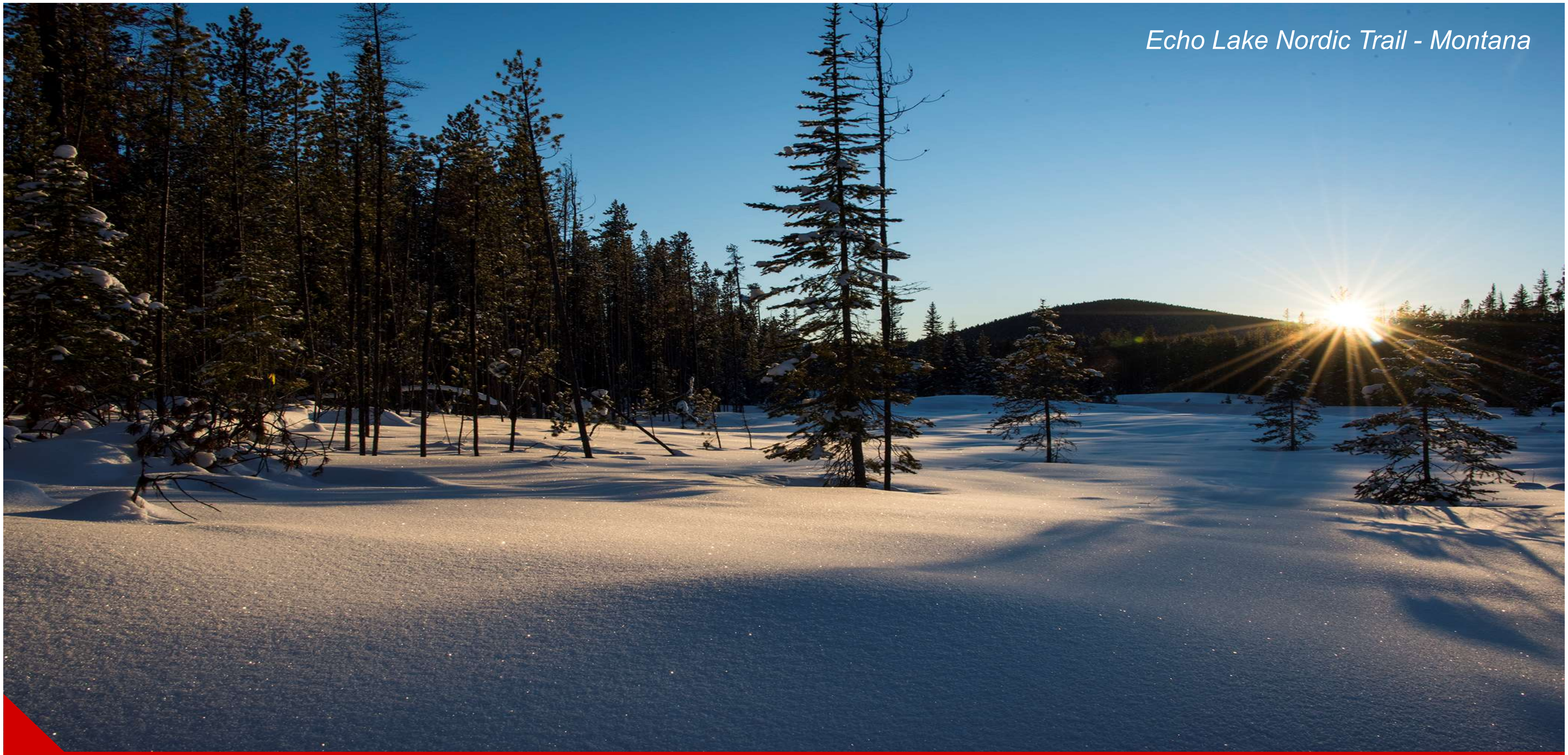

Wells Fargo Energy Symposium

New York

December 5-6, 2018

8-K December 4, 2018

NorthWestern Energy

Delivering a Bright Future

Forward Looking Statements

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 hereof 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 most recent Form 10-K and 10-Q along with other public filings with the SEC.

Company Information

NorthWestern Corporation
dba: NorthWestern Energy
Ticker: NWE
Trading on the NYSE
www.northwesternenergy.com

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Investor Relations Officer
Travis Meyer
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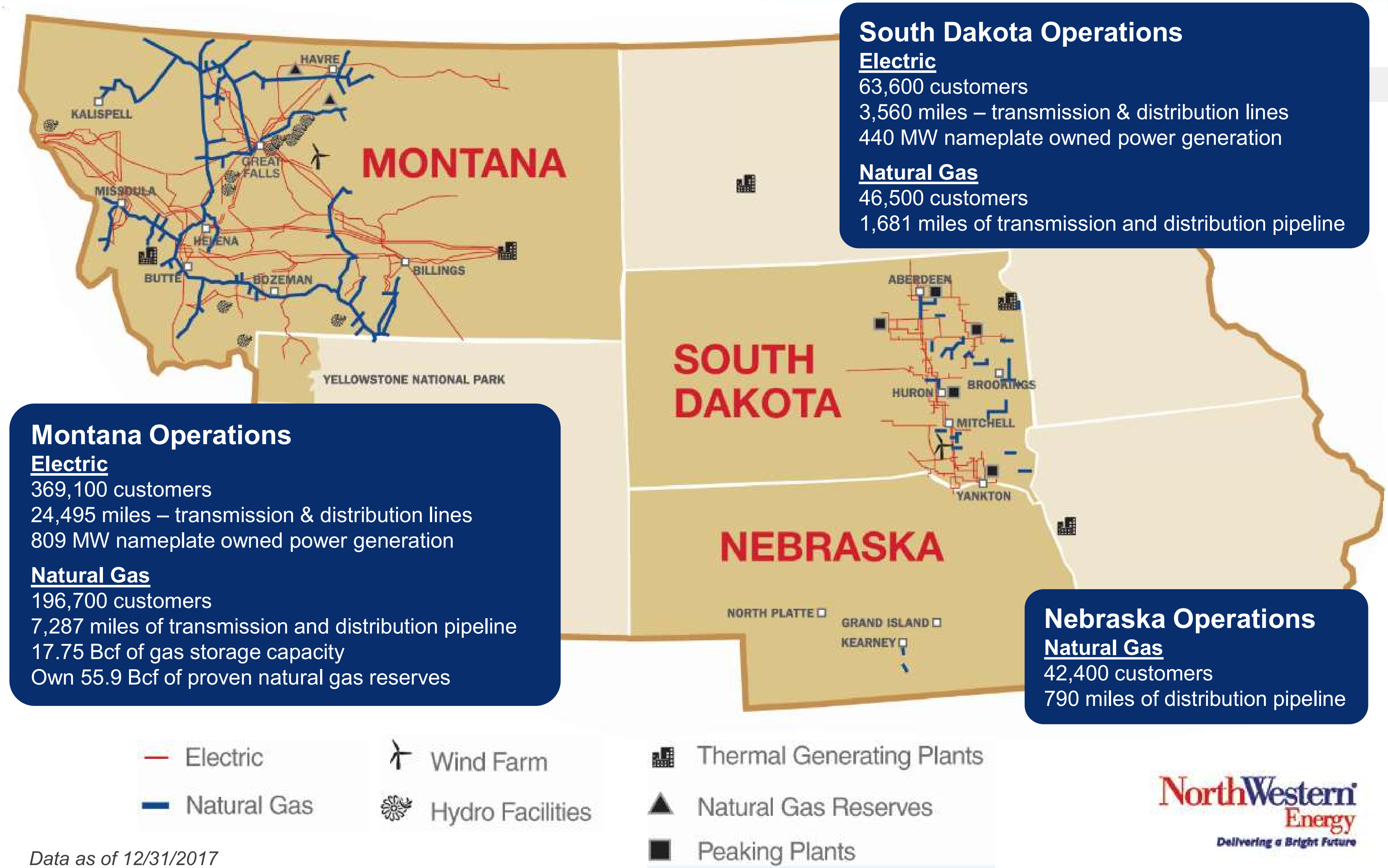
NorthWestern Energy
Delivering a Bright Future

About NorthWestern



South Dakota Operations

Electric

63,600 customers
3,560 miles – transmission & distribution lines
440 MW nameplate owned power generation

Natural Gas

46,500 customers
1,681 miles of transmission and distribution pipeline

Montana Operations

Electric

369,100 customers
24,495 miles – transmission & distribution lines
809 MW nameplate owned power generation

Natural Gas

196,700 customers
7,287 miles of transmission and distribution pipeline
17.75 Bcf of gas storage capacity
Own 55.9 Bcf of proven natural gas reserves

Nebraska Operations

Natural Gas

42,400 customers
790 miles of distribution pipeline

Data as of 12/31/2017

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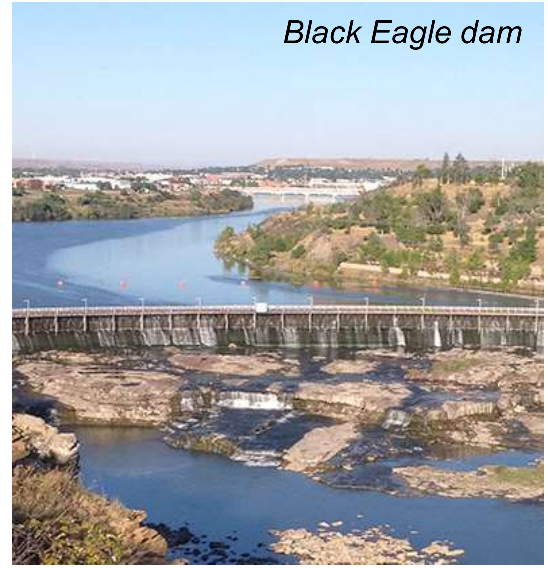
NWE - An Investment for the Long Term



Pure Electric & Gas Utility

- 100% regulated electric & natural gas utility business with over 100 years of operating history
- Solid economic indicators in service territory
- Diverse electric supply portfolio ~56% hydro & wind

Solid Utility Foundation

- Residential electric & gas rates below national average
- Solid system reliability (EEI 2nd quartile)
- Low leaks per 100 miles of pipe (AGA 1st quartile)
- Solid JD Power Overall Customer Satisfaction scores

Strong Earnings & Cash Flow

- Consistent track record of earnings & dividend growth
- Strong cash flows aided by net operating loss carry-forwards anticipated to be available into 2020
- Strong balance sheet & investment grade credit ratings

Attractive Future Growth Prospects

- Disciplined maintenance capital investment program to ensure safety and reliability
- Significant investment in renewable resources (hydro & wind) will provide long-term energy supply pricing stability for the benefit of customers for many years to come
- Further opportunity for energy supply investment to meet significant capacity shortfalls

Financial Goals & Metrics

- Debt to total capitalization ratio of 50%-55% with liquidity of $100 million or greater
- Targeted 6%-9% long-term total shareholder return (eps growth plus dividend yield)
- Targeted dividend payout ratio of 60%-70%

Best Practices Corporate Governance

NYSE Governance Services – Governance, Risk and Compliance Leadership Awards 2015 Winner

2015 Utility Customer Champion Residential – Cogent Reports

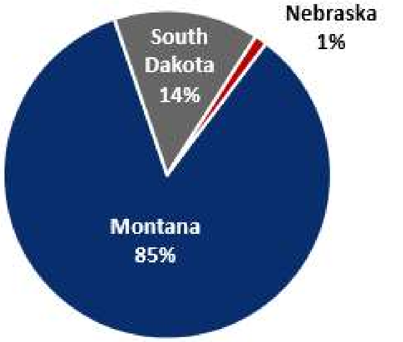
Forbes 2013 America's Most Trustworthy Companies

Corporate Governance Awards 2014 – Corporate Secretary – Winner

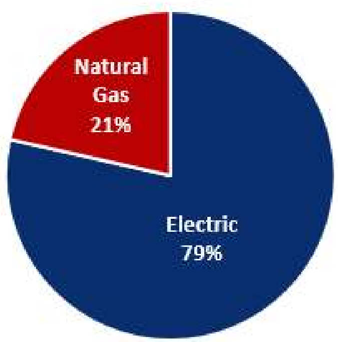
corpedia – Ethics. Elevated.

A Diversified Electric and Gas Utility

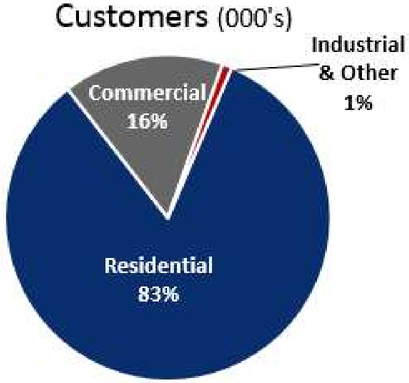
Gross Margin ($ M)



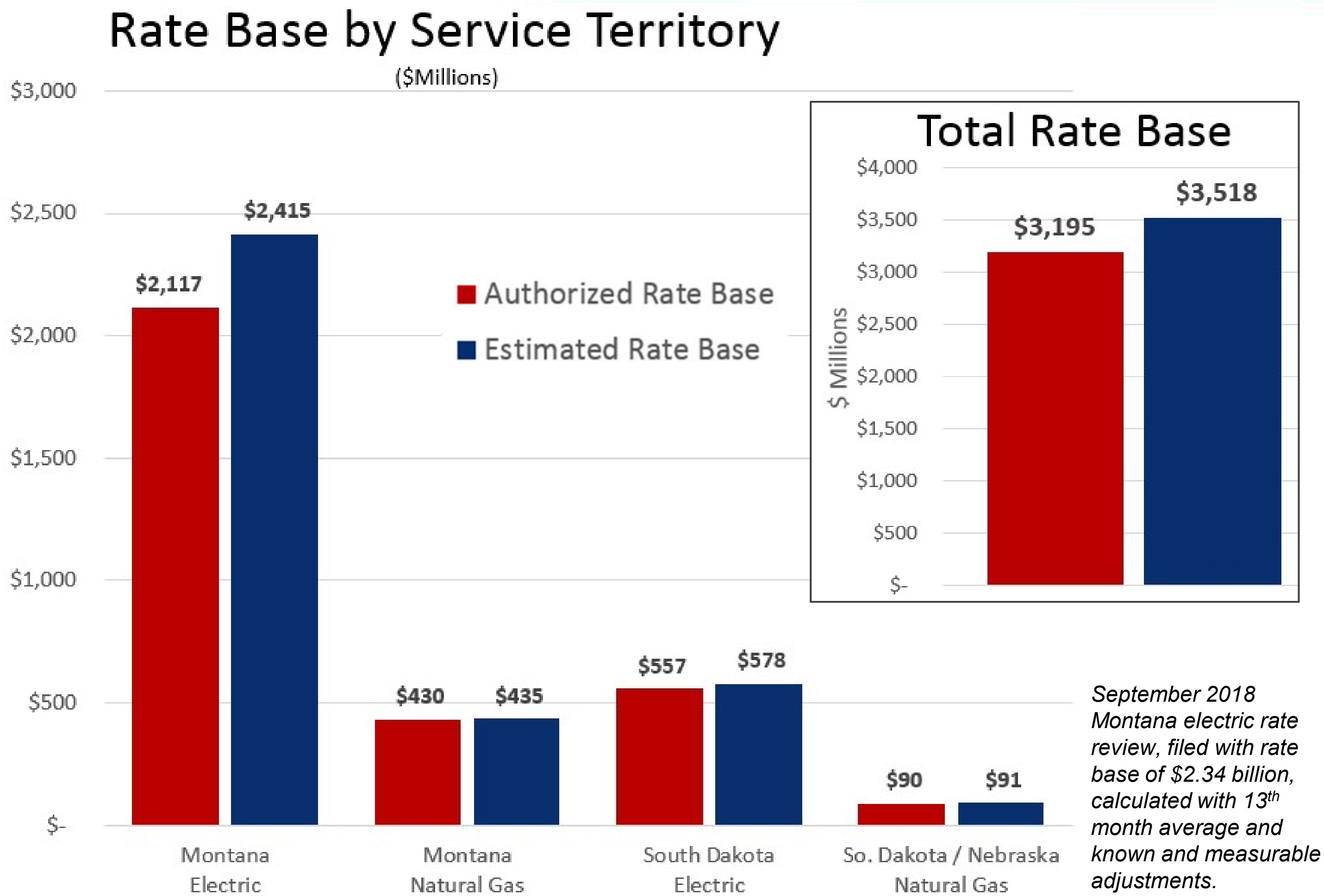
Gross Margin ($ M)



Customers (000's)



Data as reported in our 2017 10-K

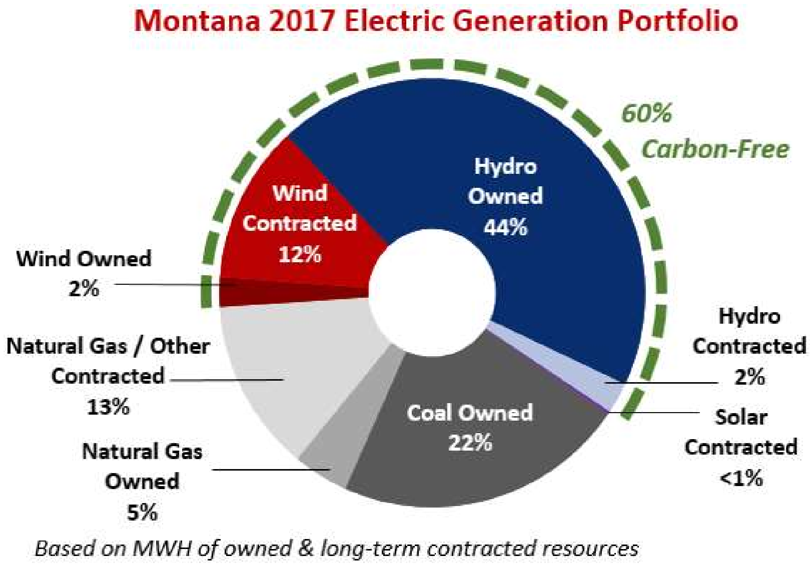


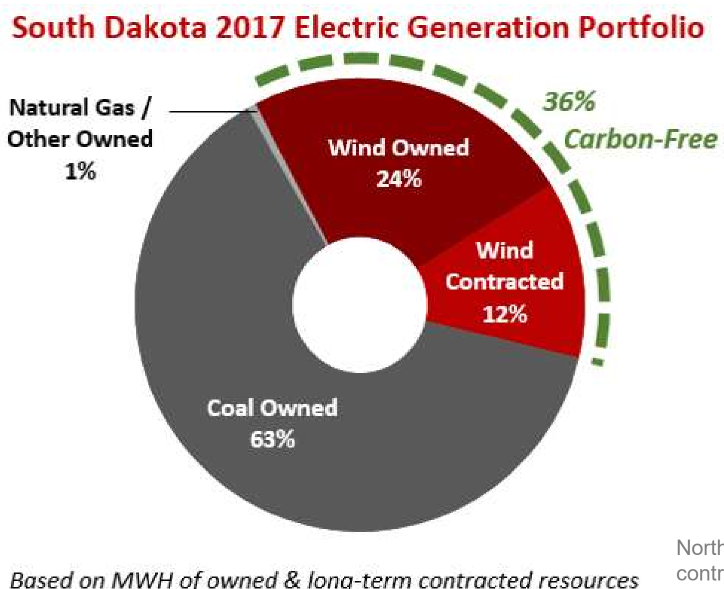
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

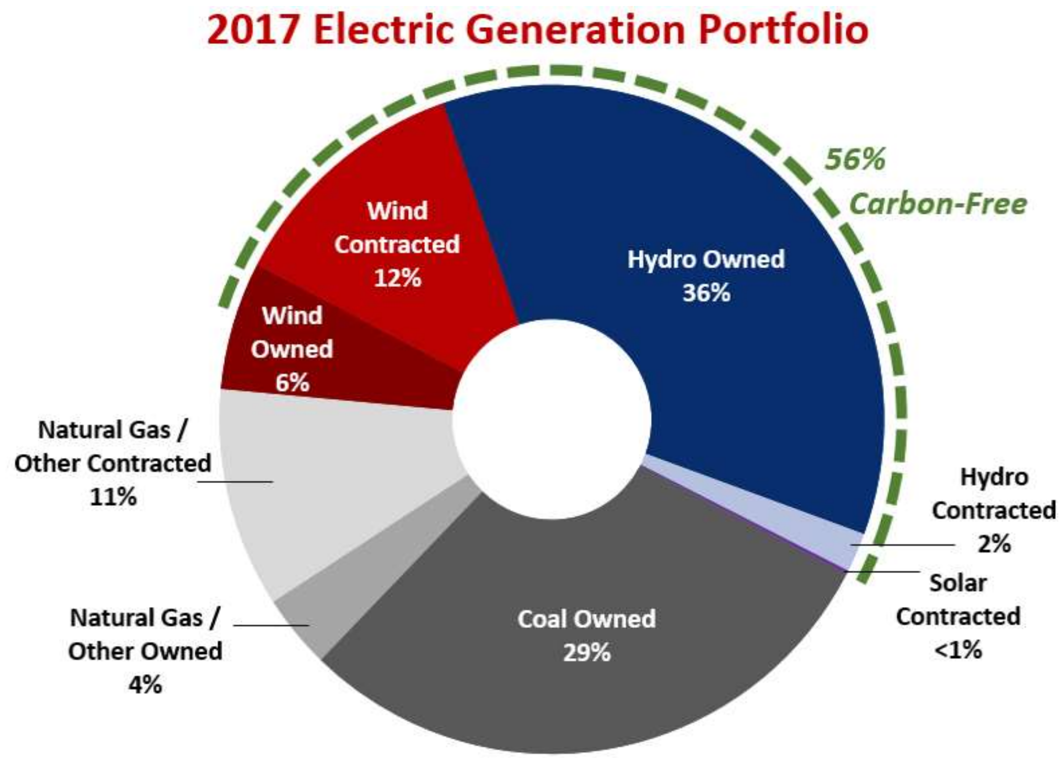
NorthWestern's '80/20' rules:
Approximately 80% Electric, 80% Residential and 80% Montana

Over $3.5 billion of rate base investment to serve our customers

Highly Carbon-Free Supply Portfolio







Based upon 2017 MWH's of owned and long-term contracted resources. Approximately 56% of our total company owned and contracted supply is carbon-free.

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.

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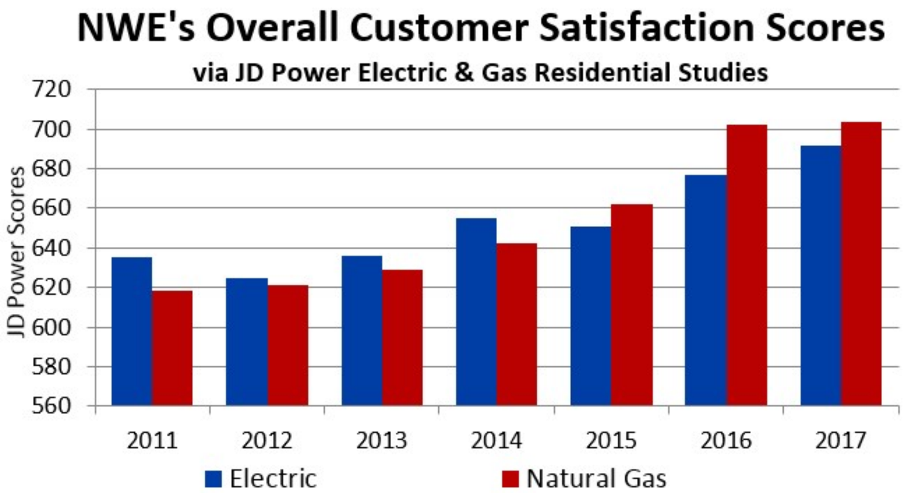
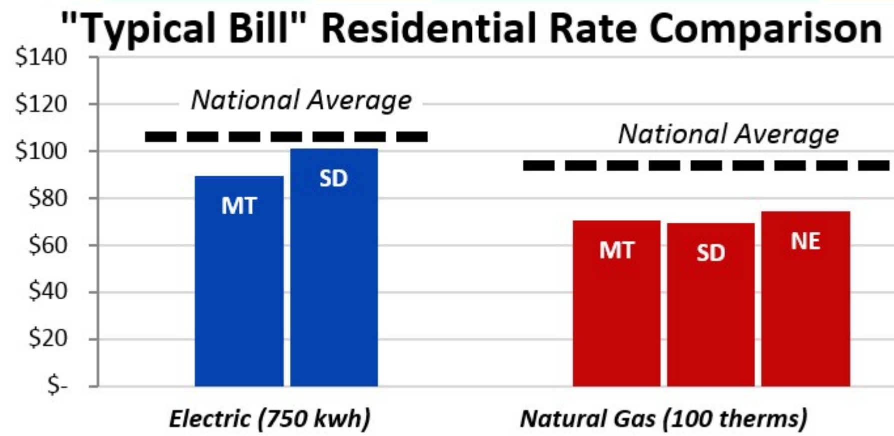
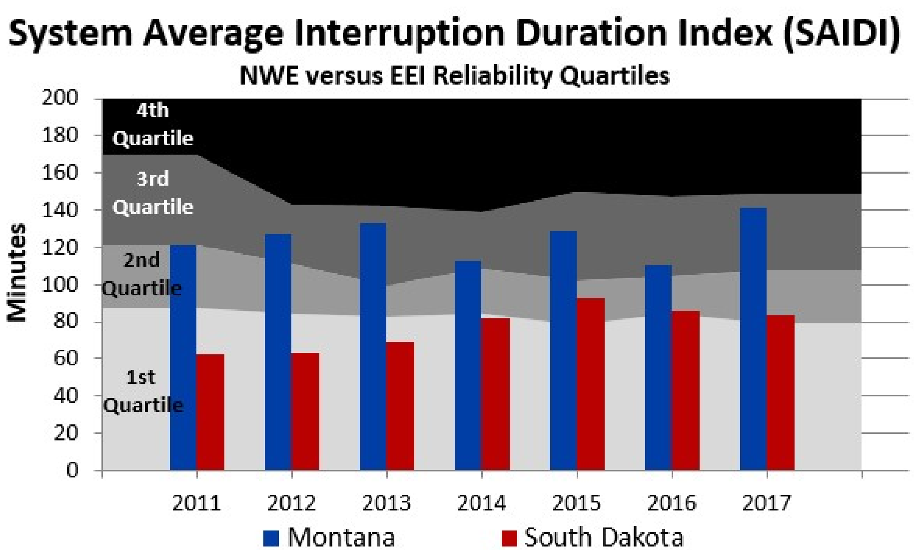
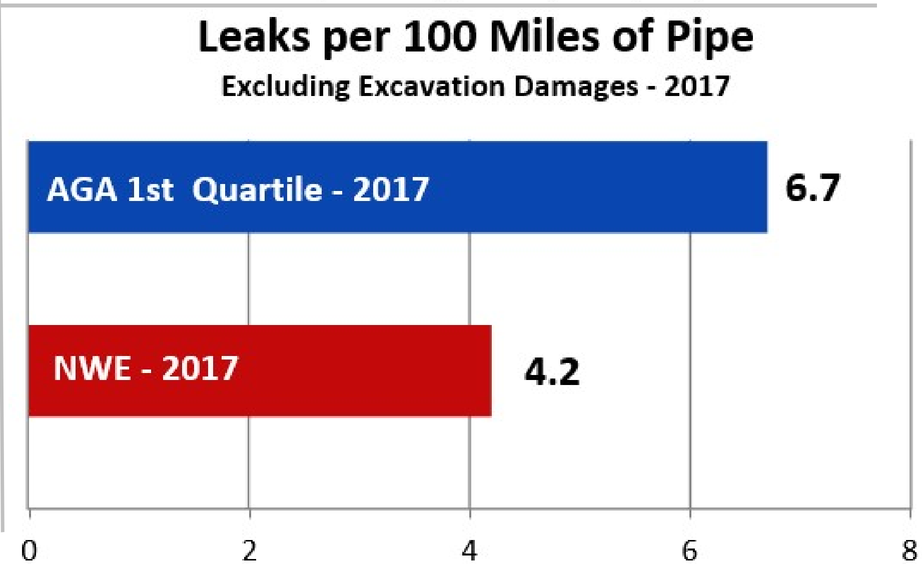
Strong Utility Foundation





Electric source: Edison Electric Institute Typical Bills and Average Rates Report, 1/1/18
Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2017

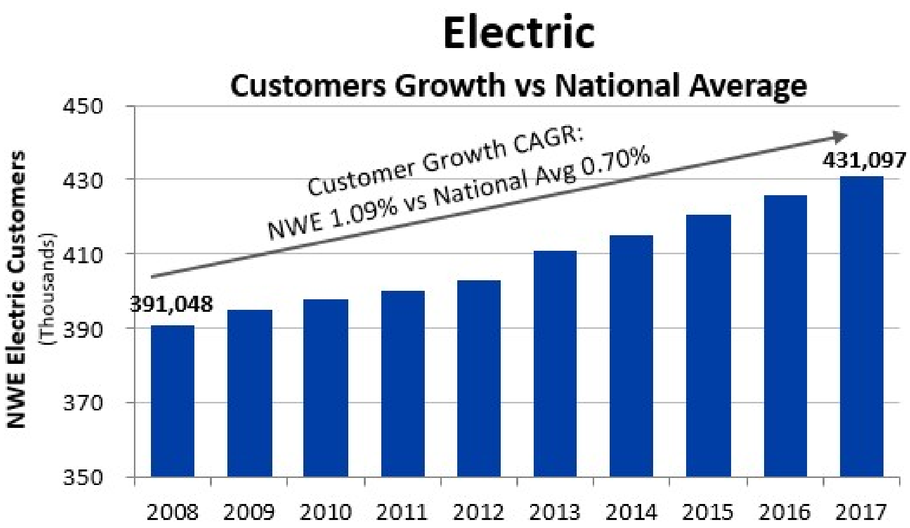


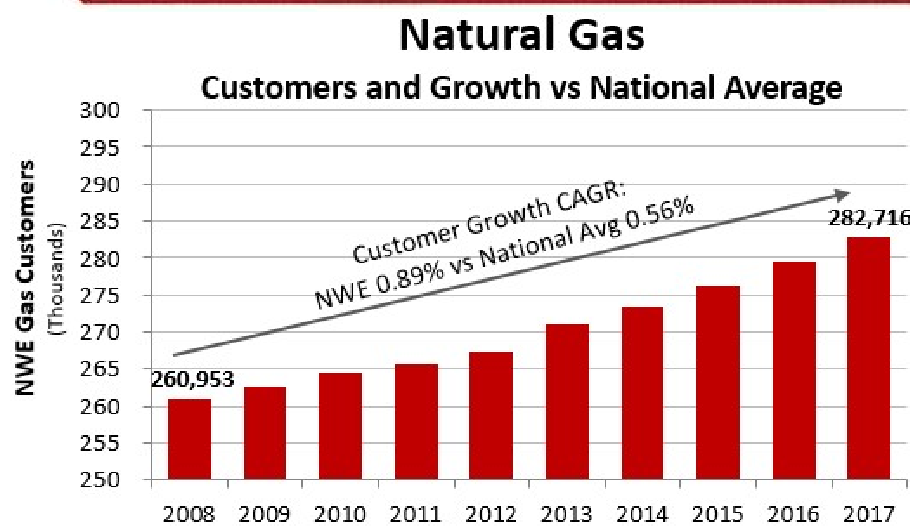


- Solid and improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average
- Solid electric system reliability and low gas leaks per mile

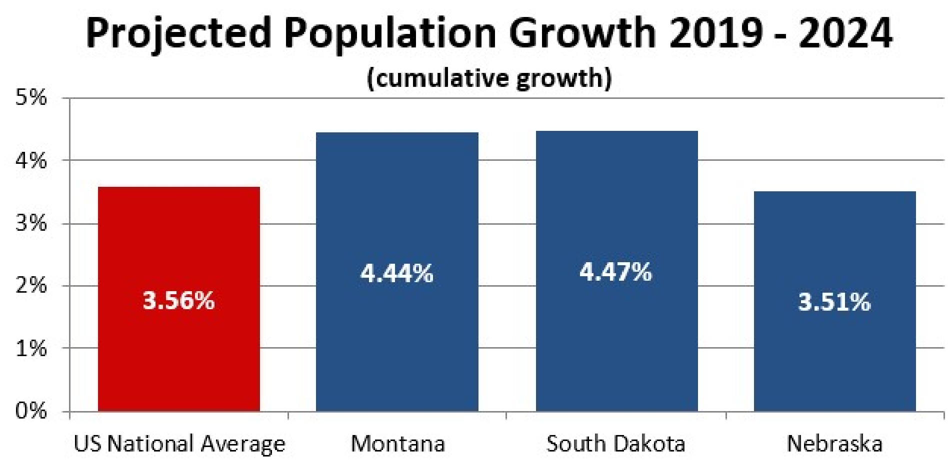
NorthWestern Energy
Delivering a Bright Future

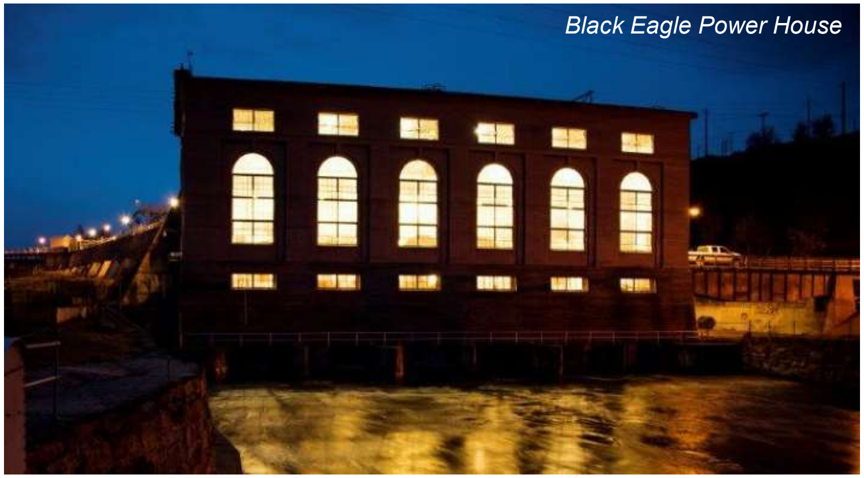
Solid Economic Indicators





Source: Company 10K's, 2015/2016 EEI Statistical Yearbook – Table 7.2 and EIA.gov

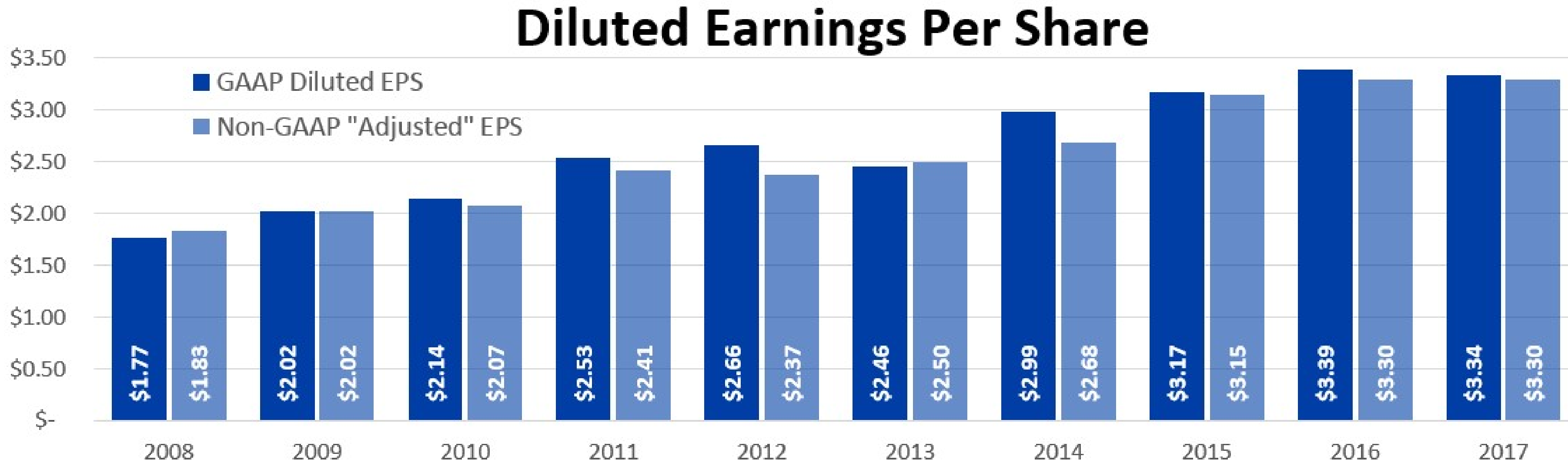


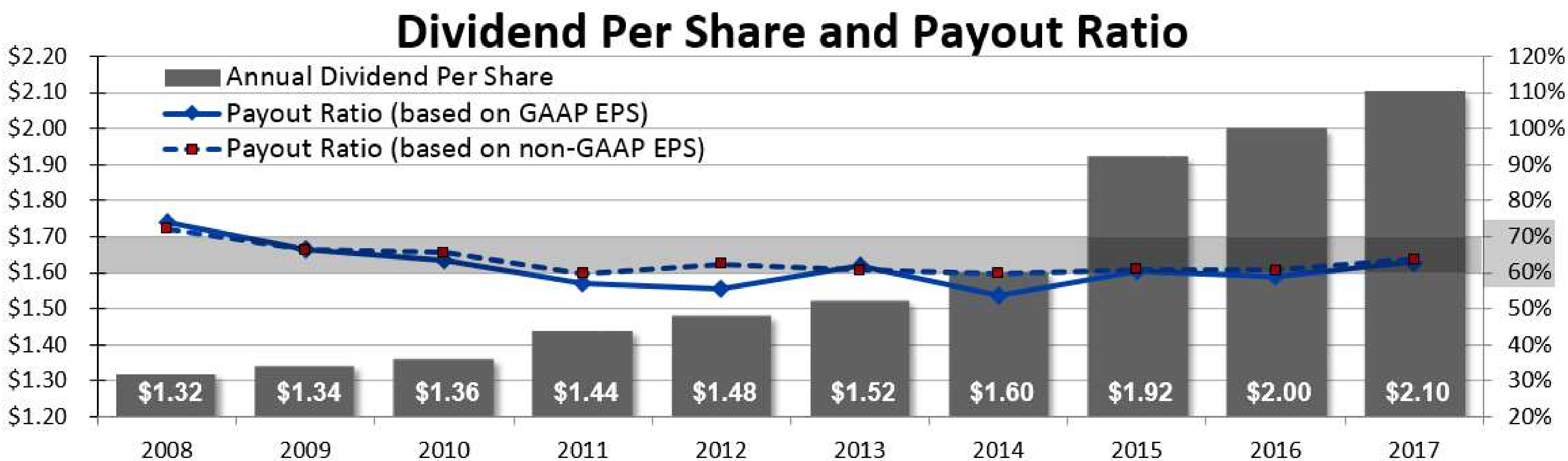


Source: Claritas via S&P Global Market Intelligence 10-26-18

- Customer growth rates historically exceed National Averages.
- Projected population growth in our service territories in-line or better than the National Average.

A History of Growth

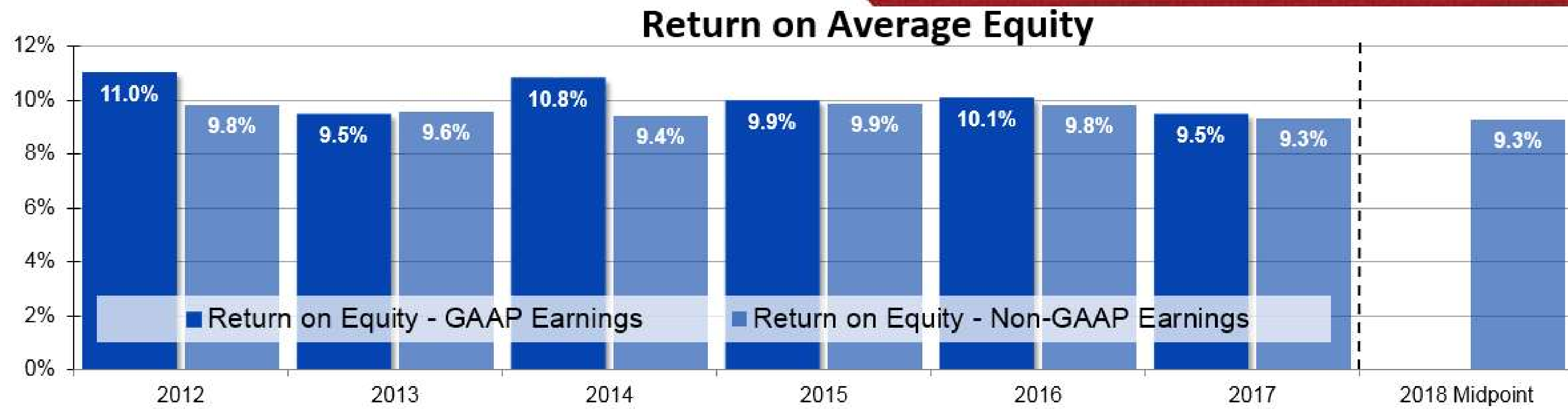


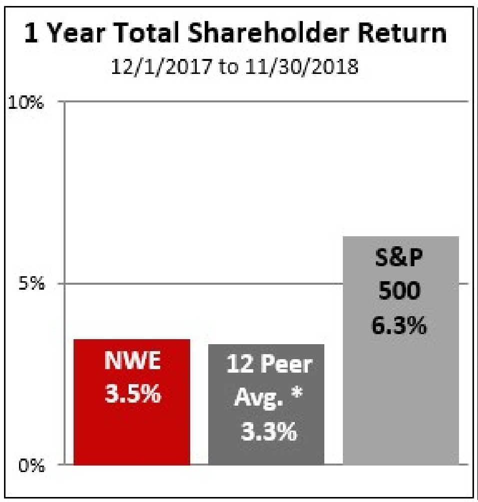


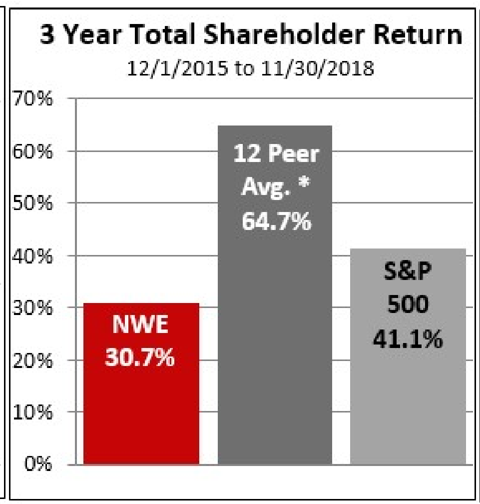
2008-2017 CAGR's: GAAP EPS: 7.3% - Non-GAAP EPS: 6.8% - Dividend: 5.3%

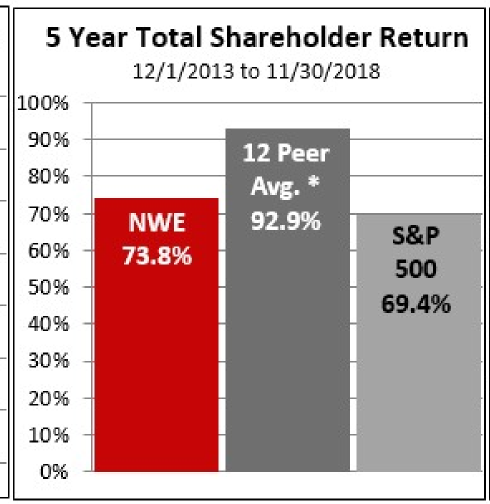
See appendix for "Non-GAAP Financial Measures"

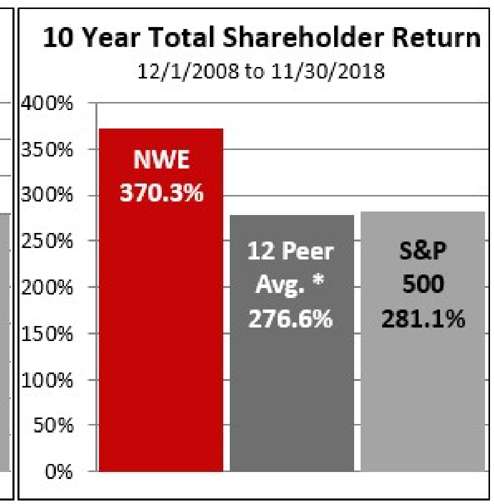
Track Record of Delivering Results











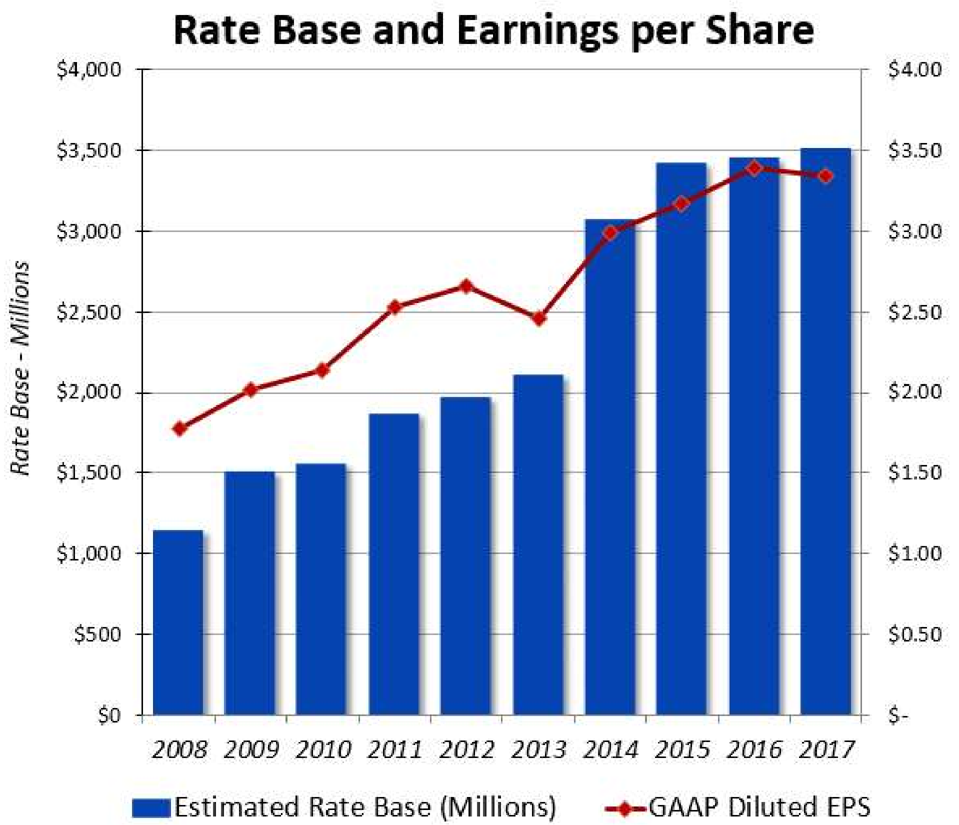
** Peer Group: ALE, BKH, EE, IDA, MGEE, NWN, OGE, OTTR, PNM, POR, SR, & VVC*

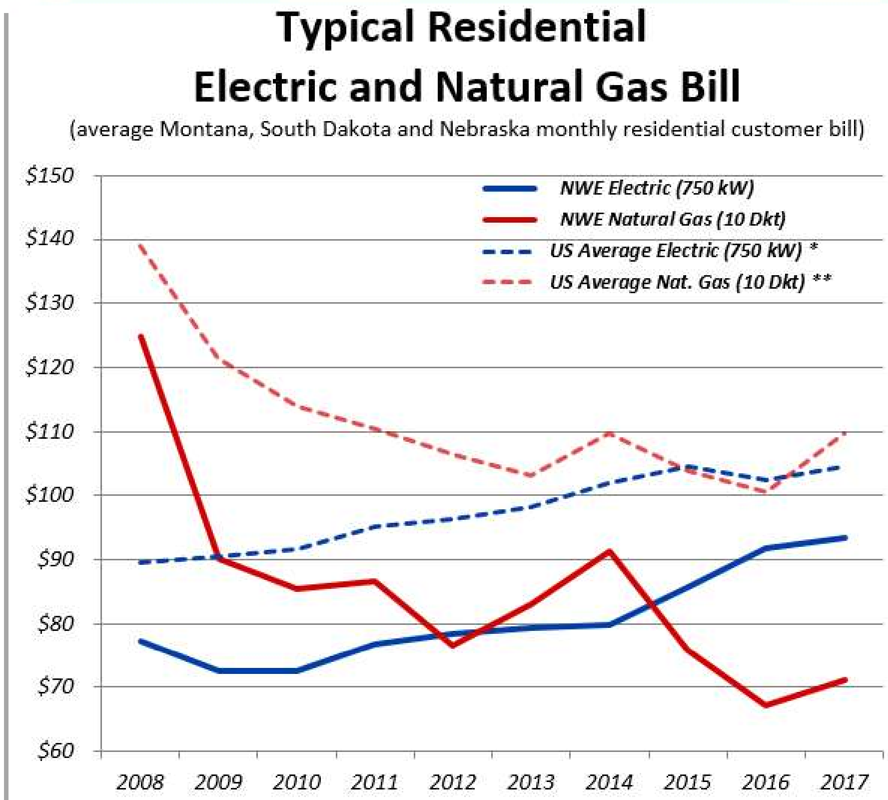
Return on Equity on GAAP Earnings within 9.5% - 11.0% band over the last 6 years with average of 9.9%.

See appendix for "Non-GAAP Financial Measures"

Total Shareholder Return is better than our 12 peer average for the 1 & 10 year periods but lags in the 3 & 5 year periods, due primarily to concerns over Montana regulatory decisions.

Investment for Our Customers' Benefit





* Electric - EEI Typical Bills and Average Summer and Winter Rates Report (2008-2017)
** Natural Gas - EIA U.S. Price of Natural Gas Delivered to Residential Customers (2008-2017)

Over the past 8 years we have been reintegrating our Montana energy supply portfolio and making additional investments across our entire service territory to enhance system safety, reliability and capacity.

We have made these enhancements with minimal impact to customers' bills while maintaining bills lower than the US average. As a result we have also been able to deliver solid earnings growth for our investors.

2008-2017 CAGRs	Estimated Rate Base: 13.3%	GAAP Diluted EPS: 7.3%
2008-2017 CAGRs	NWE typical electric bill: 2.1%	NWE typical natural gas bill: (6.1%)
2008-2017 CAGRs	US average electric bill: 1.7%*	US average natural gas bill: (2.6%)**

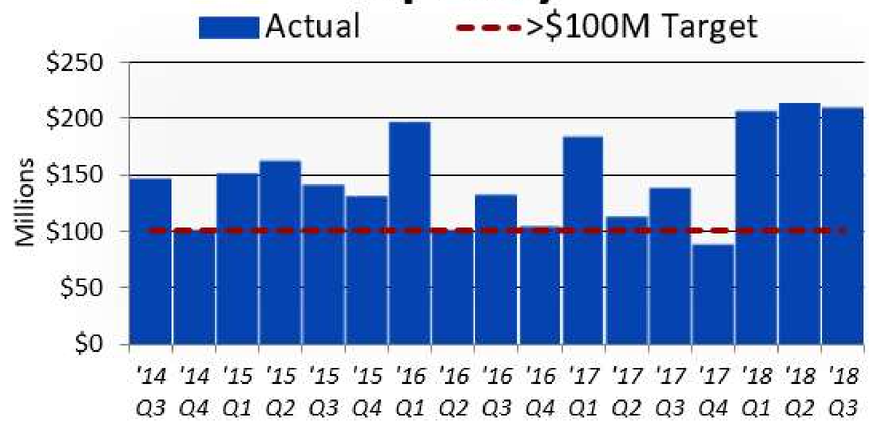
Balance Sheet Strength and Liquidity

Credit Ratings

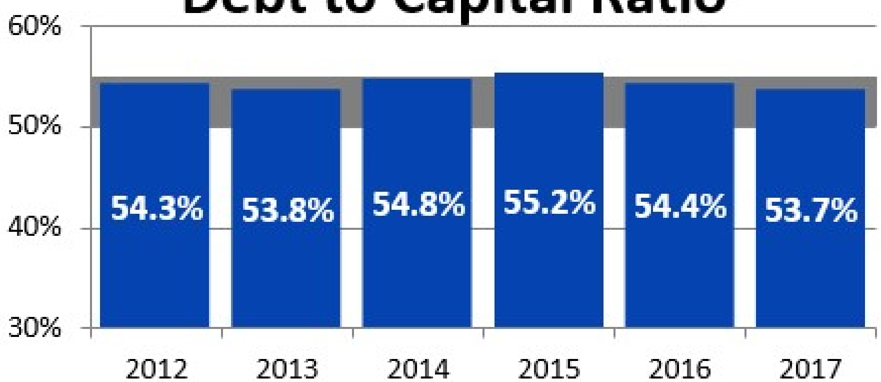
	Fitch	Moody's	S&P
Senior Secured Rating	A	A3	A-
Senior Unsecured Rating	A-	Baa2	BBB
Commerical Paper	F2	Prime-2	A-2
Outlook	Negative	Stable	Stable

A security rating is not a recommendation to buy, sell or hold securities. Such ratings may be subject to revisions or withdrawl at any time by the credit rating agency and each rating should be evaluated independently of any other rating.

Liquidity



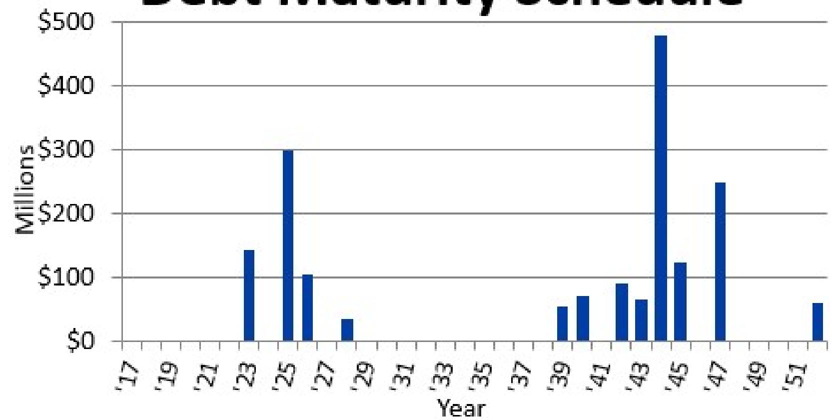
Debt to Capital Ratio



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

Debt Maturity Schedule



Investment grade credit ratings, generally liquidity in excess of $100 million target, debt to cap within our targeted 50%-55% range and no long-term debt maturities until 2023.

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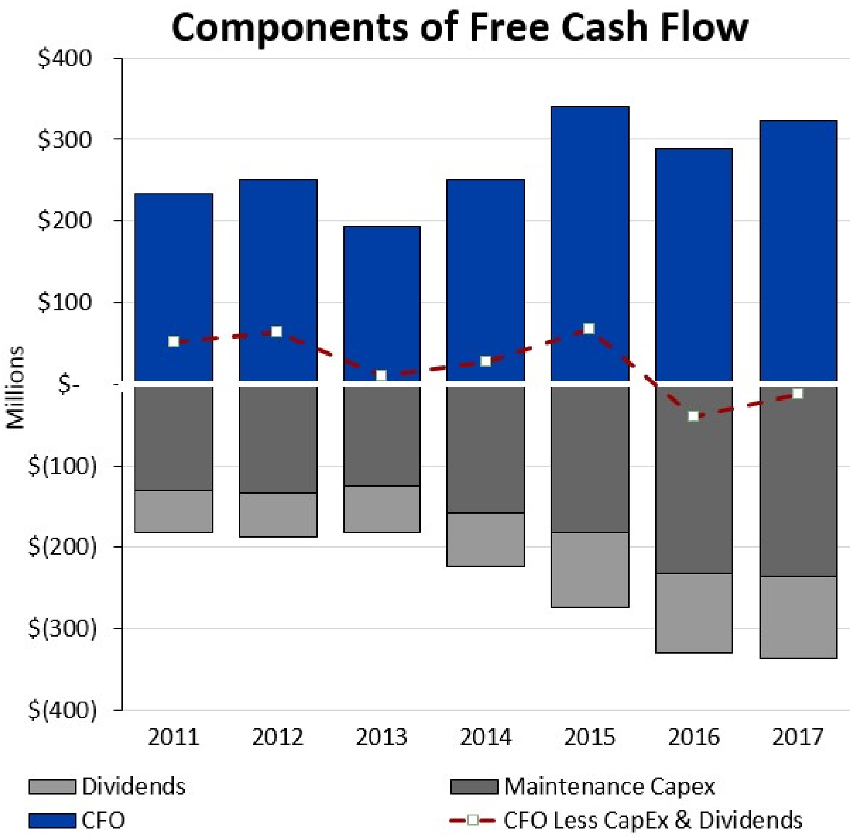
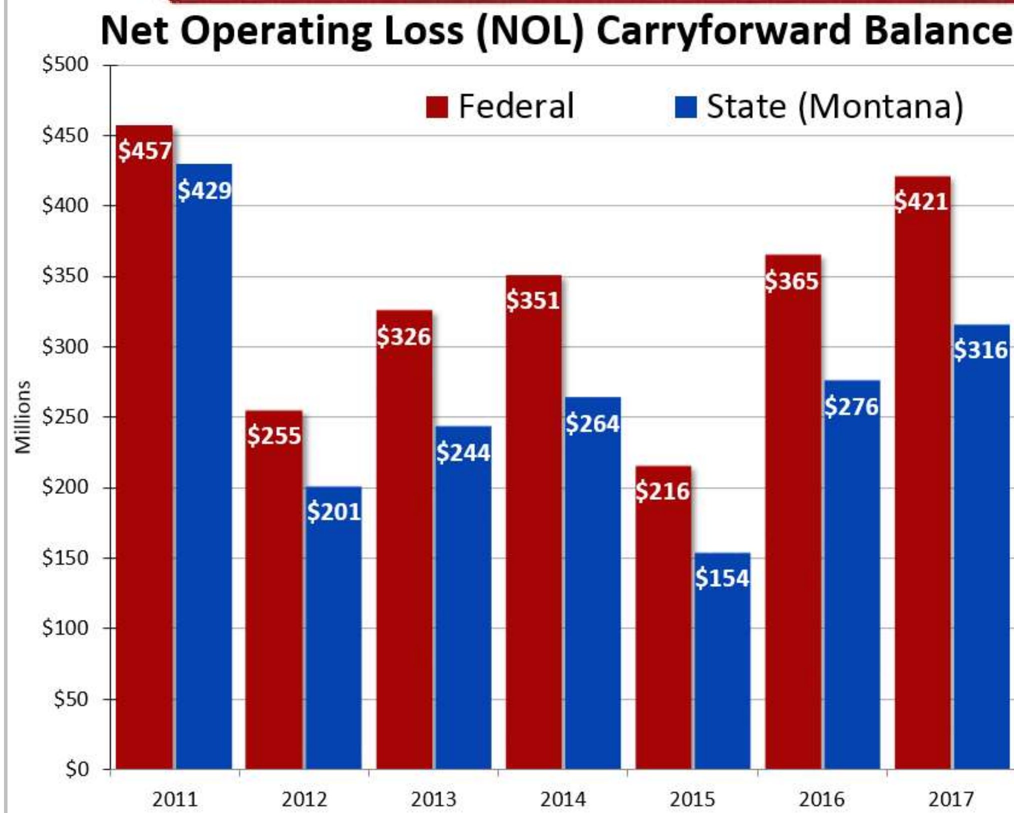
Strong Cash Flows



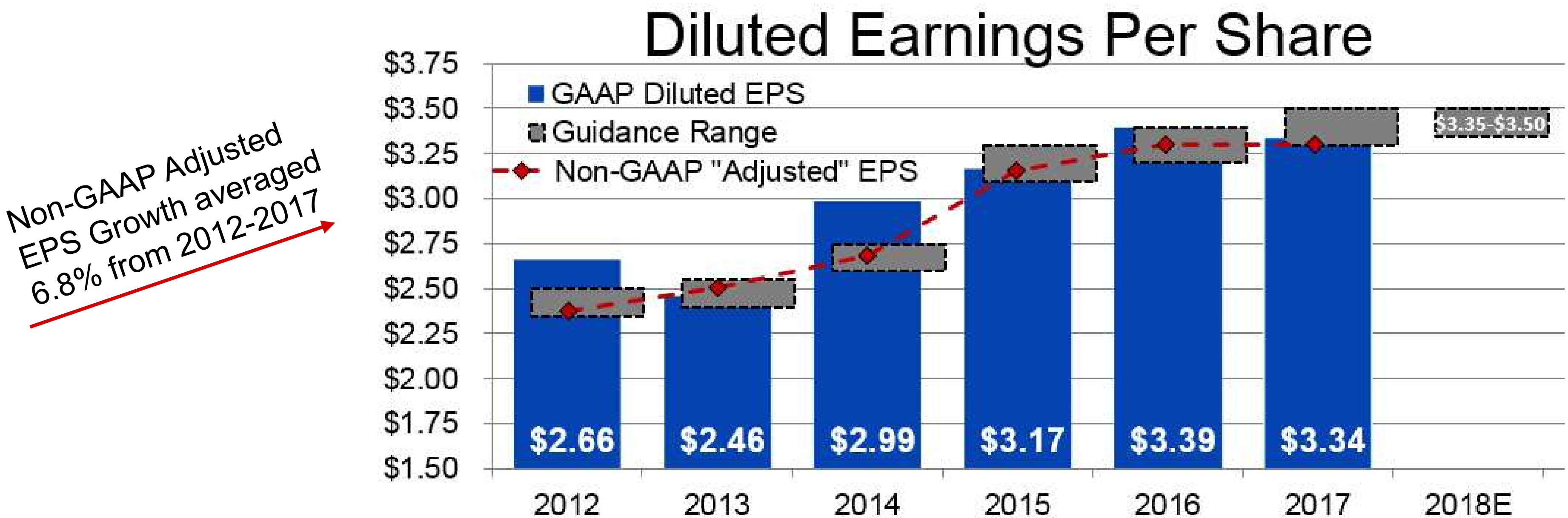


While maintenance capex and total dividend payments have continued to grow since 2011 (12.9% and 13.0% CAGR respectively), Cash Flow from Operations (CFO) has, on average, exceeded maintenance capex and dividend payments by approximately $24 million per year. *2016 CFO is less than 2015 largely due to $30.8M refund to customers related to FERC/DGGS ruling and $7.2M refund to customers for difference in SD Electric interim & final rates.*

We expect NOLs to be available into 2020 with alternative minimum tax credits and production tax credits to be available into 2022 to reduce cash taxes. Additionally, we anticipate our effective tax rate to approach 10% by 2022.

(See appendix for “Non-GAAP Financial Measures” relating to free cash flow and disclaimer on NOLs)

2018 Earnings Guidance



NorthWestern reaffirms its 2018 earnings guidance range of $3.35 - $3.50 per diluted share is based upon, but not limited to, the following major assumptions and expectations:

- Normal weather in our electric and natural gas service territories;
- Exclusion of Montana and South Dakota TCJA settlement impacts in excess of the actual 2018 income tax expense reduction;
- Recovery of Montana energy supply costs per our understanding of the pending PCCAM final order;
- A consolidated income tax rate of approximately 0% to 5% of pre-tax income; and
- Approximately 50.1 million diluted average shares outstanding.

Continued investment in our system to serve our customers and communities is expected to provide a targeted long term 6-9% total return to our investors through a combination of earnings growth and dividend yield. However, negative outcomes in upcoming regulatory proceedings may result in near-term returns below our 6-9% targeted range. Generation investment to reduce or eliminate our capacity shortfall could allow us to achieve the higher-end of our range over the long term.

See “Non-GAAP Financial Measures” slide in appendix for “Non-GAAP “Adjusted EPS”.

Summary Financial Results (Nine Months Ended September 30)

(in millions except per share amounts)

	Nine Months Ended September 30,			
	2018	2017	Variance	% Variance
Operating Revenues	$ 883.2	$ 961.1	$ (77.9)	(8.1%)
Cost of Sales	200.5	301.3	(100.8)	(33.5%)
Gross Margin (1)	**682.7**	**659.8**	**22.9**	**3.5%**
Operating Expenses				
Operating, general & administrative	222.0	218.6	3.4	1.6%
Property and other taxes	128.3	118.5	9.8	8.3%
Depreciation and depletion	130.9	124.5	6.4	5.1%
Total Operating Expenses	**481.2**	**461.6**	**19.6**	**4.2%**
Operating Income	**201.5**	**198.2**	**3.3**	**1.7%**
Interest Expense	(68.2)	(70.0)	1.8	2.6%
Other Income / (Expense)	1.8	(3.4)	5.2	152.9%
Income Before Taxes	**135.1**	**124.8**	**10.3**	**8.3%**
Income Tax Expense	(4.6)	(10.0)	5.4	54.0%
Net Income	**$ 130.5**	**$ 114.8**	**$ 15.7**	**13.7%**
Effective Tax Rate	3.5%	8.0%	(4.5%)	
Diluted: Average Shares Outstanding	50.0	48.5	1.5	3.1%
Diluted Earnings Per Share	$2.61	$2.37	$0.24	10.1%
Dividends Paid per Common Share	$1.65	$ 1.575	$ 0.075	4.8%

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

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Maintaining Full Year Non-GAAP Guidance

(in millions, except EPS)	Actual			Estimated to Meet Guidance					
	Nine Months Ended September 30, 2018			EPS Q4 2018			EPS Full Year 2018		
	Pre-tax Income	Net[(1)] Income	Diluted EPS	Low	-	High	Low	-	High
2018 Reported GAAP	$135.1	$130.5	$2.61						
Non-GAAP Adjustments:									
Remove favorable weather	(2.3)	(1.7)	(0.03)						
Remove gain on QF liability	(17.5)	(13.1)	(0.26)						
2018 Adjusted Non-GAAP	$115.3	$115.7	$2.32	$1.03	-	$1.18	$3.35	-	$3.50

(in millions, except EPS)				Actual					
	Nine Months Ended September 30, 2017			Q4 2017			Full Year 2017		
	Pre-tax Income	Net[(2)] Income	Diluted EPS	Pre-tax Income	Net[(2)] Income	Diluted EPS	Pre-tax Income	Net[(2)] Income	Diluted EPS
2017 Reported GAAP	$124.8	$114.8	$2.37	$51.3	$47.9	$0.97	$176.1	$162.7	$3.34
Non-GAAP Adjustments:									
Remove favorable weather	(1.6)	(1.0)	(0.02)	(1.8)	(1.1)	(0.02)	(3.4)	(2.1)	(0.04)
2017 Adjusted Non-GAAP	$123.2	$113.8	$2.35	$49.5	$46.8	$0.95	$172.7	$160.6	$3.30

(1) Income tax calculation on reconciling adjustments assumes updated federal plus state statutory effective tax rate of 25.3%.

(2) Income tax calculation on reconciling adjustments assumes previous federal plus state statutory effective tax rate of 38.5%.

In order to meet 2018 guidance, we will need to deliver EPS of $1.03 - $1.18 during the fourth quarter of the year. This compares to $0.95 earned in the fourth quarter of 2017.

The non-GAAP measures presented in the table to the left are being shown to reflect significant items that were not contemplated in our original guidance, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

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See "Non-GAAP Financial Measures" slide in appendix for "Non-GAAP "Adjusted EPS".

Regulatory & Legal Update

Power Cost and Credit Adjustment Mechanism (PCCAM)

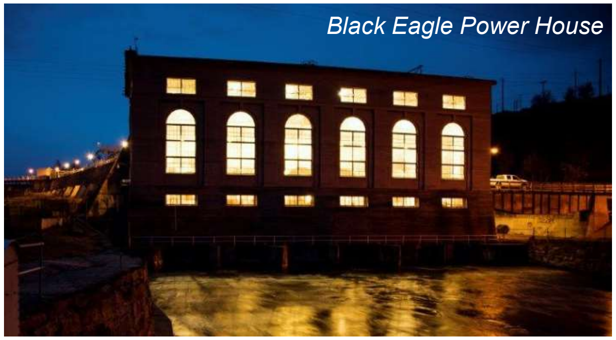
- In May 2017, the MPSC initiated a docket to implement House Bill 193 (HB193), which removed statutory language mandating tracking of electricity supply costs and replaced it with language that gives the MPSC discretionary authority.

- In July 2017, we filed a proposal for the PCCAM that incorporates a sharing ratio of 90/10 between customers and shareholders for supply expenses above and below an established baseline.
- In November 2018, the MPSC **voted to approve a PCCAM with the following provisions**:
  - Adopt the MPSC Staff's recommendation with regard to categories and amounts of base supply costs, which are consistent with what we proposed;
  - A sharing mechanism that includes a +/- $4.1 million deadband around the base, with differences beyond the deadband shared 90% customers and 10% shareholders; and
  - Retroactive implementation to the effective date of HB 193 (July 1, 2017).
- **We have recorded a $1.8 million net reduction in revenue to be recovered from customers. This includes an approximately $3.3 million increase in revenues for the PCCAM period 2017/2018 offset by an approximately $5.1 million reduction in revenues for the first three months of the 2018/2019 PCCAM period. We are currently reviewing the final order issued on November 29, 2018.**

Colstrip Unit 4 - Disallowance of 2013 Replacement Power Costs

- In May 2016, the MPSC issued a final order disallowing recovery of certain costs
- In September 2016, we appealed the order to the Montana District Court arguing the decision was arbitrary and capricious and violated Montana law.
- In July 2018, the District Court issued a decision upholding the MPSC's order disallowing recovery of the replacement power costs. **We have elected not to appeal this decision to Montana Supreme Court.**

Estimated Impacts of the Tax Cuts & Jobs Act



South Dakota – In September 2018, the South Dakota Public Utility Commission approved a settlement agreement resulting in a **one-time refund to electric and natural gas customers of $3.0 million** by October 31, 2018. This includes a two-year rate moratorium, ensuring rates remain static until January1, 2021.

Nebraska – In August 2018, the Nebraska Public Service Commission approved a settlement between us and the cities of Grand Island, Kearney and North Platte to evaluate the impact of the TCJA on an annual basis. This is consistent with **our proposal to use any calculated customer benefit to defer planned future rate filings** and had no impact on our financial statements.

Montana – In March 2018, we submitted a filing to the MPSC calculating the estimated benefit of the TCJA related savings to customers using two alternatives - current year and historical test year methodologies.
On November 9th, we reached an all-party agreement with intervenors to provide a **one-time credit of $20.5 million to eligible customers** commencing within 30 days of MPSC approval. This includes a $19.2 million credit to electric customers and $1.3 million credit to natural gas customers. In addition to the one-time bill credit, the settlement also reduces rates for all natural gas customers by approximately $1.3 million annually beginning January 1, 2019. **The MPSC voted 5-0 to approve the stipulation during a November 27, 2018 work session.**

NorthWestern previously disclosed a range of possible financial impacts related to the outcome of the TCJA and indicated that a portion of the settlements resolution may be excluded from 2018 adjusted non-GAAP earnings guidance. **NorthWestern expects to exclude from 2018 earnings settlement impacts in excess of the 2018 reduction in income taxes.**

As a result of tax reform, we updated our 2018 effective tax rate assumption to 0% - 5% (8% - 12% prior to TCJA) and reduced our deferred tax liability by $321 million as of December 31, 2017. This reduction was offset in regulatory assets and liabilities. Net Operating Losses are now anticipated to be fully utilized in 2020 (previously 2021).

We currently believe our debt coverage ratios will be adequate to maintain existing credit ratings. However, further negative regulatory actions could lead to credit downgrades and could necessitate additional equity issuances.

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Montana Electric Rate Case

Background

- First general electric rate case in Montana since 2009.
- While we have efficiently managed operating and administrative costs, increased Montana property taxes and significant investment in the system have compelled the request for rate relief.

Filing (Docket D2018.2.12)

- Filed with the MPSC in September 2018 based on 2017 test year and $2.34 billion of rate base.
- Requesting $34.9 million annual increase to electric rates. This reflects a 6.6% increase to Montana electric revenues and a 7.4% increase to the typical residential bill.
- 10.65% return on equity, 4.26% cost of debt, 49.4% equity and 7.42% return on rate base[1]
- Requested $13.8 million interim increase effective Nov. 1, 2018 (awaiting decision).
- Requests the following additional items
  - Approval to capitalize Demand Side Management Costs
  - Establish a new baseline for PCCAM costs
  - Place Two Dot Wind project in rate base
  - Approval of new net metering customer class and rate for new residential private generation customers

Timeline

- January 18, 2019: Final day for NWE to respond to discovery
- February 8, 2019: Final day for intervenor testimony
- April 5, 2019: Final day for NWE rebuttal testimony & cross intervenor testimony
- May 8, 2019: Final day for NWE and intervenors to file pre-hearing memoranda
- May 13, 2019: Hearing commences

1. Except for Colstrip Unit 4 which has an lifetime ROR of 8.25% per D2008.6.69 (Order No. 6925f)

Experienced Leadership & Solid Corp. Governance

Board of Directors (left to right)

Linda G. Sullivan *– Independent Director since April 27, 2017 – Audit Committee (Chair)*
Dana J. Dykhouse *– Independent Director since January 30, 2009 – Human Resources (Chair) and Audit Committees*
Britt E. Ide *– Independent Director since April 27, 2017 – Governance & Innovation Committee*
Jan R. Horsfall *– Independent Director since April 23, 2015 – Audit and Governance & Innovation Committees*
Anthony T. Clark *– Independent Director since December 6, 2016 – Governance & Innovation Committee*
Robert C. Rowe *- CEO & President – Director since August 13, 2008*
Dr. E. Linn Draper Jr. *–Retired (April 2018) Chairman of the Board*
Julia L. Johnson *– Independent Director since November 1, 2004 – Governance & Innovation (Chair) and Human Resources Committees*
Stephan P. Adik *– Chairman of the Board - Independent Director since November 1, 2004*

Executive Management Team (left to right)

Crystal D. Lail *– VP & Controller – current position since 2015*

Curtis T. Pohl *– VP Distribution – current position since 2003*

Bobbi L. Schroeppel *– VP Customer Care, Communications & Human Resources – current position since 2002*

Brian B. Bird *– CFO – current position since 2003*

Heather H. Grahame *– General Counsel and Vice President – Regulatory and Federal Government Affairs– current position since 2010*

Robert C. Rowe *- President & CEO – current position since 2008*

John D. Hines *– VP Supply – current position since 2011*

Michael R. Cashell *– VP Transmission – current position since 2011*

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Recent Significant Achievements

Strong year for safety at NorthWestern

- Continue to be a top performer among Edison Electric Institute member companies.

Record best customer satisfaction scores with JD Power & Associates

- Once again received our best JD Powers overall satisfaction survey score in 2017.

Corporate Governance Finalist

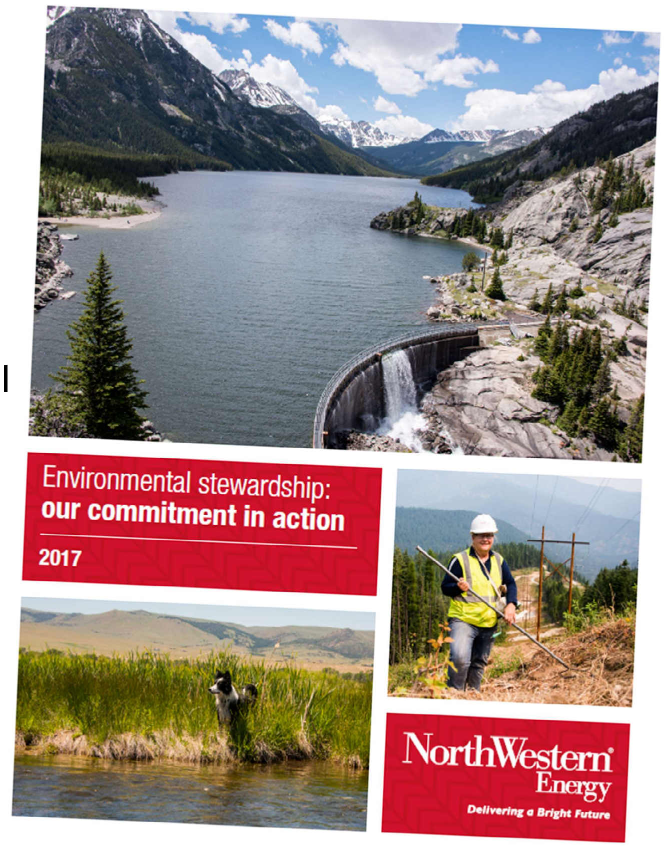
- In 2018 NorthWestern's proxy statement was again (6 of last 7 years) recognized as a finalist for "Best Proxy Statement (Small to Mid Cap)" by *Corporate Secretary Magazine*. We won the award in 2014.

Board Diversity Recognition

- Recognized for gender diversity on its board of directors by 2020 Women on Boards. Three of the company's eight independent directors are female.

Second Annual Environmental Report

- Published in December 2017, this report highlights our commitment to the stewardship of natural resources and our sustainable business practices.



Acquired Two Dot Wind Farm

- June 2018 acquired 9.7 MW wind project, near Geyser, Montana, from NJR Clean Energy Ventures, for $18.5 million.

Looking Forward

Regulatory

- Review implications and next steps of final order issued on November 29, 2018 for Power Cost and Credit Adjustment Mechanism.
- MPSC staff and commissioners to review Montana general electric rate review, filed in September 2018.

Continue to Invest in our T&D infrastructure

- Transition from DSIP/TSIP to overall infrastructure capital investment plan
- Natural gas pipeline investment (Integrity Verification Process and PHMSA[1] Requirements)
- Grid modernization, advanced distribution management system and advanced metering infrastructure investment

Much of our focus over the remainder of the year will be on the electric rate review in Montana, controlling costs to benefit all stakeholders and continuing to invest in our core business to provide safe and reliable energy for all of our customers.

Electricity Resource Procurement Plan

- Montana: Least cost / lowest risk approach to address intermittent capacity and reserve margin needs. Per MPSC direction, a draft ERPP is to be filed by March 15, 2019 followed by 60 day public comment period. The final report, to be published mid-2019, will address public comments.
- South Dakota's plan published September 2018, with implementation in process.

Cost Control Efforts

- Continue to monitor costs, including labor, benefits and property tax valuations to mitigate increases.

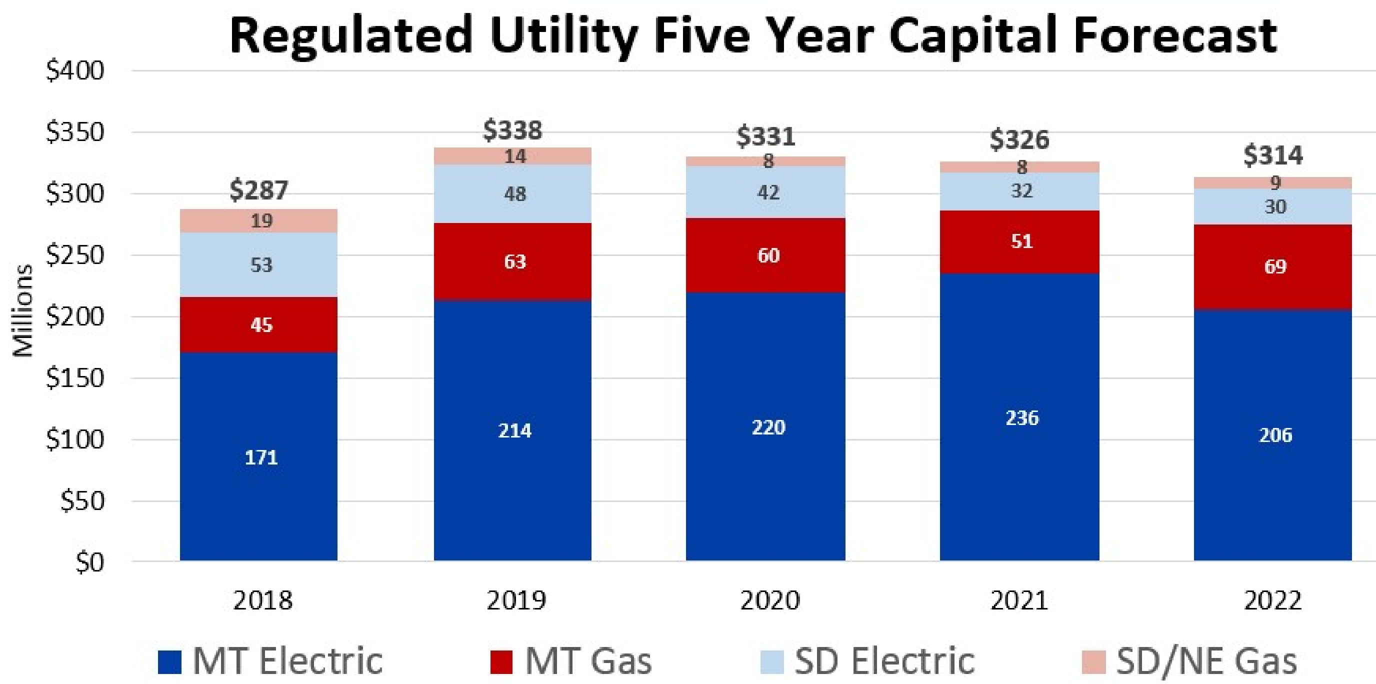
1 PHMSA: Pipeline and Hazardous Materials Safety Administration

Capital Investment Forecast

$1.6 billion estimated cumulative 5 year capital investment.

We anticipate funding the expenditures with a combination of cash flows (aided by NOLs available into 2020) **and long-term debt issuances.**

Significant capital investments, that are not in the above projections, or further negative regulatory actions could necessitate additional equity issuances.



	2018	2019	2020	2021	2022
Electric	$ 223.1	$ 261.5	$ 262.5	$ 267.1	$ 236.0
Natural Gas	64.3	76.5	68.4	58.9	78.1
Total Capital	$ 287.4	$ 338.0	$ 330.9	$ 326.0	$ 314.1

Capital projections above do not include investment to address capacity issues as identified in the recently published South Dakota Electricity Supply Resource Procurement Plan nor the Montana plan to be released in 2019.

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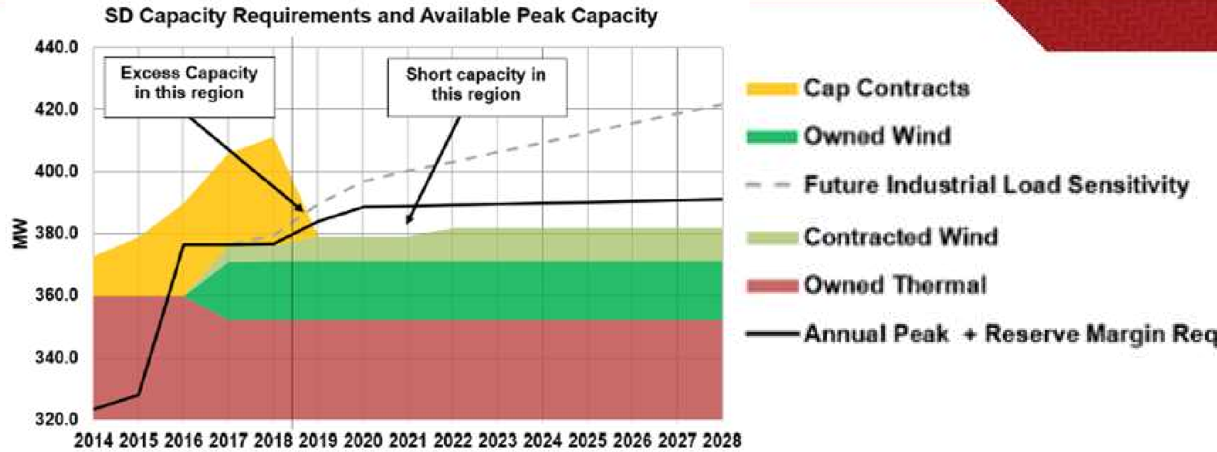
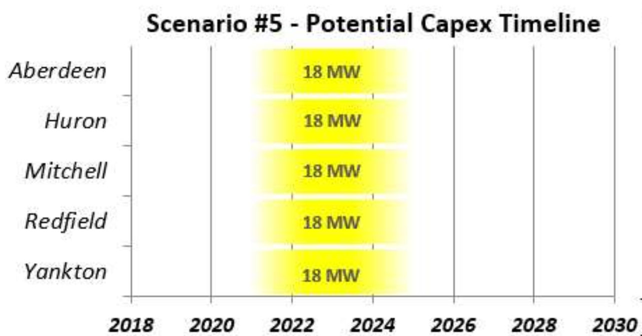
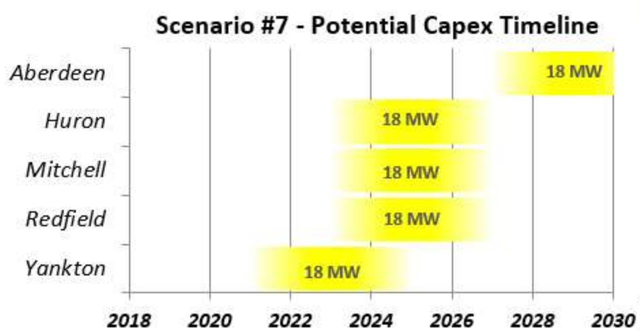
South Dakota Electric Supply Resource Plan





Scenario # 5
Capital Opportunity ($millions)

Decommissioning Costs	Site Upgrades	New Build	Total Costs
$0.8	$0.0	$47.4	**$48.2**
$1.5	$0.0	$47.4	**$48.9**
$0.0	$0.3	$47.4	**$47.7**
$0.0	$11.8	$47.4	**$59.2**
$2.4	$1.8	$47.4	**$51.6**
$4.7	**$13.9**	**$237.2**	**$255.7**



Scenario # 7
Capital Opportunity ($millions)

Decommissioning Costs	Site Upgrades	New Build	Total Costs
$0.9	$0.0	$55.0	**$55.9**
$1.6	$0.0	$49.8	**$51.4**
$0.0	$0.3	$49.8	**$50.2**
$0.0	$12.4	$49.8	**$62.2**
$2.4	$1.8	$47.4	**$51.6**
$4.8	**$14.5**	**$251.9**	**$271.3**

NorthWestern and HDR Engineering investigated various retirement & replacement scenarios to assess potential for modernizing its generation fleet and improve reliability and operational flexibility.

The distributed generation fleet as shown in Scenario 5* (below) is the best solution to meet the Southwest Power Pool's 12% planning reserve margin and benefit the system through:

- Improved transmission reliability and lower system losses;
- Improved restoration times;
- Increased natural gas supply diversity;
- Additional localized ancillary services;
- Staged approach to incorporate new technologies, adjust to changing load centers and moderate customer rate impacts; and
- Broadened tax base and multiple economic development opportunities across several communities.

** Scenario 7 is a potential alternative as it is similar to Scenario 5 but spreads out retirement and replacements over a longer 10 year period.*

** Capacity solutions, including the scenarios on this page, will ultimately be subject to a competitive solicitation process to ensure least cost and lowest risk alternatives are procured.*

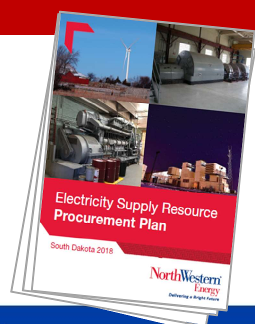
** Capital investment related to this resource plan is not included in our current 5 year capital estimates. It is anticipated a portion of this investment will be incorporated into our updated capital estimates that will be provided in February 2019.*

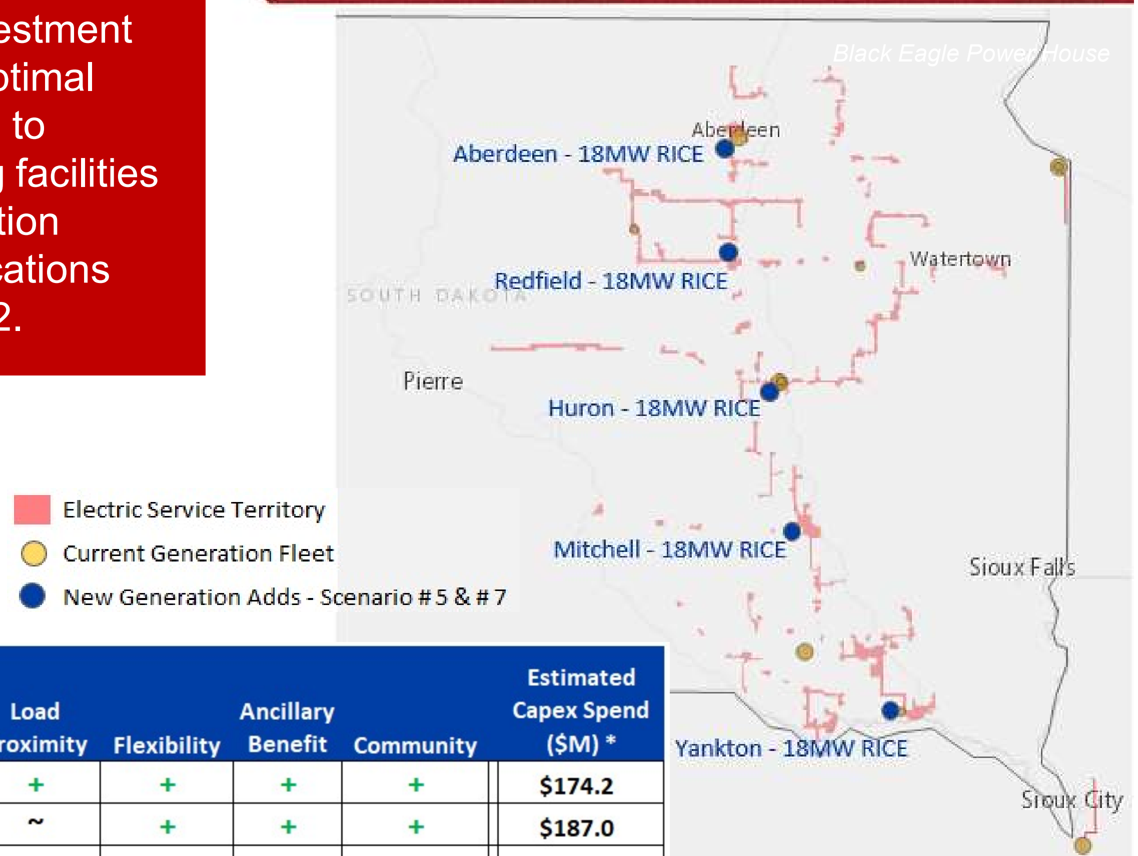
South Dakota Electric Supply Resource Plan

Scenario 5, or potentially Scenario 7 (investment spread out over longer period), are the optimal choices in our SD Electric Resource Plan to pursue. We would retire older generating facilities and build Reciprocating Internal Combustion Engine Facilities (18 MW each) in five locations within our service territory starting in 2022.

For more information go to

http://www.northwesternenergy.com/docs/default-source/documents/investor/sd-2018-plan.pdf





Scenarios	Modernized Capacity (MW)	Fleet Reliability	Maintainability	Load Proximity	Flexibility	Ancillary Benefit	Community	Estimated Capex Spend ($M) *
# 1 (115 kV)	72.5	~	+	+	+	+	+	$174.2
#2 (Mitchell - LMP)	72.5	~	+	~	+	+	+	$187.0
#3 (Yankton - LMP)	72.5	~	+	~	+	+	X	$178.4
#4 (HGS Hub)	72.5	~	+	X	+	+	X	$126.8
#5 (Distribution)	90.6	+	+	+	+	+	+	$255.7
#6 (1-for-1)	18.1	X	X	X	X	X	~	$51.6
#7 (#5 - 10 year)	90.6	~	~	+	~	~	+	$271.3
Existing	0	X	X	~	X	X	~	$0

\+ Positive ~ Neutral X Negative

** Capacity solutions, including the scenarios on this page, will ultimately be subject to a competitive solicitation process to ensure least cost and lowest risk alternatives are procured.*

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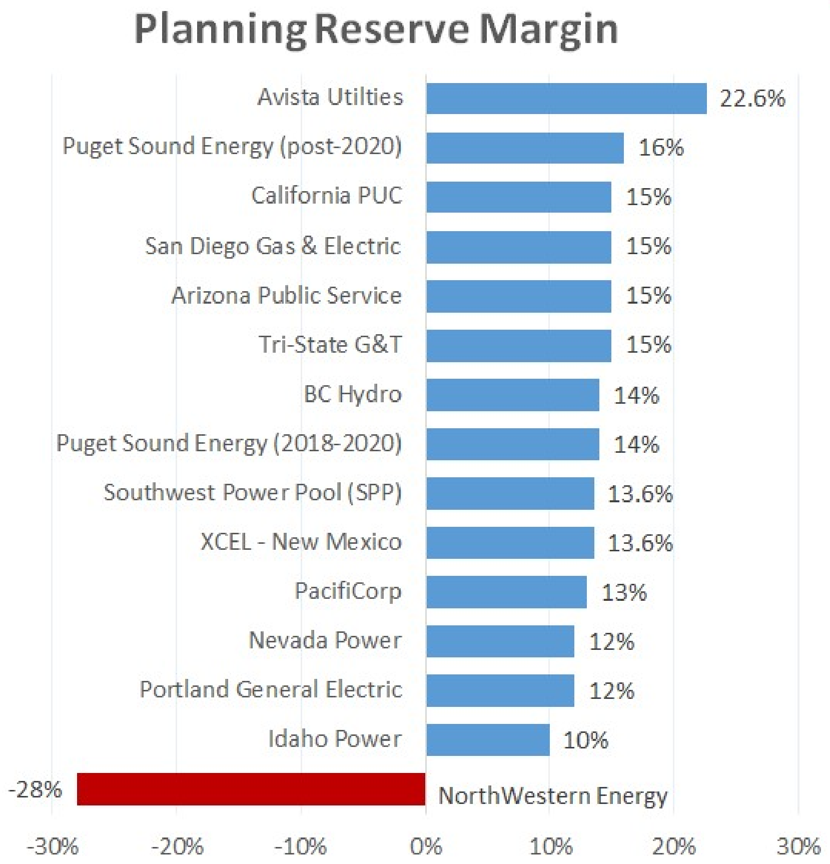
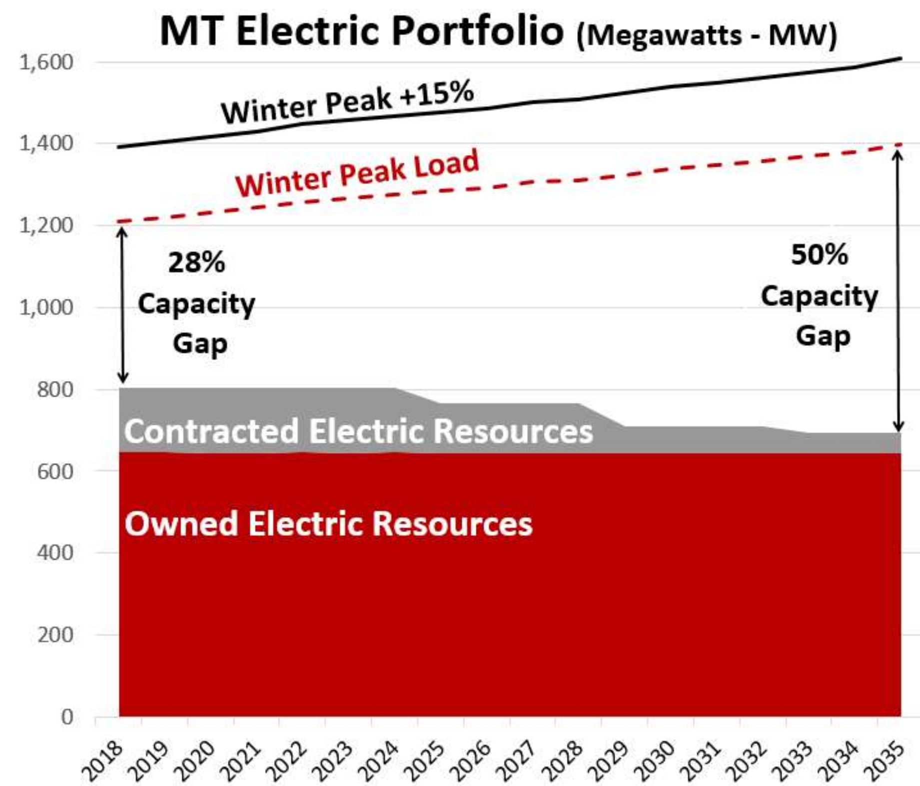
** Capital investment related to this resource plan is not included in our current 5 year capital estimates. It is anticipated a portion of this investment will be incorporated into our updated capital estimates that will be provided in February 2019.*

Montana Critical Capacity Shortfall





NorthWestern's current planning reserve margin is negative 28%. The 2015 Energy Resource Procurement Plan (ERPP) projected this to grow to negative 50% by 2035 without the addition of incremental owned or contracted portfolio resources.

Per MPSC direction, a draft ERPP is to be filed by March 15, 2019 followed by 60 day public comment period. The final report, to be published mid-2019, will address public comments.

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Conclusion


Best Practices Corporate Governance
Pure Electric & Gas Utility
Solid Utility Foundation
Strong Earnings & Cash Flows
Attractive Future Growth Prospects

Delivering a **bright future**

NorthWestern® Energy

Summary Financial Results (Third Quarter)

(in millions except per share amounts)

	Three Months Ended September 30,			
	2018	2017	Variance	% Variance
Operating Revenues	$ 279.9	$ 309.9	$ (30.0)	(9.7%)
Cost of Sales	72.2	97.5	(25.3)	(25.9%)
Gross Margin	**207.7**	**212.4**	**(4.7)**	**(2.2%)**
Operating Expenses				
Operating, general & administrative	73.8	67.7	6.1	9.0%
Property and other taxes	42.5	39.1	3.4	8.7%
Depreciation and depletion	43.6	41.5	2.1	5.1%
Total Operating Expenses	**159.9**	**148.3**	**11.6**	**7.8%**
Operating Income	**47.8**	**64.1**	**(16.3)**	**(25.4%)**
Interest Expense	(22.0)	(23.1)	1.1	4.8%
Other Income / (Expense)	2.0	(1.8)	3.8	211.1%
Income Before Taxes	**27.8**	**39.2**	**(11.4)**	**(29.1%)**
Income Tax Benefit / (Expense)	0.4	(2.8)	3.2	114.3%
Net Income	**$ 28.2**	**$ 36.4**	**$ (8.2)**	**(22.6%)**
Effective Tax Rate	(1.4%)	7.1%	-8.5%	
Diluted: Shares Outstanding	50.5	48.6	1.9	3.9%
Diluted Earnings Per Share	$ 0.56	$ 0.75	$ (0.19)	(25.3%)
Dividends Paid per Common Share	$ 0.55	$ 0.525	$ 0.025	4.8%

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure. See appendix for additional disclosure.

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Gross Margin (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2018	2017	Variance	
Electric	$ 178.7	$ 183.5	($ 4.8)	(2.6%)
Natural Gas	29.0	28.9	0.1	0.3%
Total Gross Margin	**$ 207.7**	**$ 212.4**	**($ 4.7)**	**(2.2%)**

Decrease in gross margin due to the following factors:

$ (3.2)	Electric retail volumes
(1.8)	Power Cost and Credit Adjustment Mechanism (PCCAM)
(0.2)	Montana natural gas rates
1.2	Electric transmission
0.4	Natural gas retail volumes
(0.3)	Other
$ (3.9)	**Change in Gross Margin Impacting Net Income**
$ (2.9)	Tax Cuts and Jobs Act
(1.4)	Production tax credits flowed-through trackers
3.0	Property taxes recovered in trackers
0.5	Operating expenses recovered in trackers
$ (0.8)	**Change in Gross Margin Offset Within Net Income**
$ (4.7)	**Decrease in Gross Margin**

During the first quarter of 2018, we revised our presentation of revenues associated with being a market participant in the Southwest Power Pool to net them with the associated cost of sales. These revenues were previously recorded gross in electric revenues in the Condensed Consolidated Statement of Income. This results in a decrease in electric revenue and a corresponding decrease in cost of sales. There was no impact to operating or net income. We assessed the materiality of this change in presentation, taking into account quantitative and qualitative factors, and determined it to be immaterial. We applied the change in presentation **prospectively** only.

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(1) *Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure See appendix for additional disclosure.*

Weather (Third Quarter)

Heating Degree - Days	Q3 Degree Days 2018	Q3 Degree Days 2017	Q3 Degree Days Historic Average	Q3 2018 as compared with: 2017	Q3 2018 as compared with: Historic Average
Montana	417	324	339	29% colder	23% colder
South Dakota	23	65	78	65% warmer	71% warmer
Nebraska	10	27	41	63% warmer	76% warmer

Cooling Degree-Days	Q3 Degree Days 2018	Q3 Degree Days 2017	Q3 Degree Days Historic	Q3 2018 as compared with: 2017	Q3 2018 as compared with: Historic
Montana	305	466	361	35% cooler	16% cooler
South Dakota	706	572	642	23% warmer	10% warmer

We estimate unfavorable weather in Q3 2018 resulted in a $1.1M pretax detriment as compared to normal and $1.5M pretax detriment as compared to Q3 2017.

Operating Expenses (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2018	2017	Variance	
Operating, general & admin.	$ 73.8	$ 67.7	$ 6.1	9.0%
Property and other taxes	42.5	39.1	3.4	8.7%
Depreciation and depletion	43.6	41.5	2.1	5.1%
Operating Expenses	**$ 159.9**	**$ 148.3**	**$ 11.6**	**7.8%**

Increase in operating, general & admin expense due to the following factors:

$ 1.2	Line clearance
0.2	Maintenance costs
(1.0)	Distribution System Infrastructure Project expense
(1.0)	Employee benefits
(0.5)	Labor
2.3	Other
$ 1.2	**Change in OG&A Items Impacting Net Income**
$ 2.6	Pension and other postretirement benefits
1.8	Non-employee directors deferred compensation
0.5	Operating expenses recovered in trackers
$ 4.9	**Change in OG&A Items Offset Within Net Income**
$ 6.1	**Increase in Operating, General & Administrative Expenses**

$3.4 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$2.1 million increase in depreciation and depletion expense primarily due to plant additions.

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Operating to Net Income (Third Quarter)

(dollars in millions)

	Three Months Ended September 30,			
	2018	2017	Variance	
Operating Income	**$ 47.8**	**$ 64.1**	**$ (16.3)**	**(25.4%)**
Interest Expense	(22.0)	(23.1)	1.1	4.8%
Other Income / (Expense)	2.0	(1.8)	3.8	211.1%
Income Before Taxes	**27.8**	**39.2**	**(11.4)**	**(29.1%)**
Income Tax Benefit / (Expense)	0.4	(2.8)	3.2	114.3%
Net Income	**$ 28.2**	**$ 36.4**	**$ (8.2)**	**(22.6%)**

$1.1 million decrease in interest expenses was primarily due to refinancing of debt in 2017, partly offset by rising interest rates.

$3.8 million improvement in other income was due to a decrease in other pension expense and an increase in the value of deferred shares held in trust for non-employee directors deferred compensation, both of which are offset in operating, general, and administrative expenses with no impact to net income. These improvements were partly offset by lower capitalization of AFUDC.

$3.2 million decrease in income tax expense due primarily to lower pre-tax income and lower 21% federal corporate tax rate in 2018 as compared to 35.0% in 2017.

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Income Tax Reconciliation (Third Quarter)

(in millions)

	Three Months Ended September 30,				
	2018		2017		Variance
Income Before Income Taxes	**$27.8**		**$39.2**		**($11.4)**
Income tax calculated at federal statutory rate	5.8	21.0%	13.7	35.0%	(7.9)
Permanent or flow through adjustments:					
State income, net of federal provisions	0.6	2.3%	(0.7)	(1.7%)	1.3
Prior year permanent return to accrual adjustments	(3.0)	(10.7%)	(0.8)	(2.2%)	(2.2)
Flow - through repairs deductions	(2.4)	(8.6%)	(7.0)	(17.9%)	4.6
Production tax credits	(1.6)	(6.0%)	(2.2)	(5.8%)	0.6
Plant and depreciation of flow through items	(0.1)	(0.3%)	(0.1)	(0.2%)	-
Other, net	0.3	1.0%	(0.1)	(0.1%)	0.4
Sub-total	(6.2)	(22.3%)	(10.9)	(27.9%)	4.7
Income Tax (Benefit) / Expense	**$ (0.4)**	**(1.3%)**	**$ 2.8**	**7.1%**	**$ (3.2)**

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Balance Sheet

(dollars in millions)	As of September 30, 2018		As of December 31, 2017	
Cash and cash equivalents	$	6.9	$	8.5
Restricted cash		7.2		3.6
Accounts receivable, net		127.9		182.3
Inventories		52.7		52.4
Other current assets		52.5		49.6
Goodwill		357.6		357.6
PP&E and other non-current assets		4,895.3		4,767.0
Total Assets	**$**	**5,500.1**	**$**	**5,420.9**
Payables		62.0		85.2
Current maturities of long-term debt & capital leases		2.3		2.1
Short-term borrowings		-		319.6
Other current liabilities		285.4		225.4
Long-term debt & capital leases		2,036.6		1,815.6
Other non-current liabilities		1,213.9		1,174.1
Shareholders' equity		1,899.9		1,798.9
Total Liabilities and Equity	**$**	**5,500.1**	**$**	**5,420.9**
Capitalization:				
Current maturities of long-term debt & capital leases		2.3		2.1
Short Term borrowings		-		319.6
Long Term Debt & Capital Leases		2,036.6		1,815.6
Less: Basin Creek Capital Lease		(20.5)		(24.3)
Less: New Market Tax Credit Financing Debt		(27.0)		(27.0)
Shareholders' Equity		1,899.9		1,798.9
Total Capitalization	**$**	**3,891.3**	**$**	**3,884.9**
Ratio of Debt to Total Capitalization		**51.2%**		**53.7%**

NorthWestern's Ratio of debt to total capitalization decreased from 53.7% at 12/31/17 to 51.2% at 9/30/18.

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Cash Flow

(dollars in millions)	Nine Months Ending September 30, 2018	2017
Operating Activities		
Net Income	$ 130.5	$ 114.8
Non-Cash adjustments to net income	142.8	138.1
Changes in working capital	92.1	54.4
Other non-current assets & liabilities	(19.0)	(4.2)
Cash provided by Operating Activities	**346.4**	**303.2**
Investing Activities		
PP&E additions	(193.4)	(197.0)
Acquisitions	(18.5)	-
Proceeds from sale of assets	0.1	0.4
Cash used in Investing Activities	**(211.8)**	**(196.6)**
Financing Activities		
Proceeds from issuance of common stock, net	46.9	5.7
Repayments of short-term borrowings, net	(97.6)	(31.1)
Dividends on common stock	(81.7)	(75.6)
Financing costs	(0.1)	(0.2)
Cash used in Financing Activities	**(132.5)**	**(101.2)**
Increase in Cash, Cash Equiv. & Restricted Cash	**2.1**	**5.4**
Beginning Cash, Cash Equiv. & Restricted Cash	12.0	9.5
Ending Cash, Cash Equiv. & Restricted Cash	**$ 14.1**	**$ 14.9**

Cash from operating activities improved by $43 million primarily due to higher net income, improved customer receipts, the receipt of insurance proceeds and lower priced gas storage injections curing the current period.

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Adjusted Non-GAAP Earnings (Third Quarter)

Three Months Ended Sept. 30th

(in millions)	GAAP Three Months Ended Sept. 30, 2018	Unfavorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (2)	Non-employee Deferred Compensation	Non GAAP Three Months Ended Sept. 30, 2018	Non-GAAP Variance $	Non-GAAP Variance %	Non GAAP Three Months Ended Sept. 30, 2017	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (2)	Favorable Weather	GAAP Three Months Ended Sept. 30, 2017
Revenues [1]	$279.9	1.1		-	$281.0	($28.5)	-9.2%	$309.5	-		(0.4)	$309.9
Cost of sales [1]	72.2			-	72.2	(25.3)	-25.9%	97.5	-		-	97.5
Gross Margin	**207.7**	**1.1**	**-**	**-**	**208.8**	**(3.2)**	**-1.5%**	**212.0**	**-**	**-**	**(0.4)**	**212.4**
Op. Expenses												
OG&A	73.8	-	(0.1)	(0.7)	73.0	1.6	2.2%	71.4	1.2	2.6	-	67.7
Prop. & other taxes	42.5	-		-	42.5	3.4	8.7%	39.1	-		-	39.1
Depreciation	43.6	-		-	43.6	2.1	5.1%	41.5	-		-	41.5
Total Op. Exp.	**159.9**	**-**	**(0.1)**	**(0.7)**	**159.1**	**7.1**	**4.7%**	**152.0**	**1.2**	**2.6**	**-**	**148.3**
Op. Income	**47.8**	**1.1**	**0.1**	**0.7**	**49.7**	**(10.3)**	**-17.2%**	**60.0**	**(1.2)**	**(2.6)**	**(0.4)**	**64.1**
Interest expense	(22.0)	-		-	(22.0)	1.1	4.8%	(23.1)	-		-	(23.1)
Other (Exp.) Inc., net	2.0	-	(0.1)	(0.7)	1.2	(0.8)	-40.0%	2.0	1.2	2.6	-	(1.8)
Pretax Income	**27.8**	**1.1**	**-**	**-**	**28.9**	**(9.9)**	**-25.5%**	**38.8**	**-**	**-**	**(0.4)**	**39.2**
Income tax	0.4	(0.3)	-	-	0.1	2.7	102.0%	(2.6)	-	-	0.2	(2.8)
Net Income	**$28.2**	**0.8**	**-**	**-**	**$29.0**	**($7.2)**	**-19.9%**	**$36.2**	**-**	**-**	**(0.2)**	**$36.4**
ETR	-1.4%	25.3%	-	-	-0.4%			6.8%	-	-	38.5%	7.1%
Diluted Shares	50.5				50.5	1.9	3.9%	48.6				48.6
Diluted EPS	$0.56	0.02	-	-	$0.58	($0.16)	-21.6%	$0.74	-	-	(0.01)	$0.75

The adjusted non-GAAP measures presented in the table above are being shown to reflect significant items that were not contemplated in our original guidance, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) During the first quarter of 2018, we revised our presentation of revenues associated with being a market participant in the Southwest Power Pool to net them with the associated cost of sales. These revenues were previously recorded gross in electric revenues in the Condensed Consolidated Statement of Income. This results in a decrease in electric revenue and a corresponding decrease in cost of sales. There was no impact to operating or net income. We assessed the materiality of this change in presentation, taking into account quantitative and qualitative factors, and determined it to be immaterial. We applied the change in presentation prospectively.

(2) 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 2017 and 2018 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 illustrated 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).

Gross Margin (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2018	2017	Variance[1]	
Electric	$ 549.9	$ 528.0	$ 21.9	4.1%
Natural Gas	132.8	131.8	1.0	0.8%
Total Gross Margin	**$ 682.7**	**$ 659.8**	**$ 22.9**	**3.5%**

Increase in gross margin due to the following factors:

$ 25.1	Electric QF liability adjustment
4.1	Electric transmission
2.3	Natural gas retail volumes
2.0	Montana natural gas rates
0.3	Electric retail volumes
(1.8)	PCCAM adjustment
0.4	Other
$ 32.4	**Change in Gross Margin Impacting Net Income**
$ (16.4)	Tax Cuts and Jobs Act deferral
(0.5)	Production gathering fees
(0.2)	Production tax credits flowed-through trackers
7.1	Property taxes recovered in trackers
0.5	Operating expenses recovered in trackers
$ (9.5)	**Change in Gross Margin Offset Within Net Income**
$ 22.9	**Increase in Gross Margin**

(1) Gross Margin, defined as revenues less cost of sales, is a non-GAAP Measure.
See appendix for additional disclosure.

NorthWestern Energy
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Weather (Nine Months Ended September 30)

Heating Degree - Days	YTD Q3 Degree Days			YTD Q3 2018 as compared with:	
	2018	2017	Historic Average	2017	Historic Average
Montana	5,094	4,925	4,819	3% colder	6% colder
South Dakota	6,099	5,276	5,652	16% colder	8% colder
Nebraska	4,938	4,137	4,652	19% colder	6% colder

Cooling Degree-Days	YTD Q3 Degree Days			YTD Q3 2018 as compared with:	
	2018	2017	Historic Average	2017	Historic Average
Montana	337	524	408	36% cooler	17% cooler
South Dakota	873	663	685	32% warmer	27% warmer

We estimate favorable weather through the first 9 months of 2018 has contributed approximately $2.3M pretax benefit as compared to normal and $0.7M pretax benefit as compared to the same period in 2017.

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Operating Expenses (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2018	2017	Variance	
Operating, general & admin.	$ 222.0	$ 218.6	$ 3.4	1.6%
Property and other taxes	128.3	118.5	9.8	8.3%
Depreciation and depletion	130.9	124.5	6.4	5.1%
Operating Expenses	**$ 481.2**	**$ 461.6**	**$ 19.6**	**4.2%**

Increase in Operating, general & admin expense due to the following factors:

$ (3.3)	Maintenance costs
(2.8)	Labor
(2.6)	Distribution System Infrastructure Project expense
1.9	Employee benefits
1.2	Line clearance
1.1	Other
$ (4.5)	**Change in OG&A Items Impacting Net Income**
$ 7.9	Pension and other postretirement benefits
0.5	Operating expense recovered in trackers
(0.5)	Natural gas production gathering expense
$ 7.9	**Change in OG&A Items Offset Within Net Income**
$ 3.4	**Increase in Operating, General & Administrative Expenses**

$9.8 million increase in property and other taxes due primarily to plant additions and higher annual estimated property valuations in Montana.

$6.4 million increase in depreciation and depletion expense primarily due to plant additions.

NorthWestern Energy
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Operating to Net Income (Nine Months Ended September 30)

(dollars in millions)

	Nine Months Ended September 30,			
	2018	2017	Variance	
Operating Income	**$ 201.5**	**$ 198.2**	**$ 3.3**	**1.7%**
Interest Expense	(68.2)	(70.0)	1.8	2.6%
Other Income / (Expense)	1.8	(3.4)	5.2	152.9%
Income Before Taxes	**135.1**	**124.8**	**10.3**	**8.3%**
Income Tax Expense	(4.6)	(10.0)	5.4	54.0%
Net Income	**$ 130.5**	**$ 114.8**	**$ 15.7**	**13.7%**

$1.8 million decrease in interest expenses was primarily due to refinancing of debt in 2017, partly offset by rising interest rates.

$5.2 million improvement in other income was due to a decrease in other pension expense partly offset by a decrease in the value of deferred shares held in trust for non-employee directors deferred compensation (both of which are offset in operating, general, and administrative expenses with no impact to net income) and lower capitalization of AFUDC.

$5.4 million decrease in income tax expense due primarily to a lower statutory federal tax rate of 21.0% compared to 35.0% in 2017, partly offset by higher pre-tax income.

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Income Tax Reconciliation (Nine Months Ended September 30)

(in millions)	Nine Months Ended September 30,				
	2018		2017		Variance
Income Before Income Taxes	**$135.1**		**$124.8**		**$10.3**
Income tax calculated at federal statutory rate	28.4	21.0%	43.7	35.0%	(15.3)
Permanent or flow through adjustments:					
State income, net of federal provisions	2.2	1.6%	(2.0)	(1.6%)	4.2
Flow - through repairs deductions	(13.1)	(9.7%)	(20.6)	(16.5%)	7.5
Production tax credits	(8.1)	(6.0%)	(7.5)	(6.0%)	(0.6)
Prior year permanent return accrual adjustments	(3.0)	(2.2%)	(0.8)	(0.7%)	(2.2)
Plant and depreciation of flow through items	(1.6)	(1.2%)	(2.2)	(1.8%)	0.6
Share based compensation	0.3	0.2%	(0.4)	(0.3%)	0.7
Other, net	(0.4)	(0.3%)	(0.2)	(0.1%)	(0.2)
Sub-total	(23.7)	(17.6%)	(33.7)	(27.0%)	10.0
Income Tax Expense	**$ 4.7**	**3.4%**	**$ 10.0**	**8.0%**	**$ (5.3)**

NorthWestern Energy
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Adjusted Non-GAAP Earnings (Nine Months Ended Sept. 30)

(in millions)	GAAP Nine Months Ended Sept. 30, 2018	Favorable Weather	Gain on Qualified Facilities (Periodic Liability Reset)	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (2)	Non-employee Deferred Compensation	Non GAAP Nine Months Ended Sept. 30, 2018	Non-GAAP Variance: Variance $	Non-GAAP Variance: Variance %	Non GAAP Nine Months Ended Sept. 30, 2017	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (2)	Favorable Weather	GAAP Nine Months Ended Sept. 30, 2017
Revenues (1)	$883.2	(2.3)	-	-	-	$880.9	($78.6)	-8.2%	$959.5	-	-	(1.6)	$961.1
Cost of sales (1)	200.5	-	17.5	-	-	218.0	(83.3)	-27.6%	301.3	-	-	-	301.3
Gross Margin	**682.7**	**(2.3)**	**(17.5)**	-	-	**662.9**	**4.7**	**0.7%**	**658.2**	-	-	**(1.6)**	**659.8**
Op. Expenses													
OG&A	222.0	-	-	(0.2)	(0.1)	221.7	(4.7)	-2.1%	226.4	-	7.8	-	218.6
Prop. & other taxes	128.3	-	-	-	-	128.3	9.8	8.3%	118.5	-	-	-	118.5
Depreciation	130.9	-	-	-	-	130.9	6.4	5.1%	124.5	-	-	-	124.5
Total Op. Exp.	**481.2**	-	-	**(0.2)**	**(0.1)**	**480.9**	**11.5**	**2.4%**	**469.4**	-	**7.8**	-	**461.6**
Op. Income	**201.5**	**(2.3)**	**(17.5)**	**0.2**	**0.1**	**182.0**	**(6.8)**	**-3.6%**	**188.8**	-	**(7.8)**	**(1.6)**	**198.2**
Interest expense	(68.2)	-	-	-	-	(68.2)	1.8	2.6%	(70.0)	-	-	-	(70.0)
Other (Exp.) Inc., net	1.8	-	-	(0.2)	(0.1)	1.5	(2.9)	-65.9%	4.4	-	7.8	-	(3.4)
Pretax Income	**135.1**	**(2.3)**	**(17.5)**	-	-	**115.3**	**(7.9)**	**-6.4%**	**123.2**	-	-	**(1.6)**	**124.8**
Income tax	(4.6)	0.6	4.4	-	-	0.4	9.8	104.4%	(9.4)	-	-	0.6	(10.0)
Net Income	**$130.5**	**(1.7)**	**(13.1)**	-	-	**$115.7**	**$1.9**	**1.7%**	**$113.8**	-	-	**(1.0)**	**$114.8**
ETR	3.4%	25.3%	25.3%	-	-	-0.4%			7.6%	-	-	38.5%	8.0%
Diluted Shares	50.0					50.0	1.5	3.1%	48.5				48.5
Diluted EPS	$2.61	(0.03)	(0.26)	-	-	$2.32	($0.03)	-1.3%	$2.35	-	-	(0.02)	$2.37

(1) During the first quarter of 2018, we revised our presentation of revenues associated with being a market participant in the Southwest Power Pool to net them with the associated cost of sales. These revenues were previously recorded gross in electric revenues in the Condensed Consolidated Statement of Income. This results in a decrease in electric revenue and a corresponding decrease in cost of sales. There was no impact to operating or net income. We assessed the materiality of this change in presentation, taking into account quantitative and qualitative factors, and determined it to be immaterial. We applied the change in presentation prospectively.

(2) 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 2017 and 2018 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 illustrated 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).

The adjusted non-GAAP measures presented in the table above are being shown to reflect significant items that were not contemplated in our original guidance, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

Qualified Facility Earnings Benefit

The $25.1 million earnings improvement related to certain Qualified Facilities (QF) contracts in the 2nd quarter 2018 is a result of:

- A **$17.5 million benefit** resulting from the reduction of the estimated future liability of unrecoverable QF costs. The primary driver of the reduction is due to price escalation of a certain variable rate contract that was lower than previously anticipated (when last evaluated in 2015). Due to the periodic nature of this estimated liability adjustment, this benefit has been excluded from non-GAAP earnings.
- A **$7.6 million benefit** due to the annual adjustment to reflect lower actual output and pricing of QF related supply costs driven largely by outages at two QF facilities. Due to the annual nature of this adjustment to actual costs, this benefit was NOT excluded from non-GAAP earnings.

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 accrues to shareholders.

NorthWestern Energy
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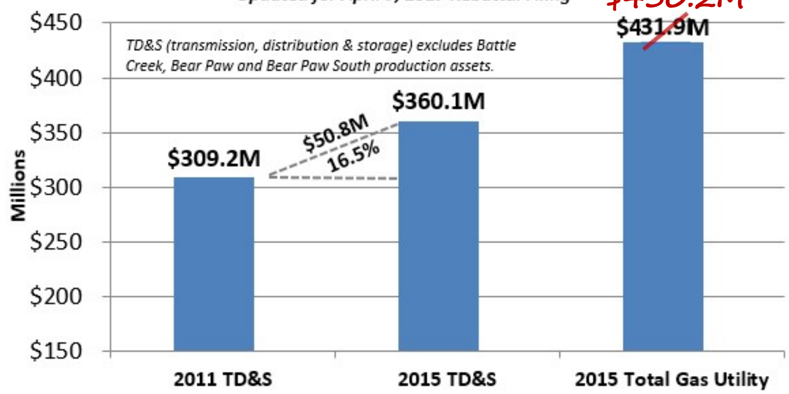
Montana Natural Gas Rate Filing

Settlement Approved – New Rates Effective Sept 1, 2017

Natural Gas Rate Base Comparison

Updated for April 7, 2017 Rebuttal Filing



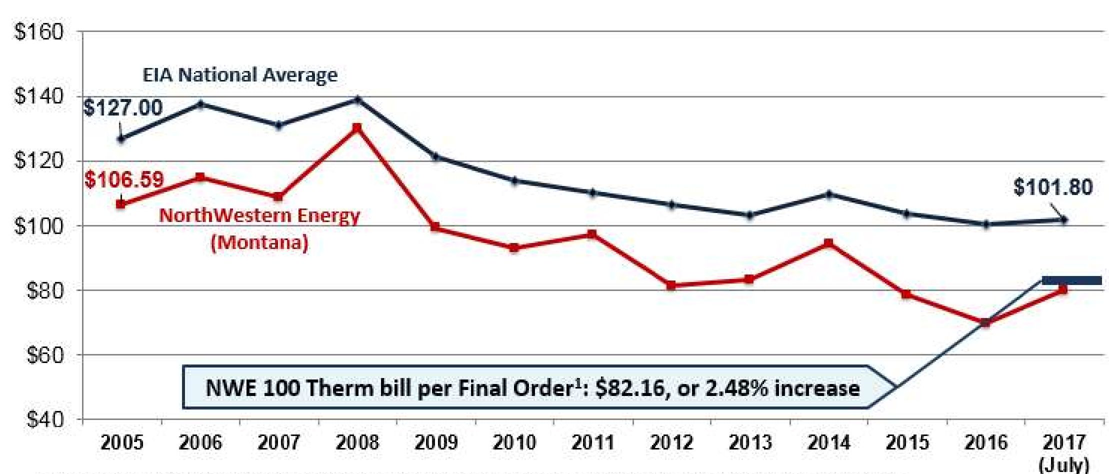
Montana PSC Docket D2016.9.68

Rebuttal Revenue Request (Millions)	
Trans. & Delivery Service	**$5.3**
Battle Creek	0.1
Bear Paw (NFR)	1.7
South Bear Paw (Devon)	2.3
Gas Production	**4.1**
Total Rebuttal Request	**~~$9.4~~ $5.1M**

Cost of Capital	Cost	Ratio	Weighted Cost
Equity	~~10.35%~~ 9.55%	46.79%	~~4.84%~~ 4.47%
Debt	4.67%	53.21%	2.49%
Rate of Return			**~~7.33%~~ 6.96%**

Montana Natural Gas - Typical Residential Bill vs National Average

(12 Month Average Bill based upon 100 Therm Monthly Usage)



1. Typical bill with proposed rates assumes July 2017 rates plus estimated $1.99 increase based on Final Order.
Source: Company rate history files and calculations.
2017 amount shown is the July, 2017 Typical Bill at current rates of $80.17 ($82.16 with adjustment)
National Average from EIA's U.S. Price of Natural Gas Delivered to Residential Consumers (eia.gov/dnav/ng/hist/n3010us3A.htm).
$101.80 shown for 2017 EIA National Average is based on average of available months (Jan-Apr).

Derivation of Rate Increase *($Millions)*

Revenue Request in Initial Application	$10.9
Property Tax (adjustment to actual) ………	($2.0)
Income Tax correction and other misc.	0.5
Rebuttal Revenue Request ……………..	**$9.4**
1st Stipulation with MCC	
ROE Reduction (10.35% to 9.55%)	(2.6)
Deprec. Reserve and other misc. ……...	(0.2)
1st Stipulation Revenue Request ……...	**$6.6**
2nd Stipulation with MCC / LCG	
A&G Concession ………………………..	(0.8)
2nd Stipulation Revenue Request ……...	**$5.7**
July 20, 2017 MPSC Work Session	
Remove A&G Concession ………………	0.8
Accumulated depletion adjustment …….	(1.4)
MPSC Settlement …………………...….	**$5.1***

* Parties did not object to MPSC's work session final order.

NorthWestern Energy Profile

Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions) (1)	Estimated Rate Base (millions) (2)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery (3)	July 2011	$ 632.5	$ 1,163.4	7.92%	10.25%	48.00%
Montana - DGGS (3)	January 2011	$ 172.7	$ 122.5	8.16%	10.25%	50.00%
Montana - Colstrip Unit 4	January 2009	$ 400.4	$ 298.7	8.25%	10.00%	50.00%
Montana - Spion Kop	December 2012	$ 69.8	$ 47.1	7.00%	10.00%	48.00%
Montana hydro assets	November 2014	$ 841.8	$ 783.4	6.91%	9.80%	48.00%
Montana natural gas delivery & production	September 2017	$ 430.2	$ 435.2	6.96%	9.55%	46.79%
South Dakota electric (4)	December 2015	$ 557.3	$ 577.6	7.24%	n/a	n/a
South Dakota natural gas (4)	December 2011	$ 65.9	$ 63.0	7.80%	n/a	n/a
Nebraska natural gas (4)	December 2007	$ 24.3	$ 27.5	8.49%	10.40%	n/a
		$ 3,194.9	$ 3,518.4			

(1) Rate base reflects amounts on which we are authorized to earn a return.
(2) Rate base amounts are estimated as of December 31, 2017.
(3) The FERC regulated portion of Montana electric transmission and DGGS are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.
(4) For those items marked as "n/a", the respective settlement and/or order was not specific as to these items.

Note:
Data as reported in our 2017 10-K
September 2018 Montana electric rate review, filed with rate base of $2.34 billion, calculated with 13th month average and known and measurable adjustments.

NorthWestern Energy
Delivering a Bright Future

2017 System Statistics

Owned Energy Supply

Electric (MW)	MT	SD	Total
Base load coal	222	210	432
Wind [3]	40	80	120
Hydro	442	-	442
Other resources [2]	150	150	300
	854	440	1,294

Natural Gas (Bcf)	MT	SD	Total
Proven reserves	55.9	-	55.9
Annual production	4.5	-	4.5
Storage	17.8	-	17.8

Transmission

2017 Tx for Others	MT	SD	Total
Electric (GWh)	10,824	8	10,831
Natural Gas (Bcf)	24.1	30.7	54.8

System (miles)	MT	SD	Total
Electric	6,700	1,350	8,050
Natural gas	2,100	55	2,155
	8,800	1,405	10,205

Distribution

Demand	MT	SD / NE [1]	Total
Daily MWs	760	186	946
Peak MWs	1,803	330	2,133
Annual GWhs	6,700	1,630	8,330
Annual Bcf	21.3	9.8	31.1

Customers	MT	SD / NE	Total
Electric	369,100	63,600	432,700
Natural gas	196,700	88,900	285,600
	565,800	152,500	718,300

System (miles)	MT	SD / NE	Total
Electric	17,795	2,210	20,005
Natural gas	5,187	2,416	7,603
	22,982	4,626	27,608

Note: Statistics above are as of 12/31/2017 except for Electric Transmission for Others
(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
(3) Does not include 9 MW Two Dot wind project in Montana acquired in June 2018

NorthWestern Energy
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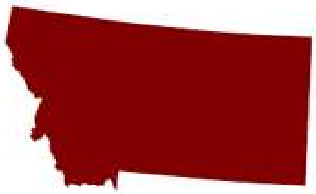
Our Commissioners

Montana Public Service Commission



Name	Party	Began Serving	Term Ends
Travis Kavulla	R	Jan-11	Jan-19
Roger Koopman	R	Jan-13	Jan-21
Brad Johnson (Chairperson)	R	Jan-15	Jan-19
Bob Lake	R	Jan-13	Jan-21
Tony O'Donnell	R	Jan-17	Jan-21

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

Randy Pinocci (R) defeated Doug Kaercher (D) for District 1 representative (held by Vice-Chairman Travis Kavulla who reached term limits).

Brad Johnson (R) was re-elected in District 5 over Andy Shirtliff (D). This is Chairman Johnson's 2nd – 4 year term on the PSC.

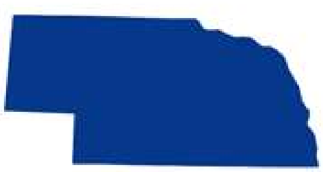
South Dakota Public Utilities Commission

Name	Party	Began Serving	Term Ends
Kristie Fiegen (Chairperson)	R	Aug-11	Jan-19
Gary Hanson	R	Jan-03	Jan-21
Chris Nelson	R	Jan-11	Jan-23

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

Kristie Fiegen (R) was re-elected over Wayne Frederick (D). This is Chairperson Fiegen's 2nd – 6 year term on the PUC.

Nebraska Public Service Commission



Name	Party	Began Serving	Term Ends
Rod Johnson	R	Jan-93	Jan-23
Frank Landis Jr.	R	Jan-89	Jan-19
Crystal Rhoades	D	Jan-15	Jan-21
Mary Ridder (Chairperson)	R	Jan-17	Jan-23
Tim Schram	R	Jan-07	Jan-19

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

Dan Watermeier (R) defeated Christa Yoakum (D) for District 1 representative (held by Frank Landis who did not seek re-election).

Tim Schram (R) was re-elected in District 3 over Mike Forsythe (D). This is commissioner Schram's 3rd – 6 year term on the PSC.

Non-GAAP Financial Measures (1 of 3)

Pre-Tax Adjustments ($ Millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reported GAAP Pre-Tax Income	**$ 107.8**	**$ 88.7**	**$ 103.1**	**$ 102.6**	**$ 116.5**	**$ 108.3**	**$ 110.4**	**$ 181.2**	**$ 156.5**	**$ 176.1**
Non-GAAP Adjustments to Pre-Tax Income:										
Weather	-	-	3.5	(3.0)	8.4	(3.7)	(1.3)	13.2	15.2	(3.4)
Release of MPSC DGGS deferral	-	-	-	-	(3.0)	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	-	(3.0)	(1.0)	-	-	(14.2)	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	7.2	-	-	-	-	-
MSTI Impairment	-	-	-	-	24.1	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	(47.5)	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	-	6.3	15.4	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	-	(8.7)	-	-	-
Remove benefit of insurance settlement	(8.1)	-	(4.7)	-	-	-	-	(20.8)	-	-
QF liability adjustment	-	-	-	-	-	-	-	6.1	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	-	12.2	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	3.0	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	3.0	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance	-	-	(2.9)							
Increased pension expense	8.7	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	3.1	-	-							
Income tax adjustment	-	-	-	(10.1)	(3.6)	-		-		-
Unplanned Equity Dilution from Hydro transaction										
Adjusted Non-GAAP Pre-Tax Income	**$ 111.5**	**$ 88.7**	**$ 99.0**	**$ 95.5**	**$ 99.1**	**$ 109.8**	**$ 115.8**	**$ 179.7**	**$ 169.7**	**$ 172.7**

Tax Adjustments to Non-GAAP Items ($ Millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GAAP Net Income	**$ 67.6**	**$ 73.4**	**$ 77.4**	**$ 92.6**	**$ 98.4**	**$ 94.0**	**$ 120.7**	**$ 151.2**	**$ 164.2**	**$ 162.7**
Non-GAAP Adjustments Taxed at 38.5%:										
Weather	-	-	2.2	(1.8)	5.2	(2.3)	(0.8)	8.1	9.3	(2.1)
Release of MPSC DGGS deferral	-	-	-	-	(1.9)	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	-	(1.9)	(0.6)	-	-	(8.7)	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	4.4	-	-	-	-	-
MSTI Impairment	-	-	-	-	14.8	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	(29.2)	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	-	3.9	9.5	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	-	(5.4)	-	-	-
Remove benefit of insurance settlement	(5.0)	-	(2.9)	-	-	-	-	(12.8)	-	-
QF liability adjustment	-	-	-	-	-	-	-	3.8	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	-	7.5	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	1.8	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	1.8	-	-	-	-	-	-
Remove Montana Rate Adjustments not included in guidance	-	-	(1.8)	-	-	-	-	-	-	-
Increased pension expense	5.4	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	1.9	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	-	-	(6.2)	(2.2)	-	(18.5)	-	(12.5)	-
Unplanned Equity Dilution from Hydro transaction										
Non-GAAP Net Income	**$ 69.9**	**$ 73.4**	**$ 74.9**	**$ 88.2**	**$ 87.7**	**$ 94.9**	**$ 105.5**	**$ 150.3**	**$ 159.8**	**$ 160.6**

Non-GAAP Diluted Earnings Per Share	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Diluted Average Shares (Millions)	*38.3*	*36.3*	*36.2*	*36.5*	*37.0*	*38.2*	*40.4*	*47.6*	*48.5*	*48.7*
Reported GAAP Diluted earnings per share	**$ 1.77**	**$ 2.02**	**$ 2.14**	**$ 2.53**	**$ 2.66**	**$ 2.46**	**$ 2.99**	**$ 3.17**	**$ 3.39**	**$ 3.34**
Non-GAAP Adjustments:										
Weather	-	-	0.06	(0.05)	0.14	(0.05)	(0.02)	0.17	0.19	(0.04)
Release of MPSC DGGS deferral	-	-	-	-	(0.05)	-	-	-	-	-
Lost revenue recovery related to prior periods	-	-	-	-	(0.05)	(0.02)	-	-	(0.18)	-
DGGS FERC ALJ initial decision - portion related to 2011	-	-	-	-	0.12	-	-	-	-	-
MSTI Impairment	-	-	-	-	0.40	-	-	-	-	-
Favorable CELP arbitration decision	-	-	-	-	(0.79)	-	-	-	-	-
Remove hydro acquisition transaction costs	-	-	-	-	-	0.11	0.24	-	-	-
Exclude unplanned hydro earnings	-	-	-	-	-	-	(0.14)	-	-	-
Remove benefit of insurance settlements & recoveries	(0.13)	-	(0.08)	-	-	-	-	(0.27)	-	-
QF liability adjustment	-	-	-	-	-	-	-	0.08	-	-
Electric tracker disallowance of prior period costs	-	-	-	-	-	-	-	-	0.16	-
Transmission impacts (unfavorable hydro conditions)	-	-	-	0.05	-	-	-	-	-	-
Settlement of Workers Compensation Claim	-	-	-	0.05	-	-	-	-	-	-
Remove Montana rate adjustments not included in guidance	-	-	(0.05)	-	-	-	-	-	-	-
Increased pension expense	0.14	-	-	-	-	-	-	-	-	-
Transaction costs related to Colstrip Unit 4 sales process	0.05	-	-	-	-	-	-	-	-	-
Income tax adjustment	-	-	-	(0.17)	(0.06)	-	(0.47)	-	(0.26)	-
Unplanned Equity Dilution from Hydro transaction	-	-	-	-	-	-	0.08	-	-	-
Non-GAAP Diluted Earnings Per Share	**$ 1.83**	**$ 2.02**	**$ 2.07**	**$ 2.41**	**$ 2.37**	**$ 2.50**	**$ 2.68**	**$ 3.15**	**$ 3.30**	**$ 3.30**

These materials include financial information prepared in accordance with GAAP, as well as other financial measures, such as Gross Margin and Adjusted 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 exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. Gross 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. Adjusted Diluted EPS is another non-GAAP measure. The Company believes the presentation of Adjusted Diluted EPS is more representative of our normal earnings than the GAAP 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.

Non-GAAP Financial Measures (2 of 3)

Use of Non-GAAP Financial Measures - Dividend Payout Ratio to GAAP and Non-GAAP diluted EPS

(per share)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividend per Share	$ 1.32	$ 1.34	$ 1.36	$ 1.44	$ 1.48	$ 1.52	$ 1.60	$ 1.92	$ 2.00	$ 2.10
Reported GAAP diluted EPS	$ 1.77	$ 2.02	$ 2.14	$ 2.53	$ 2.66	$ 2.46	$ 2.99	$ 3.17	$ 3.39	$ 3.34
Dividend Payout Ratio - GAAP diluted EPS	75%	66%	64%	57%	56%	62%	54%	61%	59%	63%
Reported Non-GAAP diluted EPS	$ 1.83	$ 2.02	$ 2.07	$ 2.41	$ 2.37	$ 2.50	$ 2.68	$ 3.15	$ 3.30	$ 3.30
Dividend Payout Ratio - Non-GAAP diluted EPS	72%	66%	66%	60%	62%	61%	60%	61%	61%	64%

Use of Non-GAAP Financial Measures - Return on Average Equity for GAAP and Non-GAAP Earnings

(per share)	2012	2013	2014	2015	2016	2017
GAAP Net Income ($M's)	$ 98.4	$ 94.0	$ 120.7	$ 151.2	$ 164.2	$ 162.7
Average Quarterly Equity ($M's)	$ 895.9	$ 991.1	$ 1,119.3	$ 1,520.2	$ 1,632.3	$ 1,720.4
Return On Average Equity (ROAE) - GAAP Earnings	11.0%	9.5%	10.8%	9.9%	10.1%	9.5%
Reported Non-GAAP diluted EPS	$ 2.37	$ 2.50	$ 2.68	$ 3.15	$ 3.30	$ 3.30
Average Diluted Shares (M)	37.0	38.2	39.3	47.6	48.4	48.7
Calculated Non-GAAP Adjusted Net Imcome ($M's)	$ 87.8	$ 95.6	$ 105.3	$ 149.9	$ 159.7	$ 160.7
Return on Average Equity (ROAE) - Non-GAAP Earnings	9.8%	9.6%	9.4%	9.9%	9.8%	9.3%

Net Operating Losses (NOL's):

The expected tax rate and the expected availability of NOLs are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of our most recent 10-K filed with the SEC.

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Non-GAAP Financial Measures (3 of 3)

Use of Non-GAAP Financial Measures - Free Cash Flow - 2011 to 2017

(in millions)	2011	2012	2013	2014	2015	2016	2017
Total Capital Spending	$ 188.7	$ 322.5	$ 299.1	$ 1,174.0	$ 430.4	$ 287.9	$ 276.4
Less: Infrastructure Programs (DSIP/TSIP)	(15.2)	(18.7)	(47.4)	(52.0)	(51.6)	(47.8)	(37.3)
Less: Investment Growth	(43.9)	(170.5)	(126.6)	(964.2)	(195.9)	(7.5)	(3.9)
Maintenance Capex	$ 129.7	$ 133.2	$ 125.2	$ 157.8	$ 182.9	$ 232.6	$ 235.3
Free Cash Flow							
Cash Flow from Operations	$ 233.8	$ 251.2	$ 193.7	$ 250.0	$ 339.8	$ 289.0	$ 323.6
Less: Maintenance Capex	(129.7)	(133.2)	(125.2)	(157.8)	(182.9)	(232.6)	(235.3)
Less: Dividends	(51.9)	(54.2)	(57.7)	(65.0)	(90.1)	(95.8)	(101.3)
Free Cash Flow	**$ 52.2**	**$ 63.7**	**$ 10.9**	**$ 27.2**	**$ 66.9**	**$ (39.3)**	**$ (13.0)**

Use of Non-GAAP Financial Measures - Gross Margin Year-to-Date through September 30, 2018

(in millions)	Electric	Gas	Other	Total
Operating Revenues	$ 693.3	$ 189.9	$ -	$ 883.2
Cost of Sales	143.4	57.1	-	200.5
Gross Margin	**$ 549.9**	**$ 132.8**	**$ -**	**$ 682.7**

Use of Non-GAAP Financial Measures - Gross Margin Year-to-Date through September 30, 2018

(in millions)	Montana	South Dakota	Nebraska	Total
Operating Revenues	$ 702.7	$ 160.7	$ 24.7	$ 888.2
Cost of Sales	127.3	62.0	16.1	205.5
Gross Margin	**$ 575.4**	**$ 98.7**	**$ 8.6**	**$ 682.7**

The data presented in this presentation includes financial information prepared in accordance with GAAP, as well as other Non-GAAP financial measures such as Gross Margin (Revenues less Cost of Sales), Free Cash Flows (Cash flows from operations less maintenance capex and dividends) and Net Debt (Total debt less capital leases), 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 exclude (or include) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The presentation of Gross Margin, Free Cash Flows and Net Debt is intended to supplement investors' understanding of our operating performance. Gross 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. Net Debt is used by our company to determine whether we are properly levered to our Total Capitalization (Net Debt plus Equity). Our Gross Margin, Free Cash Flows and Net Debt measures may not be comparable to other companies' similarly labeled measures. Furthermore, these measures are not intended to replace measures as determined in accordance with GAAP as an indicator of operating performance.

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