

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF NORTHWESTERN  
ENERGY FOR APPROVAL OF CORPORATE RESTRUCTURING

DOCKET NO. GE22- \_\_\_\_\_

**APPLICATION FOR CORPORATE  
RESTRUCTURING**

**I. Introduction**

Pursuant to Section 49-34A-36 of the South Dakota Codified Laws, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) respectfully requests the South Dakota Public Utilities Commission (“Commission”) to approve NorthWestern’s corporate restructuring plan (“Restructuring Plan”) through which NorthWestern’s state utility operating divisions will become separate wholly-owned subsidiaries of a newly formed holding company.

NorthWestern is a Delaware corporation that conducts business in the State of South Dakota as a public utility providing both natural gas and electric service to customers. *See* SDCL § 49-34A-1(12). NorthWestern also serves as a public utility in Montana providing both natural gas and electric service and in Nebraska providing natural gas service. NorthWestern’s stock is listed and traded on the Nasdaq Stock Market, LLC’s stock exchange under the ticker symbol “NWE.”

NorthWestern’s Restructuring Plan serves the public interest and will not result in any significant adverse impacts to customers. The Restructuring Plan will separate and insulate NorthWestern’s public utility businesses in South Dakota and Nebraska from its public utility business in the state of Montana and from its other business activities. The Restructuring Plan is transparent to customers as NorthWestern’s South Dakota public utility’s services and rates will remain the same. NorthWestern’s South Dakota public utility will continue to provide the

highest quality service to its customers in the same manner it does today, and there will be no procedural or substantive change in how the Commission regulates those services.

Today, NorthWestern provides utility services in the states of South Dakota, Nebraska, and Montana through one entity, which owns substantially all of NorthWestern's regulated utility assets and which is the parent company in NorthWestern's corporate structure. After the implementation of the Restructuring Plan, NorthWestern will continue to provide the same utility services in South Dakota and Nebraska through a new entity. The new subsidiary will be a separate, stand-alone, first-tier subsidiary underneath a new holding company. NorthWestern's public utility business in Montana will continue operating as NorthWestern Corporation, which also will become a separate, stand-alone, first-tier subsidiary underneath the new holding company. This holding company structure will provide NorthWestern's public utility businesses in South Dakota and Nebraska separation and insulation from NorthWestern's public utility business in Montana as well as its other business activities.

## **II. General Filing Information**

### **A. Name, Address, and Telephone Number of the Utility Making the Filing**

NorthWestern Corporation d/b/a NorthWestern Energy  
3010 W. 69<sup>th</sup> Street  
Sioux Falls, SD 57108

### **B. Name, Address, and Telephone Number of the Attorney for NorthWestern**

Shannon M. Heim  
Director, Regulatory Corporate Counsel  
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### **C. Title of Utility Employee Responsible for Filing**

Pamela A. Bonrud

Director, Government and Regulatory Affairs  
NorthWestern Energy  
3010 W. 69<sup>th</sup> Street  
Sioux Falls, SD 57108  
Phone: (605) 978-2990  
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**D. The Date of Filing and the Date Changes Will Take Effect**

NorthWestern must receive authorization for the corporate reorganization from state commissions in South Dakota, Nebraska, and Montana. It also must receive authorization from the Federal Energy Regulatory Commission. Implementation will follow authorization.

**E. Statute Controlling Schedule for Processing the Filing.**

Section 49-34A-36 of the South Dakota Codified Laws requires a decision from the Commission within 180 days.

**III. RESTRUCTURING PLAN**

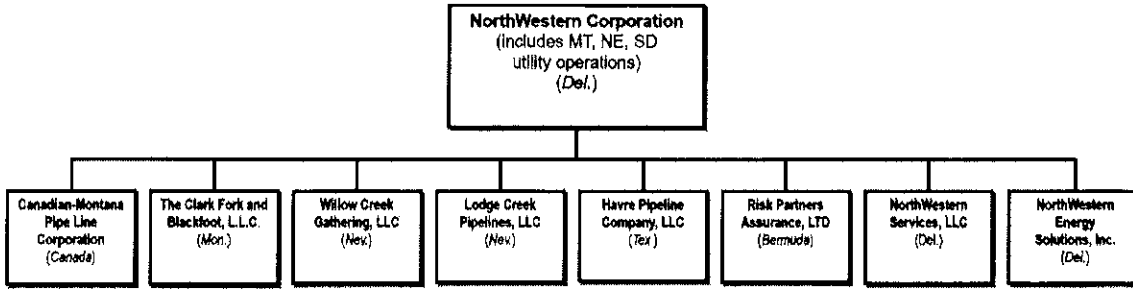
NorthWestern provides public utility services in the states of South Dakota, Nebraska, and Montana<sup>1</sup> through one entity, which owns substantially all of NorthWestern's regulated utility assets. NorthWestern's public utility infrastructure in South Dakota and Nebraska is physically isolated from, and not connected to, NorthWestern's public utility infrastructure in Montana. NorthWestern's South Dakota and Nebraska utility assets secure the obligations under NorthWestern's South Dakota and Nebraska mortgage, but not the obligations under NorthWestern's Montana mortgage (and vice versa).

NorthWestern also serves as the parent corporation in its corporate structure and owns several subsidiaries. Figure 1 shows the current organizational structure of NorthWestern:

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<sup>1</sup> NorthWestern also serves Yellowstone National Park through its Montana operations.

**Figure 1: Existing Structure**



NorthWestern’s existing corporate structure subjects all of its jurisdictional operations to the risk of each other, as well as other external factors.

NorthWestern proposes to restructure its corporate organization separating its state public utility divisions into two separate wholly-owned subsidiaries of a newly formed holding company through its Restructuring Plan. Under the Restructuring Plan, NorthWestern’s South Dakota and Nebraska public utility businesses will be held in a separate subsidiary from its Montana public utility business.

NorthWestern’s South Dakota and Nebraska public utilities subsidiary will take the name “NorthWestern Energy Prairies Corporation”<sup>2</sup> and will hold its South Dakota and Nebraska public utility assets and debt obligations. NorthWestern’s Montana public utility subsidiary will retain the name “NorthWestern Corporation,” and it will hold its Montana public utility assets and debt obligations, as well as its Montana-related subsidiaries.

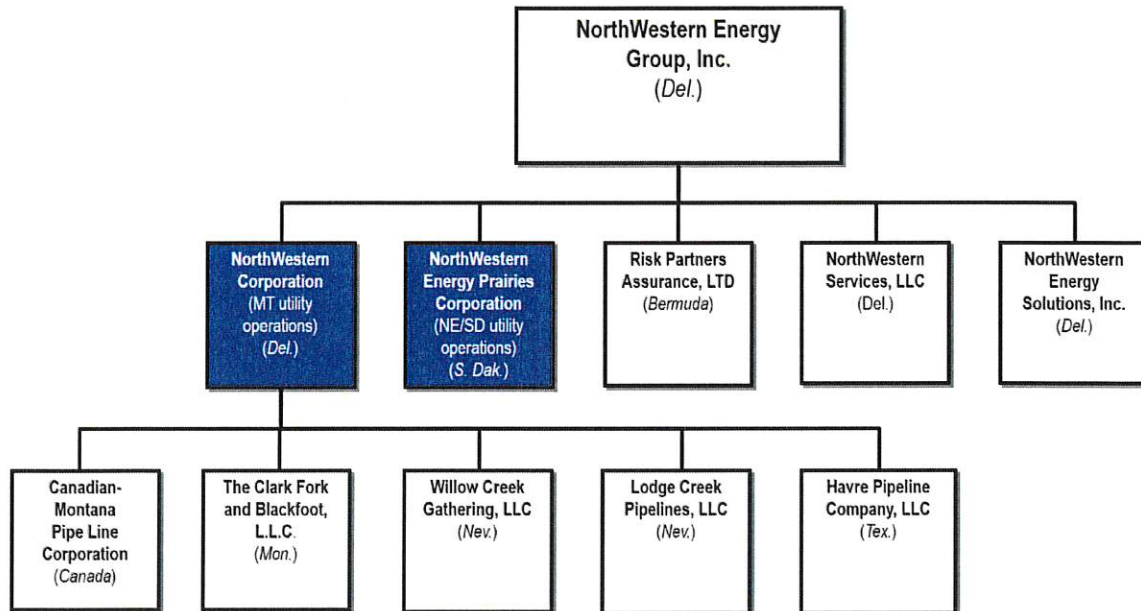
NorthWestern will form a corporation with the name “NorthWestern Energy Group, Inc.,” which will operate as a holding company to hold the ownership interests of all of the subsidiaries. NorthWestern’s existing shareholders’ common stock will be converted on a share-

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<sup>2</sup> In this application, NorthWestern refers to the three primary entities involved in the Restructuring Plan as NorthWestern Corporation, NorthWestern Energy Prairies Corporation, and NorthWestern Energy Group, Inc. However, if the Restructuring Plan is approved, NorthWestern may implement the plan with different names for such entities.

for-share basis to NorthWestern Energy Group, Inc. common stock. Figure 2 shows the organizational structure following the execution of the Restructuring Plan:

**Figure 2: New Structure**



Following the corporate restructuring, NorthWestern's outstanding debt securities related to its South Dakota and Nebraska utility operations will be assumed by the NorthWestern Energy Prairies Corporation subsidiary. Similarly, NorthWestern's outstanding debt securities related to its Montana public utility operations will remain with the Montana utility subsidiary, NorthWestern Corporation.

The new holding company structure that will exist following the execution of the Restructuring Plan is common throughout the public utility industry and will protect South Dakota and Nebraska customers from risks related to NorthWestern's Montana public utility business as well as its other business activities. The new holding company structure also will insulate the subsidiary public utilities from any financial arrangements between the holding company and other affiliates.

NorthWestern's shareholders will bear any incremental costs incurred with securing the necessary approvals for the Restructuring Plan, including any incremental costs incurred with implementing the Restructuring Plan. NorthWestern will not seek to recover from customers any of those costs in rates. No incremental financing will be required to implement the Restructuring Plan, and the resultant consolidated holding company capital structure will be the same as NorthWestern's existing consolidated capital structure.

NorthWestern's South Dakota public utility's rates will not change as a result of approving the Restructuring Plan. NorthWestern's South Dakota public utility's services and the Commission's oversight thereof will remain unaffected by the Restructuring Plan. NorthWestern's South Dakota public utility will continue providing safe and reliable electric and natural gas service to its customers in the same manner as before the Restructuring Plan.

#### **IV. APPROVAL OF RESTRUCTURING PLAN**

NorthWestern seeks Commission approval of its Restructuring Plan. The Commission must approve the Restructuring Plan unless it finds that there is a likelihood of significant adverse impacts to customers in South Dakota. SDCL § 49-34A-36; *see also In the Matter of the Application of MDU Resources Group, Inc. for Authorization for Reorganization of Company Structure*, GE18-001, Order Approving Merger Reorganization (Feb. 28, 2018).

The Restructuring Plan is in the public interest as it will further separate and insulate NorthWestern's South Dakota public utility assets and financing from its Montana public utility business and non-public utility ventures, and will not add costs to South Dakota customers.

The Restructuring Plan will not harm customers as NorthWestern's South Dakota public utility will continue to provide the same services at the same rates. NorthWestern's South Dakota public utility customers will continue receiving reliable service and facilities at just and

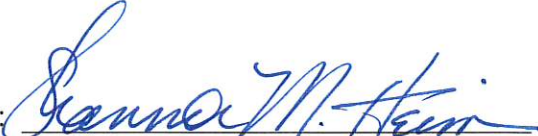
reasonable rates. The Commission's oversight over NorthWestern's South Dakota public utility operations will not change, and the Commission's ability to perform its statutory functions will not be substantially impaired.

The Restructuring Plan will put NorthWestern on a more even playing field with other, similarly situated, public utilities in South Dakota and in the region and will not result in any significant adverse impacts to South Dakota customers.

**RELIEF SOUGHT**

NorthWestern respectfully requests the Commission approve its Restructuring Plan.

RESPECTFULLY SUBMITTED this 1st day of June, 2022.

By: 

Shannon M. Heim  
Attorney for NorthWestern Energy