



NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION

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

Financial Statements

For the Period Ending September 30, 2024

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NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION

CONDENSED STATEMENTS OF INCOME

(in thousands)

	Nine Months Ended September 30, 2024
Revenues	
Electric	\$ 142,707
Gas	69,729
Total Revenues	212,436
Operating Expenses	
Fuel, purchased supply and direct transmission expense (exclusive of depreciation shown separately below)	88,814
Operating, administrative and general	47,413
Property and other taxes	5,307
Depreciation	36,991
Total Operating Expenses	178,525
Operating income	33,911
Interest expense, net	(18,409)
Other income, net	1,786
Income before income taxes	17,288
Income tax benefit	6,695
Net Income	\$ 23,983

See Notes to Condensed Financial Statements

NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Nine Months Ended September 30, 2024
Net Income	\$ 23,983
Other comprehensive income, net of tax:	—
Comprehensive Income	\$ 23,983

See Notes to Condensed Financial Statements

NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION

CONDENSED BALANCE SHEETS

(in thousands)

	As of September 30, 2024	As of December 31, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 496	\$ 0
Restricted cash	8,429	—
Accounts receivable, net	23,591	—
Inventories	32,019	—
Regulatory assets	11,211	—
Prepaid expenses and other	12,097	—
Total current assets	87,843	0
Property, plant, and equipment, net	1,075,186	—
Goodwill	93,780	—
Regulatory assets	95,777	—
Other noncurrent assets	10,620	—
Total Assets	\$ 1,363,206	\$ 0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 63,984	\$ —
Accounts payable	20,381	—
Accrued expenses	30,141	—
Regulatory liabilities	14,231	—
Total current liabilities	128,737	—
Long-term debt	479,119	—
Deferred income taxes	23,397	—
Noncurrent regulatory liabilities	108,789	—
Other noncurrent liabilities	31,511	—
Total Liabilities	771,553	—
Commitments and Contingencies (Note 3)		
Shareholders' Equity:		
Common stock, par value \$0.01	0	0
Paid-in capital	581,090	—
Retained earnings	10,238	—
Accumulated other comprehensive income	325	—
Total Shareholders' Equity	591,653	0
Total Liabilities and Shareholders' Equity	\$ 1,363,206	\$ 0

See Notes to Condensed Financial Statements

NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION

CONDENSED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended September 30,	
	2024	2023
OPERATING ACTIVITIES:		
Net Income	\$ 23,983	\$ —
Items not affecting cash:		
Depreciation	36,991	—
Amortization of debt issuance costs, discount and deferred hedge gain	735	—
Stock-based compensation costs	890	—
Equity portion of allowance for funds used during construction	(756)	—
Deferred income taxes	(6,302)	—
Changes in current assets and liabilities:		
Accounts receivable	13,956	—
Inventories	(302)	—
Other current assets	(1,341)	—
Accounts payable	(7,250)	—
Accrued expenses	2,755	—
Regulatory assets	(5,361)	—
Regulatory liabilities	(6,704)	—
Other noncurrent assets and liabilities	682	—
Cash Provided by Operating Activities	51,976	—
INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(40,300)	—
Cash Used in Investing Activities	(40,300)	—
FINANCING ACTIVITIES:		
Cash contribution from NorthWestern Corporation	253	—
Proceeds from issuance of common stock	—	0
Dividends on common stock	(13,745)	—
Issuance of long-term debt	40,000	—
Line of credit repayments, net	(29,000)	—
Financing costs	(259)	—
Cash Used in Financing Activities	(2,751)	0
Net Increase in Cash and Cash Equivalents	8,925	0
Cash and Cash Equivalents, beginning of period	0	—
Cash and Cash Equivalents, end of period	\$ 8,925	\$ 0
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Income taxes	—	—
Interest	16,709	—
Significant non-cash transactions:		
Capital expenditures included in accounts payable	2,748	—

See Notes to Condensed Financial Statements

NORTHWESTERN PUBLIC SERVICE CORPORATION
CONDENSED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY

(in thousands)

	Number of Common Shares	Number of Treasury Shares	Common Stock	Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 31, 2023	0	—	\$ 0	\$ —	\$ —	\$ —	\$ —	\$ 0
Net income	—	—	—	—	—	23,983	—	23,983
Stock based compensation	—	—	—	890	—	—	—	890
Dividends on common stock	—	—	—	—	—	(13,745)	—	(13,745)
Contribution from Northwestern Corporation	—	—	—	580,200	—	—	325	580,525
Balance at September 30, 2024	0	—	\$ 0	\$ 581,090	\$ —	\$ 10,238	\$ 325	\$ 591,653

See Notes to Condensed Financial Statements

NOTES TO CONDENSED FINANCIAL STATEMENTS

(1) Nature of Operations and Basis of Consolidation

Northwestern Energy Public Service Corporation (NWE Public Service), a direct wholly-owned subsidiary of NorthWestern Energy Group, Inc., doing business as NorthWestern Energy, provides electricity and / or natural gas to approximately 157,700 customers in South Dakota and Nebraska. We have generated and distributed electricity in South Dakota and distributed natural gas in South Dakota and Nebraska since 1923.

The Condensed Financial Statements (Financial Statements) for the periods included herein have been prepared by NWE Public Service (NorthWestern, we, or us) in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, the interim Financial Statements do not include all of the information and note disclosures required by GAAP for complete financial statements. The preparation of financial statements in conformity with the interim reporting guidance under GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. Events occurring subsequent to September 30, 2024, have been evaluated as to their potential impact to the Financial Statements through the date of issuance.

Holding Company Reorganization

NWE Public Service was incorporated on May 30, 2023, as a direct wholly-owned subsidiary of NorthWestern Corporation in preparation of a holding company reorganization. On October 2, 2023, NorthWestern Corporation (NW Corp) and NorthWestern Energy Group, Inc. completed a merger transaction pursuant to which NorthWestern Energy Group, Inc. became the holding company parent of NW Corp. On January 1, 2024, NorthWestern Energy Group, Inc. completed the second and final phase of the holding company reorganization. NW Corp contributed the assets and liabilities of its South Dakota and Nebraska regulated utilities to NWE Public Service, and then distributed its equity interest in NWE Public Service and certain other subsidiaries to NorthWestern Energy Group, Inc., resulting in NW Corp owning and operating the Montana regulated utility and NWE Public Service owning and operating the Nebraska and South Dakota utilities, each as a direct subsidiary of NorthWestern Energy Group, Inc. As NWE Public Service did not have any utility operations before January 1, 2024, these Financial Statements do not include comparative prior year results.

The below table represents the net assets that NW Corp contributed to NWE Public Service on January 1, 2024:

Net assets contributed to NWE Public Service on January 1, 2024:

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 253
Accounts receivable, net	37,547
Inventories	31,717
Regulatory assets	5,681
Prepaid expenses and other	10,755
Total current assets	85,953
Property, plant, and equipment, net	1,067,549
Goodwill	93,779
Regulatory assets	93,933
Other noncurrent assets	9,558
Total Assets	\$ 1,350,772
LIABILITIES	
Current Liabilities:	
Accounts payable	28,751
Accrued expenses	27,392
Regulatory liabilities	20,766
Total current liabilities	76,909
Long-term debt	532,148
Deferred income taxes	25,033
Noncurrent regulatory liabilities	106,307
Other noncurrent liabilities	29,850
Total Liabilities	\$ 770,247
Total Net Assets Contributed to NWE Public Service	\$ 580,525

(2) Regulatory Matters

South Dakota Natural Gas Rate Review

In June 2024, we filed a natural gas rate review (2023 test year) with the South Dakota Public Utilities Commission. The filing requests a base rate annual revenue increase of \$6.0 million. Our request is based on a return on equity of 10.70 percent, a capital structure including 53.13 percent equity, and rate base of \$95.6 million. If a final order is not received by December 21, 2024, interim base rates may go into effect.

Nebraska Natural Gas Rate Review

In June 2024, we filed a natural gas rate review (2023 test year) with the Nebraska Public Service Commission (NPSC). The filing requests a base rate annual revenue increase of \$3.6 million. Our request is based on a return on equity of 10.70 percent, a capital structure including 53.13 percent equity, and rate base of \$47.4 million. Interim rates, which increased base natural gas rates \$2.3 million, were implemented on October 1, 2024. Interim rates will remain in effect on a refundable basis until the NPSC issues a final order.

(3) Employee Benefit Plans

Pension and Other Postretirement Benefit Plans

We sponsor and/or contribute to pension and postretirement health care and life insurance benefit plans for eligible employees. We contributed \$1.2 million to our pension plans during the nine months ended September 30, 2024. We do not expect to contribute additional amounts to our pension plans during the remainder of 2024.

(4) Commitments and Contingencies

ENVIRONMENTAL LIABILITIES AND REGULATION

Environmental Protection Agency (EPA) Rules

On April 25, 2024, the EPA released final rules related to greenhouse gas (GHG) emission standards (GHG Rules) for existing coal-fired facilities and new coal and natural gas-fired facilities as well as final rules strengthening the MATS requirements (MATS Rules). The final MATS and GHG Rules require compliance as early as 2027 and 2032, respectively.

Previous efforts by the EPA were met with extensive litigation, and this time is no different. We, along with many other utilities, electric cooperatives, organizations, and states, have petitioned for judicial review of the GHG and MATS Rules with the U.S. Court of Appeals for the D.C. Circuit. The United States Supreme Court denied the multiple stay requests related to the MATS Rule and the GHG Rule. The litigation on the merits continues for both the MATS and GHG rules in the D.C. Circuit Court of Appeals, and decisions are expected in 2025. If the MATS Rules and GHG Rules are implemented, it would result in additional material compliance costs. We will continue working with federal and state regulatory authorities, other utilities, and stakeholders to seek relief from the MATS and GHG regulations that, in our view, disproportionately impact customers in our region.

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

LEGAL PROCEEDINGS

Other Legal Proceedings

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