



Good Public Policy Without Unintended Consequences

May 2, 2014

NorthWestern[®]
Energy
Delivering a Bright Future



Who we are

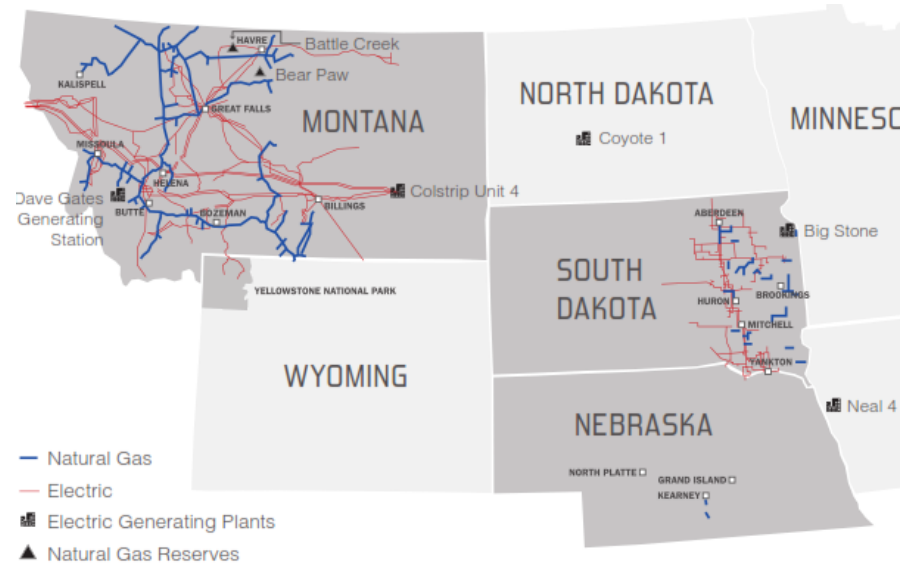
673,200 Customers

- 403,600 electric
- 269,600 natural gas

Total owned generation

- MT – 412 MW – regulated
(includes 150 MW (regulation services))
- SD – 376 MW (baseload) – regulated

Approximately 123,000 square miles of service territory in Montana, South Dakota and Nebraska





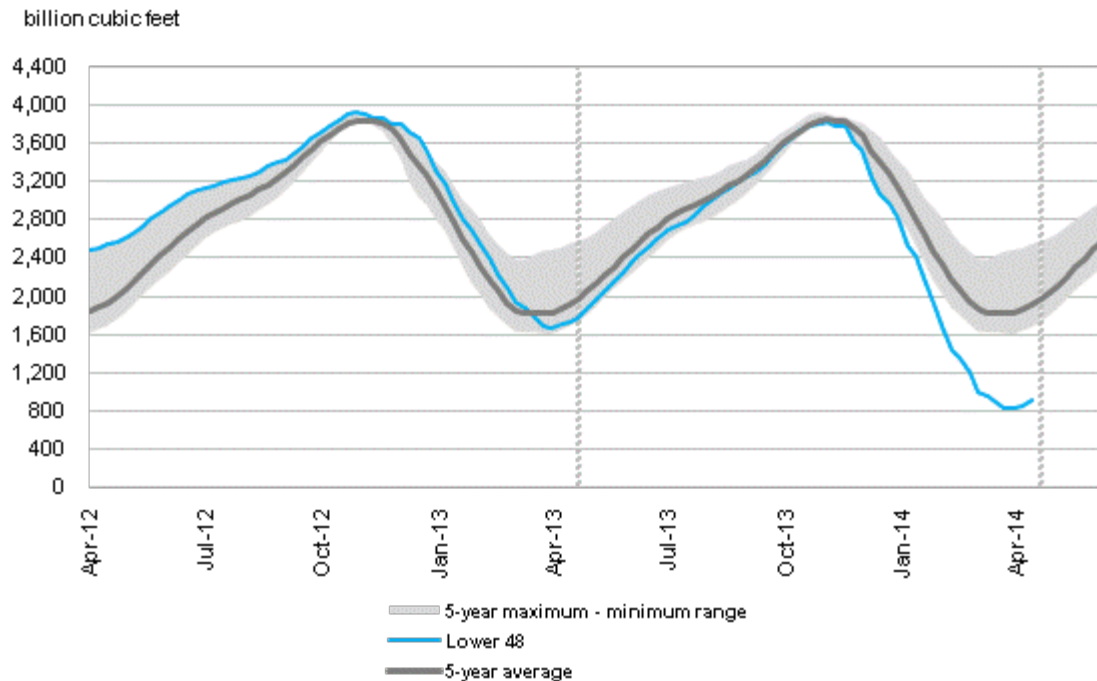
Regional Power Market Overview

- Generally A Liquid Trading Market at Mid-C
 - 2013/2014 Greater Volatility
- Market Reliance Increasingly Risky: Capacity!
- Negative Future Factors
 - Baseload Supply Being Taken Out-of-Service
- Economic recovery
- Export Capability to Canada
- Environmental Regulations – shutdowns, higher costs
- Build Paralysis – Regulatory Uncertainty
- Pressure on Natural Gas Supply



Gas Storage Levels

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

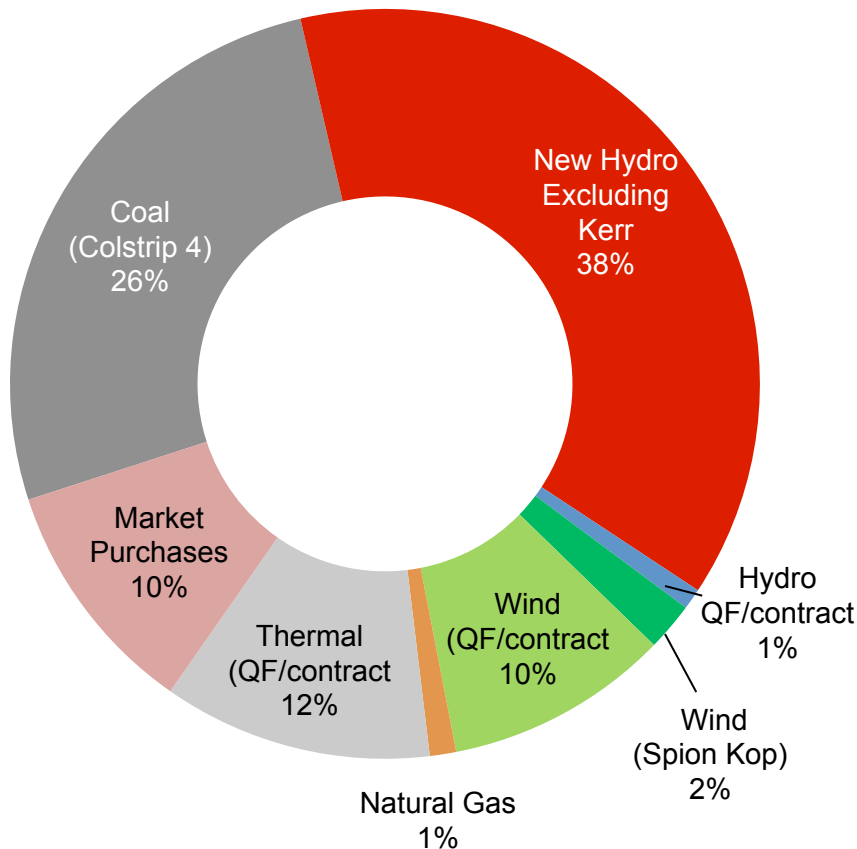
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2005 through 2009.

Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods. Released April 24, 2014

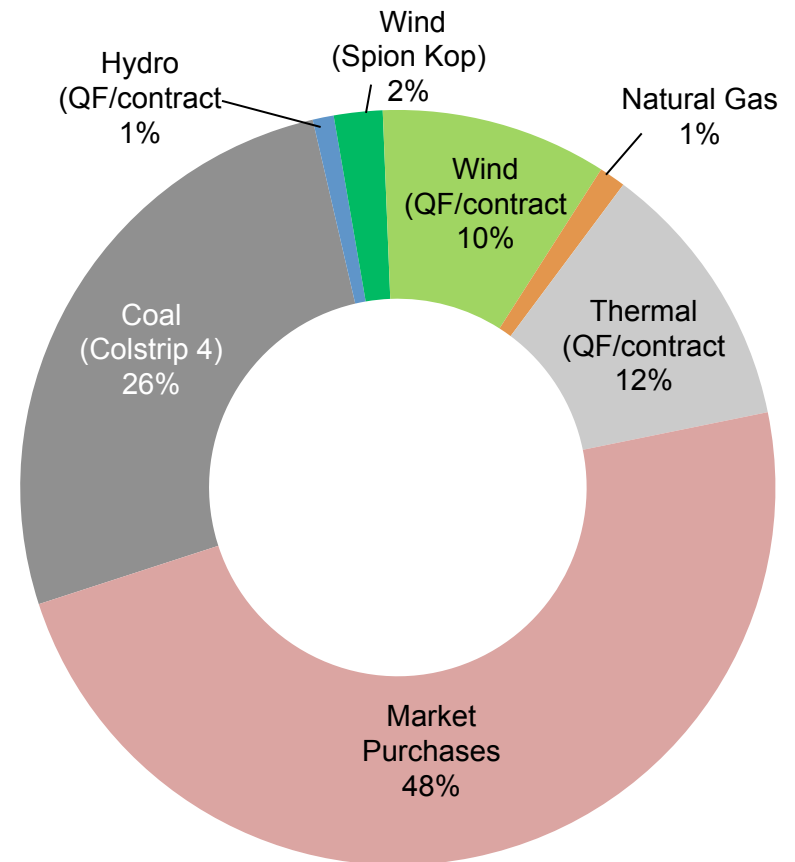


Sources of Supply w/ Hydro Assets

QF - Qualified Facility under 1976 PURPA



Sources of Supply w/o Hydro Assets



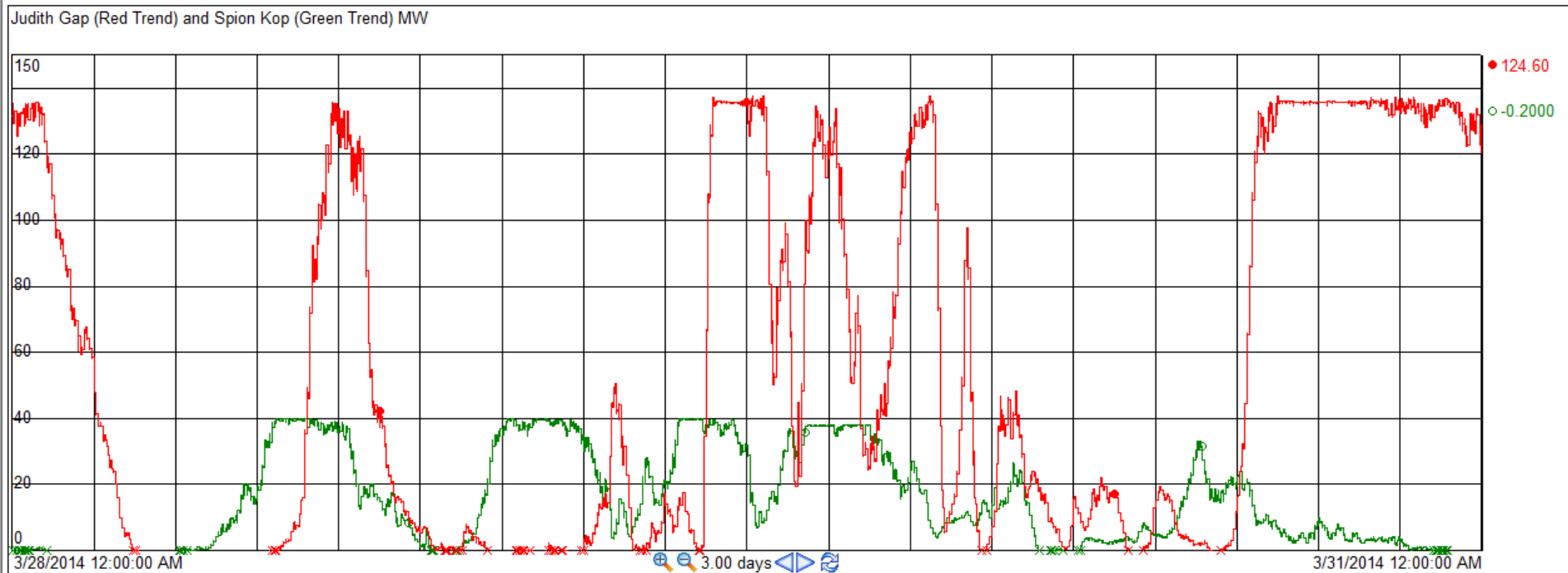


Regarding 111 (d) Standards: NWE Priorities

- Gain Approval NWE Hydro Acquisition
 - Portfolio will be over 50% Wind and Water
- Work With Government and Regulatory Agencies to Develop Workable Outcomes
- Reward Portfolios with Renewables and Energy Efficiency
- Allow States Flexibility and Time
- Exempt Ancillary Services (DGGS a regulating service to support renewables)
- Maintain Voltage Support on Tx System



Wind Farm Daily Generation Profile Example





Regulating Plant Daily Generation Profile Example



The current CPS value is: 92.93

of CPS violations left for month: 140

Dave Gates Generating Station at Mill Creek

Unit 1 Minimum:	5.4	Unit 1 Maximum:	25.1
Unit 2 Minimum:	0	Unit 2 Maximum:	0
Unit 3 Minimum:	5.4	Unit 3 Maximum:	25.1

DGGS Generation MW (Red Trend) and AGC Setpoint (Green Trend) - Historical Display

