2017 Earnings Webcast

February 13, 2018

NorthWestern Energy

Delivering a Bright Future

Presenting Today

Bob Rowe,
President & CEO

Brian Bird,
Vice President & CFO

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 10-K and 10-Q along with other public filings with the SEC.

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Recent Significant Activities

- 2017 operating income increased $15.5 million, or 6.3%, as compared to 2016 due primarily to improved gross margin driven by favorable weather and customer growth.
- 2017 net income was down $1.5 million, or 0.9%, as compared to 2016 due primarily to a $17.0 million tax benefit included in our 2016 results.
- GAAP diluted EPS of $3.34 in 2017 compared to $3.39 in 2016, a $0.05 or 1.5% decline.
- Non-GAAP* adjusted EPS of $3.30 in 2017 remained flat with $3.30 in 2016.

* See slides 12 & 36 for additional information and Non-GAAP disclosures.

- The Board declared a quarterly dividend of $0.55 per share, a 4.8% increase, payable March 30th to shareholders of record as of March 15th, 2018.
- On February 5th Fitch affirmed NorthWestern's debt ratings but revised its outlook from *Stable* to *Negative* citing *"A series of unfavorable rulings by the MPSC have weighed on NWE's credit quality."*

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Summary Financial Results (Full Year)

(in thousands except per share amounts)	Twelve Months Ended December 31, 2017	2016	Variance	% Variance
Operating Revenues	$ 1,305,652	$ 1,257,247	$ 48,405	3.9%
Cost of Sales	410,349	400,973	9,376	2.3%
Gross Margin	**895,303**	**856,274**	**39,029**	**4.6%**
Operating Expenses				
Operating, general & administrative	305,137	302,893	2,244	0.7%
Property and other taxes	162,614	148,098	14,516	9.8%
Depreciation and depletion	166,137	159,336	6,801	4.3%
Total Operating Expenses	**633,888**	**610,327**	**23,561**	**3.9%**
Operating Income	**261,415**	**245,947**	**15,468**	**6.3%**
Interest Expense	(92,263)	(94,970)	2,707	2.9%
Other Income	6,919	5,548	1,371	24.7%
Income Before Taxes	**176,071**	**156,525**	**19,546**	**12.5%**
Income Tax (Expense) / Benefit	(13,368)	7,647	(21,015)	(274.8%)
Net Income	**$ 162,703**	**$ 164,172**	**$ (1,469)**	**(0.9%)**
Effective Tax Rate	7.6%	(4.9%)		
Diluted: Average Shares Outstanding	48,658	48,464	193	
Diluted Earnings Per Share	$ 3.34	$ 3.39	$ (0.05)	(1.5%)
Dividends Paid per Common Share	$ 2.10	$ 2.00	$ 0.10	5.0%

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Gross Margin (Full Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2017	**2016**	**Variance**	
Electric	$ 703.1	$ 678.8	$ 24.3	3.6%
Natural Gas	192.3	177.5	14.8	8.3%
Gross Margin	**$ 895.4**	**$ 856.3**	**$ 39.1**	**4.6%**

Increase in gross margin due to the following factors:

$ 15.7	Electric retail volumes
10.5	Natural gas retail volumes
9.5	2016 Montana Public Service Commission (MPSC) disallowance
1.8	Montana natural gas rates
1.5	2016 Hydro generation rates
1.2	South Dakota generation rates
0.6	Electric transmission
0.4	Electric QF adjustment
(14.2)	2016 Lost revenue adjustment mechanism
3.9	Other
$ 30.9	**Change in Gross Margin Impacting Net Income**
$ 6.7	Property taxes recovered in trackers
1.5	Operating expenses recovered in trackers
$ 8.2	**Change in Gross Margin Offset Within Net Income**
$ 39.1	**Increase in Consolidated Gross Margin**

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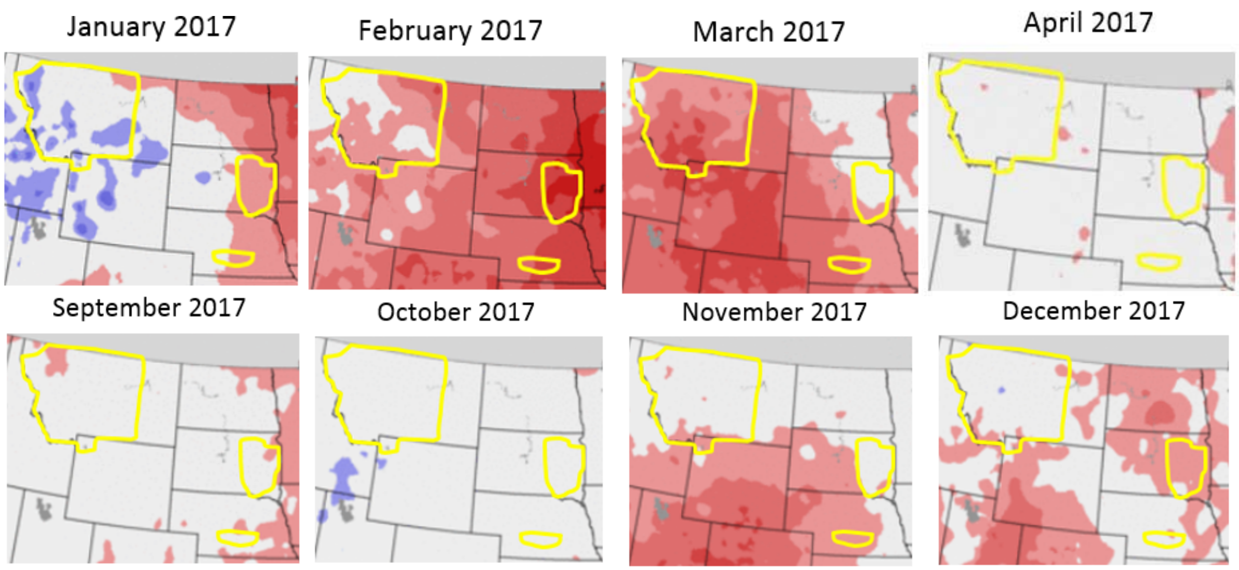
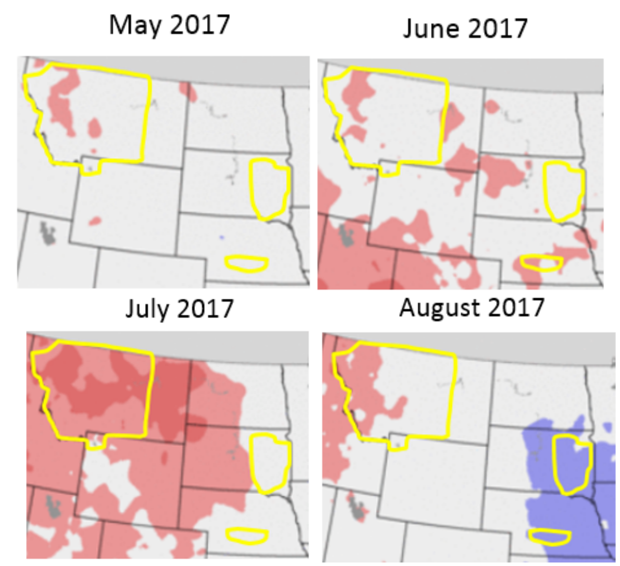
Weather- 2017 versus Normal (Full Year)

Heating Degree Days

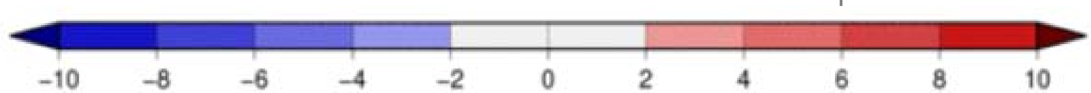


Cooling Degree Days



Source: National Centers for Environmental Information

	Heating Degree Days			2017 as compared with:		Cooling Degree Days			2017 as compared with:	
	2017	2016	Historic Average	2016	Historic Average	2017	2016	Historic Average	2016	Historic Average
Montana - Electric	7,738	7,011	7,476	10% colder	4% colder	524	367	420	43% warmer	25% warmer
Montana - Natural Gas	8,001	7,300	7,792	10% colder	3% colder					
South Dakota	7,102	6,593	7,619	8% colder	7% warmer	729	895	733	19% colder	1% colder
Nebraska	5,551	5,322	6,289	4% colder	12% warmer					



We estimate favorable weather in 2017 contributed approximately $3.4 million pretax benefit as compared to normal and $18.6 million pretax benefit as compared to 2016.

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Operating Expenses (Full Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2017	2016	Variance	
Operating, general & admin.	$ 305.1	$ 302.9	$ 2.2	0.7%
Property and other taxes	162.6	148.1	14.5	9.8%
Depreciation and depletion	166.1	159.3	6.8	4.3%
Operating Expenses	**$ 633.8**	**$ 610.3**	**$ 23.5**	**3.9%**

Increase in operating expenses due mainly to the following factors:

$2.2 million increase in OG&A

$	1.9	Bad debt expense
	1.5	Operating expenses recovered in trackers
	1.2	Maintenance costs
	(1.5)	Employee benefits and compensation costs
	(1.0)	Insurance reserves
	0.1	Other

$14.5 million increase in property and other taxes due primarily to plant additions and higher estimated property valuations in Montana.

$6.8 million increase in depreciation and depletion expense primarily due to plant additions.

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Operating to Net Income (Full Year)

(dollars in millions)

	Twelve Months Ended December 31,			
	2017	**2016**	**Variance**	
Operating Income	**$ 261.4**	**$ 245.9**	**$ 15.6**	**6.3%**
Interest Expense	(92.3)	(95.0)	2.7	2.9%
Other Income	6.9	5.5	1.4	25.4%
Income Before Taxes	**176.1**	**156.5**	**19.6**	**12.5%**
Income Tax (Expense) Benefit	(13.4)	7.6	(21.0)	(276.8%)
Net Income	**$ 162.7**	**$ 164.2**	**($ 1.5)**	**(0.9%)**

$2.7 million decrease in interest expense was primarily due to refinancing $250 million of debt in November 2017 and $2.9 million of interest included in our 2016 results associated with an MPSC disallowance offset partially by higher interest expense on short-term borrowings.

$1.4 million increase in other income due primarily to higher capitalization of allowance for funds used during constructions (AFUDC).

$21.0 million increase in income tax expense due primarily to the inclusion in our 2016 results of a $17.0 million income tax benefit due to the adoption of a tax accounting method change related to the cost to repair generation assets (of which $12.5 million related to periods prior to 2016), and higher pre-tax income.

Income Tax Reconciliation (Full Year)

(in millions)	Twelve Months Ended December 31,				
	2017		2016		Variance
Income Before Income Taxes	**$176.1**		**$156.5**		**$19.6**
Income tax calculated at 35% federal statutory rate	61.6	35.0%	54.8	35.0%	6.8
Permanent or flow through adjustments:					
State income, net of federal provisions	(3.3)	(1.9%)	(3.7)	(2.4%)	0.4
Flow - through repairs deductions	(30.5)	(17.3%)	(41.1)	(26.3%)	10.6
Production tax credits	(11.0)	(6.2%)	(10.9)	(7.0%)	(0.1)
Plant and depreciation of flow through items	(2.2)	(1.3%)	(4.6)	(2.9%)	2.4
Share based compensation	(0.4)	(0.2%)	(1.6)	(1.1%)	1.2
Prior year permanent return to accrual adjustments	(0.6)	(0.4%)	(0.1)	(0.1%)	(0.5)
Other, net	(0.2)	(0.1%)	(0.4)	(0.1%)	0.2
Sub-total	(48.2)	(27.4%)	(62.4)	(39.9%)	14.2
Income Tax Expense / (Benefit)	**$ 13.4**	**7.6%**	**$ (7.6)**	**(4.9%)**	**$ 21.0**

The increase in income tax expense was primarily due to higher pretax income and the inclusion in our 2016 results of a $17.0 million income tax benefit due to the adoption of a tax accounting method change related to the costs to repair generation assets (of which $12.5 million related to periods prior to 2016), and higher pre-tax income.

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Balance Sheet

(dollars in millions)	As of December 31, 2017	2016
Cash and restricted cash	$ 12.0	$ 9.5
Accounts receivable, net	182.3	159.6
Inventories	52.4	49.2
Other current assets	49.6	61.9
Goodwill	357.6	357.6
Property, plant and equipment, net	4,358.3	4,214.9
Regulatory and other non-current assets	408.7	646.6
Total Assets	**$ 5,420.9**	**$ 5,499.3**
Payables	85.2	79.3
Current maturities of long-term debt & capital leases	2.1	2.0
Short-term borrowings	319.6	300.8
Other current liabilities	225.4	231.7
Long-term debt & capital leases	1,815.6	1,817.7
Other non-current liabilities	1,174.1	1,391.6
Shareholders' equity	1,798.9	1,676.2
Total Liabilities and Equity	**$ 5,420.9**	**$ 5,499.3**
Capitalization:		
Current maturities of long-term debt & capital leases	2.1	2.0
Short Term borrowings	319.6	300.8
Long Term Debt & Capital Leases	1,815.6	1,817.7
Less: Basin Creek Capital Lease	(24.3)	(26.3)
Less: New Market Tax Credit Financing Debt	(27.0)	(27.0)
Shareholders' Equity	1,798.9	1,676.2
Total Capitalization	**$ 3,884.9**	**$ 3,743.4**
Ratio of Debt to Total Capitalization	**53.7%**	**55.2%**

Debt to total capitalization decreased to 53.7% and now within targeted 50%-55% range.

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Cash Flow

(dollars in millions)	Twelve Months Ending December 31, 2017	2016
Operating Activities		
Net Income	$ 162.7	$ 164.2
Non-cash adjustments to net income	182.7	155.4
Changes in working capital	(14.4)	(25.1)
Other non-current assets & liabilities	(7.4)	(5.5)
Cash provided by Operating Activities	**323.6**	**289.0**
Investing Activities		
PP&E additions	(276.4)	(287.9)
Proceeds from sale of assets	0.4	1.4
Cash used in Investing Activities	**(276.1)**	**(286.5)**
Financing Activities		
Treasury stock activity	1.1	(0.6)
Proceeds from issuance of common stock	53.7	-
Issuance of short-term borrowings, net	18.7	70.9
Issuances of long-term borrowings, net	-	24.5
Dividends on common stock	(101.3)	(95.8)
Financing costs	(16.4)	(8.4)
Cash used in Financing Activities	**(44.2)**	**(9.4)**
Increase (Decrease) in Cash and Cash Equivalents	**3.4**	**(6.9)**
Beginning Cash	5.1	12.0
Ending Cash	**$ 8.5**	**$ 5.1**

Improvement in cash from operations is primarily due to refunds in 2016 associated with the DGGS FERC ruling and interim rates in our South Dakota electric rate case of approximately $30.8 million and 7.2 million, respectively.

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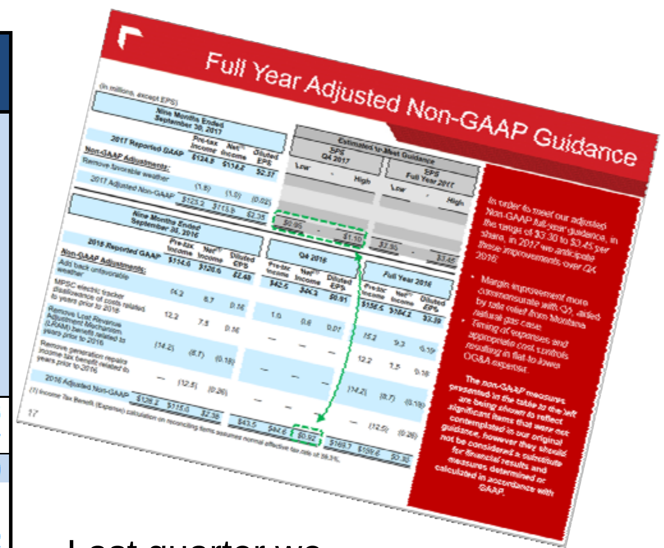
Adjusted Earnings (Full Year '17 vs '16)

(in millions)	GAAP Twelve Months Ended Dec. 31, 2017	Favorable Weather	Non-employee Deferred Compensation	Non GAAP Twelve Months Ended Dec. 31, 2017	Non-GAAP Variance $	Non-GAAP Variance %	Non GAAP Twelve Months Ended Dec. 31, 2016	Non-employee Deferred Compensation	Prior Year Generation Repairs Income Tax Benefit	Remove Prior Period LRAM Revenue Recognized in Current Year	Electric Tracker Disallowance of Prior Period Costs	Unfavorable Weather	GAAP Twelve Months Ended Dec. 31, 2016
Revenues	$1,305.6	(3.4)	-	$1,302.2	$34.6	2.7%	$1,267.6	-	-	(14.2)	9.3	15.2	$1,257.3
Cost of sales	410.3	-	-	410.3	9.3	2.3%	401.0	-	-	-	-	-	401.0
Gross Margin	**895.3**	**(3.4)**	**-**	**891.9**	**25.3**	**2.9%**	**866.6**	**-**	**-**	**(14.2)**	**9.3**	**15.2**	**856.3**
Op. Expenses													
OG&A	305.1	-	(0.8)	304.3	2.2	0.7%	302.1	(0.8)	-	-	-	-	302.9
Prop. & other taxes	162.6	-	-	162.6	14.5	9.8%	148.1	-	-	-	-	-	148.1
Depreciation	166.1	-	-	166.1	6.8	4.3%	159.3	-	-	-	-	-	159.3
Total Op. Exp.	**633.8**	**-**	**(0.8)**	**633.0**	**23.5**	**3.9%**	**609.5**	**(0.8)**	**-**	**-**	**-**	**-**	**610.3**
Op. Income	**261.5**	**(3.4)**	**0.8**	**258.9**	**1.8**	**0.7%**	**257.1**	**0.8**	**-**	**(14.2)**	**9.3**	**15.2**	**246.0**
Interest expense	(92.3)	-	-	(92.3)	(0.2)	-0.2%	(92.1)	-	-	-	2.9	-	(95.0)
Other income	6.9	-	(0.8)	6.1	1.4	29.8%	4.7	(0.8)	-	-	-	-	5.5
Pretax Income	**176.1**	**(3.4)**	**-**	**172.7**	**3.0**	**1.8%**	**169.7**	**-**	**-**	**(14.2)**	**12.2**	**15.2**	**156.5**
Income tax	(13.4)	1.3	-	(12.1)	(2.2)	-22.2%	(9.9)	-	(12.5)	5.5	(4.7)	(5.9)	7.7
Net Income	**$162.7**	**(2.1)**	**-**	**$160.6**	**$0.8**	**0.5%**	**$159.8**	**-**	**(12.5)**	**(8.7)**	**7.5**	**9.3**	**$164.2**
ETR	7.6%	38.5%	-	7.0%			5.8%	-	-	38.5%	38.5%	38.5%	-4.9%
Diluted Shares	48.7			48.7	0.2	0.4%	48.5						48.5
Diluted EPS	$3.34	(0.04)	-	$3.30	$0.00	0.0%	$3.30	-	(0.26)	(0.18)	0.16	0.19	$3.39

The 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.

Adjusted Earnings (Fourth Quarter '17 vs '16)

(in millions)	GAAP Three Months Ended Dec. 31, 2017	Favorable Weather	Non-employee Deferred Compensation	Non GAAP Three Months Ended Dec. 31, 2017	Non-GAAP Variance: Variance $	Non-GAAP Variance: Variance %	Non GAAP Three Months Ended Dec. 31, 2016	Non-employee Deferred Compensation	Unfavorable Weather	GAAP Three Months Ended Dec. 31, 2016 (1)
Revenues	$344.5	(1.8)		$342.7	$11.1	3.3%	$331.6		1.0	$330.6
Cost of sales	109.0			109.0	1.3	1.2%	107.7			107.7
Gross Margin	**235.5**	**(1.8)**	**-**	**233.7**	**9.8**	**4.4%**	**223.9**	**-**	**1.0**	**222.9**
Op. Expenses										
OG&A	78.7		(0.8)	77.9	(4.5)	-5.5%	82.4	0.2		82.2
Prop. & other taxes	44.1			44.1	7.3	19.8%	36.8			36.8
Depreciation	41.7			41.7	2.0	5.0%	39.7			39.7
Total Op. Exp.	**164.5**	**-**	**(0.8)**	**163.7**	**4.8**	**3.0%**	**158.9**	**0.2**	**-**	**158.7**
Op. Income	**71.0**	**(1.8)**	**0.8**	**70.0**	**5.0**	**7.7%**	**65.0**	**(0.2)**	**1.0**	**64.2**
Interest expense	(22.3)			(22.3)	0.7	3.0%	(23.0)			(23.0)
Other income	2.5		(0.8)	1.7	0.2	13.3%	1.5	0.2		1.3
Pretax Income	**51.2**	**(1.8)**	**-**	**49.4**	**5.9**	**13.6%**	**43.5**	**-**	**1.0**	**42.5**
Income tax	(3.3)	0.7	-	(2.6)	(3.8)	-326.2%	1.2	-	(0.4)	1.6
Net Income	**$47.9**	**(1.1)**	**-**	**$46.8**	**$2.1**	**4.7%**	**$44.7**	**-**	**0.6**	**$44.1**
ETR	6.4%	38.5%	-	5.3%			-2.7%	-	38.5%	-3.6%
Diluted Shares	49.0			49.0	0.5	1.0%	48.5			48.5
Diluted EPS	$0.98	(0.02)	-	$0.96	$0.04	4.3%	$0.92	-	0.01	$0.91

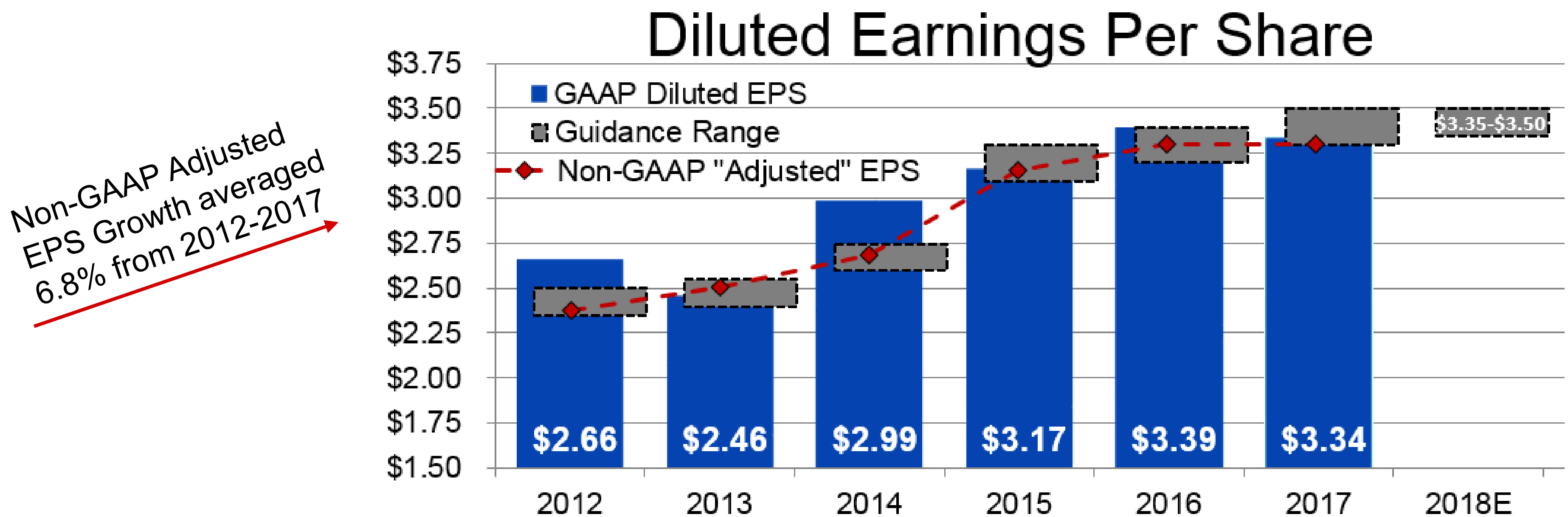


Last quarter we indicated we needed $0.95 to $1.10 in the fourth quarter 2017 to meet our guidance for the year. While the $0.96 Non-GAAP earnings we delivered during the quarter was at the low end of the range, it was a 4.3% improvement over 2016.

The 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) Note: Fourth quarter net income and EPS last year (2016) was originally reported as $45.9M and $0.95, respectively. As a result of adopting Accounting Standards Update No. 2016-09 during the fourth quarter of 2016, excess tax benefits of $1.8 million related to vested share-based compensation awards were recorded as a decrease in income tax expense in the Consolidated Statement of Income. In accordance with the guidance, the $1.8 million impact of this adoption is reflected as of January 1, 2016 and included in first quarter 2016 results.

2018 Earnings Guidance



NorthWestern's 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;
- Equitable regulatory treatment in the process of passing Tax Cuts and Jobs Act benefits on to customers;
- Recovery of Montana energy supply costs as proposed in our pending Power Cost & Credit Adjustment Mechanism (PCCAM);
- A consolidated income tax rate of approximately 0% to 5% of pre-tax income (previously 8% to12% prior to tax reform); and
- Issuance of the remaining $46 million of equity under our current distribution agreement resulting in diluted average shares outstanding ranging between approximately 50.0 million to 50.2 million.

Continued investment in our system to serve our customers and communities is expected to provide a targeted long-term 6-9% total return (previously 7-10%) 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".

2017 to 2018 EPS & Dividend Bridge

	Low	Midpoint	High
2017 Non-GAAP Adjusted Diluted EPS		**$3.30**	
	$3.30		$3.30
2018 Earnings Drivers (after-tax and per share)			
Gross margin improvements	0.12	-	0.18
OG&A expense decreases	0.09	-	0.11
Property & other taxes	(0.11)	-	(0.08)
Depreciation & depletion	(0.17)	-	(0.16)
Interest expense	0.03	-	0.05
Other income	0.02	-	0.03
Incremental tax benefit*	0.16	-	0.18
Subtotal of anticipated improvements	**0.14**	-	**0.31**
2018 EPS guidance range prior to ATM equity dilution	**$3.44**	$3.53	**$3.61**
Dilution from At-The-Market Equity Program	(0.09)	-	(0.11)
2018 EPS guidance range after ATM equity dilution	**$3.35**	$3.43	**$3.50**
2018 Targeted dividend payout ratio	64.2%		64.2%
2018 targeted dividend range	**$2.15**		**$2.25**
2018 targeted dividend		**$2.20**	

NorthWestern's 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;
- Equitable regulatory treatment in the process of passing Tax Cuts and Jobs Act benefits on to customers;
- Recovery of Montana energy supply costs as proposed in our pending Power Cost & Credit Adjustment Mechanism (PCCAM);
- A consolidated income tax rate of approximately 0% to 5% of pre-tax income (previously 8% to 12% prior to tax reform); and
- Issuance of the remaining $46 million of equity under our current distribution agreement resulting in diluted average shares outstanding ranging between approximately 50.0 million to 50.2 million.

** 2018 earnings drivers above are calculated using an updated 25.3% federal and state composite statutory rate (38.5% prior to the Tax Cuts and Jobs Act). The "Incremental tax benefit" line reflects the remaining benefit of the lower tax rate not otherwise captured in the individual earnings drivers listed. Since this tax benefit will ultimately accrue to the benefit of customers for the full year of 2018, gross margin includes an offsetting impact reflecting the anticipated deferral of revenues collected during the year that will be subject to commission approved spending plans or refund.*

2017 Non-GAAP → 2018 Midpoint

Prior to ATM Equity Dilution: **$3.30 → $3.53 = 7.0% Increase**
After anticipated ATM Equity Dilution: **$3.30 → $3.43 = 3.9% Increase**

Dividend Growth

$2.10 → $2.20 = 4.8% increase

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Estimated Impacts of the Tax Cuts & Jobs Act

- Our current electric and gas rates are expected to remain unchanged until recalculated in our next general rate proceedings.
- However, dockets have been initiated in Montana and South Dakota to provide the income tax benefit to customers effective January 1st.
- As a result, we began deferring the recognition of revenue (estimated to be $15-20 million in 2018 on a consolidated basis) into a regulatory liability account. The reduction in revenue recognized is anticipated to be offset by an equal reduction in income tax expense - with no impact to net income.
- Utilization of the deferred revenue (regulatory liability) will be determined in the pending dockets.
- As a result of tax reform, we are updating our effective tax rate assumption included in 2018 guidance to 0% - 5% (previously 8% - 12%). NOLs are now anticipated to be available into 2020 (previously 2021).
- We currently believe our debt coverage ratios will be adequate to maintain existing credit ratings. However, further negative regulatory actions would likely lead to credit downgrades.

	2018 & Beyond
Income Statement	
Revenue Recognized	$15-20M
Income Tax Expense	15-20M
Net Income	$ -
Balance Sheet	
Reg. Liability (Deferred Rev.)	↑ As revenue is deferred ↓ As utilized for cust.
Cash Flow	
Cash From Operations	$15-20M

The illustration above is based on current estimates. Actual impact will ultimately be subject to regulatory approval. *The $15-$20 million range shown includes $2-$4 million of annual amortization of excess deferred taxes subject to the average rate assumption method (ARAM).*

Tax reform had no impact on our net income in 2017. As a result of the reduction in the federal corporate tax rate, we reduced our deferred tax liability by approximately $321 million. This reduction was offset in regulatory assets and liabilities.

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Financing Activities

$100 million At-The-Market Equity Distribution Program

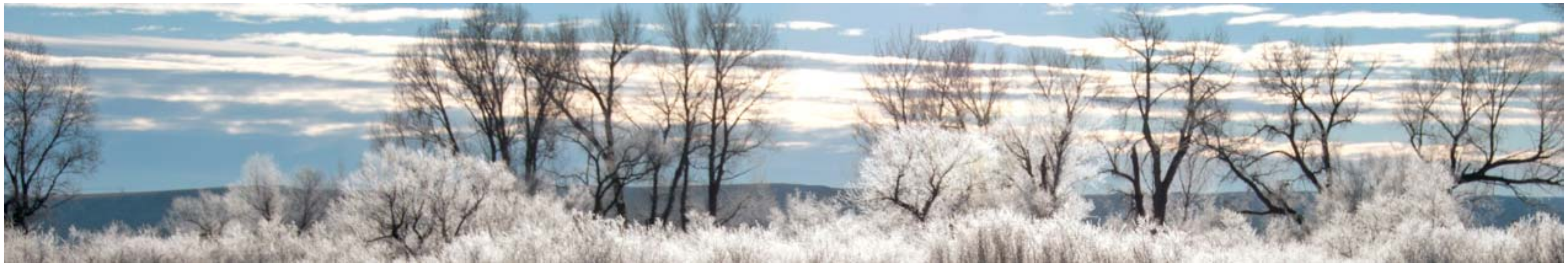
- Initiated in September 2017
- Proceeds to repay or refinance debt (including short-term debt), fund capital expenditures and other general corporate purposes
- **During the third & fourth quarters of 2017 we sold 888,938 shares of common stock at an average price of $60.68 per share, for a total of approximately $54 million of proceeds.**

We anticipate issuing the remaining $46 million under the current distribution agreement by the end of 2018.

Long-Term Debt Refinancing

- In October 2017, we priced $250 million principal, 4.03% - 30 year Montana First Mortgage Bonds
- We closed the transaction in early November 2017.
- Proceeds used to redeem existing $250 million – 6.34% Montana First Mortgage Bonds due in 2019

Expect annual interest expense savings of over $5 million net of make-whole amortization



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Regulatory / Legal Update

Montana Property Tax Tracker Filing

- On January 29th the MPSC issued an order in our 2017 property tax tracker filing by further reducing our recovery of Montana property taxes by a **total of $3.5 million impacting both 2017 and 2018** (approximately $1.75 million each year). This change was a result of **applying an alternate allocation methodology** that lowers the property tax allocation to our electric retail customers (with a higher allocation to FERC customers for which we do not have a tracking mechanism).
- **On February 8th we filed a motion for reconsideration with the MPSC. We expect a decision by the end of March 2018.**

Tax Cuts and Jobs Act

- The MPSC and SDPUC have initiated dockets to determine the impacts of tax reform and have requested proposals for how to apply the benefits, starting January 1, 2018 resulting from the change in law.
- **We filed our initial proposal with the SDPUC in January (with an additional filing due in March) and will make a comprehensive filing with the MPSC by the end of March.**

Power Cost and Credit Adjustment Mechanism (PCCAM)

- In April 2017, the Montana legislature passed House Bill 193, amending the statute that provided for mandatory recovery of our prudently incurred electric supply costs. The revised statute gives the MPSC additional discretion. The MPSC initiated a process to develop a replacement mechanism. In July 2017 we filed a proposed electric PCCAM that was in line with commissioner testimony provided to the legislature in support of HB193. Intervenor testimony was filed in November 2017. In December 2017 the MPSC issued a Notice of Additional Issues stating that the range of options proposed by the parties was not sufficient and directed parties to consider alternatives incorporating risk-sharing features.
- **On February 7th we filed rebuttal testimony and addressed the MPSC's additional issues. Intervenor additional issues testimony is due March 23rd and a hearing is scheduled to begin May 31, 2018.**
- **The MPSC decision may apply to variable costs on a retroactive basis to July 1, 2017 (the effective date of HB193).**

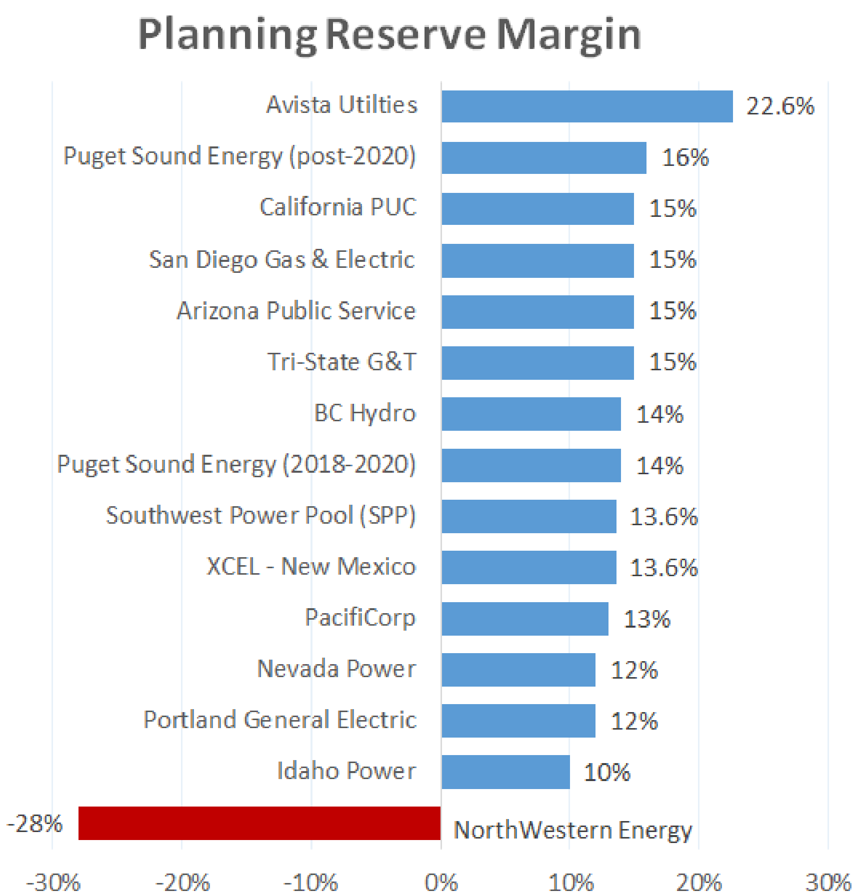
FERC / Dave Gates Generation Station (DGGS)

- We received an order from FERC in April 2014 regarding DGGS cost allocation between retail & wholesale customers.
- FERC denied our request for rehearing in May 2016 and required us to make refunds in June 2016 totaling $30.8 million.
- We filed a petition for review with the US Circuit Court of Appeals for the District of Columbia Circuit in June 2016 and oral argument was held on December 1, 2017. **We expect a decision by the end of the second quarter of 2018.**

Colstrip Unit 4 - Disallowance of Replacement Power Costs

- In May 2016, the MPSC issued a final order disallowing recovery of certain costs related to a 2013 outage at Colstrip.
- In September 2016 we appealed the order to the Montana District Court arguing the decision was arbitrary and capricious and violated Montana law. **We expect a decision on this appeal within the next 12 months.**

Montana Critical Capacity Shortfall



- The resource initiatives and actions developed in our Montana 2015 Electricity Resource Procurement Plan (ERPP) identify the critical future needs of our portfolio, including solutions to resolve our current negative planning reserve margin.
- On February 7, 2018 we terminated a competitive solicitation process for up to 150 MW of dispatchable generation as a result of a July 2017 decision by the MPSC regarding maximum 15 year contract length for all new generation.
- The 2018 ERPP, expected by December, will address issues raised by the MPSC and will identify the lowest-cost / least-risk approach for addressing our intermittent capacity and reserve margin needs in Montana.

NorthWestern's current planning reserve margin is negative 28% and projected to grow to negative 50% by 2035 without the addition of incremental owned or contracted portfolio resources.

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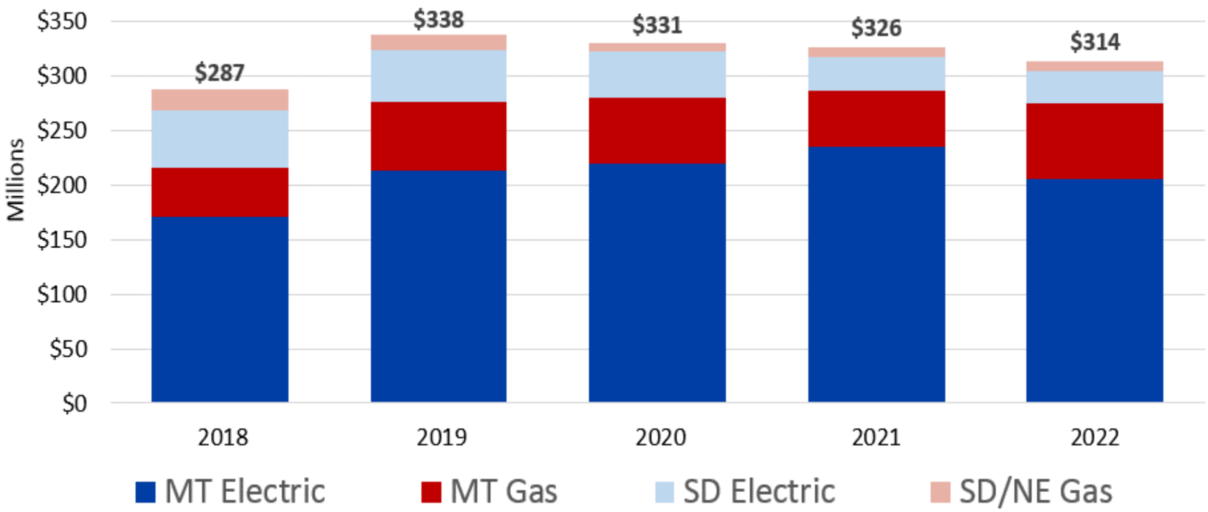
Capital Spending Forecast



$ Millions	***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 Forecast	$ 287.4	$ 338.0	$ 330.9	$ 326.0	$ 314.1

Significant Updates

Out: Approximately $123 million of previously included investment in capacity generation has been removed pending update of Integrated Resource Plans in both Montana and South Dakota (expected to be completed by year-end 2018).

In: Approximately $144 million of incremental investment related to grid modernization and automated meter infrastructure for Montana, South Dakota and Nebraska.

The updated current estimated cumulative 5 year capital spending for is $1.596 billion (previously $1.582 billion)**.**

We anticipate funding the expenditures with a combination of cash flows (aided by NOLs available into 2020)**, the remainder of our current equity distribution program and long-term debt issuances.**

If other opportunities arise that are not in the above projections (natural gas reserves, asset acquisitions, etc.)**, additional equity funding may be necessary.**

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

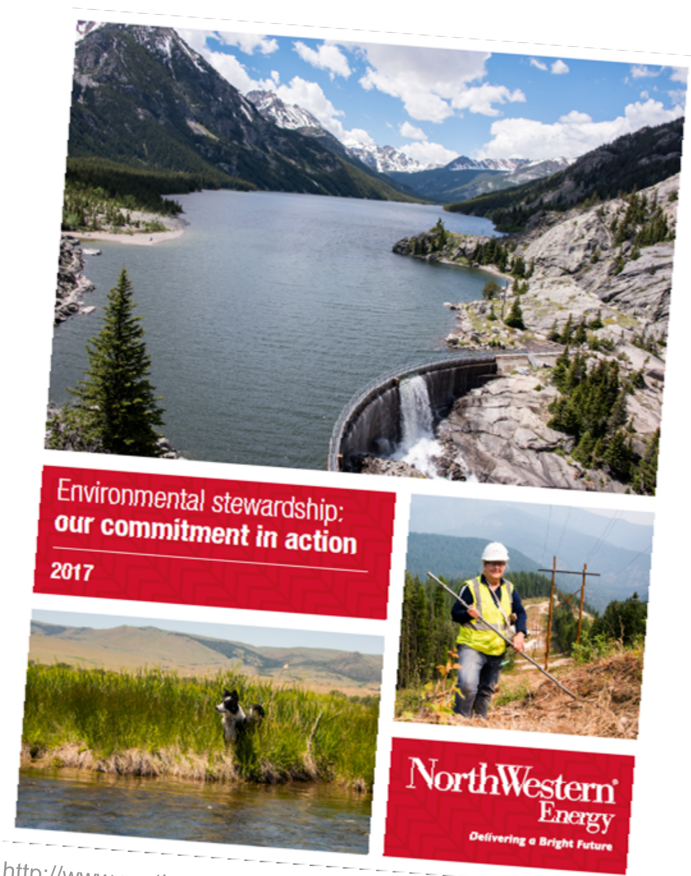
- In 2017 NorthWestern's proxy statement was again recognized as a finalist for "Best Proxy Statement (Small to Mid Cap)" by *Corporate Secretary Magazine*. We won the award in 2014.

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.



http://www.northwesternenergy.com/docs/default-source/documents/environment/nwe_enviroreport_2017_web.pdf

Looking Forward

Regulatory

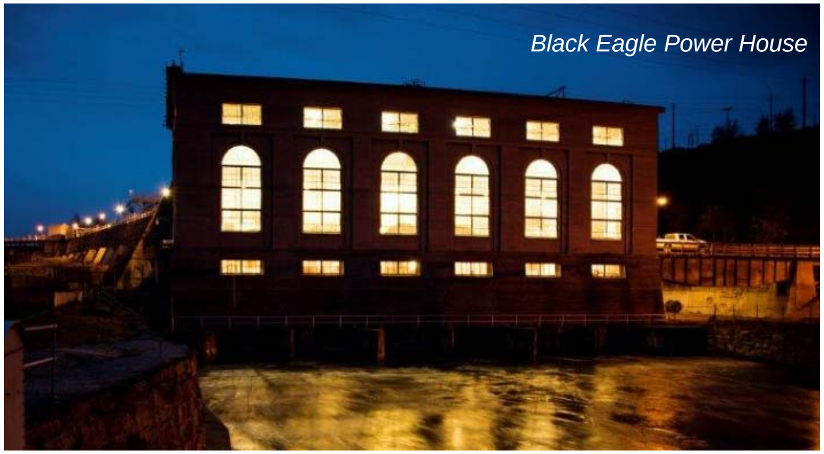
- Regulatory treatment of tax reform - determine best way to provide long-term benefit to customers and system
- Working toward successful implementation of new Power Cost and Credit Adjustment Mechanism
- Filing an electric rate case by September 2018 (based on a 2017 test year)

Cost Control Efforts

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

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



Black Eagle Power House

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

Update Electricity Resource Procurement Plans in Montana & South Dakota

- Montana: Least cost / lowest risk approach to address intermittent capacity and reserve margin needs
- South Dakota: Generation fleet assessment to evaluate economic retirement / replacement opportunities

Natural Gas Reserve Acquisition Opportunities

- Acquisitions at a price that benefits both customers and shareholders

1. *Pipeline & Hazardous Materials Safety Administration (PHMSA)*

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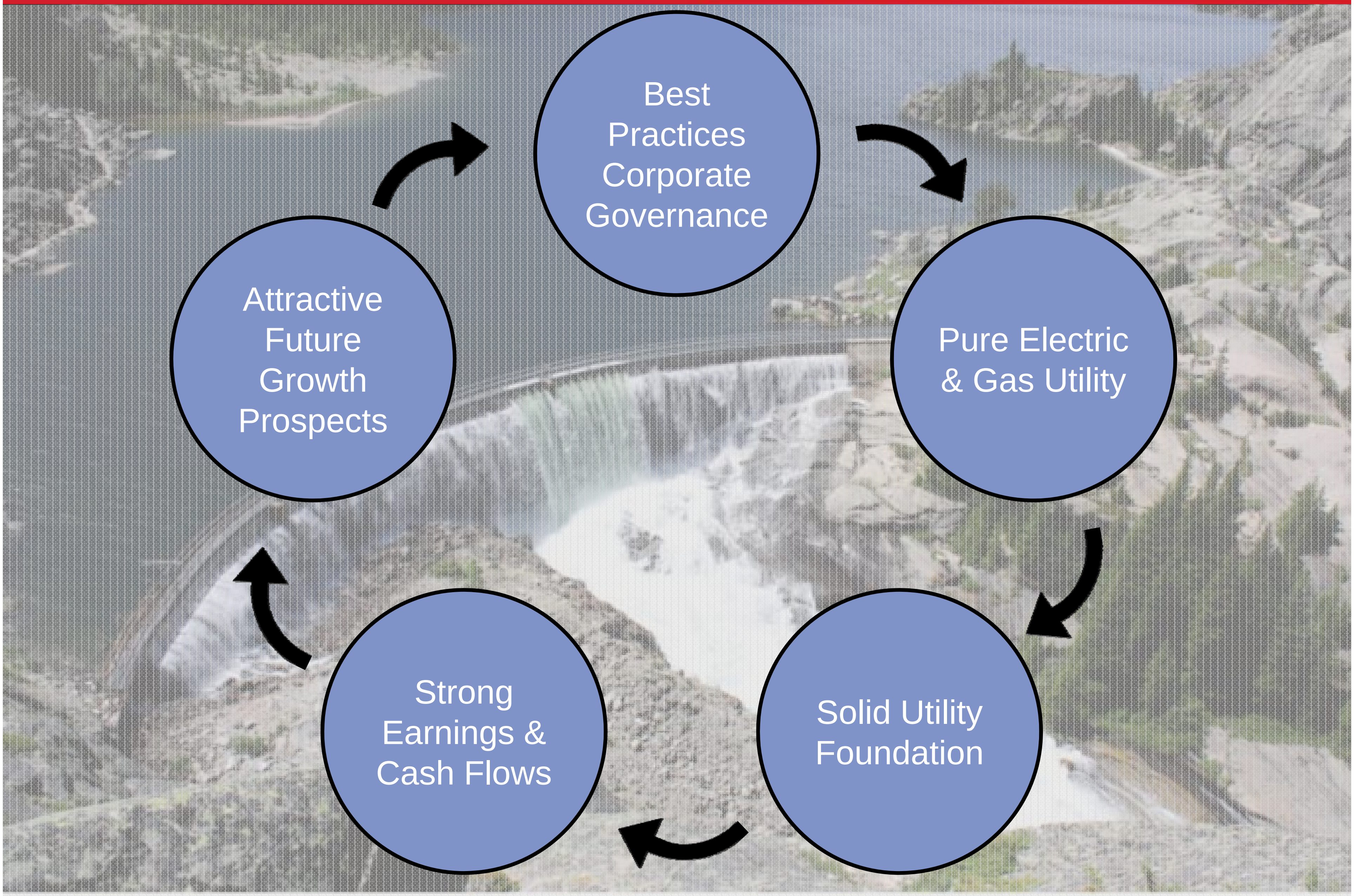
Conclusion


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

Appendix

Electric Segment (Full Year)

(dollars in millions)	Twelve Months Ended December 31, 2017	2016	Change	% Change
Retail revenues	$ 874.4	$ 840.7	$ 33.7	4.0 %
Regulatory amortization	3.7	20.9	(17.2)	(82.3)
Total retail revenue	878.1	861.6	16.5	1.9
Transmission	58.1	51.1	7.0	13.7
Ancillary services	1.6	1.6	-	-
Wholesale and other	99.3	97.3	2.0	2.1
Total Revenues	**1,037.1**	**1,011.6**	**25.5**	**2.5**
Total Cost of Sales	**334.0**	**332.8**	**1.2**	**0.4**
Gross Margin	**$ 703.1**	**$ 678.8**	**$ 24.3**	**3.6 %**

	Revenues 2017	Revenues 2016	Megawatt Hours (MWH) 2017	Megawatt Hours (MWH) 2016	Avg. Customer Count 2017	Avg. Customer Count 2016
	(in thousands)					
Retail Electric						
Montana	$ 299,725	$ 280,379	2,540	2,372	295,427	291,348
South Dakota	60,246	57,369	546	548	50,247	50,016
Residential	**359,971**	**337,748**	**3,086**	**2,920**	**345,674**	**341,364**
Montana	348,139	343,982	3,235	3,177	66,484	65,568
South Dakota	91,969	87,199	992	985	12,669	12,591
Commercial	**440,108**	**431,181**	**4,227**	**4,162**	**79,153**	**78,159**
Industrial	42,194	40,577	2,324	2,204	75	74
Other	32,110	31,162	195	188	6,195	6,143
Total Retail Electric	**$ 874,383**	**$ 840,668**	**9,832**	**9,474**	**431,097**	**425,740**

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Natural Gas Segment (Full Year)

(dollars in millions)	Twelve Months Ended December 31, 2017	2016	Change	% Change
Retail revenues	$ 233.8	$ 201.8	$ 32.0	15.9 %
Regulatory amortization	(5.4)	4.8	(10.2)	(212.5)
Total retail revenue	228.4	206.6	21.8	10.6
Wholesale and other	40.2	39.1	1.1	2.8
Total Revenues	**268.6**	**245.7**	**22.9**	**9.3**
Total Cost of Sales	**76.3**	**68.2**	**8.1**	**11.9**
Gross Margin	**$ 192.3**	**$ 177.5**	**$ 14.8**	**8.3 %**

	Revenues 2017	Revenues 2016	Dekatherms (Dkt) 2017	Dekatherms (Dkt) 2016	Avg. Customer Count 2017	Avg. Customer Count 2016
	(in thousands)					
Retail Gas						
Montana	$ 108,949	$ 93,034	13,782	12,178	170,561	168,220
South Dakota	21,777	20,399	2,768	2,533	39,561	39,207
Nebraska	20,135	17,043	2,359	2,179	37,289	37,129
Residential	**150,861**	**130,476**	**18,909**	**16,890**	**247,411**	**244,556**
Montana	54,729	46,515	7,230	6,343	23,537	23,223
South Dakota	15,706	14,051	2,873	2,665	6,573	6,456
Nebraska	10,433	8,858	1,759	1,689	4,783	4,725
Commercial	**80,868**	**69,424**	**11,862**	**10,697**	**34,893**	**34,404**
Industrial	1,119	1,031	152	147	253	259
Other	958	888	141	137	159	157
Total Retail Gas	**$ 233,806**	**$ 201,819**	**31,064**	**27,871**	**282,716**	**279,376**

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Segment Results (Full Year)

(Unaudited) (in thousands)

Twelve Months Ending December 31, 2017	**Electric**	**Gas**	**Other**	**Total**
Operating revenues	$ 1,037,053	$ 268,599	$ -	$ 1,305,652
Cost of sales	334,029	76,320	-	410,349
Gross margin	703,024	192,279	-	895,303
Operating, general and administrative	223,474	81,620	43	305,137
Property and other taxes	127,391	35,214	9	162,614
Depreciation & depletion	136,556	29,548	33	166,137
Operating Income	215,603	45,897	(85)	261,415
Interest expense	(82,454)	(5,920)	(3,889)	(92,263)
Other income	3,984	1,985	950	6,919
Income tax (expense) benefit	(7,424)	(6,684)	740	(13,368)
Net income (loss)	$ 129,709	$ 35,278	$ (2,284)	$ 162,703

Twelve Months Ending December 31, 2016	**Electric**	**Gas**	**Other**	**Total**
Operating revenues	$ 1,011,595	$ 245,652	$ -	$ 1,257,247
Cost of sales	332,817	68,156	-	400,973
Gross margin	678,778	177,496	-	856,274
Operating, general and administrative expense	216,736	86,713	(556)	302,893
Property and other tax expense	115,583	32,505	10	148,098
Depreciation & depletion	130,236	29,067	33	159,336
Operating Income	216,223	29,211	513	245,947
Interest expense	(86,038)	(6,589)	(2,343)	(94,970)
Other income	3,246	1,329	973	5,548
Income tax benefit (expense)	7,392	(1,687)	1,942	7,647
Net income	$ 140,823	$ 22,264	$ 1,085	$ 164,172

Summary Financial Results (Fourth Quarter)

(in millions except per share amounts)

	Three Months Ended December 31,			
	2017	2016	Variance	% Variance
Operating Revenues	$ 344.5	$ 330.6	$ 14.0	4.2%
Cost of Sales	109.0	107.7	1.3	1.2%
Gross Margin	**235.5**	**222.9**	**12.6**	**5.7%**
Operating Expenses				
Operating, general & administrative	78.7	82.2	(3.5)	(4.3%)
Property and other taxes	44.1	36.8	7.3	19.8%
Depreciation and depletion	41.7	39.7	2.0	5.0%
Total Operating Expenses	**164.5**	**158.7**	**5.8**	**3.7%**
Operating Income	**71.0**	**64.2**	**6.8**	**10.6%**
Interest Expense	(22.3)	(23.0)	0.7	3.0%
Other Income	2.5	1.3	1.2	92.3%
Income Before Taxes	**51.2**	**42.5**	**8.7**	**20.5%**
Income Tax (Expense) / Benefit	(3.3)	1.6	(4.9)	(312.9%)
Net Income	**$ 47.9**	**$ 44.1**	**$ 3.8**	**8.6%**
Effective Tax Rate	6.4%	(3.6%)		
Diluted: Average Shares Outstanding	49.0	48.5	0.5	
Diluted Earnings Per Share	$ 0.98	$ 0.91	$ 0.07	7.8%
Dividends Paid per Common Share	$ 0.525	$ 0.50	$ 0.025	5.0%

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Gross Margin (Fourth Quarter)

(dollars in millions)

	Three Months Ended December 31,			
	2017	**2016**	**Variance**	
Electric	$ 175.0	$ 167.9	$ 7.1	4.2%
Natural Gas	60.5	55.0	5.5	10.0%
Gross Margin	**$ 235.5**	**$ 222.9**	**$ 12.6**	**5.7%**

Increase in gross margin due to the following factors:

$ 3.4	Electric retail volumes
3.1	Natural gas retail volumes
1.7	Montana natural gas rates
1.5	2016 Hydro generation rates
0.6	Electric transmission
1.1	Other
$ 11.4	**Change in Gross Margin Impacting Net Income**
$ 1.3	Property taxes recovered in trackers
0.5	Operating expenses recovered in trackers
(0.4)	Production tax credits flowed through trackers
(0.2)	Gas production gathering fees
$ 1.2	**Change in Gross Margin Offset Within Net Income**
$ 12.6	**Increase in Consolidated Gross Margin**

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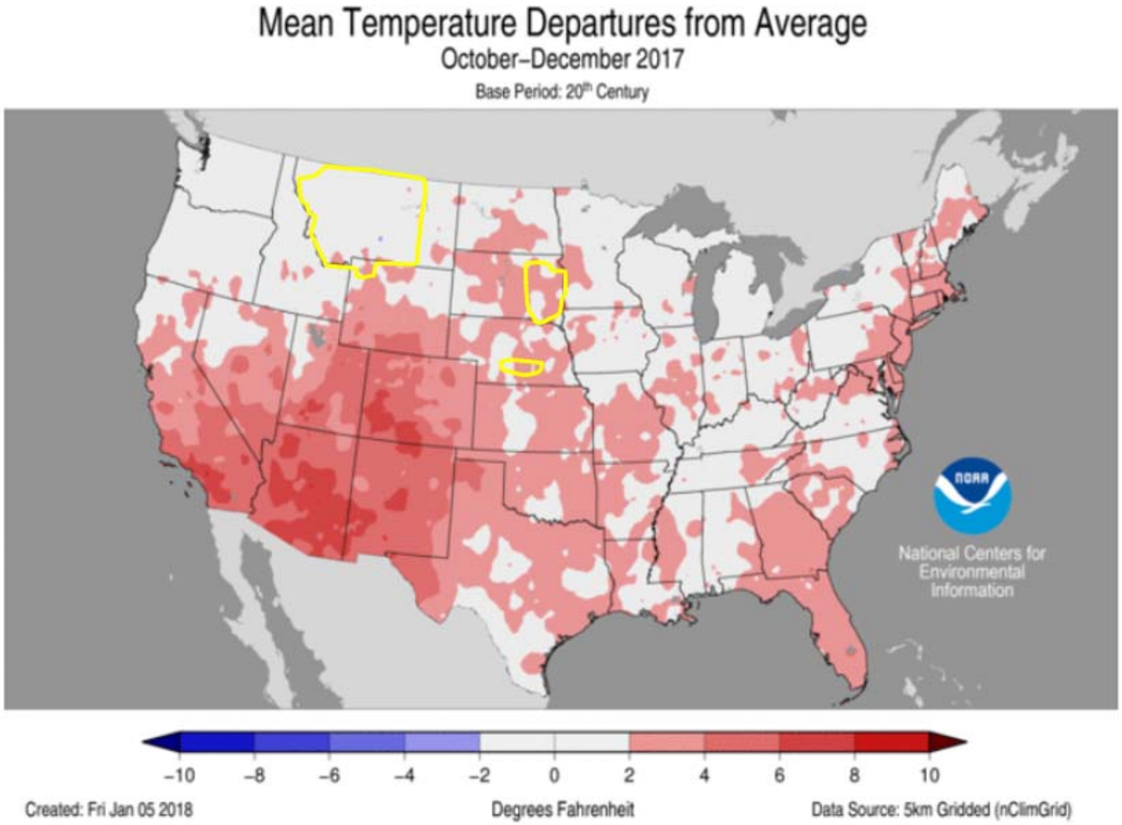
Weather (Fourth Quarter)

Heating Degree - Days	Q4 Degree Days			Q4 2017 as compared with:	
	2017	2016	Historic Average	2016	Historic Average
Montana - Electric	2,997	2,799	2,767	7% colder	8% colder
Montana - Natural Gas	3,076	2,889	2,936	7% colder	5% colder
South Dakota	1,826	1,631	2,004	12% colder	9% warmer
Nebraska	1,414	1,311	1,669	8% colder	15% warmer

<u>Mean Temperature from Normal Oct.-Dec. 2017</u>



Favorable weather has contributed approximately $1.8 million pretax benefit for the quarter as compared to normal, and $2.8 million pretax benefit as compared to same period in the prior year.

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Operating Expenses (Fourth Quarter)

(dollars in millions)

	Three Months Ended December 31,			
	2017	2016	Variance	
Operating, general & admin.	$ 78.7	$ 82.2	$ (3.5)	(4.3%)
Property and other taxes	44.1	36.8	7.3	19.8%
Depreciation and depletion	41.7	39.7	2.0	5.0%
Operating Expenses	**$ 164.5**	**$ 158.7**	**$ 5.8**	**3.7%**

Increase in operating expenses due mainly to the following factors:

$3.5 million decrease in OG&A

- $ (3.7) Employee benefits and compensation costs
- $ (0.4) Bad debt expense
- $ (0.2) Maintenance costs
- $ (0.2) Natural gas production gathering expense
- $ 1.0 Non-employee directors deferred compensation
- $ 0.5 Operating expense recovered in trackers
- $ (0.5) Other

$7.3 million increase in property and other taxes due primarily to plant additions and higher estimated property valuations in Montana.

$2.0 million increase in depreciation and depletion expense primarily due to plant additions.

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Operating to Net Income (Fourth Quarter)

(dollars in millions)

	Three Months Ended December 31,			
	2017	2016	Variance	
Operating Income	**$ 71.0**	**$ 64.2**	**$ 6.8**	**10.6%**
Interest Expense	(22.3)	(23.0)	0.7	3.0%
Other Income	2.5	1.3	1.2	92.3%
Income Before Taxes	**51.2**	**42.5**	**8.7**	**20.5%**
Income Tax (Expense) / Credit	(3.3)	1.6	(4.9)	(312.9%)
Net Income	**$ 47.9**	**$ 44.1**	**$ 3.8**	**8.6%**

$0.7 million decrease in interest expense was primarily due to refinancing of debt in November 2017.

$1.2 million increase in other income due primarily to higher capitalization of allowance for funds used during construction (AFUDC) and a $1.0 million increase of deferred shares held in trust for non-employee directors deferred compensation (which had a corresponding increase to operating, general and administrative expenses).

$4.9 million increase in income tax expense due primarily to higher pre-tax income in 2017 and lower plant and depreciation of flow-through items.

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Income Tax Reconciliation (Fourth Quarter)

(in millions)	Three Months Ended December 31,				
	2017		2016		Variance
Income Before Income Taxes	**$51.2**		**$42.5**		**$8.7**
Income tax calculated at 35% federal statutory rate	17.9	35.0%	14.9	35.0%	3.0
Permanent or flow through adjustments:					
State income, net of federal provisions	(1.3)	(2.5%)	(0.7)	(1.6%)	(0.6)
Flow - through repairs deductions	(10.0)	(19.6%)	(8.5)	(19.9%)	(1.5)
Production tax credits	(3.5)	(6.9%)	(3.6)	(8.4%)	0.1
Plant and depreciation of flow through items	-	-	(3.2)	(7.5%)	3.2
Prior year permanent return to accrual adjustments	0.2	0.40%	-	-	0.2
Other, net	-	(0%)	(0.5)	(1.2%)	0.5
Sub-total	(14.6)	(28.6%)	(16.5)	(38.6%)	1.9
Income Tax Expense / (Benefit)	**$ 3.3**	**6.4%**	**$ (1.6)**	**(3.6%)**	**$ 4.9**

Our income taxes are higher in fourth quarter 2017 versus the prior year largely due to higher pre-tax income and lower plant and depreciation of flow through items.

Segment Results (Fourth Quarter)

(Unaudited) (in thousands)

Three Months Ending December 31, 2017	Electric	Gas	Other	Total
Operating revenues	$ 262,163	$ 82,385	$ -	$ 344,548
Cost of sales	87,171	21,854	-	109,025
Gross margin	174,992	60,531	-	235,523
Operating, general and administrative	57,234	20,505	1,004	78,743
Property and other taxes	34,567	9,526	1	44,094
Depreciation & depletion	34,254	7,393	9	41,656
Operating Income (loss)	48,937	23,107	(1,014)	71,030
Interest expense	(19,709)	(1,456)	(1,141)	(22,306)
Other income (loss)	1,114	536	856	2,506
Income tax (expense) benefit	139	(2,884)	(591)	(3,336)
Net income (loss)	$ 30,481	$ 19,303	$ (1,890)	$ 47,894

Three Months Ending December 31, 2016	Electric	Gas	Other	Total
Operating revenues	$ 255,221	$ 75,369	$ -	$ 330,590
Cost of sales	87,347	20,343	-	107,690
Gross margin	167,874	55,026	-	222,900
Operating, general and administrative	59,265	25,075	(2,177)	82,163
Property and other taxes	28,489	8,305	2	36,796
Depreciation & depletion	32,622	7,154	9	39,785
Operating Income (loss)	47,498	14,492	2,166	64,156
Interest expense	(20,765)	(1,571)	(655)	(22,991)
Other income (loss)	1,110	404	(142)	1,372
Income tax (expense) benefit	3,792	(1,113)	(1,085)	1,594
Net income (loss)	$ 31,635	$ 12,212	$ 284	$ 44,131

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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.

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Non-GAAP Financial Measures

Pre-Tax Adjustments ($ Millions)	2012	2013	2014	2015	2016	2017
Reported GAAP Pre-Tax Income	**$ 94.4**	**$ 108.3**	**$ 110.4**	**$ 181.2**	**$ 156.5**	**$ 176.1**
Non-GAAP Adjustments to Pre-Tax Income:						
Weather	8.6	(3.7)	(1.3)	13.2	15.2	(3.4)
Release of MPSC DGGS deferral	(2.9)					
Lost revenue recovery related to prior periods	(3.3)	(1.0)			(14.2)	
DGGS FERC ALJ initial decision - portion related to 2011	7.0					
MSTI Impairment	24.0					
Favorable CELP arbitration decision	(47.9)					
Hydro transaction costs		6.3	15.4			
Hydro operations			(8.7)			
Remove benefit of insurance settlement				(20.8)		
QF liability adjustment				6.1		
Electric tracker disallowance of prior period costs					12.2	
Income tax adjustment						
Equity Dilution						
Adjusted Non-GAAP Pre-Tax Income	**$ 79.9**	**$ 109.8**	**$ 115.8**	**$ 179.7**	**$ 169.7**	**$ 172.7**

Tax Adjustments to Non-GAAP Items ($ Millions)	2012	2013	2014	2015	2016	2017
GAAP Net Income	**$ 79.6**	**$ 94.0**	**$ 120.7**	**$ 151.2**	**$ 164.2**	**$ 162.7**
Non-GAAP Adjustments Taxed at 38.5%:						
Weather	5.3	(2.3)	(0.8)	8.1	9.3	(2.1)
Release of MPSC DGGS deferral	(1.8)					
Lost revenue recovery related to prior periods	(2.0)	(0.6)			(8.7)	
DGGS FERC ALJ initial decision - portion related to 2011	4.3					
MSTI Impairment	14.8					
Favorable CELP arbitration decision	(29.3)					
Hydro transaction costs		3.9	9.5			
Hydro operations			(5.4)			
Remove benefit of insurance settlement				(12.8)		
QF liability adjustment				3.8		
Electric tracker disallowance of prior period costs					7.5	
Income tax adjustment	(2.4)		(19.0)		$ (12.5)	
Equity Dilution						
Non-GAAP Net Income	**$ 68.6**	**$ 94.9**	**$ 105.0**	**$ 150.3**	**$ 159.8**	**$ 160.6**

Non-GAAP Diluted Earnings Per Share	2012	2013	2014	2015	2016	2017
Diluted Average Shares (Millions)	*37.0*	*38.2*	*40.4*	*47.6*	*48.5*	*48.7*
Reported GAAP Diluted earnings per share	**$ 2.66**	**$ 2.46**	**$ 2.99**	**$ 3.17**	**$ 3.39**	**$ 3.34**
Non-GAAP Adjustments:						
Weather	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)					
Hydro transaction costs		0.11	0.24			
Hydro operations			(0.14)			
Remove benefit of insurance settlement				(0.27)		
QF liability adjustment				0.08		
Electric tracker disallowance of prior period costs					0.15	
Income tax adjustment	(0.06)		(0.47)		(0.26)	
Equity Dilution			0.08			
Non-GAAP Diluted Earnings Per Share	**$ 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.

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