a non-GAAP financial measure is a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP.

We define Utility Margin as Operating Revenues less fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion) as presented in our Consolidated Statements of Income. This measure differs from the GAAP definition of Gross Margin due to the exclusion of Operating and maintenance, Property and other taxes, and Depreciation and depletion expenses, which are presented separately in our Consolidated Statements of Income. A reconciliation of Utility Margin to Gross Margin, the most directly comparable GAAP measure, is included in this presentation.

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Management also believes the presentation of Adjusted Non-GAAP pre-tax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP Diluted EPS is more representative of normal earnings than GAAP pre-tax income, net income and EPS due to the exclusion (or inclusion) of certain impacts that are not reflective of ongoing earnings. The presentation of these non-GAAP measures is intended to supplement investors' understanding of our financial performance and not to replace other GAAP measures as an indicator of actual operating performance. Our measures may not be comparable to other companies' similarly titled measures.



Delivering a bright future

NorthWestern[®]
Energy
Delivering a Bright Future