



AGA Financial Forum

May 16-19, 2022

8-K May 16, 2022

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 (Nasdaq)

www.northwesternenergy.com

Corporate Office

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Boulder River in Montana

NWE - An Investment for the Long Term

Pure Electric & Gas Utility

- 100% pure 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 & solar

Solid Utility Foundation

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

Strong Earnings & Cash Flow

- Consistent track record of earnings & dividend growth
- Strong cash flows (aided by Production Tax Credit carryforwards)
- Solid balance sheet & investment grade credit ratings

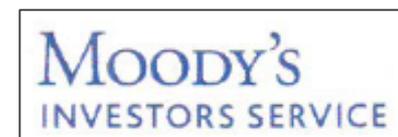
Attractive Future Growth Prospects

- 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

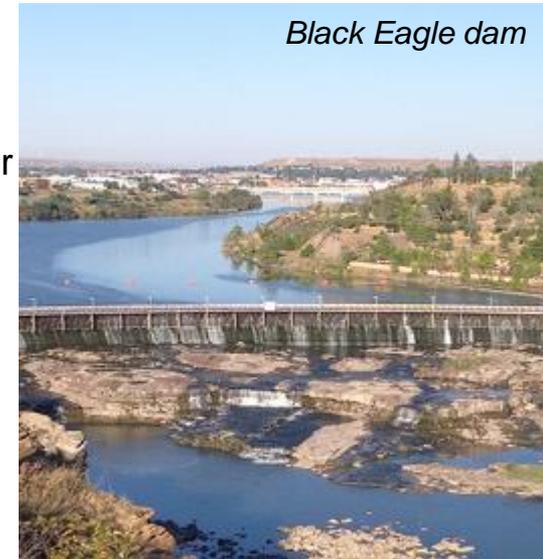
Financial Goals & Metrics

- Target debt to capitalization ratio of 50%-55% with liquidity of \$100 million or greater
- Target 3%-6% EPS growth plus dividend yield to provide competitive total return
- Target dividend long-term payout ratio of 60%-70%

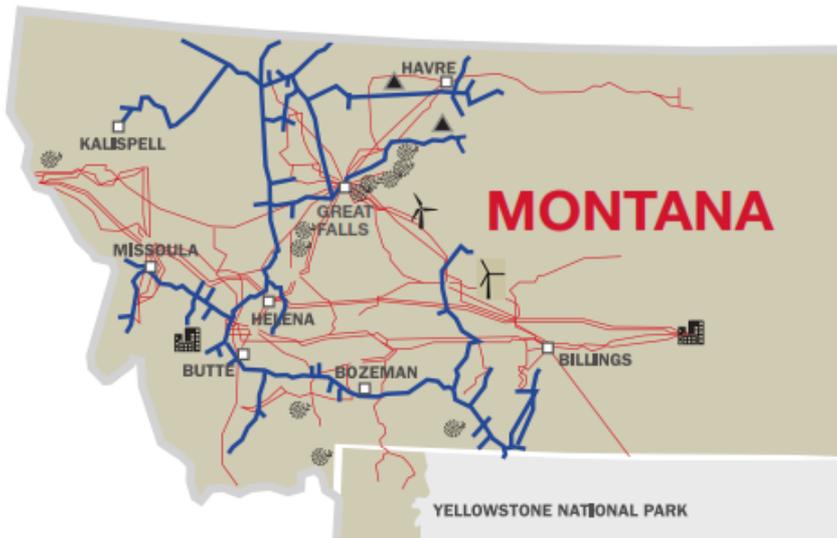
Best Practices Corporate Governance



5th Best Governance Score



About NorthWestern



Montana Operations

Electric

391,400 customers
24,996 miles – transmission & distribution lines
876 MW maximum capacity owned power generation

Natural Gas

206,600 customers
7,111 miles of transmission and distribution pipeline
17.75 Bcf of gas storage capacity
Own 38.8 Bcf of proven natural gas reserves

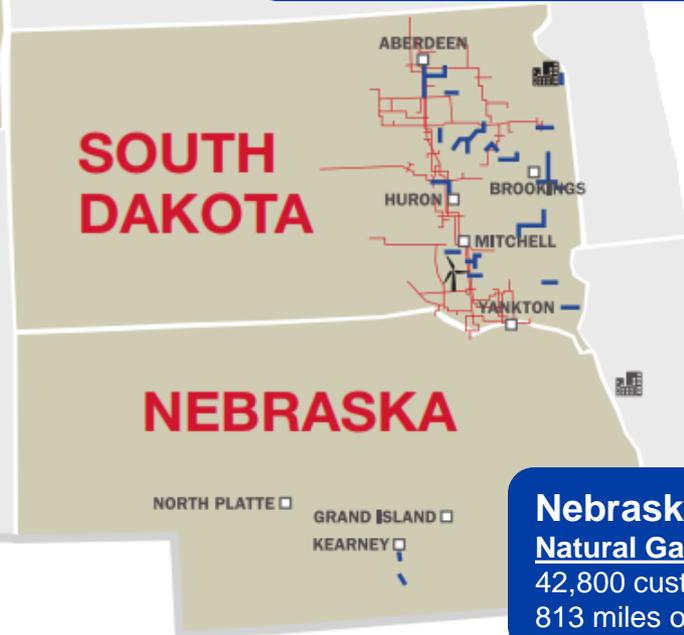
South Dakota Operations

Electric

64,200 customers
3,628 miles – transmission & distribution lines
395 MW nameplate owned power generation

Natural Gas

48,600 customers
1,759 miles of transmission and distribution pipeline



Nebraska Operations

Natural Gas

42,800 customers
813 miles of distribution pipeline

— Electric

⚡ Wind Farm

■ Thermal Generating Plants

— Natural Gas

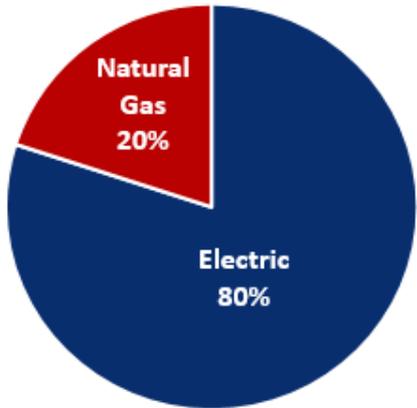
⚡ Hydro Facilities

▲ Natural Gas Reserves

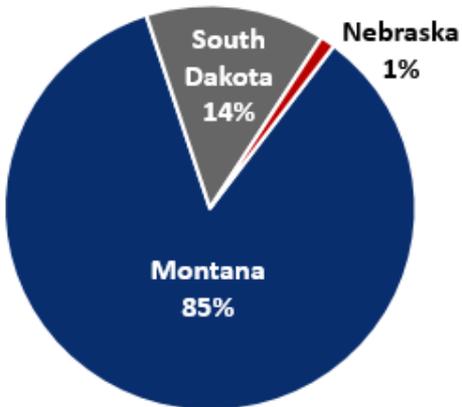
■ Peaking Plants

A Diversified Electric and Gas Utility

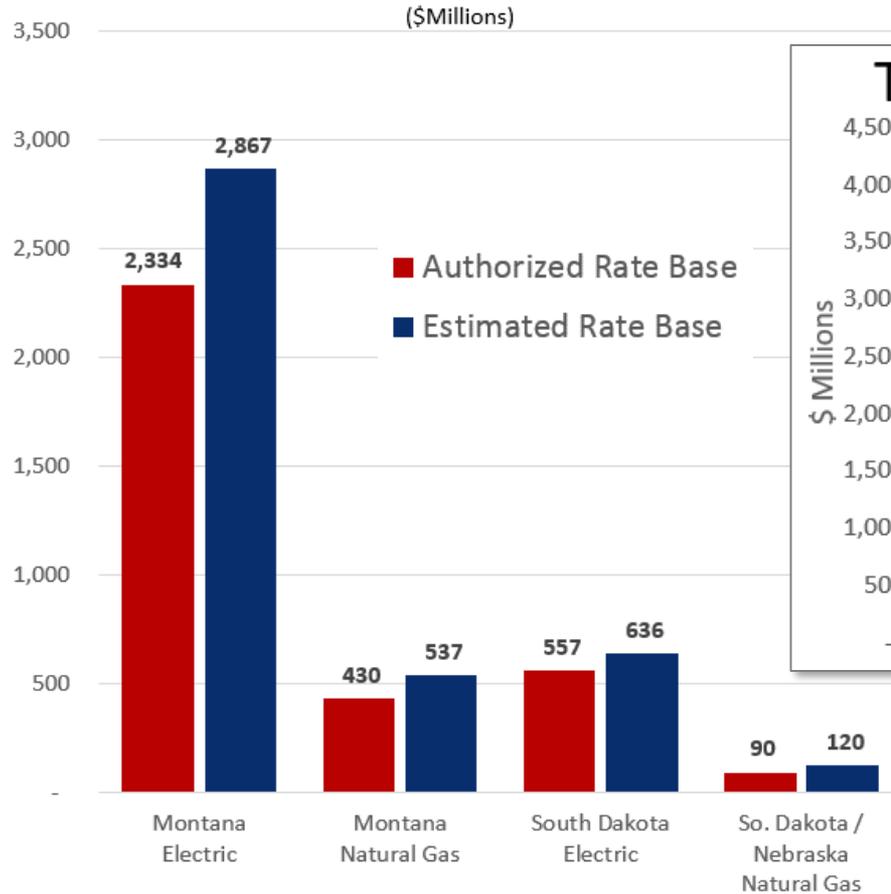
Utility Margin ⁽¹⁾



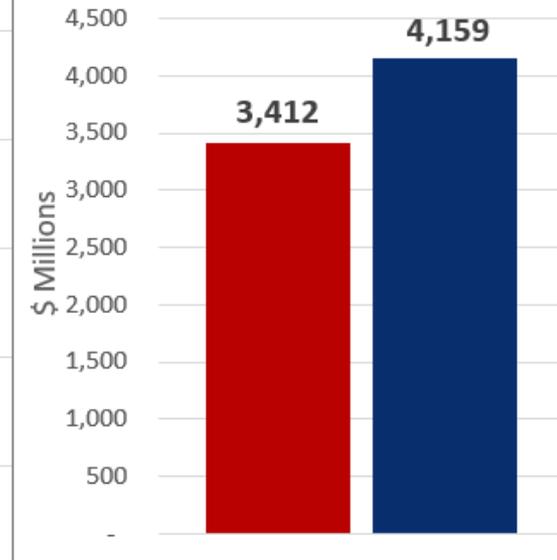
Utility Margin ⁽¹⁾



Rate Base by Service Territory



Total Rate Base



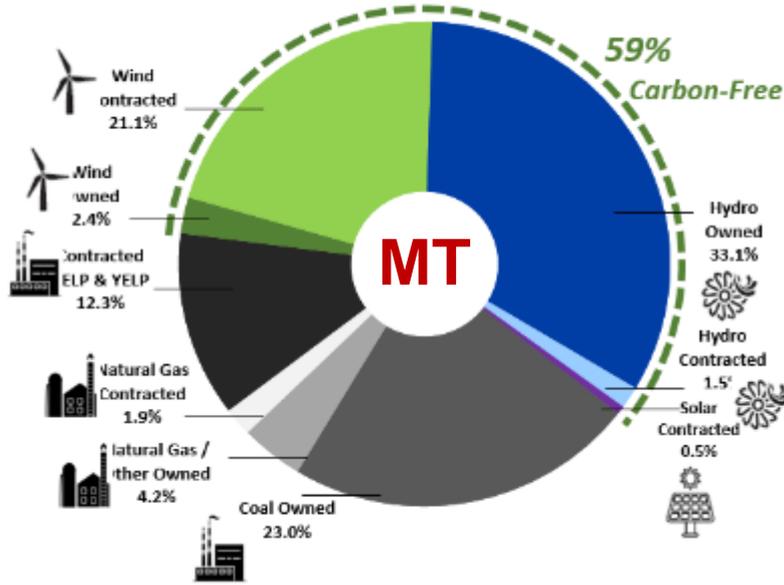
NorthWestern's '80/20' rules:
 Approximately 80% Electric and 80% Montana.
 Nearly \$4.2 billion of rate base investment to serve our customers

Data as reported in our 2021 10-K

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

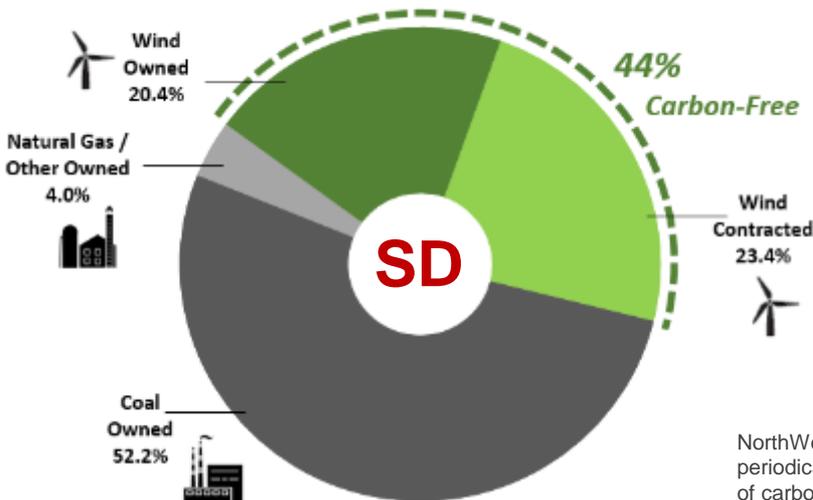
Highly Carbon-Free Supply Portfolio

2021 Electric Generation Portfolio - Montana

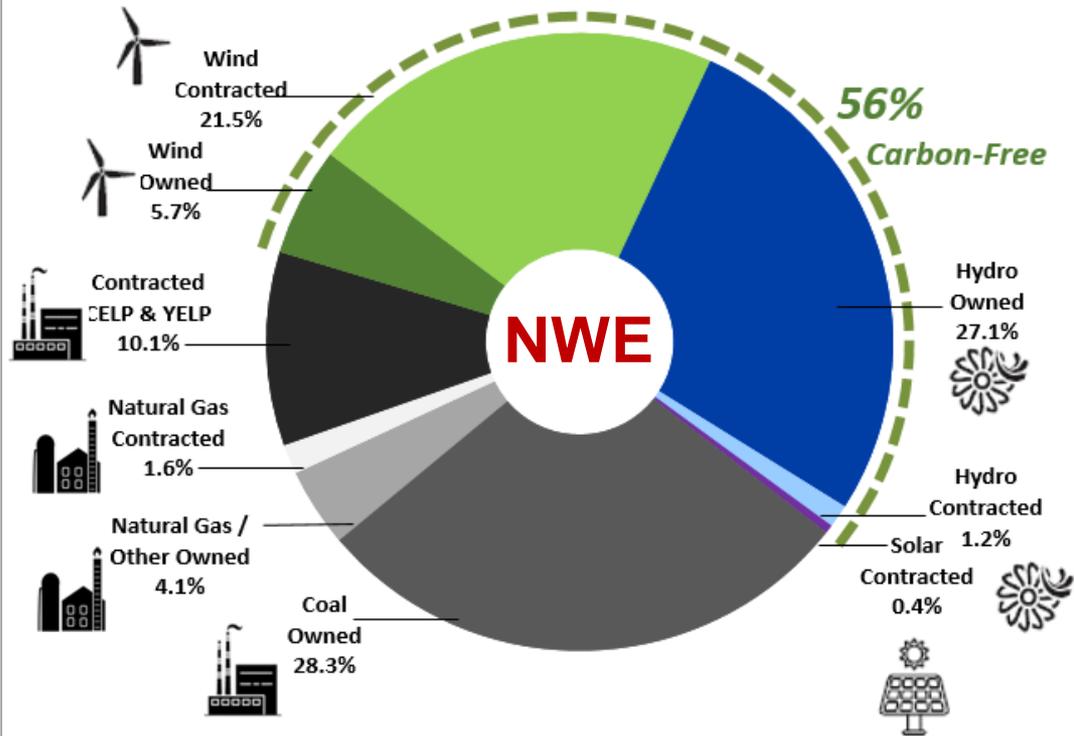


Contracted energy from Colstrip Energy Limited Partners (CELP), Yellowstone Energy Limited Partners (YELP) as well as a majority of the contracted wind, hydro and solar are federally mandated Qualifying Facilities, as defined under the Public Utility Regulatory Policies Act of 1978 (PURPA).

2021 Electric Generation Portfolio - South Dakota



2021 Electric Generation Portfolio - Total NWE



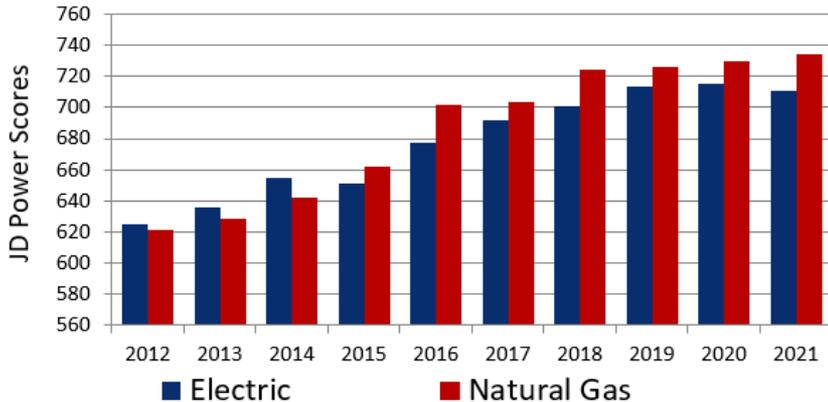
Based upon 2021 MWH's of owned and long-term contracted resources. Approximately 56% of our total company owned and contracted supply is carbon-free – better than the national average of ~40% in 2021. (eia.gov table 7.2b)

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.

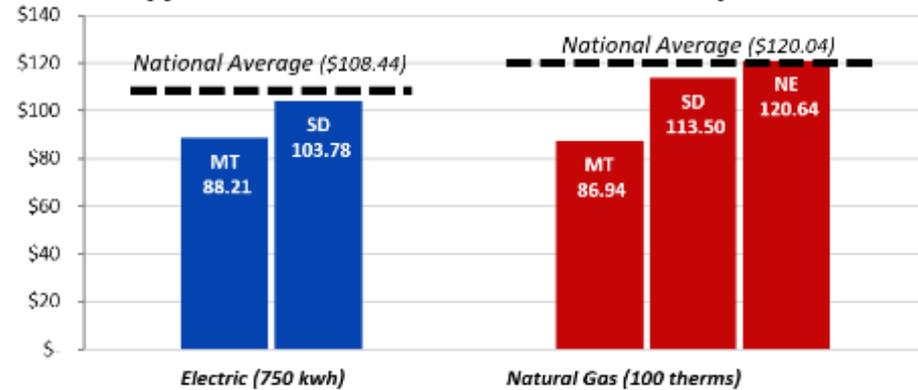
Strong Utility Foundation

NWE's Overall Customer Satisfaction Scores

via JD Power Electric & Gas Residential Studies



"Typical Bill" Residential Rate Comparison



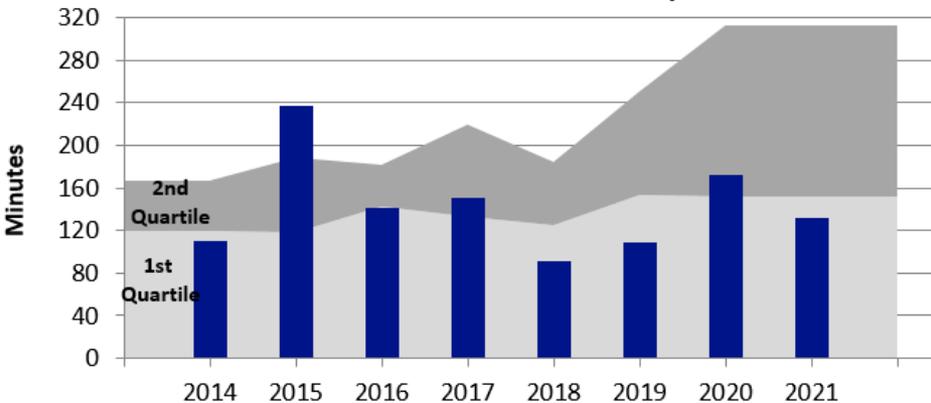
NWE rates as of 1/1/2022

Electric source: Edison Electric Institute Typical Bills and Average Rates Report, 7/1/21

Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2022

System Average Interruption Duration Index (SAIDI)

Includes MED's - NWE versus IEEE Reliability Quartiles



Leaks per 100 Miles of Pipe

Excluding Excavation Damages - 2021



Note: AGA data is from 2021 survey based on 2020 data

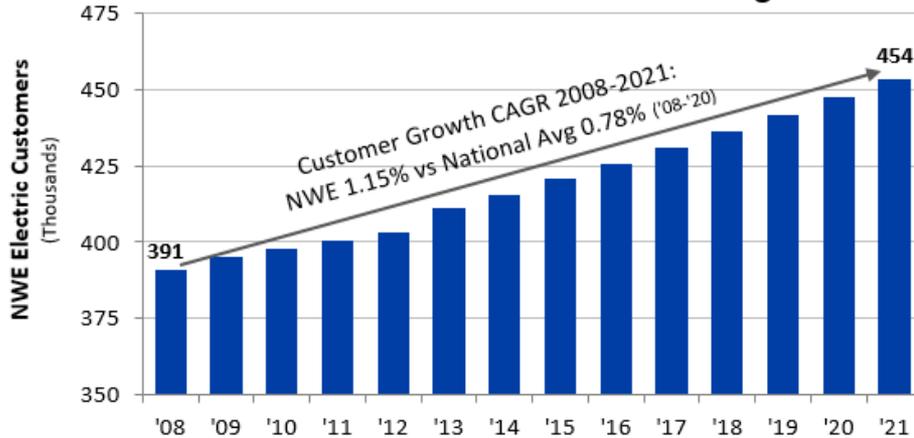
- Solid and generally improving JD Power Overall Customer Satisfaction Scores
- Residential electric and natural gas rates below national average *
- Solid electric system reliability
- Better than average natural gas leaks per mile

* SD & NE bills temporarily impacted by ongoing recovery of the February 2021 prolonged cold weather event that resulted in extreme price excursion for purchased power and natural gas.

Solid Economic Indicators

Electric

Customers Growth vs National Average



Source: Company 10K's, 2019/2020 EEI Statistical Yearbook – Table 7.1 and EIA.gov

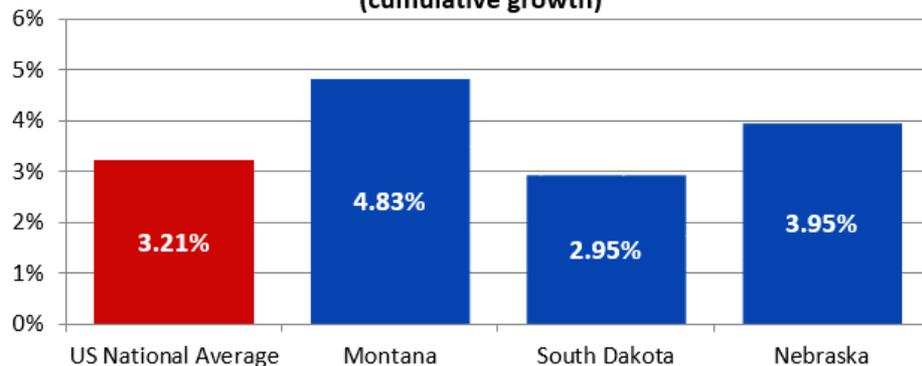
Natural Gas

Customers and Growth vs National Average



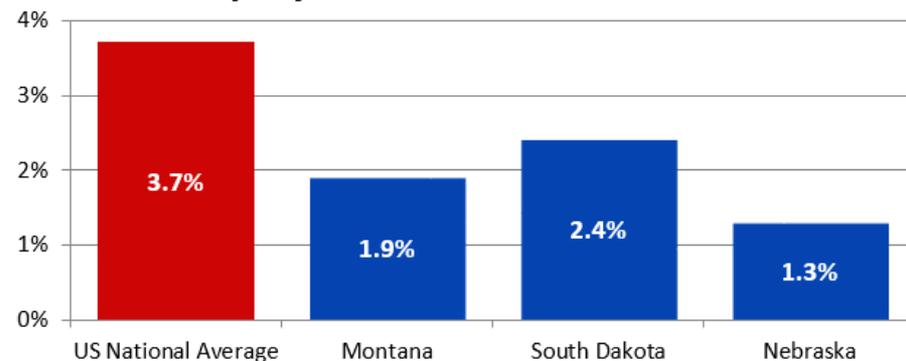
Projected Population Growth 2022 - 2027

(cumulative growth)



Source: Claritas via S&P Global Market Intelligence 2-16-2022

Unemployment Rate - December 2021



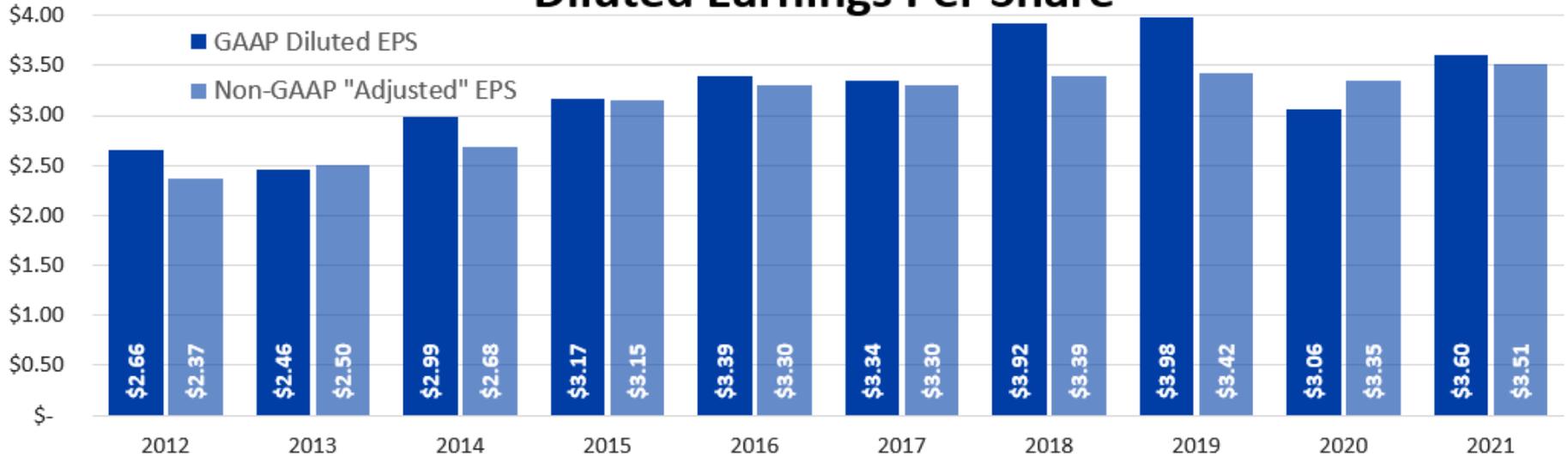
Source: U.S. Department of Labor via S&P Global Market Intelligence 2-16-2022

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

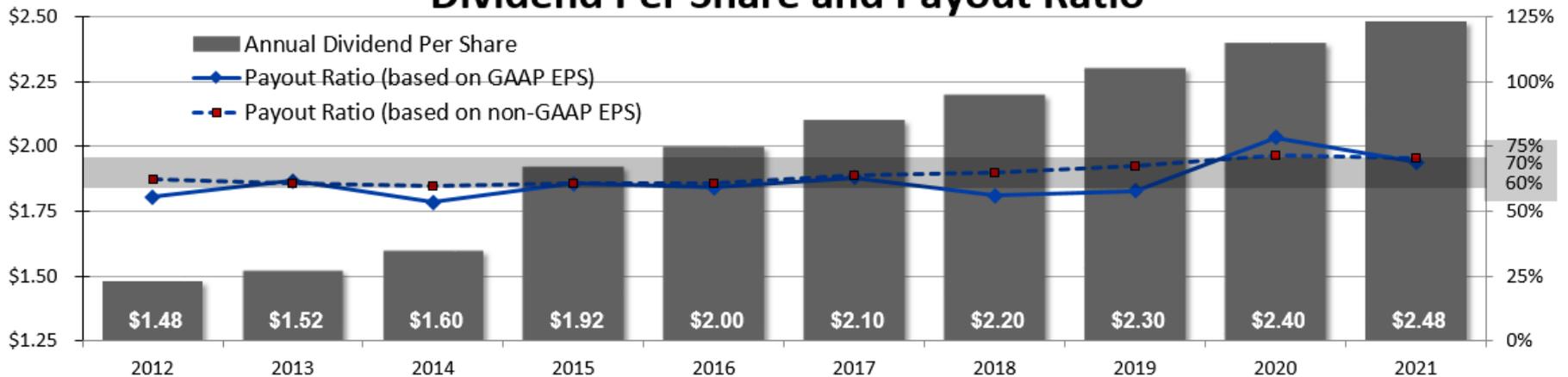


A History of Growth

Diluted Earnings Per Share



Dividend Per Share and Payout Ratio

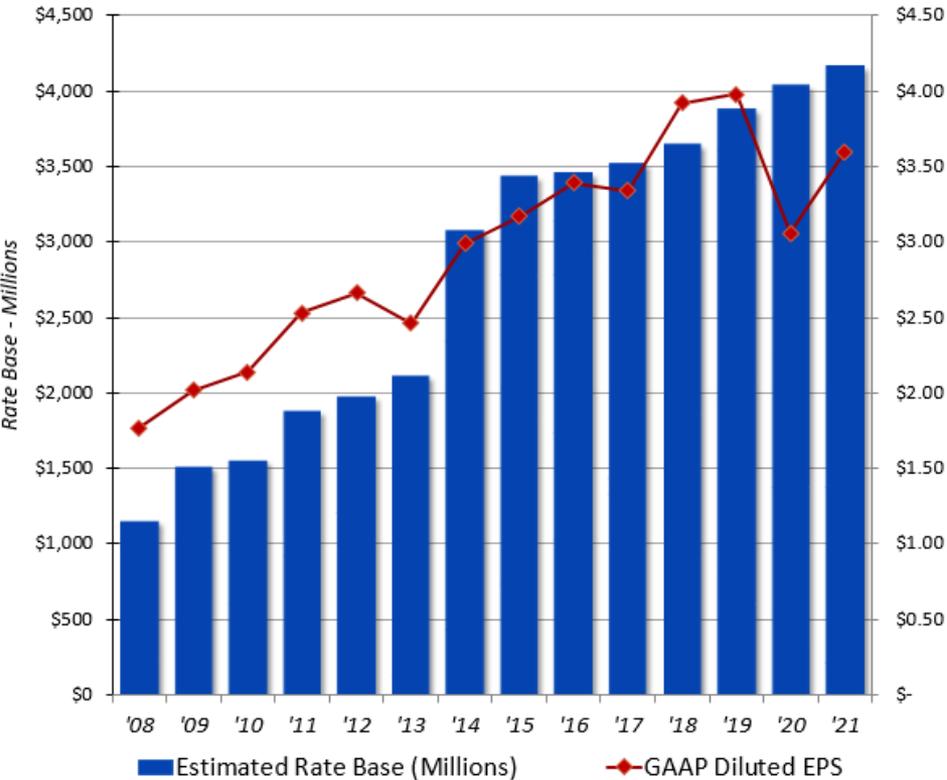


2012-2021 CAGR's: GAAP EPS: 3.4% - Non-GAAP EPS: 4.5% - Dividend: 5.9%
 See appendix for "Non-GAAP Financial Measures"



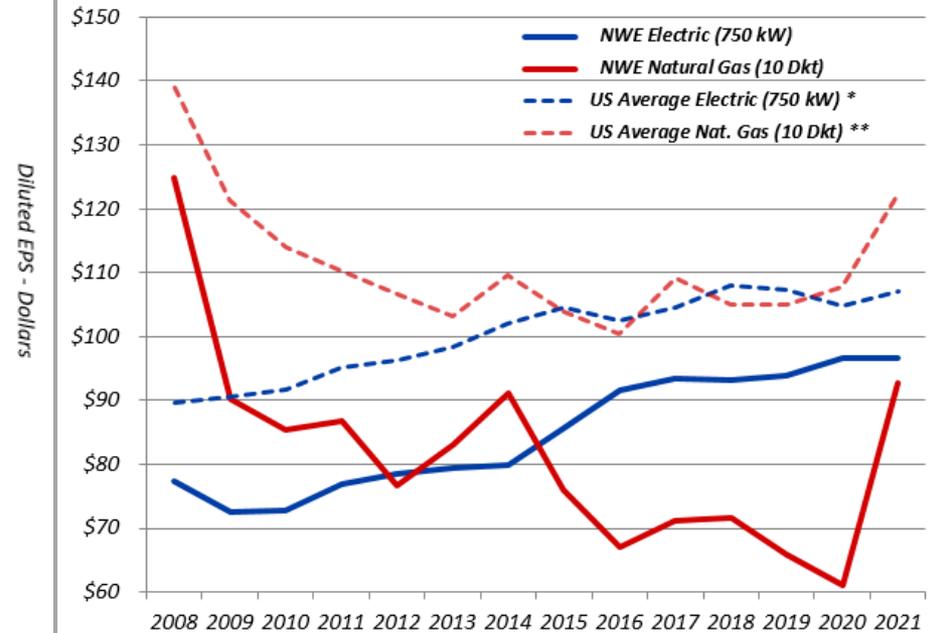
Investment for Our Customers' Benefit

Rate Base and Earnings per Share



Typical Residential Electric and Natural Gas Bill

(average Montana, South Dakota and Nebraska monthly residential customer bill)



* Electric - EEI Typical Bills and Average Summer and Winter Rates Report (2008-2021)

** Natural Gas - EIA U.S. Price of Natural Gas Delivered to Residential Customers (2008-2021)

Over the past decade 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.

2008-2021 CAGRs
 2008-2021 CAGRs
 2008-2021 CAGRs

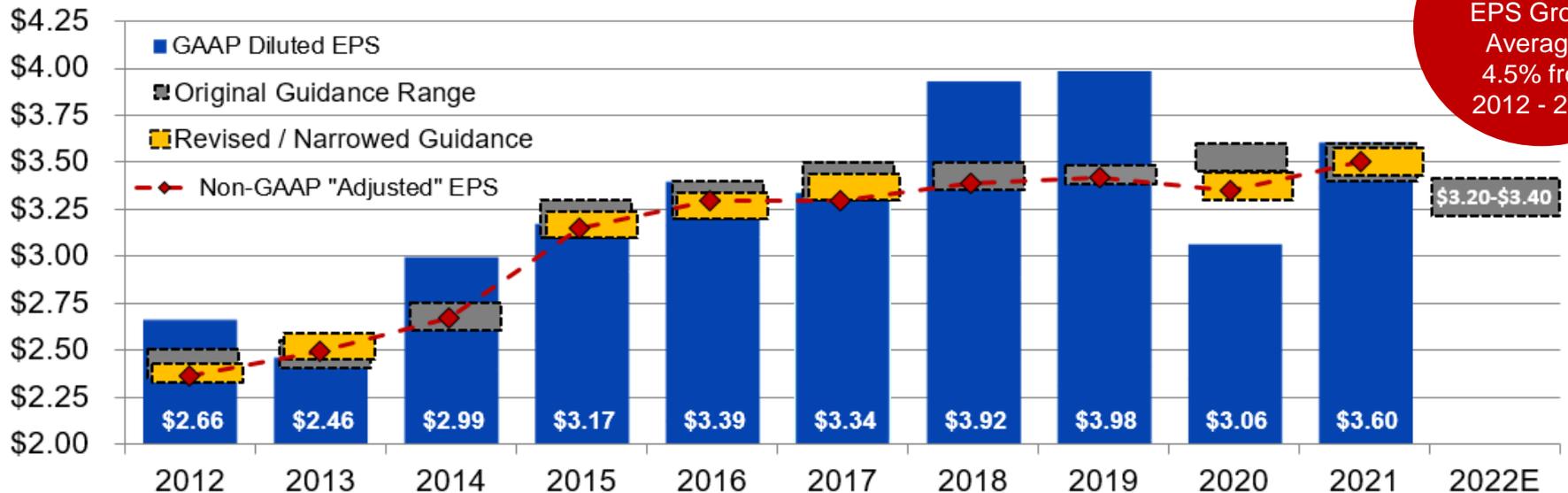
Estimated Rate Base: 10.4%
 NWE typical electric bill: 1.7%
 US average electric bill: 1.4%*

GAAP Diluted EPS: 5.6%
 NWE typical natural gas bill: (2.3%)
 US average natural gas bill: (1.0%)**



Earnings Growth

Diluted Earnings Per Share



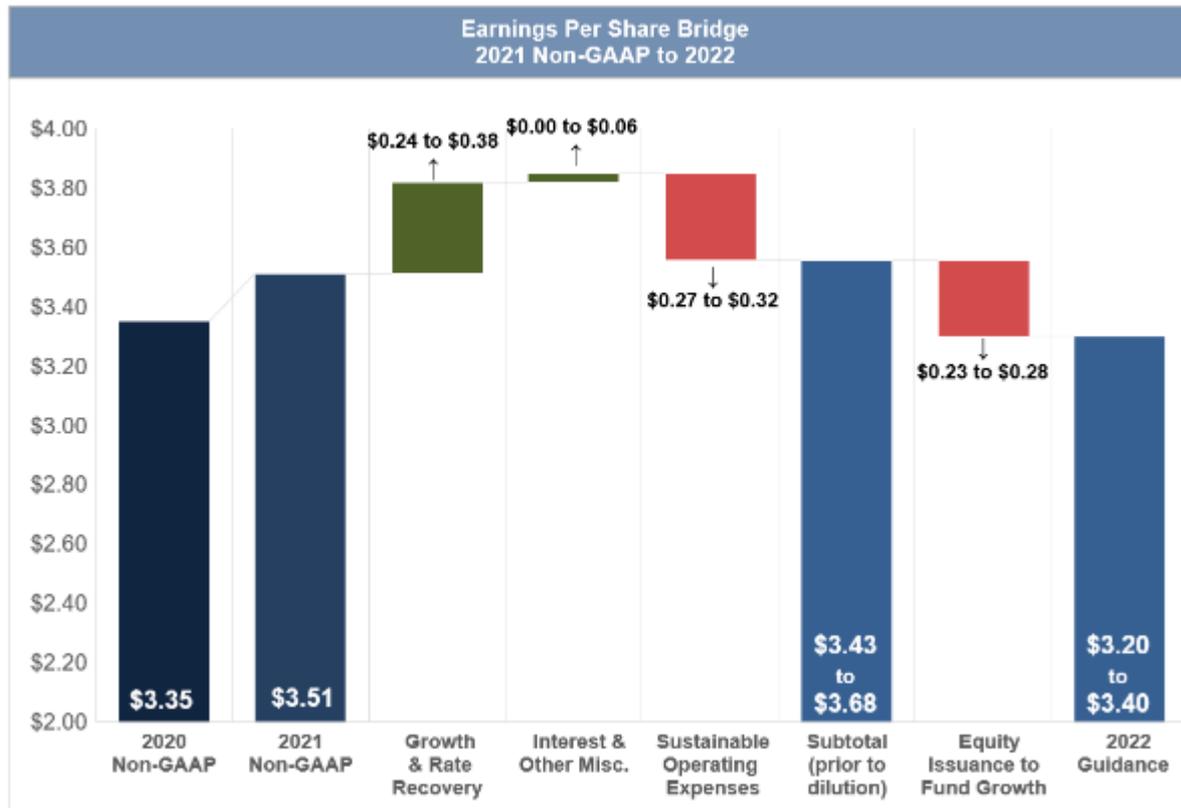
NorthWestern affirms its 2022 earnings guidance range of \$3.20 to \$3.40 per diluted share based upon, but not limited to, the following major assumptions and expectations:

- Normal weather in our electric and natural gas service territories;
- Continued delay, or elimination, of fixed cost recovery mechanism for Montana electric;
- A consolidated income tax rate of approximately 0.0% to +3.0% of pre-tax income; and
- Diluted shares outstanding of approximately 55.6 million to 56.2 million.

Continued investment in our system to serve our customers and communities is expected to provide annualized 4% - 5% growth in rate base and a targeted long-term earnings per share growth rate of 3% - 6%. Maintaining our 60% - 70% targeted dividend payout ratio.

2022 Earnings Bridge

Guiding down to \$3.20 to \$3.40 primarily due to equity needed to support increased capital investment.



- An increased, yet more sustainable, level of operating expenses, along with dilution from equity financing of capital investment, is expected to be partially offset by organic growth and rate recovery*.
- Dividend payout ratio is expected to exceed 60%-70% targeted range for 2022.
- We continue to target a long-term earnings per share growth rate of 3%-6% off a 2020 base year.

* Rate recovery primarily a result of FERC formula rates and property tax trackers.

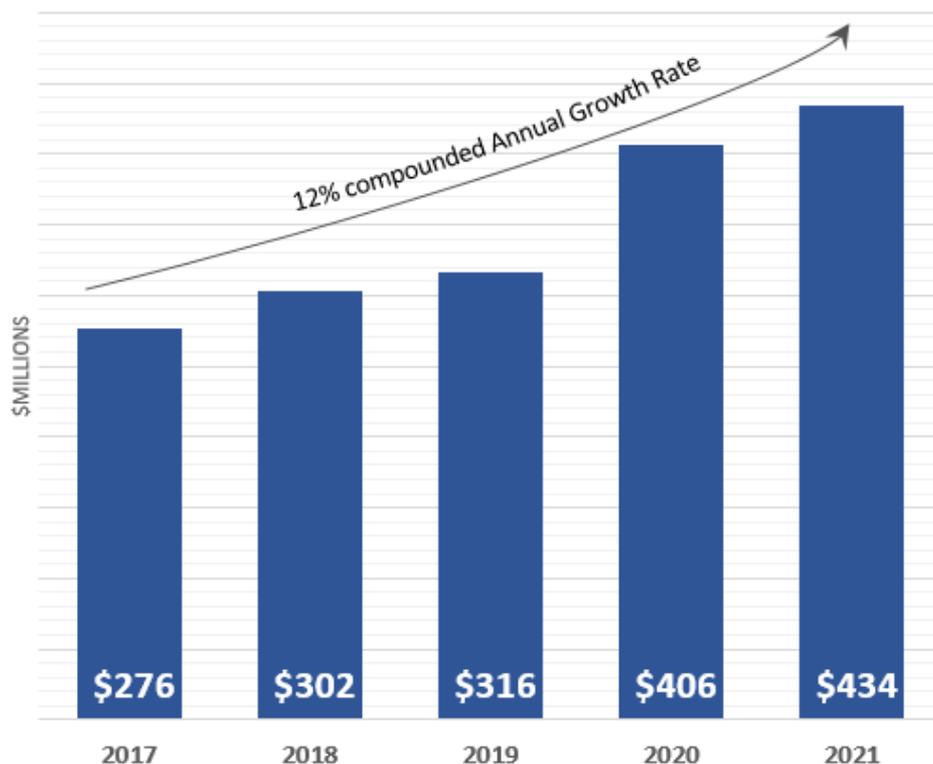
Note: See "Detailed 2022 Earnings Bridge" slide in the Appendix for additional information.

NorthWestern affirms 2022 earnings guidance range of \$3.20 to \$3.40 per diluted share based upon, but not limited to, the following major assumptions and expectations:

- Normal weather in our electric and natural gas service territories;
- Continued delay, or elimination, of fixed cost recovery mechanism for Montana electric;
- A consolidated income tax rate of approximately 0% to 3% of pre-tax income; and
- Diluted shares outstanding of approximately 55.6 million to 56.2 million.

Capital Investment Forecast and Funding

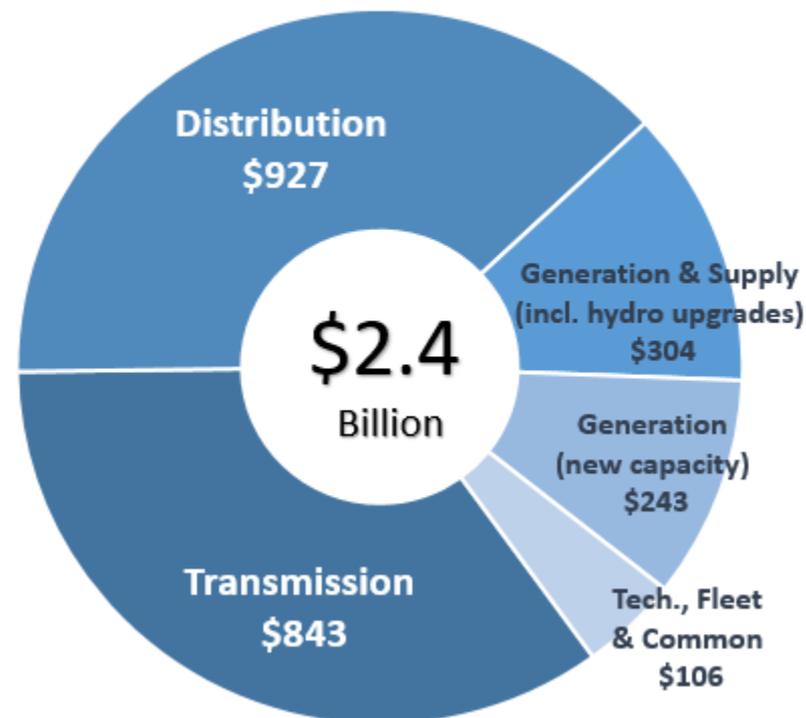
A Track-Record of Growing Investment



Statement of Cash Flows: Property plant & equipment additions

2022-2026 Capital Forecast

(Millions)

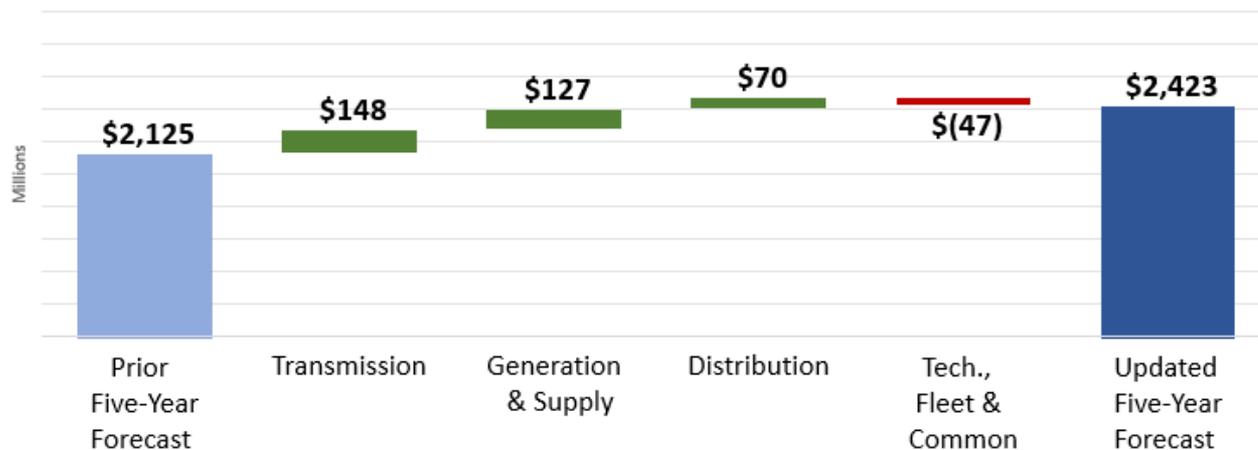


\$2.4 billion of low-risk capital investment forecasted over the next five years to address grid modernization and renewable energy integration. This sustainable level of capex is **expected to drive annualized rate base growth of approximately 4%-5%**.

We expect to finance this capital with a combination of cash flows from operations, first mortgage bonds and equity issuances under existing forward contracts. Financing plans are subject to change and balance our intention to protect our current credit ratings. (targeting a 14%-15% FFO to Debt ratio)

Continued Investment in a Sustainable Grid

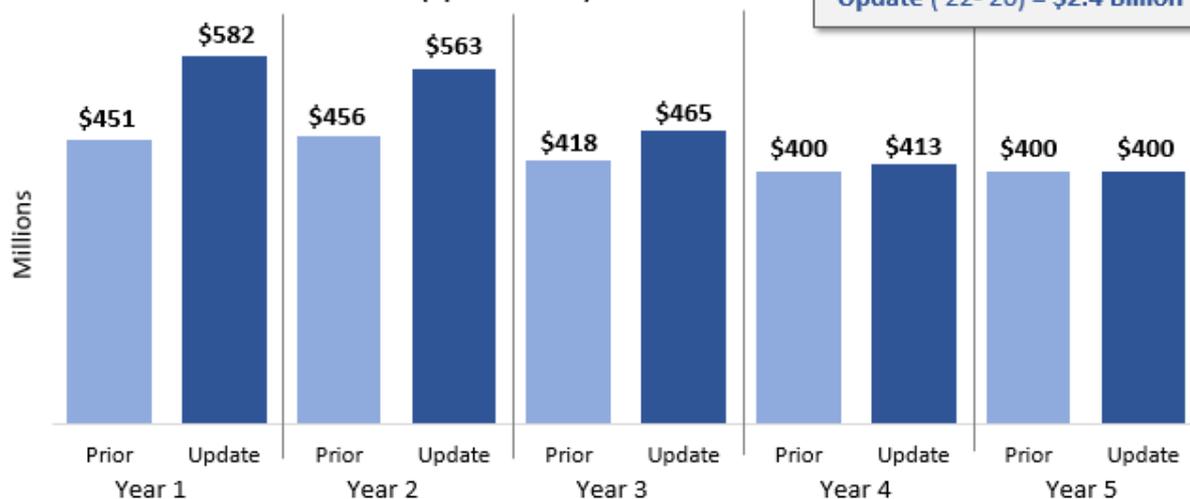
Five-Year Capital Investment Opportunity (Update vs Prior)



\$2.4 billion of total capital investment over the five year period (a \$300 million increase to prior 5-year forecast). We expect to finance this capital with a combination of cash flows from operations, first mortgage bonds and equity issuances.

This sustainable level of capex is expected to drive annualized rate base growth of approximately 4%-5%.

Capital Investment Forecast (Update vs Prior)



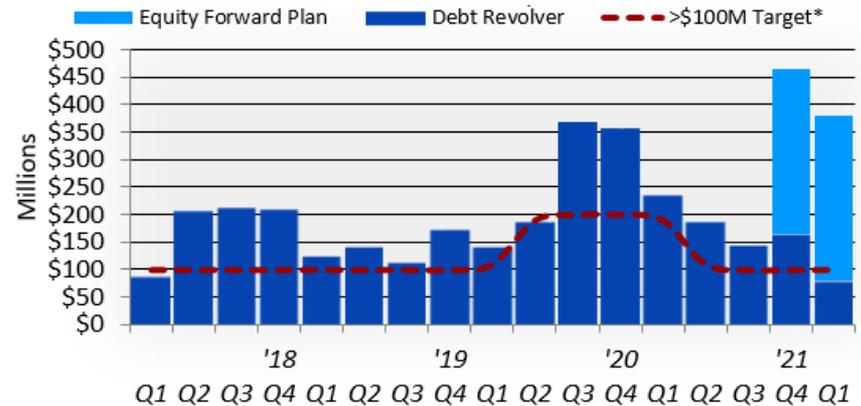
Solid Balance Sheet and Ample Liquidity

Credit Ratings

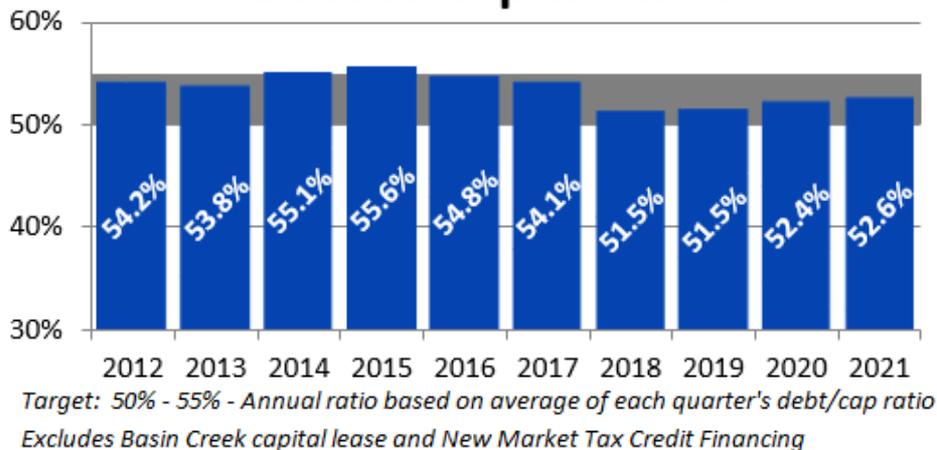
| | <u>Fitch</u> | <u>Moody's</u> | <u>S&P</u> |
|-------------------------|--------------|----------------|----------------|
| Senior Secured Rating | A- | A3 | A- |
| Senior Unsecured Rating | BBB+ | Baa2 | BBB |
| Commerical Paper | F3 | Prime-2 | A-2 |
| Outlook | Stable | Stable | Stable |

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

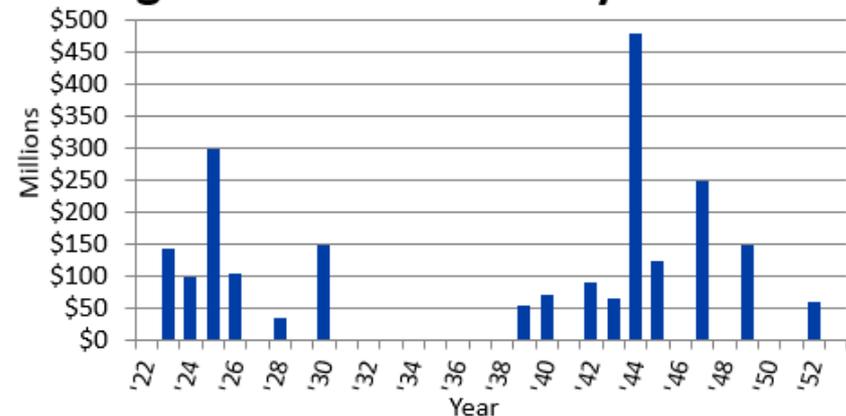
Liquidity



Debt to Capital Ratio



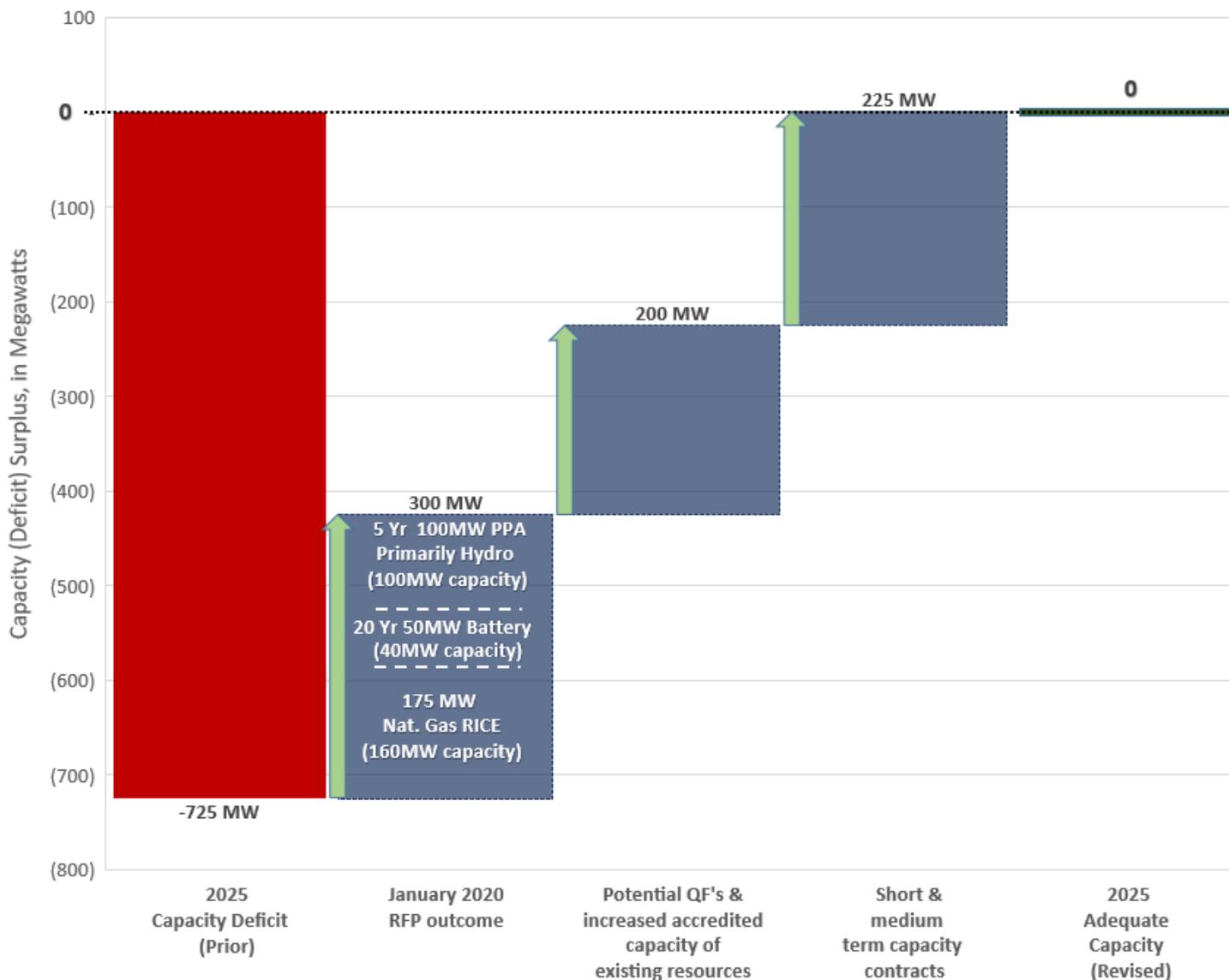
Long-Term Debt Maturity Schedule



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

*Liquidity target temporarily increased to \$200 million due to uncertain economic conditions brought about by COVID-19.

De-risking the Montana Capacity Deficit



NorthWestern has made significant progress to de-risk the capacity deficit between now and 2025.

These near term capacity solutions allow time for clarity on Colstrip arbitration, further development in the western markets, and ongoing technological advances.

We expect to submit an updated integrated resource plan by the end of 2022 or early 2023*, followed by an all-source competitive solicitation request for capacity available in 2026.

** Due to the significant impact of our ownership in Colstrip Unit 4 to the capacity available in our portfolio, the outcome in the arbitration amongst the co-owners may affect the timing of the submission of this plan.*

Looking Forward

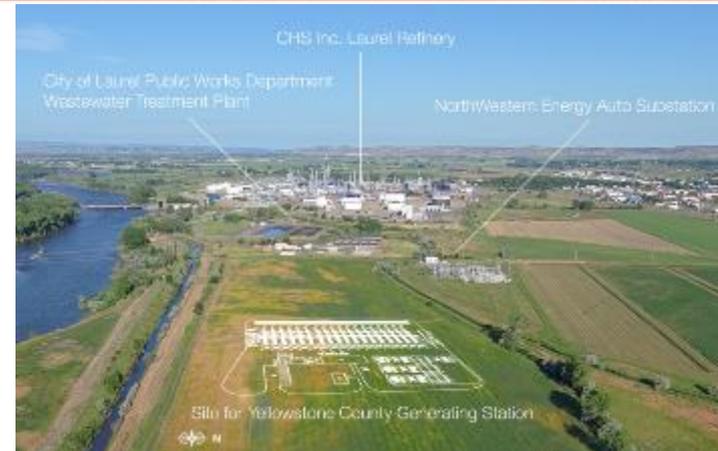
Supply Planning

- ✓ **58 megawatt Bob Glanzer generating project in South Dakota...**
 - ✓ Performance and emissions testing underway
 - ✓ Total construction costs of approximately \$86 million
(Approximately \$80.8 million through March 31, 2022)
 - ✓ Commercial operation expected in May 2022

- ✓ **175 megawatt generating project in Montana...**
 - ✓ Construction began in April 2022
 - ✓ Total construction costs of approximately \$275 million
(Approximately \$50 million through March 31, 2022)
 - ✓ Commercial operation expected during the 2023-2024 winter season

- ✓ **20 year, 50 MW battery storage agreement in Montana...**
 - ✓ Based upon a May 6, 2022, Montana District Court decision declaring the Preapproval Statute unconstitutional, we filed a motion to suspend the Beartooth battery procedural schedule while evaluating next steps.

- ✓ **5 year, 100 MW power purchase agreement in Montana...**
 - ✓ Originating predominately from hydroelectric resources with Powerex for capacity and energy products.



The Yellowstone County Generating Station will provide on-demand resources to support the variability of wind and solar projects coming onto our system and help serve our customers during extended periods of peak demand.

Rate Filings

- ✓ **Montana electric and natural gas rate filing development and preparation...**
 - ✓ Necessary to recover the costs and investments made to provide safe and reliable critical services
 - ✓ Expect to file in mid-2022 based upon a 2021 test year
 - ✓ We anticipate including proposals to reduce regulatory lag, improve cash flow to support credit ratings and enable us to compete for investor capital that will fund necessary future investment.

Distribution System Update

Five Year Projects

System Efficiencies

- Advanced Distribution Management Systems (ADMS) Enhancements
- Fault Location, Isolation and Service Restoration (FLISR) Implementation
- Distribution Energy Resource (DER) Integration

Operational Efficiencies

- Determination of Compliance (DOC) Transitions Control
- Montana Advanced Metering Infrastructure (AMI)

Customer Experience

- Customer Portals
- Smart Apps

Actionable Data

- Key Performance Indicators
- Predictive Analytics
- Enterprise Connectivity

Grid of the Future

New Technology

- Electric Vehicle Charging / Infrastructure
- Micro Management Systems (MGMS)
- Advanced Distribution Energy Resource Integration

Customer Experience

- Advanced Apps & Controls
- Predictive Analytics (i.e. Customer Bills)
- Home Area Networks
- Customized Solutions

Data Sharing

- Multitenant Solutions
- Transactive Controls



Transmission System Update

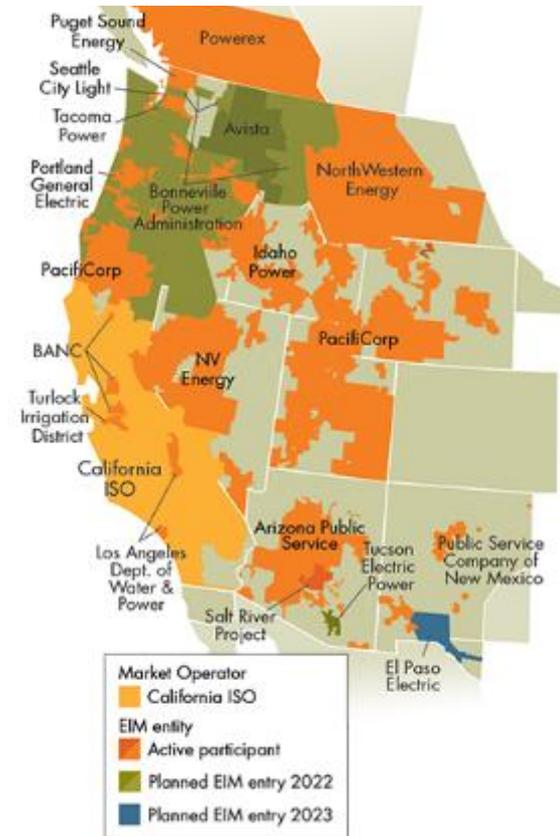
Electric Transmission:

- In June 2021, we joined the Western Energy Imbalance Market (WEIM). This real-time, within-hour energy market will provide the company's Montana customers with economically efficient energy to resolve imbalances and variations in load and generation on our Montana system.
- Continue planned retirements of generating resources in Montana in conjunction with increasing demand is placing more stress on the transmission system (two record peaks in the last three seasons). As a result, we are experiencing less available transmission capacity throughout the system.
- Continued investment is critical to address aging infrastructure, capacity concerns, reliability and compliance requirements.

Gas Transmission:

- Continued investment is critical to address aging infrastructure, capacity concerns, reliability and compliance (including the Pipeline and Hazardous Materials Safety Administration proposed rules).
- Three primary factors leading to the need for additional investment to address:
 - Overall reliability and capacity on the gas transmission system to withstand single large contingencies and to address the decline in on-system gas production;
 - The need to provide additional capacity for existing gas-fired electric generation (given expected growing dependence); and
 - The need to serve new gas-fired capacity generation in South Dakota.

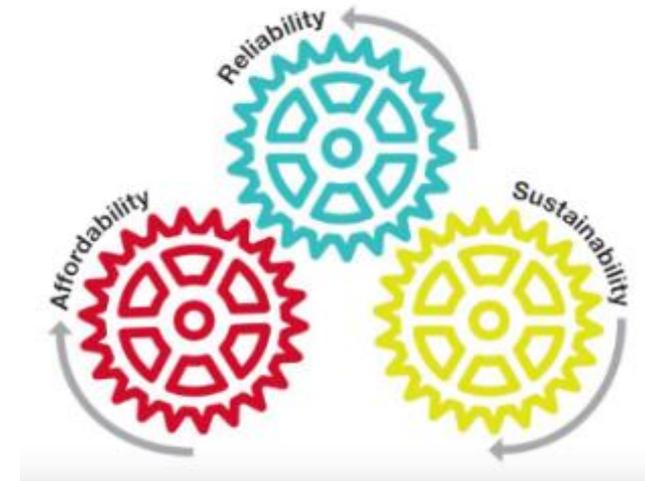
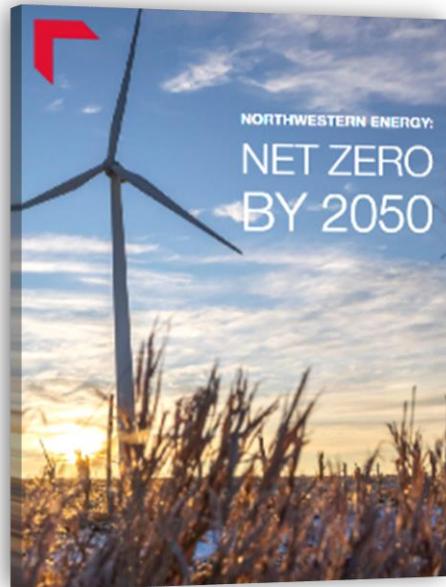
WEIM active & Pending Participants



Significant investment needs identified for transmission reliability, capacity and gas / electric interdependence.

Our Net-Zero Vision

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



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

ESG Publications

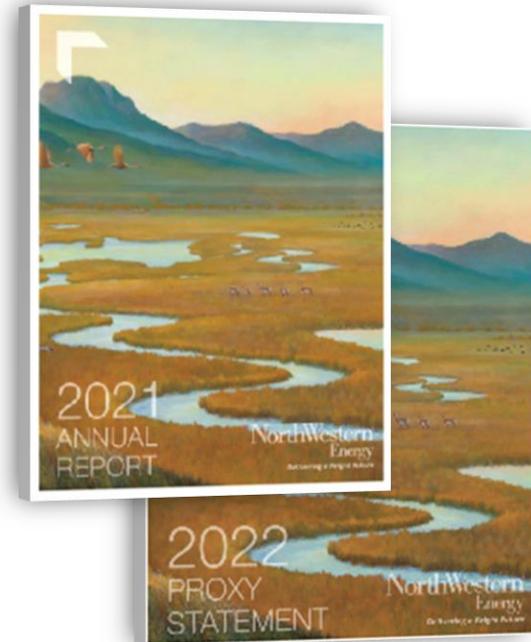
Environmental



Social



Governance

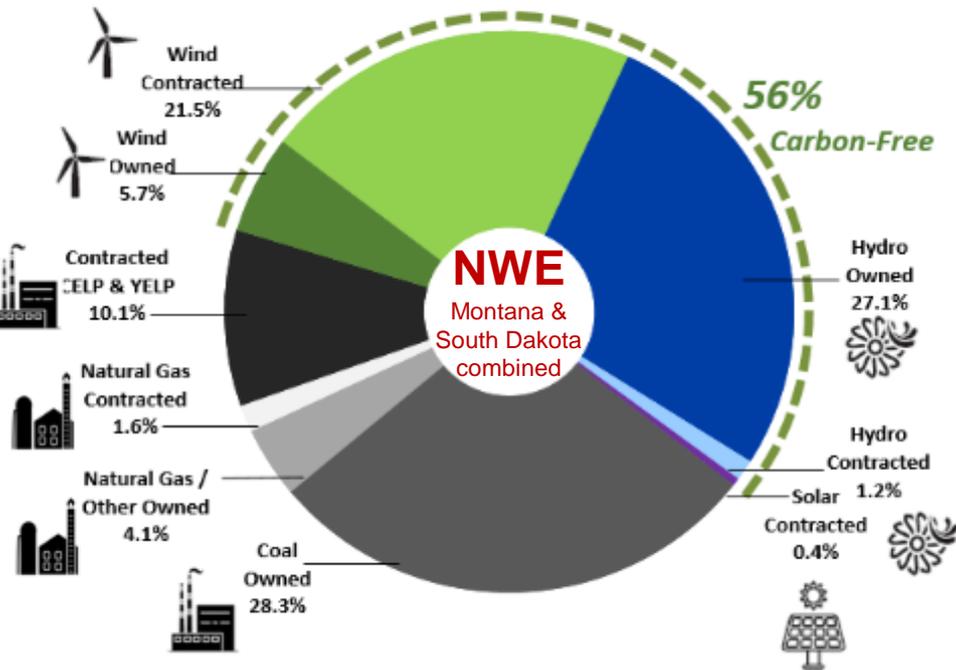


These eight publications* provide valuable insight into NorthWestern Energy's Environmental, Social and Governance (ESG) Sustainability practices.

* Available at: <https://www.northwesternenergy.com/about-us/environmental-social-governance> and <https://www.northwesternenergy.com/about-us/investors/financials>

ESG - Environmental

2021 Electric Generation Portfolio - Total NWE



56% Carbon-Free Owned and Long-Term Contracted Portfolio in 2021
vs
~40% National Average in 2021
Based on MWh's

*Source: U.S. Energy Information Administration – form EIA.gov
 Table 7.2b Electric Net Generation: U.S. Electric Power Sector 2021*
Note: 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.

NorthWestern Energy - 2021 Electric Portfolio



56% Carbon-Free Electricity Portfolio from Owned and Long-Term Contract Resources - Based on MWh's

U.S. Electric Utilities - 2020 Net Electric Generation



40% Carbon-Free - U.S. Electric Utilities Net Generation - Based on MWh's

Source: EIA.gov Table 7.2b Electric Net Generation: U.S. Electric Power Sector - 2020



Beethoven Wind Farm



Black Eagle Power House

Community

\$2.6 Billion Economic Output in 2021 (\$2.30B in Montana & \$300M in SD/NE)



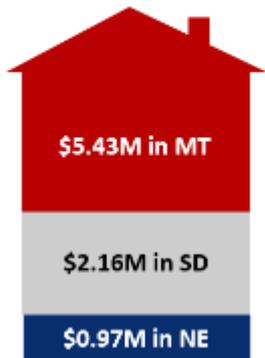
Over \$5 million Donations, Sponsorships, Economic Development, Scholarship Funding, Public Recreation Support, Safety Awareness and Volunteer Program Grants in 2021

411 Number of nonprofits that received grants through Employee Volunteer Program

\$8.6 Million Low-Income Energy Assistance in 2021

Low-Income Assistance

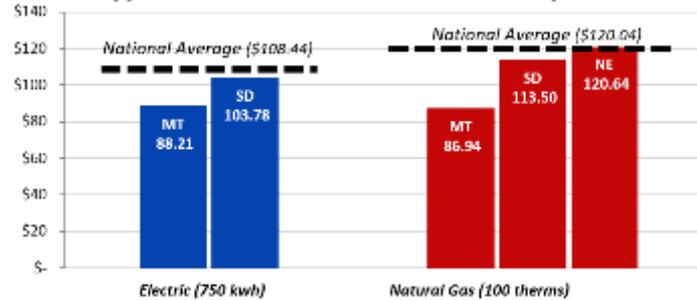
We work closely with the federal Low Income Energy Assistance programs to provide critical short-term aid to our community's most vulnerable citizens



Customers

Typical Residential Bills Lower than National Average

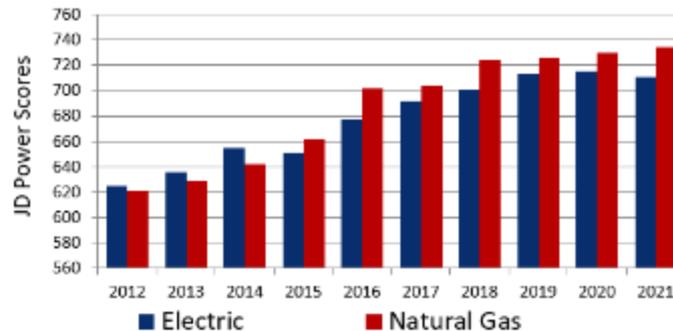
"Typical Bill" Residential Rate Comparison



NWE rates as of 1/1/2022
Electric source: Edison Electric Institute Typical Bill and Average Rates Report, 1/1/21
Natural Gas source: US EIA - Monthly residential supply and delivery rates as of January 2022

Building on Our Best – Improved Customer Satisfaction Scores

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

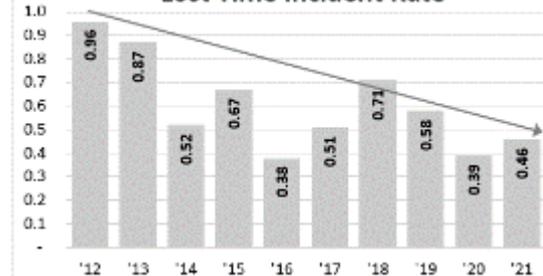


Over the last 13 years, our energy efficiency programs have helped customers save 685,041 MWh's of energy – enough to power 76,000 homes for a year.

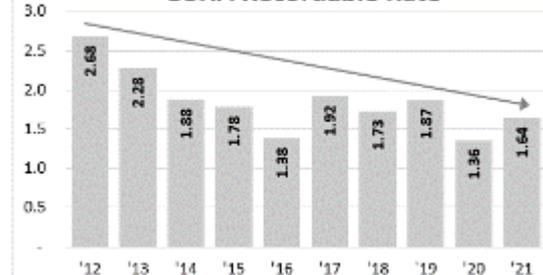
Employees

Safety Culture Transformation

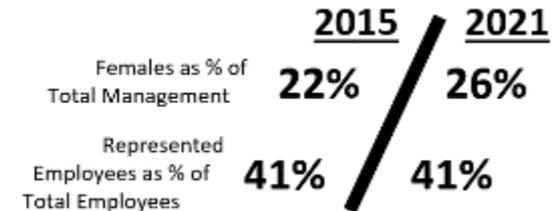
Lost Time Incident Rate



OSHA Recordable Rate



Diverse Employment



ESG - Governance

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

Corporate Governance

What We Do:

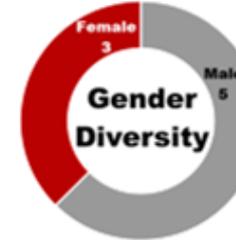
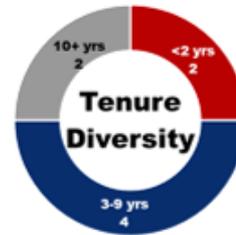
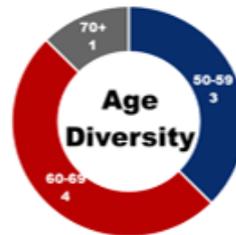
- Annual election of all directors.
- Majority vote plus resignation standard in uncontested elections. If a director receives more "WITHHOLD AUTHORITY" votes than "FOR" votes, the director must submit a resignation for the Board to consider.
- Allow shareholders owning 25 percent of our shares to call a special meeting.
- Independent Board of Directors, except our CEO.
- Independent Board Chair.
- Each of our Board committees is made up solely of independent directors.
- Committee authority to retain independent advisors, which will be paid for by the company.
- Code of Conduct and Ethics. Applies to all employees and Board, with a separate Code of Ethics for Chief Executive Officers and Senior Financial Officers concerning financial reporting and other related matters.
- Robust stock ownership guidelines for executive officers and directors.

What We Don't Do:

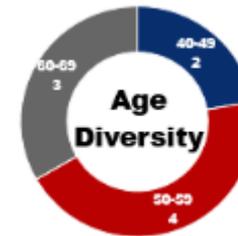
- Poison pill or a shareholder rights plan.
- Hedging of company securities.
- Corporate political contributions.
- Supermajority voting, except to approve certain business combinations or mergers.

Diverse Leadership

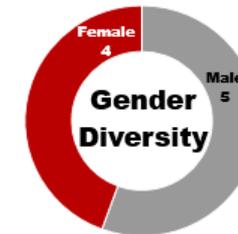
Board of Directors



Executive Team



On exec team



Other Recent Governance Recognition



20 / 20 – Women on Boards

Recognized for gender diversity on its board of directors by 2021 Women on Boards. Three of the company's eight directors are female.



Corporate Governance Award Winner

NorthWestern Corporation's proxy statement has won governance awards – *Best Proxy Statement (Small to Mid-Cap)* by Corporation Secretary magazine (2014 & 2019) and *Exemplary Compensation Discussion and Analysis* from NYSE Governance Services (2014) and NorthWestern was recognized as a finalist by Corporate Secretary magazine in the same category for our '12, '13, '16, '17 & '18 statements



2021 CEO Pay

Ratio to Average Employee Salary

NWE
28:1

U.S. Utilities
Average (2020)
58:1

Performance-Based Pay

79%

Conclusion

Pure
Electric &
Gas Utility

Solid Utility
Foundation

Best
Practices
Corporate
Governance

Attractive
Future
Growth
Prospects

Strong
Earnings &
Cash Flows



Delivering a
bright future

NorthWestern[®]
Energy

Detailed 2022 Earnings Bridge

| | <u>Low</u> | <u>High</u> |
|--|---------------|---------------|
| 2021 Non-GAAP Diluted EPS | \$3.51 | \$3.51 |
| 2022 Earnings Drivers (after-tax and per share) | | |
| Utility Margin | 0.24 | 0.38 |
| OG&A expense | (0.06) | (0.04) |
| Property & other tax expense | (0.11) | (0.10) |
| Depreciation expense | (0.15) | (0.13) |
| Interest expense | (0.02) | - |
| Other income | 0.03 | 0.06 |
| Incremental tax impact* | (0.01) | - |
| Subtotal of anticipated changes | (0.08) | 0.17 |
| 2022 EPS guidance <u>prior</u> to equity dilution | \$3.43 | \$3.68 |
| Dilution from higher outstanding shares | (0.23) | (0.28) |
| EPS guidance <u>after</u> potential equity dilution | \$3.20 | \$3.40 |

NorthWestern affirms its 2022 earnings guidance range of \$3.20 - \$3.40 per diluted share.

Cash Tax Outlook

We anticipate production tax and other credits to largely offset federal cash tax obligations into 2023.

Effective Tax Rate Outlook

Assuming no significant change in current tax legislation, we anticipate our effective tax rate to gradually increase to approximately 15% by 2026.

* 2022 earnings drivers shown above are calculated using a 25.3% effective tax rate. The incremental tax impact line included above reflects anticipated changes in discrete tax items (such as tax repairs and meter deductions, production tax credits, and other permanent or flow-through items) from 2021 earnings to 2022 guidance.

Assumptions included in the 2022 Guidance includes, but not limited to, the following major assumptions:

- Normal weather in our electric and natural gas service territories;
- Continued delay, or elimination, of the electric fixed cost recovery mechanism in Montana;
- A consolidated income tax rate of approximately 0 to +3.0% of pre-tax income; and
- Diluted average shares outstanding of approximately 55.6 million to 56.2 million.

NWE Rate Base and Earnings Profile

Data as reported in our 2021 10-K

As of 12/31/2021

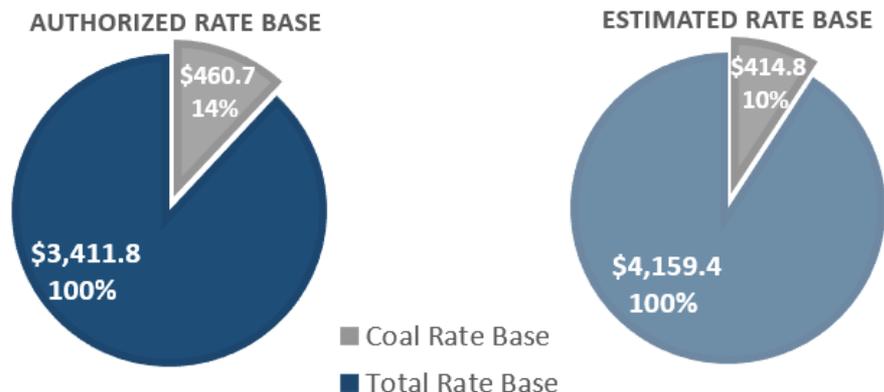
| Jurisdiction and Service | Implementation Date | Authorized Rate Base (millions) | Estimated Rate Base (millions) | Authorized Overall Rate of Return | Authorized Return on Equity | Authorized Equity Level |
|---|---------------------|---------------------------------|--------------------------------|-----------------------------------|-----------------------------|-------------------------|
| Montana electric delivery and production (1) | April 2019 | \$ 2,030.1 | \$ 2,596.5 | 6.92% | 9.65% | 49.38% |
| Montana - Colstrip Unit 4 | April 2019 | \$ 304.0 | \$ 270.1 | 8.25% | 10.00% | 50.00% |
| Montana natural gas delivery and production (2) | September 2017 | \$ 430.2 | \$ 536.7 | 6.96% | 9.55% | 46.79% |
| Total Montana | | \$ 2,764.3 | \$ 3,403.3 | | | |
| South Dakota electric (3) | December 2015 | \$ 557.3 | \$ 635.8 | 7.24% | n/a | n/a |
| South Dakota natural gas (3) | December 2011 | \$ 65.9 | \$ 80.8 | 7.80% | n/a | n/a |
| Total South Dakota | | \$ 623.2 | \$ 716.6 | | | |
| Nebraska natural gas (3) | December 2007 | \$ 24.3 | \$ 39.5 | 8.49% | 10.40% | n/a |
| Total NorthWestern Energy | | \$ 3,411.8 | \$ 4,159.4 | | | |

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

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

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

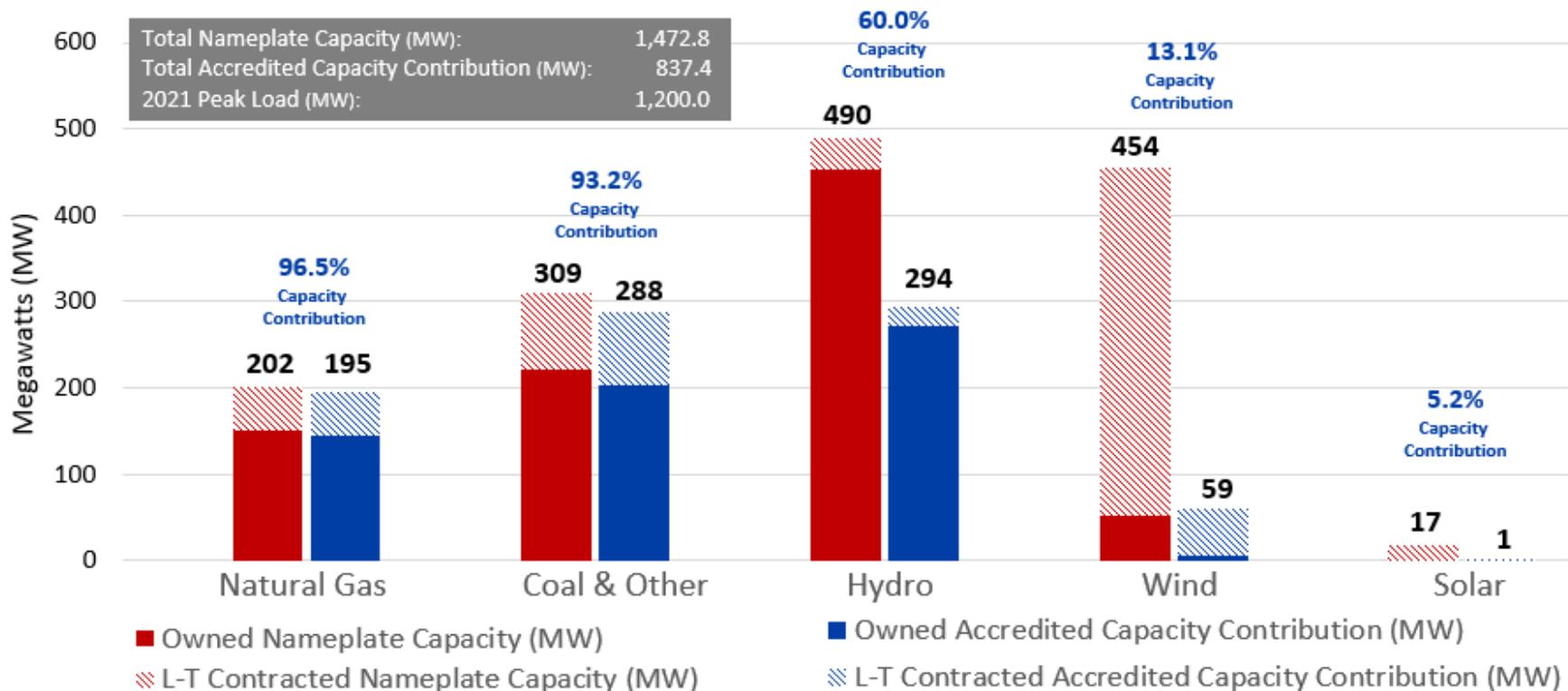
Coal Generation Rate Base as a percentage of Total Rate Base



Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 10 -14% of earnings from its jointly owned coal generation rate base.

Accredited Capacity Contribution in Montana

NorthWestern Energy Montana - Accredited Capacity Contribution of Resources (2021 Resource Mix of Owned and Long-Term (L-T) Contracted Resources)



Accredited Capacity Contribution is the ability of each resource fuel-type to contribute to meet demand during peak energy usage by customers.

Accredited Capacity Contribution or Peak Load Contribution is based on Effective Load Carrying Capability (ELCC) E3 Study on Peak Load Measurement for NorthWestern Energy's resources that are on-line or in service as of 12/31/2021 and the ELCC is based on 2021 values.

Coal & Other: 222MW Colstrip (30% ownership in jointly owned coal plant) and 87 MW of Federally mandated Qualifying Facilities (52MW Petroleum-coke contract with Yellowstone Energy Limited Partnership and 35MW waste coal contract with Colstrip Energy Limited Partnership).

On a megawatt basis, wind generation comprises a very significant portion of our electric generation portfolio. However, based upon its ~13% accredited capacity, it provides a much less significant contribution to our overall capacity deficit.

Alternative Capacity Considerations



Yellowstone County RICE Generation



175 MW

Nameplate Needed

\$275 Million Cost to Build
(\$1,571 per kW)

\$\$\$



Wind Farm

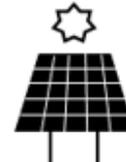


1,222 MW

Nameplate needed

\$2.1 BILLION Cost to Build
(\$1,718 per kW)

\$\$\$\$\$\$\$\$\$\$\$\$
\$\$\$\$\$\$\$\$\$\$\$\$
\$



Solar Farm



3,077 MW

Nameplate needed

\$4.1 BILLION Cost to Build
(\$1,327 per kW)

\$\$\$\$\$\$\$\$\$\$\$\$
\$\$\$\$\$\$\$\$\$\$\$\$
\$\$\$\$\$\$\$\$\$\$\$\$
\$\$\$\$\$\$\$\$\$\$\$\$
\$

We expect to build the 175MW nameplate Yellowstone County Reciprocating Internal Combustion Engine (RICE) generation facility for approximately \$275 million with capacity generation output of roughly 160 MW*.

If we were to build wind or solar to provide the equivalent 160 MW of capacity, we estimate a range of roughly \$2.1 billion to \$4.1 billion in capital costs – roughly 8 to 15 times our RICE units investment.

* Natural gas Reciprocating Internal Combustion Engine (RICE) facility capacity credit of 96.5% is further adjusted for altitude levels at our Yellowstone County location (160 MW capacity contribution versus 175 MW nameplate).

Note: Each dollar sign above represents \$100 million of investment and the shaded area below represents the land requirement, according to generation type, to provide required capacity.

Note: Capacity Credit factors are based on Effective Load Carrying Capability (ELCC) as of Dec. 2021.

The cost per kW per fuel type Cost and Performance Characteristics of New Generating Technologies, Annual Energy Outlook 2022 (eia.gov)

Cost Calculation: 160 MW of capacity from Yellowstone County RICE Facility. 160 MW divided by Capacity Credit then times the cost per fuel type equals total capex investment.

Land Requirement

Yellowstone County RICE Facility
~10 acres



Solar Farm
~18,500 acres

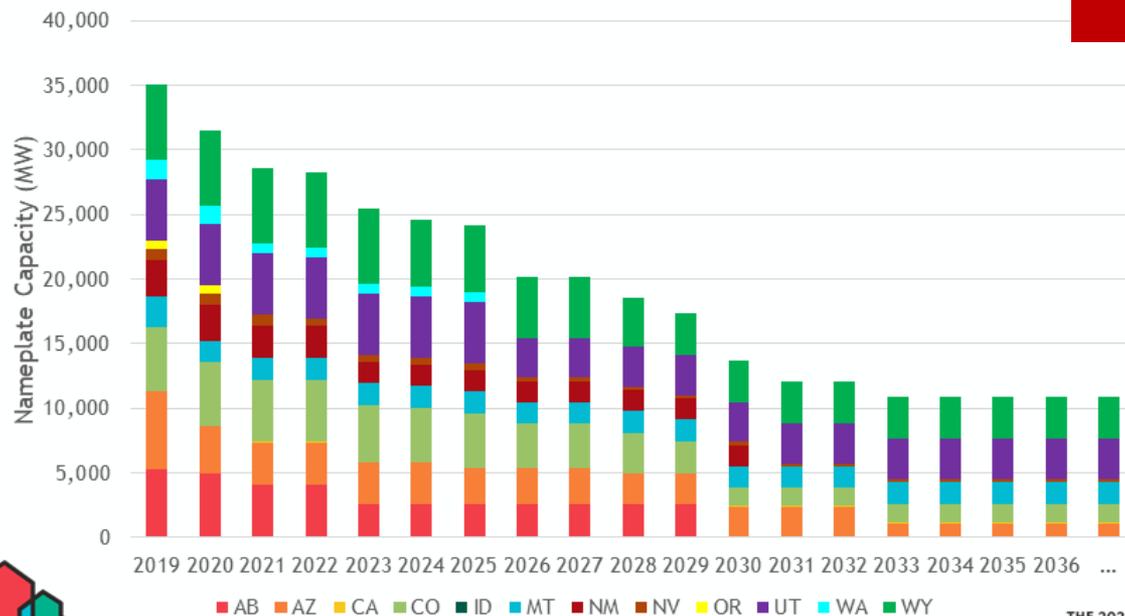


Wind Farm
~60,400 acres

Significant Capacity Retirements in the West

WECC coal units in operation, decreasing over time

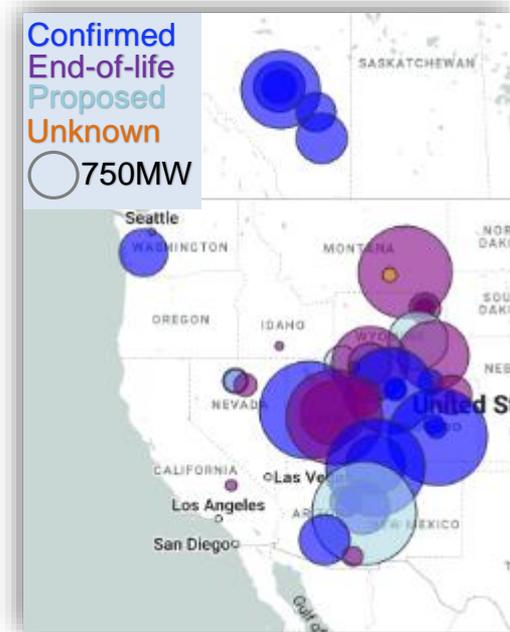
WECC Coal Operating Capacity - By State/Province



THE 2021
NORTHWEST
POWER PLAN

Updated 4/22/21

Planned coal retirements in the west **exceed 20 gigawatts** over the next decade resulting in worsening capacity deficits as forecasted by the Northwest Power Plan.



Existing Colstrip Ownership



Colstrip Power Plant

| Facility Owner (%) | Unit 1 | Unit 2 | Unit 3 | Unit 4 |
|---------------------|-------------|-------------|-------------|-------------|
| AVISTA Corporation | - | - | 15% | 15% |
| NorthWestern Energy | - | - | - | 30% |
| PacifiCorp | - | - | 10% | 10% |
| Portland General | - | - | 20% | 20% |
| Puget Sound Energy | 50% | - | 25% | 25% |
| Talen Energy | - | 50% | 30% | - |
| Total | 100% | 100% | 100% | 100% |

Colstrip Units 1 & 2 were closed in January 2020

| Facility Owner (MW) | Unit 1 | Unit 2 | Unit 3 | Unit 4 |
|---------------------|--------------|--------------|--------------|--------------|
| AVISTA Corporation | - | - | 111.0 | 111.0 |
| NorthWestern Energy | - | - | - | 222.0 |
| PacifiCorp | - | - | 74.0 | 74.0 |
| Portland General | - | - | 148.0 | 148.0 |
| Puget Sound Energy | 153.5 | - | 185.0 | 185.0 |
| Talen Energy | - | 153.5 | 222.0 | - |
| Total | 307.0 | 307.0 | 740.0 | 740.0 |

Colstrip Units 1 & 2 were closed in January 2020



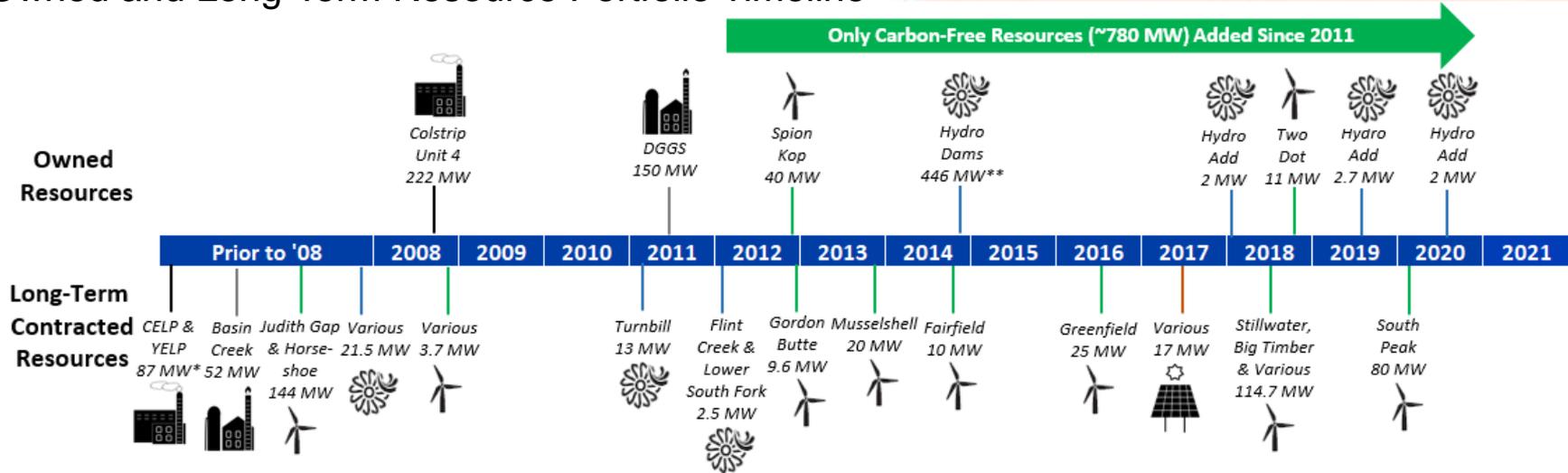
Colstrip Transmission System



| System Owner | Segment A | Segment B |
|---------------------|-----------|-----------|
| AVISTA Corporation | 10.2% | 12.1% |
| NorthWestern Energy | 36.4% | 24.3% |
| PacifiCorp | 6.8% | 8.1% |
| Portland General | 13.6% | 16.2% |
| Puget Sound Energy | 33.0% | 39.3% |

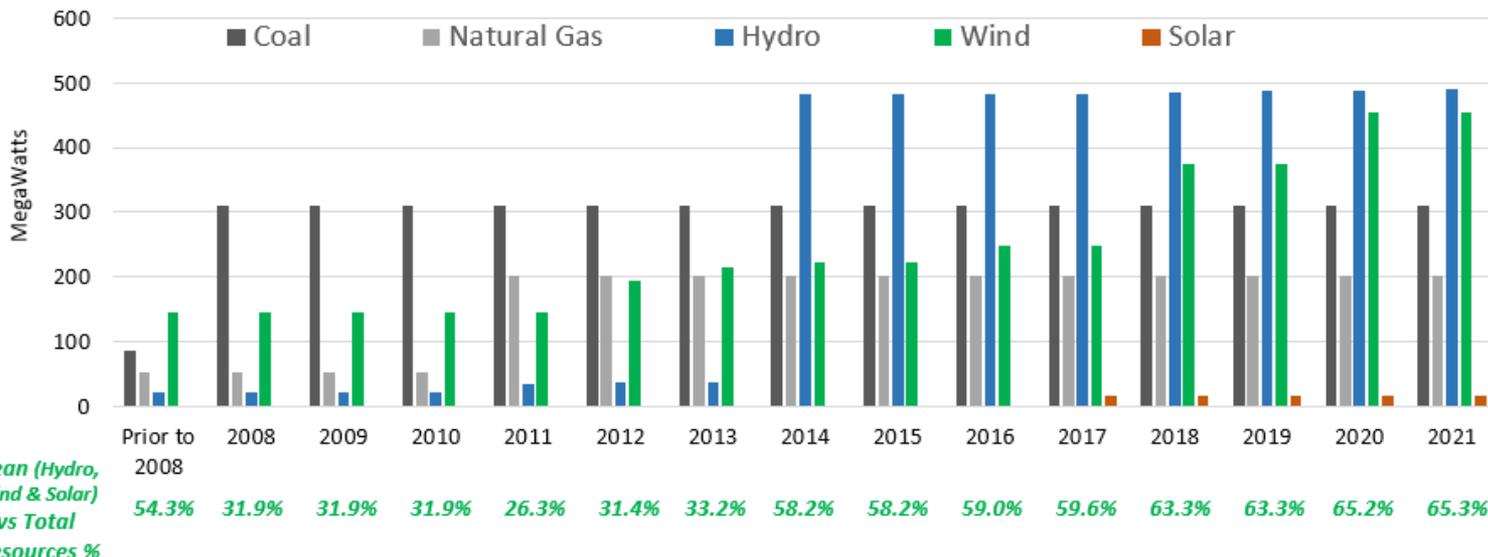
Timeline of Montana Generation Portfolio

Owned and Long-Term Resource Portfolio Timeline



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

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



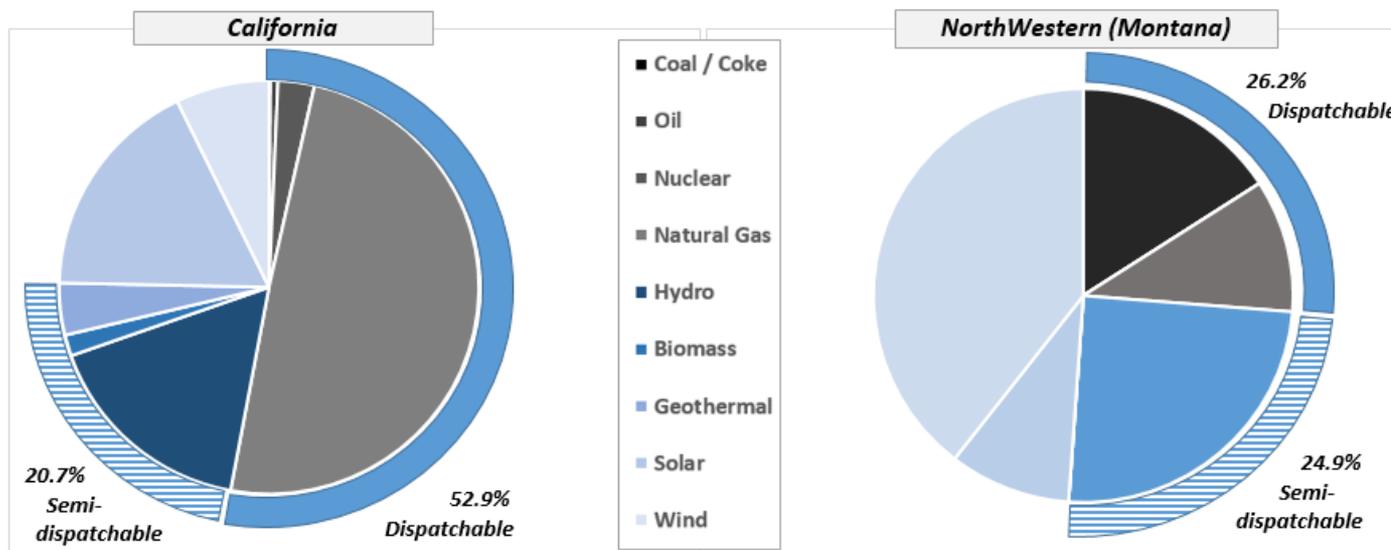
Since 2011, we have added approximately 780 MW, both owned and long-term contract, to our generation portfolio, all of which is from carbon-free resources.

Comparison of Installed Capacity

Comparison of Installed Capacity (MW) - Dispatchability and Carbon Emitting

| | California | | | |
|-------------|------------|---------|----------|-------------------------|
| | MW | Percent | | |
| | | 2020 | of Total | Dispatchable Non-Carbon |
| Coal / Coke | 90 | 0.1% | 0.1% | |
| Oil | 476 | 0.6% | 0.6% | |
| Nuclear | 2,323 | 2.8% | 2.8% | |
| Natural Gas | 40,957 | 49.5% | 49.5% | |
| Hydro | 13,811 | 16.7% | | 16.7% |
| Biomass | 1,371 | 1.7% | | |
| Geothermal | 3,362 | 4.1% | | 4.1% |
| Solar | 14,458 | 17.5% | | 17.5% |
| Wind | 5,971 | 7.2% | | 7.2% |
| | 82,819 | 100.0% | 52.9% | 45.4% |

| | NorthWestern Energy (Montana) | | | | | |
|--|-------------------------------|---------|---------------|----------|--------------|------------|
| | MW | | | Percent | | |
| | 2020 | QF Adds | Proforma 2022 | of Total | Dispatchable | Non-Carbon |
| | 309 | | 309 | 15.9% | 15.9% | |
| | 0 | | 0 | 0.0% | | |
| | 202 | | 202 | 10.4% | 10.4% | |
| | 484 | | 484 | 24.9% | | 24.9% |
| | | | 0 | 0.0% | | |
| | | | 0 | 0.0% | | |
| | 17 | 166 | 183 | 9.4% | | 9.4% |
| | 454 | 314 | 769 | 39.5% | | 39.5% |
| | 1,467 | 480 | 1,947 | 100.0% | 26.2% | 73.8% |



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

Summary Financial Results

(First Quarter)

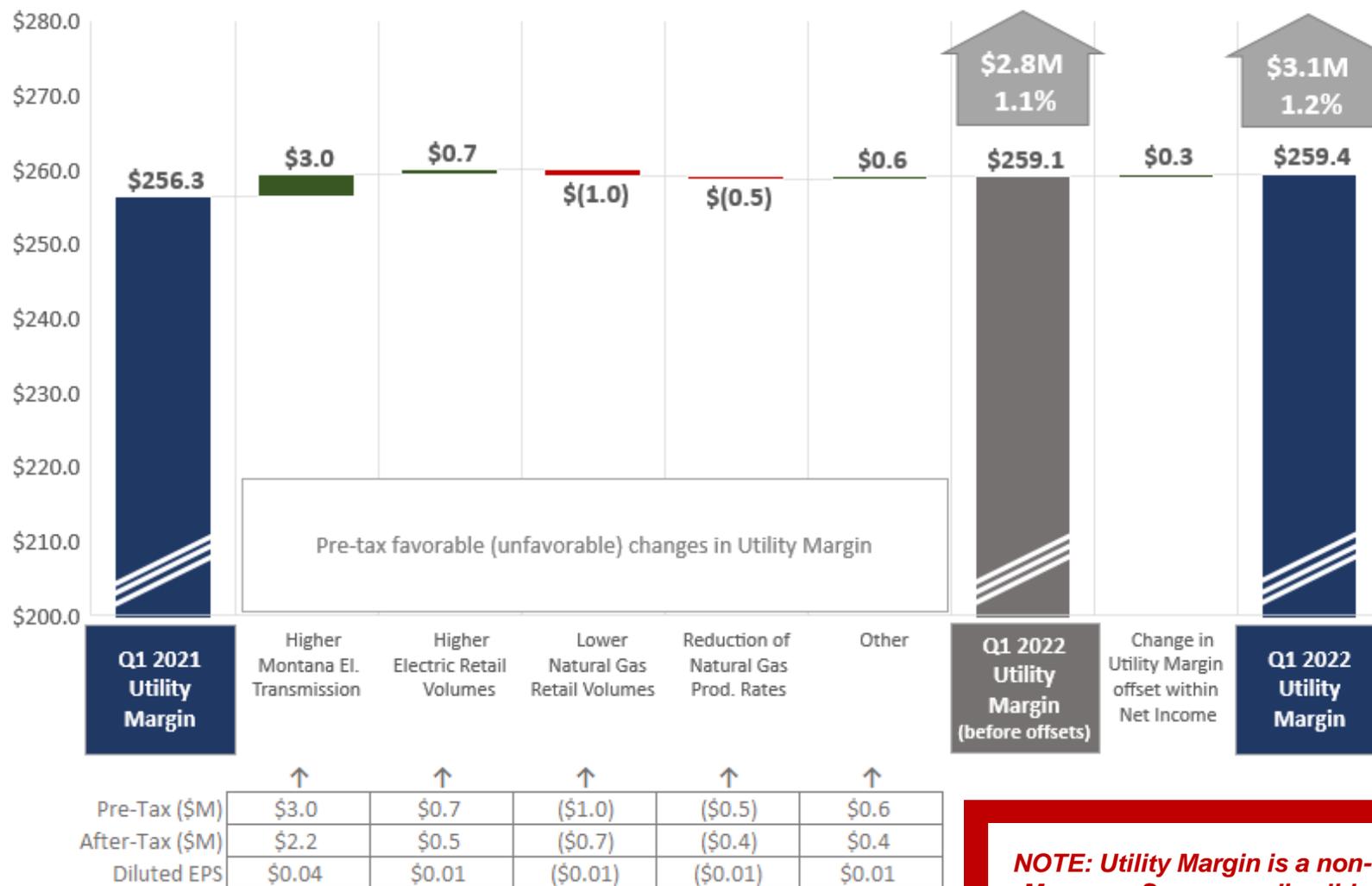
(in millions except per share amounts)

| | Three Months Ended March 31, | | | |
|--|------------------------------|----------------|------------------|----------------|
| | 2022 | 2021 | Variance | % Variance |
| Operating Revenues | \$ 394.5 | \$ 400.8 | \$ (6.3) | (1.6%) |
| Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion) | 135.1 | 144.5 | (9.4) | (6.5%) |
| Utility Margin ⁽¹⁾ | 259.4 | 256.3 | 3.1 | 1.2% |
| Operating Expenses | | | | |
| Operating and maintenance | 52.8 | 51.8 | 1.0 | 1.9% |
| Administrative and general | 31.6 | 29.1 | 2.5 | 8.6% |
| Property and other taxes | 46.9 | 47.5 | (0.6) | (1.3%) |
| Depreciation and depletion | 48.9 | 47.0 | 1.9 | 4.0% |
| Total Operating Expenses | 180.2 | 175.4 | 4.8 | 2.7% |
| Operating Income | 79.2 | 80.9 | (1.7) | (2.1%) |
| Interest expense | (23.7) | (23.5) | (0.2) | (0.9%) |
| Other income, net | 4.7 | 5.6 | (0.9) | (16.1%) |
| Income Before Taxes | 60.2 | 63.1 | (2.9) | (4.6%) |
| Income tax expense | (1.1) | - | (1.1) | N/A |
| Net Income | \$ 59.1 | \$ 63.1 | \$ (4.0) | (6.3%) |
| Effective Tax Rate | 1.8% | (0%) | 1.8% | |
| Diluted Shares Outstanding | 54.8 | 50.7 | 4.1 | 8.1% |
| Diluted Earnings Per Share | \$1.08 | \$ 1.24 | \$ (0.16) | (12.9%) |
| Dividends Paid per Common Share | \$ 0.63 | \$ 0.62 | \$ 0.01 | 1.6% |

Utility Margin Bridge

(First Quarter)

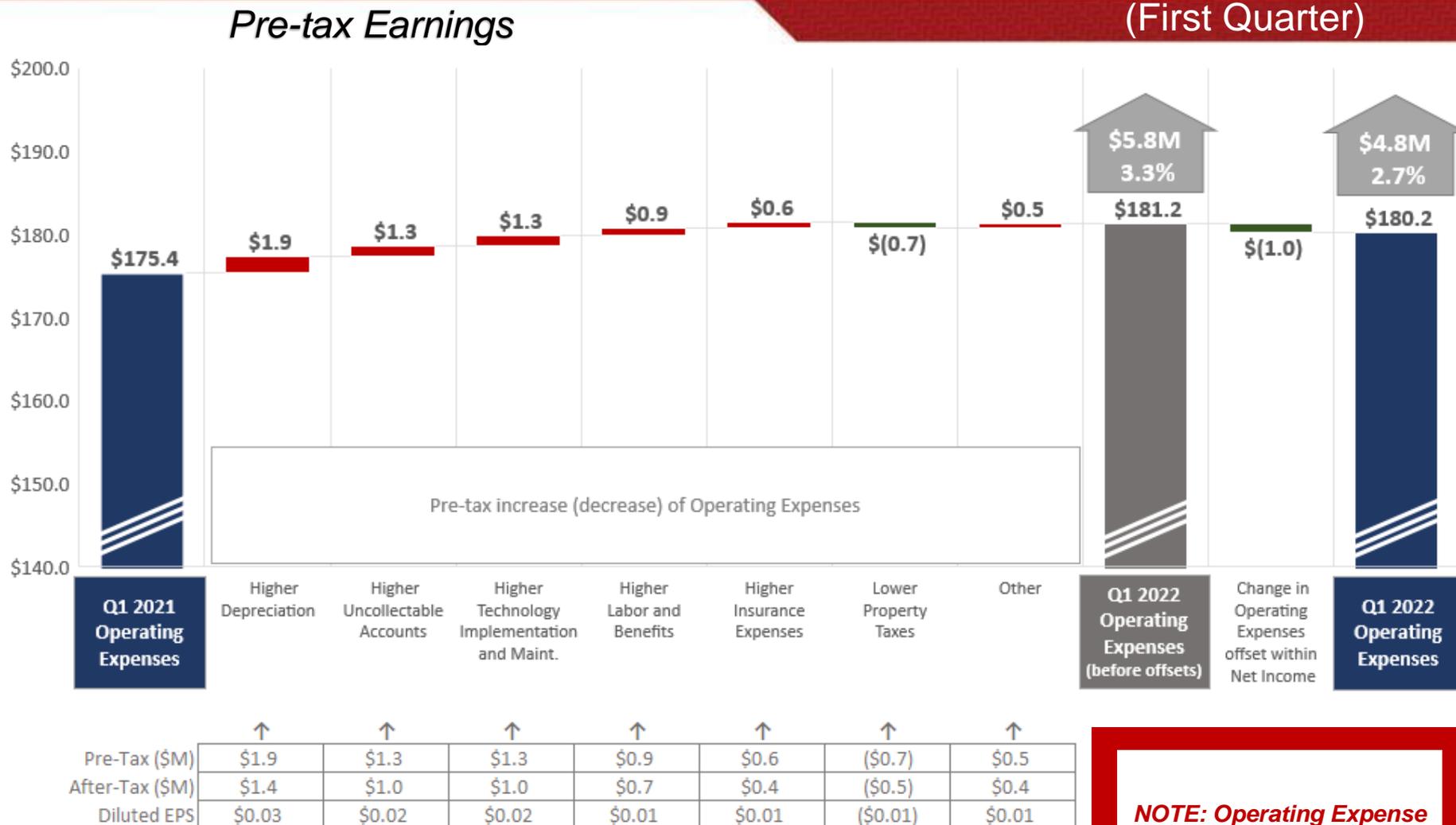
Pre-tax Earnings



\$2.8 Million (1.1%) increase in Utility Margin due to items that impact Net Income.

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

Operating Expense Bridge



\$5.8 Million (3.3%) increase in Operating Expenses due to items that impact Net Income.

NOTE: Operating Expense excludes fuel, purchased supply and direct transmission expense.

Utility Margin

(First Quarter)

(dollars in millions)

Three Months Ended March 31,

| | 2022 | 2021 | Variance | |
|-----------------------------|-----------------|-----------------|---------------|-------------|
| Electric | \$ 194.1 | \$ 189.9 | \$ 4.2 | 2.2% |
| Natural Gas | 65.3 | 66.4 | (1.1) | (1.7%) |
| Total Utility Margin | \$ 259.4 | \$ 256.3 | \$ 3.1 | 1.2% |

Increase in utility margin due to the following factors:

| | |
|--------|--|
| \$ 3.0 | Higher electric transmission (demand due to market conditions and pricing) |
| 0.7 | Higher electric retail volumes |
| (1.0) | Lower natural gas retail volumes |
| (0.5) | Lower Montana natural gas production rates (annual step down) |
| 0.6 | Other |

\$ 2.8 Change in Utility Margin Impacting Net Income

| | |
|--------|--|
| \$ 1.6 | Higher operating expenses recovered in revenue, offset in O&M expense |
| 0.1 | Higher property taxes recovered in revenue, offset in property tax expense |
| (1.4) | Lower revenue from higher production tax credits, offset in income tax expense |

\$ 0.3 Change in Utility Margin Offset Within Net Income

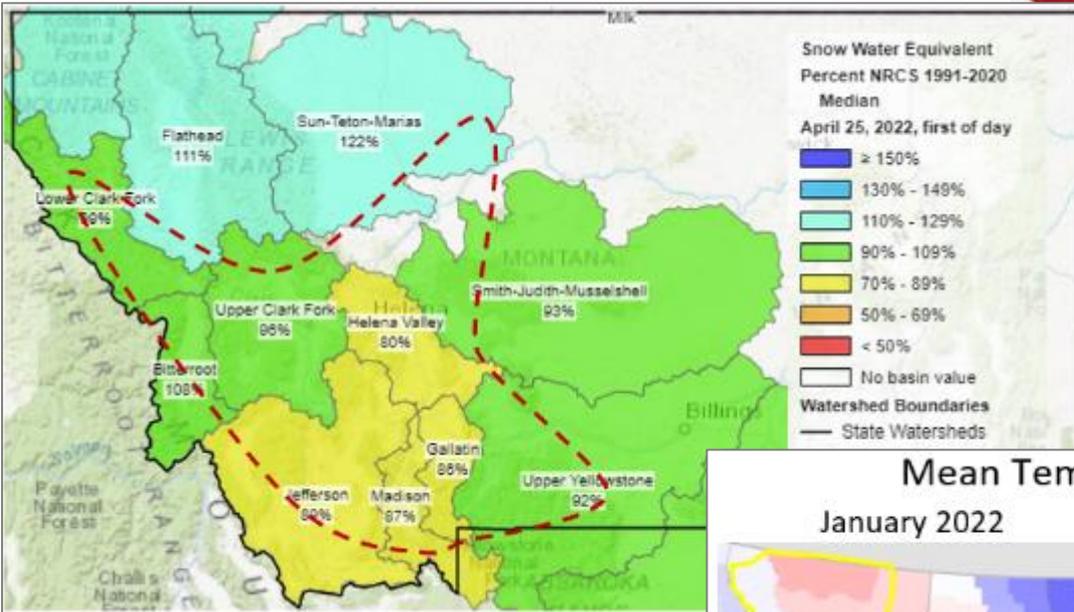
\$ 3.1 Increase in Utility Margin ⁽¹⁾

Weather

(First Quarter)

Much needed snowfall blanketed Western Montana in the last week in April 2022, improving Snow Water Equivalent percentages – now reporting only slightly below their thirty year medians.

(Missouri, Madison & Clark Fork Rivers and West Rosebud Creek)

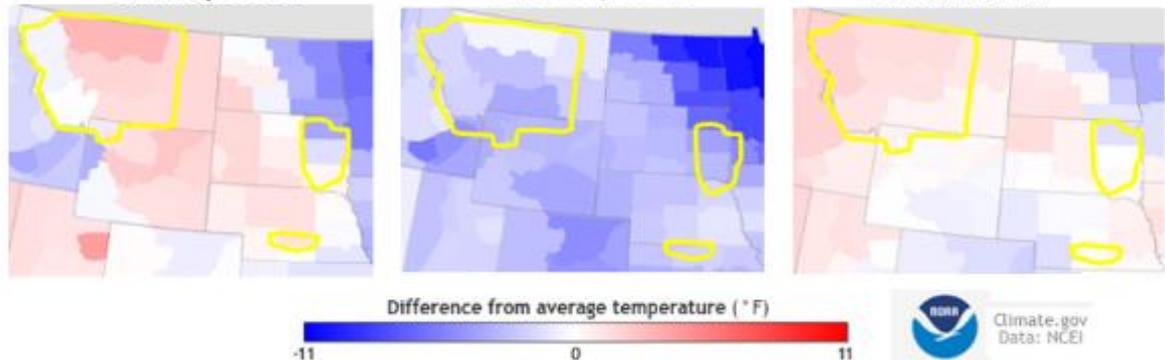


Mean Temperature Departures from Average

January 2022

February 2022

March 2022



| Heating Degree Days | Qtr 1 Degree Days | | | Q1 2022 as compared with: | |
|---------------------|-------------------|-------|------------------|---------------------------|------------------|
| | 2022 | 2021 | Historic Average | 2021 | Historic Average |
| Montana | 3,283 | 3,262 | 3,309 | 1% colder | 1% warmer |
| South Dakota | 4,095 | 3,800 | 4,107 | 8% colder | remained flat |
| Nebraska | 3,078 | 3,354 | 3,311 | 8% warmer | 7% warmer |

Operating Expenses

(First Quarter)

(dollars in millions)

Three Months Ended March 31,

| | 2022 | 2021 | Variance | |
|----------------------------|-----------------|-----------------|---------------|-------------|
| Operating & maintenance | \$ 52.8 | \$ 51.8 | \$ 1.0 | 1.9% |
| Administrative & general | 31.6 | 29.1 | 2.5 | 8.6% |
| Property and other taxes | 46.9 | 47.5 | (0.6) | (1.3%) |
| Depreciation and depletion | 48.9 | 47.0 | 1.9 | 4.0% |
| Operating Expenses | \$ 180.2 | \$ 175.4 | \$ 4.8 | 2.4% |

Increase in operating expenses due to the following factors:

| | |
|--------|--|
| \$ 1.9 | Higher depreciation due to plant additions |
| 1.3 | Increase in uncollectible accounts (due to prior year collection of previously written off balances) |
| 1.3 | Higher technology implementation and maintenance expense |
| 0.9 | Higher labor and benefits ⁽¹⁾ |
| 0.6 | Higher insurance expense |
| (0.7) | Lower property taxes due to a decrease in estimated state and local taxes |
| 0.5 | Other miscellaneous |

\$ 5.8 Change in Operating Expense Items Impacting Net Income

| | |
|--------|---|
| \$ 1.6 | Operating and maintenance expenses recovered in trackers, offset in revenue |
| 0.1 | Property and other taxes recovered in trackers, offset in revenue |
| (1.1) | Pension and other postretirement benefits, offset in other income |
| (1.6) | Non-employee directors deferred compensation, offset in other income |

\$ (1.0) Change in Operating Expense Items Offset Within Net Income

\$ 4.8 Increase in Operating Expenses

Operating to Net Income

(First Quarter)

(dollars in millions)

Three Months Ended March 31,

| | 2022 | 2021 | Variance | |
|--------------------------------|----------------|----------------|-----------------|---------------|
| Operating Income | \$ 79.2 | \$ 80.9 | \$ (1.7) | (2.1%) |
| Interest expense | (23.7) | (23.5) | (0.2) | (0.9%) |
| Other income, net | 4.7 | 5.6 | (0.9) | (16.1%) |
| Income Before Taxes | 60.2 | 63.1 | (2.9) | (4.6%) |
| Income tax (expense) / benefit | (1.1) | 0.0 | (1.1) | N/A |
| Net Income | \$ 59.1 | \$ 63.1 | \$ (4.0) | (6.3%) |

\$0.2 million increase in interest expenses was primarily due to higher interest on borrowings under our revolving credit facilities and on long-term borrowings, partly offset by higher capitalization of AFUDC.

\$0.9 million decrease in other income includes approximately \$1.6 million related to a decrease in the value of deferred shares held in trust for non-employee directors deferred compensation, which is offset in general and administrative expense with no impact to net income, an increase in the non-service cost component of pension expense of \$1.1 million. These unfavorable items are partly offset by higher capitalization of AFUDC.

\$1.1 million increase in income tax expense was primarily due lower flow-through repairs deductions and lower production tax credits.

Income Tax Reconciliation

(First Quarter)

(in millions)

| | Three Months Ended March 31, | | | | |
|---|------------------------------|-------------|---------------|-------------|----------------|
| | 2022 | | 2021 | | Variance |
| Income Before Income Taxes | \$60.2 | | \$63.1 | | (\$2.9) |
| Income tax calculated at federal statutory rate | 12.6 | 21.0% | 13.2 | 21.0% | (0.6) |
| <u>Permanent or flow through adjustments:</u> | | | | | |
| State income, net of federal provisions | 0.4 | 0.7% | 0.1 | 0.1% | 0.3 |
| Flow - through repairs deductions | (6.8) | (11.3%) | (7.8) | (12.5%) | 1.0 |
| Production tax credits | (3.8) | (6.4%) | (4.3) | (6.8%) | 0.5 |
| Plant and depreciation of flow-through items | (0.3) | (0.4%) | (0.3) | (0.5%) | - |
| Amortization of excess deferred income taxes | (0.4) | - | (0.3) | (0.4%) | (0.1) |
| Share-based compensation | (0.3) | (0.4%) | (0.3) | (0.4%) | - |
| Other, net | (0.4) | (0.7%) | (0.3) | (0.5%) | (0.1) |
| Sub-total | (11.5) | (19.2%) | (13.2) | (21.0%) | 1.7 |
| Income Tax Benefit | \$ 1.1 | 1.8% | \$ 0.0 | 0.0% | \$ 1.1 |

Adjusted Non-GAAP Earnings

(First Quarter)

Three Months Ended March 31,

| | 3 Months Actual | | | | Non-GAAP Variance | | 3 Months Actual | | | | | |
|------------------------|-----------------------------------|---------------------|---|------------------------------------|-----------------------------------|-------------------|-----------------|-----------------------------------|------------------------------------|---|---------------------|-----------------------------------|
| | GAAP | Non-GAAP | | Non-GAAP | GAAP | Non-GAAP Variance | | Non-GAAP | | GAAP | | |
| | Three Months Ended March 31, 2022 | Unfavorable Weather | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) | Non-employee Deferred Compensation | Three Months Ended March 31, 2022 | Variance | | Three Months Ended March 31, 2021 | Non-employee Deferred Compensation | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) | Unfavorable Weather | Three Months Ended March 31, 2021 |
| | | | (1) | | | \$ | % | | | (1) | | |
| <i>(in millions)</i> | | | | | | | | | | | | |
| Revenues | \$394.5 | 0.6 | | | \$395.1 | (\$7.0) | -1.7% | \$402.1 | | | 1.3 | \$400.8 |
| Fuel, supply & dir. tx | 135.1 | | | | 135.1 | (9.4) | -6.5% | 144.5 | | | | 144.5 |
| Utility Margin | 259.4 | 0.6 | - | - | 260.0 | 2.4 | 0.9% | 257.6 | - | - | 1.3 | 256.3 |
| Op. Expenses | | | | | | | | | | | | |
| OG&A Expense | 84.4 | | (0.6) | (0.2) | 83.6 | 6.2 | 8.0% | 77.4 | (1.8) | (1.7) | | 80.9 |
| Prop. & other taxes | 46.9 | | | | 46.9 | (0.6) | -1.3% | 47.5 | | | | 47.5 |
| Depreciation | 48.9 | | | | 48.9 | 1.9 | 4.0% | 47.0 | | | | 47.0 |
| Total Op. Exp. | 180.2 | - | (0.6) | (0.2) | 179.4 | 7.5 | 4.4% | 171.9 | (1.8) | (1.7) | - | 175.4 |
| Op. Income | 79.2 | 0.6 | 0.6 | 0.2 | 80.6 | (5.1) | -6.0% | 85.7 | 1.8 | 1.7 | 1.3 | 80.9 |
| Interest expense | (23.7) | | | | (23.7) | (0.2) | -0.9% | (23.5) | | | | (23.5) |
| Other (Exp.) Inc., net | 4.7 | | (0.6) | (0.2) | 3.9 | 1.8 | 85.7% | 2.1 | (1.8) | (1.7) | | 5.6 |
| Pretax Income | 60.2 | 0.6 | - | - | 60.8 | (3.6) | -5.6% | 64.4 | - | - | 1.3 | 63.1 |
| Income tax | (1.1) | (0.2) | - | - | (1.3) | (1.0) | -304.0% | (0.3) | - | - | (0.3) | - |
| Net Income | \$59.1 | 0.4 | - | - | \$59.5 | (\$4.6) | -7.2% | \$64.1 | - | - | 1.0 | \$63.1 |
| <i>ETR</i> | 1.8% | 25.3% | - | - | 2.1% | | | 0.5% | - | - | 25.3% | 0.0% |
| Diluted Shares | 54.8 | | | | 54.8 | 4.1 | 8.1% | 50.7 | | | | 50.7 |
| Diluted EPS | \$1.08 | 0.01 | - | - | \$1.09 | (\$0.17) | -13.5% | \$1.26 | - | - | 0.02 | \$1.24 |

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

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

Balance Sheet

(dollars in millions)

| | As of March 31, 2022 | As of December 31, 2021 |
|--|-------------------------|----------------------------|
| Cash and cash equivalents | \$ 13.6 | \$ 2.8 |
| Restricted cash | 17.3 | 15.9 |
| Accounts receivable, net | 173.7 | 198.7 |
| Inventories | 70.6 | 80.6 |
| Other current assets | 123.6 | 139.7 |
| Goodwill | 357.6 | 357.6 |
| PP&E and other non-current assets | 6,065.6 | 5,985.1 |
| Total Assets | \$ 6,822.0 | \$ 6,780.4 |
| Payables | 99.9 | 115.2 |
| Current Maturities - debt and leases | 2.9 | 2.9 |
| Other current liabilities | 306.6 | 261.5 |
| Long-term debt & capital leases | 2,520.0 | 2,553.4 |
| Other non-current liabilities | 1,525.6 | 1,507.7 |
| Shareholders' equity | 2,367.0 | 2,339.7 |
| Total Liabilities and Equity | \$ 6,822.0 | \$ 6,780.4 |
| Capitalization: | | |
| Short-Term Debt & Short-Term Finance Leases | 2.9 | 2.9 |
| Long-Term Debt & Long-Term Finance Leases | 2,520.0 | 2,553.4 |
| Less: Basin Creek Finance Lease | (14.1) | (14.8) |
| Less: New Market Tax Credit Financing Debt | - | - |
| Shareholders' Equity | 2,367.0 | 2,339.7 |
| Total Capitalization | \$ 4,875.8 | \$ 4,881.2 |
| Ratio of Debt to Total Capitalization | 51.5% | 52.1% |

Debt to Total Capitalization down from last year and remains within our targeted 50% - 55% range.

Cash Flow

(First Quarter)

| (dollars in millions) | Three Months Ending March 31, | |
|--|----------------------------------|----------------|
| | 2022 | 2021 |
| Operating Activities | | |
| Net Income | \$ 59.1 | \$ 63.1 |
| Non-Cash adjustments to net income | 43.3 | 46.8 |
| Changes in working capital | 92.8 | (21.9) |
| Other non-current assets & liabilities | 0.5 | (22.3) |
| Cash provided by Operating Activities | 195.7 | 65.7 |
| Investing Activities | | |
| PP&E additions | (115.5) | (77.9) |
| Investment in equity securities | (0.6) | - |
| Cash used in Investing Activities | (116.1) | (77.9) |
| Financing Activities | | |
| Proceeds from issuance of common stock, net | - | - |
| Issuance of long-term debt, net | - | 99.9 |
| Repayments of short-term borrowings | - | (100.0) |
| Line of credit borrowings (repayments), net | (33.0) | 49.0 |
| Dividends on common stock | (33.9) | (31.1) |
| Financing costs | (0.6) | (0.7) |
| Other | - | - |
| Cash (Used in) Provided by Financing Activities | (67.5) | 17.1 |
| Increase in Cash, Cash Equiv. & Restricted Cash | 12.1 | 4.9 |
| Beginning Cash, Cash Equiv. & Restricted Cash | 18.8 | 17.1 |
| Ending Cash, Cash Equiv. & Restricted Cash | \$ 30.9 | \$ 22.0 |
| Cash provided by Operating Activities | \$ 195.7 | \$ 65.7 |
| Less: Changes in working capital | 92.8 | (21.9) |
| Equals: Funds from Operations | \$ 102.9 | \$ 87.6 |

Cash from Operating Activities increased by \$130 million primarily due to:

- \$95.5 million increase* in collection of energy supply costs from customers incurred in the prior period, which includes costs incurred during a February 2021 prolonged cold weather event, and the under-collected position of Montana's PCCAM for the July 2020 – June 2021 period; and
- Refunds of approximately \$20.5 million to our FERC regulated wholesale customers in the prior period.

Funds from Operations increased by \$15.3 million.

* Includes \$20.2 million for electric and \$75.3 million for natural gas operations

Qualified Facility Earnings Adjustment

| | Annual actual contract price escalation | Annual adjustment for actual output and pricing | Adjustment associated with the one-time clarification in contract term | Total |
|--------|---|---|--|---------|
| Nov-12 | (Arbitration) \$47.9 Non-GAAP Adj. | 0.0 | 0.0 | \$47.9 |
| Jun-13 | \$0.0 | 1.0 | 0.0 | \$1.0 |
| Jun-14 | \$0.0 | 0.0 | 0.0 | \$0.0 |
| Jun-15 | (\$6.1) Non-GAAP Adj. | 1.8 | 0.0 | (\$4.3) |
| Jun-16 | \$0.0 | 1.8 | 0.0 | \$1.8 |
| Jun-17 | \$0.0 | 2.1 | 0.0 | \$2.1 |
| Jun-18 | \$17.5 Non-GAAP Adj. | 9.7 | 0.0 | \$27.2 |
| Jun-19 | \$3.3 | 3.1 | 0.0 | \$6.4 |
| Jun-20 | \$2.2 | 0.9 | 0.0 | \$3.1 |
| Jun-21 | (\$2.1) | 2.6 | 8.7 Non-GAAP Adj. | \$9.2 |
| Sep-21 | \$0.0 | 0.0 | (1.3) Non-GAAP Adj. | (\$1.3) |
| Dec-21 | \$0.0 | 0.0 | (0.5) Non-GAAP Adj. | (\$0.5) |

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

Year-over-Year Better (Worse)

| | | | | |
|--------|----------|-------|-------|----------|
| Jun-13 | (\$47.9) | 1.0 | 0.0 | (\$46.9) |
| Jun-14 | \$0.0 | (1.0) | 0.0 | (\$1.0) |
| Jun-15 | (\$6.1) | 1.8 | 0.0 | (\$4.3) |
| Jun-16 | \$6.1 | 0.0 | 0.0 | \$6.1 |
| Jun-17 | \$0.0 | 0.3 | 0.0 | \$0.3 |
| Jun-18 | \$17.5 | 7.6 | 0.0 | \$25.1 |
| Jun-19 | (\$14.2) | (6.6) | 0.0 | (\$20.8) |
| Jun-20 | (\$1.1) | (2.2) | 0.0 | (\$3.3) |
| Jun-21 | (\$4.3) | 1.7 | 8.7 | \$6.1 |
| Sep-21 | \$0.0 | 0.0 | (1.3) | (\$1.3) |
| Dec-21 | \$0.0 | 0.0 | 0.8 | \$0.8 |

Quarterly PCCAM Impacts

Pre-tax Millions

| | Q1 | Q2 | Q3 | Q4 | Full Year |
|------------------------------------|--------------------------------|----------------|----------------|----------------|------------------|
| '17/'18 Tracker | First full year recorded in Q3 | | | \$3.3 | \$3.3 |
| '18/'19 Tracker | | | (\$5.1) | \$0.3 | (4.8) |
| 2018 (Expense) Benefit | \$0.0 | \$0.0 | (\$1.8) | \$0.3 | (\$1.5) |
| | | | | | Full Year |
| '18/'19 Tracker | (\$1.6) | \$4.6 | | | \$3.0 |
| '19/'20 Tracker | | | \$0.1 | (\$0.7) | (0.6) |
| 2019 (Expense) Benefit | (\$1.6) | \$4.6 | \$0.1 | (\$0.7) | \$2.4 |
| | | | | | Full Year |
| CU4 Disallowance ('18/'19 Tracker) | | | | (\$9.4) | (\$9.4) |
| '19/'20 Tracker | (\$0.1) | \$0.2 | | | \$0.1 |
| Recovery of modeling costs | \$0.7 | | | | \$0.7 |
| '20/'21 Tracker | | | (\$0.6) | (\$0.3) | (\$0.9) |
| 2020 (Expense) Benefit | \$0.6 | \$0.2 | (\$0.6) | (\$0.3) | (\$0.1) |
| | | | | | Full Year |
| '20/'21 Tracker | (\$0.8) | (\$0.6) | | | (\$1.4) |
| '21/'22 Tracker | | | (\$2.7) | (\$1.3) | (\$4.0) |
| 2021 (Expense) Benefit | (\$0.8) | (\$0.6) | (\$2.7) | (\$1.3) | (\$5.4) |
| | | | | | Full Year |
| '21/'22 Tracker | (\$0.8) | | | | (\$0.8) |
| '22/'23 Tracker | | | | | \$0.0 |
| 2022 (Expense) Benefit | (\$0.8) | \$0.0 | \$0.0 | \$0.0 | (\$0.8) |
| Year-over-Year Variance | \$0.0 | | | | \$0.0 |

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

2021 System Statistics



Owned Energy Supply

| Electric (MW) | MT | SD | Total |
|----------------------|-----------|-----------|--------------|
| Base load coal | 222 | 210 | 432 |
| Wind | 51 | 80 | 131 |
| Hydro | 453 | - | 453 |
| Other resources (2) | 150 | 105 | 255 |
| | 876 | 395 | 1,271 |

| Natural Gas (Bcf) | MT | SD | Total |
|--------------------------|-----------|-----------|--------------|
| Proven reserves | 38.8 | - | 38.8 |
| Annual production | 3.3 | - | 3.3 |
| Storage | 17.8 | - | 17.8 |



Transmission

| Trans for Others | MT | SD | Total |
|-------------------------|-----------|-----------|--------------|
| Electric (GWh) | 9,931 | 25 | 9,956 |
| Natural Gas (Bcf) | 44.0 | 33.7 | 77.7 |

| System (miles) | MT | SD | Total |
|-----------------------|-----------|-----------|--------------|
| Electric | 6,819 | 1,308 | 8,127 |
| Natural gas | 2,166 | 55 | 2,221 |
| Total | 8,985 | 1,363 | 10,348 |



Distribution

| Demand | MT | SD / NE (1) | Total |
|---------------|-----------|--------------------|--------------|
| Daily MWs | 750 | 200 | 950 |
| Peak MWs | 1,200 | 344 | 1,544 |
| Annual GWhs | 6,600 | 1,750 | 8,350 |
| Annual Bcf | 21.7 | 9.8 | 31.5 |

| Customers | MT | SD / NE | Total |
|------------------|-----------|----------------|--------------|
| Electric | 391,400 | 64,200 | 455,600 |
| Natural gas | 206,600 | 91,400 | 298,000 |
| Total | 598,000 | 155,600 | 753,600 |

| System (miles) | MT | SD / NE | Total |
|-----------------------|-----------|----------------|--------------|
| Electric | 18,177 | 2,320 | 20,497 |
| Natural gas | 4,945 | 2,517 | 7,462 |
| Total | 23,122 | 4,837 | 27,959 |

Note: Statistics above are as of 12/31/2021 except for electric transmission for others which is 2020 data

(1) Nebraska is a natural gas only jurisdiction

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

Experienced & Engaged Board of Directors



Dana J. Dykhouse

- Chairman of the Board
- Independent
- Director since Jan. 2009



Anthony T. Clark

- Committees: Nominating and Governance, Human Resources
- Independent
- Director since Dec. 2016



Jan R. Horsfall

- Committees: Safety, Environmental, Technology and Operations (chair), Audit
- Independent
- Director since April 2015



Britt E. Ide

- Committees: Safety, Environmental, Technology and Operations, Human Resources
- Independent
- Director since April 2017



Robert C. Rowe

- Committees: None
- CEO and President
- Director since August 2008



Linda G. Sullivan

- Committees: Audit (Chair), Safety, Environmental, Technology and Operations
- Independent
- Director since April 2017



Mahvash Yazdi

- Committees: Human Resources (Chair), Safety, Environmental, Technology and Operations
- Independent
- Director since December 2019



Jeff W. Yingling

- Committees: Nominating and Governance (Chair), Audit
- Independent
- Director since October 2019

Strong Executive Team



Robert C. Rowe

- Chief Executive Officer
- Current position since 2008



Brian B. Bird

- President and Chief Operating Officer
- Current position since 2021 (formerly Chief Financial Officer since 2003)



Crystal D. Lail

- Vice President and Chief Financial Officer
- Current position since 2021 (formerly VP and Chief Accounting Officer since 2020)



Heather H. Grahame

- General Counsel and Vice President of Regulatory and Federal Government Affairs
- Current position since 2010



Michael R. Cashell

- Vice President - Transmission
- Current Position since 2011



John D. Hines

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



Curtis T. Pohl

- Vice President - Distribution
- Current position since 2003



Bobbi L. Schroepfel

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

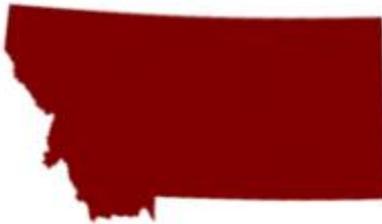


Jeanne M. Vold

- Vice President – Technology
- Current Position since 2021 (former Business Technology Officer since 2012)

Our Commissioners

Montana Public Service Commission



| <u>Name</u> | <u>Party</u> | <u>Began Serving</u> | <u>Term Ends</u> |
|-------------------------------|--------------|----------------------|------------------|
| James Brown (President) | R | Jan-21 | Jan-25 |
| Jennifer Fielder | R | Jan-21 | Jan-25 |
| Brad Johnson (Vice President) | R | Jan-15 | Jan-23 |
| Tony O'Donnell | R | Jan-17 | Jan-25 |
| Randy Pinocci | R | Jan-19 | Jan-23 |

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

South Dakota Public Utilities Commission



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

Nebraska Public Service Commission



| <u>Name</u> | <u>Party</u> | <u>Began Serving</u> | <u>Term Ends</u> |
|--------------------------|--------------|----------------------|------------------|
| Rod Johnson (Vice Chair) | R | Jan-93 | Jan-23 |
| Crystal Rhoades | D | Jan-15 | Jan-27 |
| Mary Ridder | R | Jan-17 | Jan-23 |
| Tim Schram | R | Jan-07 | Jan-25 |
| Dan Watermeier (Chair) | R | Jan-19 | Jan-25 |

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

Non-GAAP Financial Measures – Utility Margin

Reconciliation of Gross Margin to Utility Margin for quarter ending March 31,

| | Electric | | Natural Gas | | Total | |
|--|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| (in millions) | | | | | | |
| Reconciliation of gross margin to utility margin | | | | | | |
| Operating Revenues | \$ 271.7 | \$ 270.1 | \$ 122.8 | \$ 130.7 | \$ 394.5 | \$ 400.8 |
| Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below) | 77.6 | 80.2 | 57.5 | 64.3 | 135.1 | 144.5 |
| Less: Operating & maintenance expense | 39.5 | 38.2 | 13.3 | 13.6 | 52.8 | 51.8 |
| Less: Property and other tax expense | 36.4 | 37.0 | 10.4 | 10.4 | 46.8 | 47.4 |
| Less: Depreciation and depletion expense | 40.4 | 38.7 | 8.5 | 8.3 | 48.9 | 47.0 |
| Gross Margin | 77.8 | 76.0 | 33.1 | 34.1 | 110.9 | 110.1 |
| Plus: Operating & maintenance expense | 39.5 | 38.2 | 13.3 | 13.6 | 52.8 | 51.8 |
| Plus: Property and other tax expense | 36.4 | 37.0 | 10.4 | 10.4 | 46.8 | 47.4 |
| Plus: Depreciation and depletion | 40.4 | 38.7 | 8.5 | 8.3 | 48.9 | 47.0 |
| Utility Margin ⁽¹⁾ | \$ 194.1 | \$ 189.9 | \$ 65.3 | \$ 66.4 | \$ 259.4 | \$ 256.3 |

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

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

Non-GAAP Financial Measures (1 of 3)

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

| Pre-Tax Adjustments (\$ Millions) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Reported GAAP Pre-Tax Income | \$ 116.5 | \$ 108.3 | \$ 110.4 | \$ 181.2 | \$ 156.5 | \$ 176.1 | \$ 178.3 | \$ 182.2 | \$ 144.2 | \$ 190.2 |
| Non-GAAP Adjustments to Pre-Tax Income: | | | | | | | | | | |
| Weather | 8.4 | (3.7) | (1.3) | 13.2 | 15.2 | (3.4) | (1.3) | (7.3) | 9.8 | 1.1 |
| Release of MPSC DGGGS deferral | (3.0) | - | - | - | - | - | - | - | - | - |
| Lost revenue recovery related to prior periods | (3.0) | (1.0) | - | - | (14.2) | - | - | - | - | - |
| DGGGS 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 | - | - | - | (20.8) | - | - | - | - | - | - |
| QF liability adjustment | - | - | - | 6.1 | - | - | (17.5) | - | - | (6.9) |
| Electric tracker disallowance of prior period costs | - | - | - | - | 12.2 | - | - | - | 9.9 | - |
| Income tax adjustment | (3.6) | - | - | - | - | - | 9.4 | - | - | - |
| Unplanned Equity Dilution from Hydro transaction | - | - | - | - | - | - | - | - | - | - |
| Adjusted Non-GAAP Pre-Tax Income | \$ 99.1 | \$ 103.8 | \$ 115.8 | \$ 179.7 | \$ 169.7 | \$ 172.7 | \$ 168.9 | \$ 174.9 | \$ 163.9 | \$ 184.4 |
| Tax Adjustments to Non-GAAP Items (\$ Mill) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| GAAP Net Income | \$ 98.4 | \$ 94.0 | \$ 120.7 | \$ 151.2 | \$ 164.2 | \$ 162.7 | \$ 197.0 | \$ 202.1 | \$ 155.2 | \$ 186.8 |
| Non-GAAP Adjustments Taxed at 38.5% ('12-'17) and 25.3% ('18-current): | | | | | | | | | | |
| Weather | 5.2 | (2.3) | (0.8) | 8.1 | 9.3 | (2.1) | (1.0) | (5.5) | 7.3 | 0.8 |
| Release of MPSC DGGGS deferral | (1.9) | - | - | - | - | - | - | - | - | - |
| Lost revenue recovery related to prior periods | (1.9) | (0.6) | - | - | (8.7) | - | - | - | - | - |
| DGGGS 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 | - | - | - | (12.8) | - | - | - | - | - | - |
| QF liability adjustment | - | - | - | 3.8 | - | - | (13.1) | - | - | (5.2) |
| Electric tracker disallowance of prior period costs | - | - | - | - | 7.5 | - | - | - | 7.4 | - |
| Income tax adjustment | (2.2) | - | (18.5) | - | (12.5) | - | (12.8) | (22.8) | - | - |
| Unplanned Equity Dilution from Hydro transaction | - | - | - | - | - | - | - | - | - | - |
| Non-GAAP Net Income | \$ 87.7 | \$ 94.9 | \$ 105.5 | \$ 150.3 | \$ 159.8 | \$ 160.6 | \$ 170.1 | \$ 173.8 | \$ 169.9 | \$ 182.4 |
| Non-GAAP Diluted Earnings Per Share | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| <i>Diluted Average Shares (Millions)</i> | <i>37.0</i> | <i>38.2</i> | <i>40.4</i> | <i>47.6</i> | <i>48.5</i> | <i>48.7</i> | <i>50.2</i> | <i>50.8</i> | <i>50.7</i> | <i>51.9</i> |
| Reported GAAP Diluted earnings per share | \$ 2.66 | \$ 2.46 | \$ 2.99 | \$ 3.17 | \$ 3.39 | \$ 3.34 | \$ 3.92 | \$ 3.98 | \$ 3.06 | \$ 3.60 |
| Non-GAAP Adjustments: | | | | | | | | | | |
| Weather | 0.14 | (0.05) | (0.02) | 0.17 | 0.19 | (0.04) | (0.02) | (0.11) | 0.14 | 0.01 |
| Release of MPSC DGGGS deferral | (0.05) | - | - | - | - | - | - | - | - | - |
| Lost revenue recovery related to prior periods | (0.05) | (0.02) | - | - | (0.18) | - | - | - | - | - |
| DGGGS FERC ALJ initial decision - portion related to 2011 | 0.12 | - | - | - | - | - | - | - | - | - |
| MSTI Impairment | 0.40 | - | - | - | - | - | - | - | - | - |
| Favorable CELP arbitration decision | (0.73) | - | - | - | - | - | - | - | - | - |
| Remove hydro acquisition transaction costs | - | 0.11 | 0.24 | - | - | - | - | - | - | - |
| Exclude unplanned hydro earnings | - | - | (0.14) | - | - | - | - | - | - | - |
| Remove benefit of insurance settlements & recoveries | - | - | - | (0.27) | - | - | - | - | - | - |
| QF liability adjustment | - | - | - | 0.08 | - | - | (0.26) | - | - | (0.10) |
| Electric tracker disallowance of prior period costs | - | - | - | - | 0.16 | - | - | - | 0.15 | - |
| Income tax adjustment | (0.06) | - | (0.47) | - | (0.26) | - | (0.25) | (0.45) | - | - |
| Unplanned Equity Dilution from Hydro transaction | - | - | 0.08 | - | - | - | - | - | - | - |
| Non-GAAP Diluted Earnings Per Share | \$ 2.37 | \$ 2.50 | \$ 2.68 | \$ 3.15 | \$ 3.30 | \$ 3.30 | \$ 3.39 | \$ 3.42 | \$ 3.35 | \$ 3.51 |

Non-GAAP Financial Measures (2 of 3)

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

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

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

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

Non-GAAP Financial Measures (3 of 3)

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

| (per share) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Dividend per Share | \$ 1.48 | \$ 1.52 | \$ 1.60 | \$ 1.92 | \$ 2.00 | \$ 2.10 | \$ 2.20 | \$ 2.30 | \$ 2.40 | \$ 2.48 |
| Reported GAAP diluted EPS | \$ 2.66 | \$ 2.46 | \$ 2.99 | \$ 3.17 | \$ 3.39 | \$ 3.34 | \$ 3.92 | \$ 3.98 | \$ 3.06 | \$ 3.60 |
| Dividend Payout Ratio - GAAP diluted EPS | 55.6% | 61.8% | 53.5% | 60.6% | 59.0% | 62.9% | 56.1% | 57.8% | 78.4% | 68.9% |
| Reported Non-GAAP diluted EPS | \$ 2.37 | \$ 2.50 | \$ 2.68 | \$ 3.15 | \$ 3.30 | \$ 3.30 | \$ 3.39 | \$ 3.42 | \$ 3.35 | \$ 3.51 |
| Dividend Payout Ratio - Non-GAAP diluted EPS | 62.4% | 60.8% | 59.7% | 61.0% | 60.6% | 63.6% | 64.9% | 67.3% | 71.6% | 70.7% |

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

| (per share) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|----------|----------|------------|------------|------------|------------|------------|------------|------------|------------|
| GAAP Net Income (\$M's) | \$ 98.4 | \$ 94.0 | \$ 120.7 | \$ 151.2 | \$ 164.2 | \$ 162.7 | \$ 197.0 | \$ 202.1 | \$ 155.2 | \$ 186.8 |
| Average Quarterly Equity (\$M's) | \$ 895.9 | \$ 991.1 | \$ 1,119.3 | \$ 1,520.2 | \$ 1,632.3 | \$ 1,720.4 | \$ 1,875.7 | \$ 1,998.8 | \$ 2,056.9 | \$ 2,064.4 |
| Return On Average Equity (ROAE) - GAAP Earnings | 11.0% | 9.5% | 10.8% | 9.9% | 10.1% | 9.5% | 10.5% | 10.1% | 7.5% | 9.0% |
| Reported Non-GAAP diluted EPS | \$2.37 | \$2.50 | \$2.68 | \$3.15 | \$3.30 | \$3.30 | \$3.39 | \$3.42 | \$3.35 | \$3.51 |
| Average Diluted Shares (M) | 37.0 | 38.2 | 39.3 | 47.6 | 48.5 | 48.7 | 50.2 | 50.8 | 50.7 | 51.9 |
| Calculated Non-GAAP Adjusted Net Income (\$M's) | \$87.7 | \$94.9 | \$105.3 | \$150.3 | \$160.2 | \$160.6 | \$170.8 | \$174.3 | \$170.4 | \$182.4 |
| Return on Average Equity (ROAE) - Non-GAAP Earnings | 9.8% | 9.6% | 9.4% | 9.9% | 9.8% | 9.3% | 9.1% | 8.7% | 8.3% | 8.8% |

Use of Non-GAAP Financial Measures - Utility Margin Through March 31, 2022

| (in millions) | Electric | Gas | Other | Total |
|--------------------|----------|----------|-------|----------|
| Operating Revenues | \$ 271.7 | \$ 122.8 | \$ - | \$ 394.5 |
| Cost of Sales * | \$ 77.6 | \$ 57.5 | \$ - | \$ 135.1 |
| Utility Margin | \$ 194.1 | \$ 65.3 | \$ - | \$ 259.4 |

Use of Non-GAAP Financial Measures - Utility Margin Through March 31, 2022

| (in millions) | Montana | South Dakota | Nebraska | Eliminations | Total |
|--------------------|----------|--------------|----------|--------------|----------|
| Operating Revenues | \$ 310.8 | \$ 70.0 | \$ 15.3 | \$ (1.7) | \$ 394.5 |
| Cost of Sales * | \$ 92.4 | \$ 33.0 | \$ 11.3 | \$ (1.7) | \$ 135.2 |
| Utility Margin | \$ 218.4 | \$ 37.0 | \$ 4.0 | \$ - | \$ 259.4 |

* Cost of Sales is defined as Fuel, Purchased Supply and Direct Transmission Expense (Exclusive of Depreciation and Depletion)

The data presented in this presentation includes financial information prepared in accordance with GAAP, as well as other Non-GAAP financial measures such as Utility Margin (Revenues less Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion)), 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 Utility Margin, Free Cash Flows and Net Debt is intended to supplement investors' understanding of our operating performance. Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs. 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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