



**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION**

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

**Financial Statements**

**For the Period Ending March 31, 2024**

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**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION**

**CONDENSED STATEMENTS OF INCOME**

(in thousands)

	<b>Three Months Ended March 31, 2024</b>
Revenues	
Electric	\$ 48,660
Gas	43,920
<b>Total Revenues</b>	<b>92,580</b>
Operating Expenses	
Fuel, purchased supply and direct transmission expense (exclusive of depreciation shown separately below)	48,748
Operating, administrative and general	15,766
Property and other taxes	1,783
Depreciation	12,149
<b>Total Operating Expenses</b>	<b>78,446</b>
Operating income	14,134
Interest expense, net	(6,322)
Other income, net	321
Income before income taxes	8,133
Income tax benefit	619
<b>Net Income</b>	<b>\$ 8,752</b>

See Notes to Condensed Financial Statements

**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

(in thousands)

	<b>Three Months Ended March 31, 2024</b>
Net Income	\$ 8,752
Other comprehensive income (loss), net of tax:	
Postretirement medical liability adjustment	—
Total Other Comprehensive Income (Loss)	—
<b>Comprehensive Income</b>	<b>\$ 8,752</b>

See Notes to Condensed Financial Statements

**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION**

**CONDENSED BALANCE SHEETS**

(in thousands)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,233	\$ 0
Accounts receivable, net	35,301	—
Inventories	29,636	—
Regulatory assets	9,052	—
Prepaid expenses and other	10,921	—
<b>Total current assets</b>	<b>86,143</b>	<b>0</b>
Property, plant, and equipment, net	1,067,577	—
Goodwill	93,780	—
Regulatory assets	92,766	—
Other noncurrent assets	9,442	—
<b>Total Assets</b>	<b>\$ 1,349,708</b>	<b>\$ 0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 22,227	\$ —
Accrued expenses	31,598	—
Regulatory liabilities	16,055	—
<b>Total current liabilities</b>	<b>69,880</b>	<b>—</b>
Long-term debt	529,003	—
Deferred income taxes	25,198	—
Noncurrent regulatory liabilities	106,232	—
Other noncurrent liabilities	29,873	—
<b>Total Liabilities</b>	<b>760,186</b>	<b>—</b>
Commitments and Contingencies (Note 3)		
<b>Shareholders' Equity:</b>		
Common stock, par value \$0.01	0	0
Paid-in capital	580,445	—
Retained earnings	8,752	—
Accumulated other comprehensive income	325	—
<b>Total Shareholders' Equity</b>	<b>589,522</b>	<b>0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,349,708</b>	<b>\$ 0</b>

See Notes to Condensed Financial Statements

**NORTHWESTERN ENERGY PUBLIC SERVICE CORPORATION**

**CONDENSED STATEMENTS OF CASH FLOWS**

(in thousands)

	<b>Three Months Ended March 31, 2024</b>
<b>OPERATING ACTIVITIES:</b>	
Net Income	\$ 8,752
Items not affecting cash:	
Depreciation	12,149
Amortization of debt issuance costs, discount and deferred hedge gain	229
Stock-based compensation costs	245
Equity portion of allowance for funds used during construction	(188)
Deferred income taxes	(160)
Changes in current assets and liabilities:	
Accounts receivable	2,245
Inventories	2,080
Other current assets	(165)
Accounts payable	(3,964)
Accrued expenses	4,205
Regulatory assets	(3,202)
Regulatory liabilities	(4,880)
Other noncurrent assets and liabilities	105
<b>Cash Provided by Operating Activities</b>	<b>17,451</b>
<b>INVESTING ACTIVITIES:</b>	
Property, plant, and equipment additions	(13,270)
<b>Cash Used in Investing Activities</b>	<b>(13,270)</b>
<b>FINANCING ACTIVITIES:</b>	
Distribution of Cash from NorthWestern Corporation	253
Issuance of long-term debt	40,000
Line of credit repayments, net	(43,000)
Financing costs	(201)
<b>Cash Used in Financing Activities</b>	<b>(2,948)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,233</b>
Cash and Cash Equivalents, beginning of period	0
<b>Cash and Cash Equivalents, end of period</b>	<b>\$ 1,233</b>
<b>Supplemental Cash Flow Information:</b>	
Cash paid during the period for:	
Income taxes	—
Interest	2,907
Significant non-cash transactions:	
Capital expenditures included in accounts payable	1,307

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
<b>Balance at December 31, 2023</b>	<b>0</b>	—	<b>\$ 0</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>0</b>
Net income	—	—	—	—	—	8,752	—	8,752
Stock based compensation	—	—	—	245	—	—	—	245
Contribution from Northwestern Corporation	—	—	—	580,200	—	—	325	580,525
<b>Balance at March 31, 2024</b>	<b>0</b>	—	<b>\$ 0</b>	<b>\$ 580,445</b>	<b>\$ —</b>	<b>\$ 8,752</b>	<b>\$ 325</b>	<b>\$ 589,522</b>

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 March 31, 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:

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

### (2) 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 did not contribute to our pension plans during the three months ended March 31, 2024. We expect to contribute \$1.2 million to our pension plans during the remainder of 2024.

### (3) Commitments and Contingencies

## ENVIRONMENTAL LIABILITIES AND REGULATION

#### Environmental Protection Agency (EPA) Rules

Congress has not passed any federal climate change legislation regarding GHG emissions from coal fired plants, and we cannot predict the timing or form of any potential legislation. Section 111(d) of the Clean Air Act (CAA) confers authority on EPA and the states to regulate emissions, including GHGs, from existing stationary sources. In May 2023, EPA proposed new GHG emissions standards for coal and natural gas-fired plants. In particular, the proposed rules would (i) strengthen the current New Source Performance Standards for newly built fossil fuel-fired stationary combustion turbines (generally natural gas-fired); (ii) establish emission guidelines for states to follow in limiting carbon pollution from existing fossil fuel-fired steam generating electric generating units (including coal, oil and natural gas-fired units); and (iii) establish emission guidelines for large, frequently used existing fossil fuel-fired stationary combustion turbines (generally natural gas-fired). In addition, in April 2023, EPA proposed to amend the MATS. Among other things, MATS currently sets stringent emission limits for acid gases,

mercury, and other hazardous air pollutants from new and existing electric generating units. We are in compliance with existing MATS requirements. The proposed amendment of the MATS would strengthen the MATS requirements, and if adopted as written, both the GHG and MATS proposed rules could have a material negative impact on our coal-fired plants, including requiring potentially expensive upgrades or the early retirement of Colstrip Unit's 3 and 4 due to the rules making the facility uneconomic.

On April 25, 2024, the EPA released final rules related to 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 will require compliance as early as 2028 and 2032, respectively. We are evaluating how the final MATS and GHG Rules may impact our coal-fired generation facilities and operations.

Previous efforts by the EPA were met with extensive litigation and we anticipate a similar response to the new GHG Rules and MATS Rules. As the MATS Rules and GHG Rules are implemented, it could 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 or 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.