



**NORTHWESTERN CORPORATION**

(A direct, wholly-owned subsidiary of NorthWestern Energy Group, Inc.)

**Financial Statements**

**For the Period Ending March 31, 2025**

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**NORTHWESTERN CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Revenues		
Electric	\$ 281,439	\$ 294,527
Gas	87,689	88,236
<b>Total Revenues</b>	<b>369,128</b>	<b>382,763</b>
Operating expenses		
Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	91,897	125,973
Operating, administrative and general	80,524	76,381
Property and other taxes	41,097	45,386
Depreciation and depletion	49,726	44,594
<b>Total Operating Expenses</b>	<b>263,244</b>	<b>292,334</b>
Operating income	105,884	90,429
Interest expense, net	(28,518)	(24,585)
Other income, net	2,896	6,441
Income before income taxes	80,262	72,285
Income tax expense	(13,775)	(11,449)
<b>Net Income</b>	<b>66,487</b>	<b>60,836</b>

See Notes to Condensed Consolidated Financial Statements

# NORTHWESTERN CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net Income	\$ 66,487	\$ 60,836
Other comprehensive income (loss), net of tax:		
Reclassification of net losses on derivative instruments	113	113
Foreign currency translation	1	(1)
Total Other Comprehensive Income	114	112
<b>Comprehensive Income</b>	<b>\$ 66,601</b>	<b>\$ 60,948</b>

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

	As of March 31, 2025	As of December 31, 2024
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 51,709	\$ 1,934
Restricted cash	13,130	13,894
Accounts receivable, net	148,309	149,101
Accounts receivable from related parties	—	1,569
Inventories	86,878	89,506
Regulatory assets	46,215	27,650
Prepaid expenses and other	20,923	25,874
<b>Total current assets</b>	<b>367,164</b>	<b>309,528</b>
Property, plant, and equipment, net	5,330,469	5,305,002
Goodwill	263,807	263,807
Regulatory assets	678,112	667,423
Other noncurrent assets	35,943	32,147
<b>Total Assets</b>	<b>\$ 6,675,495</b>	<b>\$ 6,577,907</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of finance leases	\$ 3,663	\$ 3,596
Current portion of long-term debt	—	235,959
Accounts payable	70,235	83,915
Accounts payable to related parties	3,209	—
Accrued expenses	249,297	217,003
Regulatory liabilities	11,553	15,105
<b>Total current liabilities</b>	<b>337,957</b>	<b>555,578</b>
Long-term finance leases	932	1,865
Long-term debt	2,461,422	2,170,247
Deferred income taxes	662,603	639,947
Noncurrent regulatory liabilities	550,671	550,428
Other noncurrent liabilities	272,711	271,149
<b>Total Liabilities</b>	<b>4,286,296</b>	<b>4,189,214</b>
Commitments and Contingencies (Note 5)		
<b>Shareholders' Equity:</b>		
Common stock, par value \$0.01	0	0
Paid-in capital	2,046,905	2,045,000
Retained earnings	349,713	351,226
Accumulated other comprehensive loss	(7,419)	(7,533)
<b>Total Shareholders' Equity</b>	<b>2,389,199</b>	<b>2,388,693</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 6,675,495</b>	<b>\$ 6,577,907</b>

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>OPERATING ACTIVITIES:</b>		
Net Income	\$ 66,487	\$ 60,836
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and depletion	49,726	44,594
Amortization of debt issuance costs, discount and deferred hedge gain	872	951
Stock-based compensation costs	1,905	1,198
Equity portion of allowance for funds used during construction	(1,583)	(4,100)
Gain on disposition of assets	148	(1)
Deferred income taxes	12,442	9,400
Changes in current assets and liabilities:		
Accounts receivable	5,570	20,776
Inventories	2,629	8,615
Other current assets	4,951	661
Accounts payable	(8,019)	(3,199)
Accrued expenses	32,105	49,070
Regulatory assets	(18,564)	(27,790)
Regulatory liabilities	(3,552)	(9,953)
Other noncurrent assets and liabilities	(9,113)	(6,886)
<b>Cash Provided by Operating Activities</b>	<b>136,004</b>	<b>144,172</b>
<b>INVESTING ACTIVITIES:</b>		
Property, plant, and equipment additions	(73,884)	(95,484)
<b>Cash Used in Investing Activities</b>	<b>(73,884)</b>	<b>(95,484)</b>
<b>FINANCING ACTIVITIES:</b>		
Distribution of cash to NorthWestern Energy Group, Inc.	—	(1,419)
Cash dividends to parent	(68,000)	—
Issuance of long-term debt	400,000	175,000
Repayments on long-term debt	—	(100,000)
Line of credit repayments, net	(342,000)	(129,000)
Other financing activities, net	(3,109)	(740)
<b>Cash Used in Financing Activities</b>	<b>(13,109)</b>	<b>(56,159)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	<b>49,011</b>	<b>(7,471)</b>
Cash, Cash Equivalents, and Restricted Cash, beginning of period	15,828	25,128
<b>Cash, Cash Equivalents, and Restricted Cash, end of period</b>	<b>\$ 64,839</b>	<b>\$ 17,657</b>
<b>Supplemental Cash Flow Information:</b>		
Cash paid during the period for:		
Interest	26,715	15,221
Significant non-cash transactions:		
Capital expenditures included in accounts payable	12,875	19,822

See Notes to Condensed Consolidated Financial Statements

**NORTHWESTERN CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY**

(in thousands)

	Number of Common Shares	Number of Treasury Shares	Common Stock	Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
<b>Balance at December 31, 2023</b>	<b>0</b>	<b>—</b>	<b>\$ 0</b>	<b>\$1,981,123</b>	<b>\$ —</b>	<b>\$ 811,456</b>	<b>\$ (7,656)</b>	<b>\$ 2,784,923</b>
Net income	—	—	—	—	—	60,836	—	60,836
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(1)	(1)
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	113
Postretirement medical liability adjustment, net of tax	—	—	—	—	—	—	—	—
Stock based compensation	—	—	—	1,198	—	—	—	1,198
Distribution to Northwestern Energy Group, Inc.	—	—	—	—	—	(570,372)	(325)	(570,697)
Dividends on common stock	—	—	—	—	—	—	—	—
<b>Balance at March 31, 2024</b>	<b>0</b>	<b>—</b>	<b>\$ 0</b>	<b>\$1,982,321</b>	<b>\$ —</b>	<b>\$ 301,920</b>	<b>\$ (7,869)</b>	<b>\$ 2,276,372</b>
<b>Balance at December 31, 2024</b>	<b>0</b>	<b>—</b>	<b>\$ 0</b>	<b>\$2,045,000</b>	<b>\$ —</b>	<b>\$ 351,226</b>	<b>\$ (7,533)</b>	<b>\$ 2,388,693</b>
Net income	—	—	—	—	—	66,487	—	66,487
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	1	1
Reclassification of net losses on derivative instruments from OCI to net income, net of tax	—	—	—	—	—	—	113	113
Stock based compensation	—	—	—	1,905	—	—	—	1,905
Dividends on common stock	—	—	—	—	—	(68,000)	—	(68,000)
<b>Balance at March 31, 2025</b>	<b>0</b>	<b>—</b>	<b>\$ 0</b>	<b>\$2,046,905</b>	<b>\$ —</b>	<b>\$ 349,713</b>	<b>\$ (7,419)</b>	<b>\$ 2,389,199</b>

See Notes to Condensed Consolidated Financial Statements

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### (1) Nature of Operations and Basis of Consolidation

NorthWestern Corporation (NW Corp), a direct wholly-owned subsidiary of NorthWestern Energy Group, Inc., doing business as NorthWestern Energy, provides electricity and / or natural gas to approximately 649,900 customers in Montana and Yellowstone National Park. We have generated and distributed electricity and distributed natural gas in Montana since 2002.

The Condensed Consolidated Financial Statements (Financial Statements) for the periods included herein have been prepared by NW Corp (NorthWestern, we, or us) in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, the interim Financial Statements do not include all of the information and note disclosures required by GAAP for complete financial statements. The preparation of financial statements in conformity with the interim reporting guidance under GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. Events occurring subsequent to March 31, 2025, have been evaluated as to their potential impact to the Financial Statements through the date of issuance.

#### Holding Company Reorganization

On October 2, 2023, NorthWestern Corporation (NW Corp) and NorthWestern Energy Group, Inc. completed a merger transaction pursuant to which NorthWestern Energy Group, Inc. became the holding company parent of NW Corp. On January 1, 2024, NorthWestern Energy Group, Inc. completed the second and final phase of the holding company reorganization. NW Corp contributed the assets and liabilities of its South Dakota and Nebraska regulated utilities to NWE Public Service, and then distributed its equity interest in NWE Public Service and certain other subsidiaries to NorthWestern Energy Group, Inc., resulting in NW Corp owning and operating the Montana regulated utility and NWE Public Service owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of NorthWestern Energy Group, Inc.

### (2) Regulatory Matters

#### Montana Rate Review

In July 2024, we filed a Montana electric and natural gas rate review with the Montana Public Service Commission (MPSC). In November 2024, the MPSC partially approved our requested interim rates effective December 1, 2024, subject to refund. Subsequently, we modified our request through rebuttal testimony. In March 2025, we filed a natural gas settlement with certain parties and a motion for revised interim natural gas rates. In April 2025, we filed a partial electric settlement with certain other parties and a motion for revised interim electric rates. Both settlements and motions for revised interim rates are subject to approval by the MPSC.

The partial electric settlement includes, among other things, agreement on base revenue increases (excluding base revenues associated with Yellowstone County Generating Station (YCGS)), allocated cost of service, rate design, updates to the amount of revenues associated with property taxes (excluding property taxes associated with YCGS), regulatory policy issues related to requested changes in regulatory mechanisms, and agreement to support a separate motion for revised electric interim rates. The partial electric settlement provides for the deferral and annual recovery of incremental operating costs related to wildfire mitigation and insurance expenses through the Wildfire Mitigation Balancing Account.

The natural gas settlement includes, among other things, agreement on base revenues, allocated cost of service, rate design, updates to the amount of revenues associated with property taxes, and agreement to support a separate motion for revised natural gas interim rates.

The details of our rebuttal request are set forth below:



### Requested Revenue Increase (Decrease) Through Rebuttal Testimony (in millions)

	Electric	Natural Gas
Base Rates	\$ 153.8	27.9
Power Cost & Credit Mechanism (PCCAM) <sup>(1)</sup>	(94.5)	n/a
Property Tax (tracker base adjustment) <sup>(1)</sup>	(1.3)	0.1
<b>Total Revenue Increase Requested through Rebuttal Testimony</b>	<b>\$ 58.0</b>	<b>\$ 28.0</b>

(1) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

The details of our interim rates granted are set forth below:

### Interim Revenue Increase (Decrease) Granted (in millions)

	Electric	Natural Gas
Base Rates	\$ 18.4	\$ 17.4
PCCAM <sup>(1)</sup>	(88.0)	n/a
Property Tax (tracker base adjustment) <sup>(1)(2)</sup>	7.4	0.2
<b>Total Interim Revenue Granted</b>	<b>\$ (62.2)</b>	<b>\$ 17.6</b>

(1) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

(2) Our requested interim property tax base increase went into effect on January 1, 2025, as part of our 2024 property tax tracker filing.

The details of our settlement agreement and requested revised interim rates are set forth below:

### Requested Revenue Increase (Decrease) through Settlement Agreements and Revised Interim Filing (in millions)

	Electric	Natural Gas
<i>Base Rates:</i>		
Base Rates (Settled)	\$ 66.4	\$ 18.0
Base Rates - YCGS (Non-settled) <sup>(1)(2)</sup>	43.9	n/a
<b>Requested Base Rates for Revised Interim Filing</b>	<b>110.3</b>	<b>18.0</b>
<i>Pass-through items:</i>		
Property Tax (tracker base adjustment) (Settled) <sup>(3)</sup>	(5.2)	0.1
Property Tax (tracker base adjustment) - YCGS (Non-settled) <sup>(1)(3)</sup>	4.0	n/a
PCCAM (Non-settled) <sup>(1)(2)(3)</sup>	(94.5)	n/a
<b>Requested Pass-Through Rates for Revised Interim Filing</b>	<b>(95.7)</b>	<b>0.1</b>
<b>Total Requested Revenue Increase through Revised Interim Filing</b>	<b>\$ 14.6</b>	<b>\$ 18.1</b>

(1) These items were not included within the partial electric settlement and will be contested items that are expected to be determined in the MPSC's final order.

(2) Intervenor positions propose up to an \$11.6 million reduction to the base rate revenue request and an additional \$38.4 million decrease to the PCCAM base.

(3) These items are flow-through costs. PCCAM reflects our fuel and purchased power costs.

Revised interim filing rates are requested to be effective May 1, 2025. If the revised interim rates are not approved, and a final order is not received by May 23, 2025, which is 270 days from acceptance of our filing, we intend to implement, as permitted by Montana statute, our rebuttal rates, which will be subject to refund, until a final order is received.

A hearing on the electric and natural gas rate review is scheduled to commence on June 9, 2025. Interim rates will remain in effect on a refundable basis until the MPSC issues a final order.

## (3) Financing Activities

On March 21, 2025, NW Corp issued and sold \$400.0 million aggregate principal amount of Montana First Mortgage Bonds at a fixed interest rate of 5.07 percent maturing on March 21, 2030. These bonds were issued and sold to certain initial purchasers without being registered under the Securities Act of 1933, as amended (Securities Act), in reliance upon exemptions

therefrom in compliance with Rule 144A under the Securities Act, or under Regulation S under the Securities Act for sales to non-U.S. persons. Proceeds will be used to repay outstanding borrowings under our NW Corp revolving credit facility, repay maturing Montana First Mortgage Bonds, and for general utility purposes.

On April 11, 2025, we redeemed all \$161.0 million of NW Corp's 5.01 percent Montana First Mortgage Bonds due May 1, 2025.

As of March 31, 2025, we had \$236.0 million of Montana First Mortgage Bonds maturing within the next twelve months. As evidenced by the financing activities discussed above, as we had the intent and ability to refinance these on a long-term basis we have excluded these balances from current liabilities within the Condensed Consolidated Balance Sheets as of March 31, 2025.

#### **(4) Employee Benefit Plans**

We sponsor and/or contribute to pension and postretirement health care and life insurance benefit plans for eligible employees. We contributed \$2.0 million to our pension plans during the three months ended March 31, 2025. We expect to contribute an additional \$8.0 million to our pension plans during the remainder of 2025.

#### **(5) Commitments and Contingencies**

### **ENVIRONMENTAL LIABILITIES AND REGULATION**

#### **Environmental Protection Agency (EPA) Rules**

On April 25, 2024, the EPA released final rules related to greenhouse gas (GHG) emission standards (GHG Rules) for existing coal-fired facilities and new coal and natural gas-fired facilities as well as final rules strengthening the MATS requirements (MATS Rules). Compliance with the rules will require expensive upgrades at Colstrip Units 3 and 4 with proposed compliance dates that may not be achievable and / or require technology that is unproven, resulting in significant impacts to costs of the facilities. The final MATS and GHG Rules require compliance as early as 2027 and 2032, respectively.

Previous efforts by the EPA were met with extensive litigation, and this time is no different. We, along with many other utilities, electric cooperatives, organizations, and states, have petitioned for judicial review of the GHG and MATS Rules with the U.S. Court of Appeals for the D.C. Circuit. The United States Supreme Court denied the multiple stay requests related to the MATS Rule and the GHG Rule. The litigation on the merits continues for both the MATS and GHG rules in the D.C. Circuit Court of Appeals, and the cases could be decided in 2025. On April 8, 2025, President Trump issued a proclamation, "Regulatory Relief for Certain Stationary Sources to Promote American Energy," exempting certain coal plants, including Colstrip Units 3 and 4, from compliance with the MATS Rule through July 8, 2029. If the MATS Rules and GHG Rules are fully implemented, it would result in additional material compliance costs. We will continue working with federal and state regulatory authorities, other utilities, and stakeholders to seek relief from the MATS and GHG regulations that, in our view, disproportionately impact customers in our region.

These GHG Rules and MATS Rules as well as future additional environmental requirements - federal or state - could cause us to incur material costs of compliance, increase our costs of procuring electricity, decrease transmission revenue and impact cost recovery. Technology to efficiently capture, remove and/or sequester such GHG emissions or hazardous air pollutants may not be available within a timeframe consistent with the implementation of any such requirements.

### **LEGAL PROCEEDINGS**

#### **State of Montana - Riverbed Rents**

On April 1, 2016, the State of Montana (State) filed a complaint on remand (the State's Complaint) with the Montana First Judicial District Court (State District Court), naming us, along with Talen Montana, LLC (Talen) as defendants. The State claimed it owns the riverbeds underlying 10 of our, and formerly Talen's, hydroelectric facilities (dams, along with reservoirs and tailraces) on the Missouri, Madison and Clark Fork Rivers, and seeks rents for Talen's and our use and occupancy of such lands. The facilities at issue include the Hebgen, Madison, Hauser, Holter, Black Eagle, Rainbow, Cochrane, Ryan, and Morony

facilities on the Missouri and Madison Rivers and the Thompson Falls facility on the Clark Fork River. We acquired these facilities from Talen in November 2014.

The litigation has a long prior history in state and federal court, including before the United States Supreme Court. On April 20, 2016, we removed the case from State District Court to the United States District Court for the District of Montana (Federal District Court). On August 1, 2018, the Federal District Court granted our and Talen's motions to dismiss the State's Complaint as it pertains to the navigability of the riverbeds associated with four of our hydroelectric facilities near Great Falls. The Federal District Court held a bench trial from January 4 to January 18, 2022, which addressed the issue of navigability concerning our other six facilities. On August 25, 2023, the Federal District Court issued its Findings of Fact, Conclusions of Law, and Order (the "Order"), which found all but one of the segments of the riverbeds in dispute not navigable, and thus not owned by the State of Montana. The one segment found navigable, and thus owned by the State, was the segment on which the Black Eagle development was located. Upon the State's motion, the Federal District Court certified the Order for interlocutory appeal to the 9th Circuit Court of Appeals. After briefing and oral argument, the 9th Circuit affirmed the Federal District Court's Order in full on March 4, 2025.

Following the mandate and remand, the District Court will resume jurisdiction to determine damages for the Sun River to Black Eagle Falls Segment of the Missouri River. If the Federal District Court calculates damages as the State District Court did in 2008, we do not anticipate the resulting annual rent for the Black Eagle segment would have a material impact to our financial position or results of operations. We anticipate that any obligation to pay the State rent for use and occupancy of the riverbeds would be recoverable in rates from customers, although there can be no assurances that the MPSC would approve any such recovery.

### **Other Legal Proceedings**

We are also subject to various other legal proceedings, governmental audits and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to these other actions will not materially affect our financial position, results of operations, or cash flows.