

NorthWestern Corporation

D/B/A NorthWestern Energy

Cost Allocation Manual

Effective Date: January 1, 2024



NorthWestern Corporation (d/b/a NorthWestern Energy)
Cost Allocation Manual

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1. Introduction

NorthWestern Corporation (“NW Corp”), a subsidiary of NorthWestern Energy Group, Inc. (“NWE Group”) conducts business in two states, Montana and Wyoming. In Montana, NW Corp maintains two utility operating segments 1) electric operations (comprised of transmission and distribution; and generation); and 2) natural gas operations (comprised of transmission, distribution and storage; and production). NW Corp activities in Montana are operated with regulatory oversight from the Montana Public Service Commission (“MPSC”). Business operations in Wyoming are conducted through a negotiated agreement with the National Park Service to provide utility service to Yellowstone National Park. NW Corp’s utility operations are conducted under the name “NorthWestern Energy”.

The purpose of this Cost Allocation Manual (CAM) is to document NW Corp’s allocation methodologies for shared operating and administrative services provided to affiliates within the NWE Group corporate structure, as well as to its operating segments and directly owned subsidiaries.

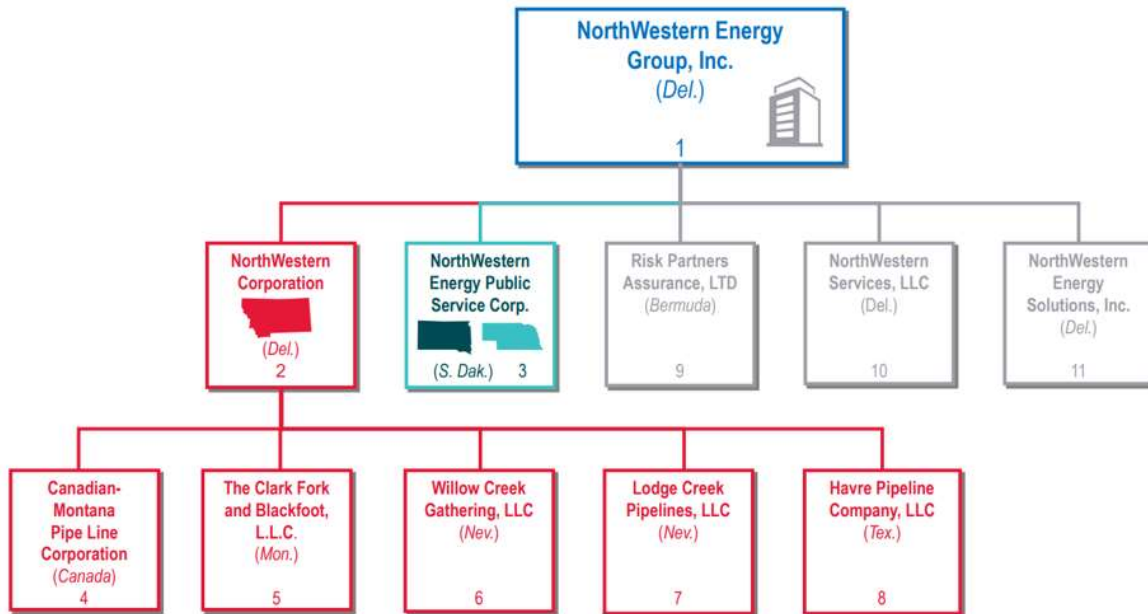
This CAM discusses the allocations to/from:

- NW Corp to/from other affiliated entities within the NWE Group structure (see Section 7.a.)
- NW Corp to its operating segments (electric or natural gas) and profit centers (see Section 7.b.)
- NW Corp to its directly-owned subsidiaries (see Section 7.c.)

The primary approach to allocation of costs at each level is 1) to direct charge each operating company/operating segment, to the maximum extent practicable, for specific products or services utilized by the operating company/operating segment; 2) to allocate shared costs based on the primary cost driver, or a relevant proxy in the absence of a primary cost driver; and 3) to ensure that unauthorized subsidization between non-regulated affiliate activities and regulated affiliate activities does not occur.

2. NorthWestern Energy Organization

As part of an MPSC-approved corporate restructuring plan, on October 2, 2023, NWE Group became the holding company parent of NW Corp. The final steps of the restructuring plan were completed on January 1, 2024, resulting in the following corporate structure:



- **NWE Group**, the holding company parent, is publicly traded on the NASDAQ under the ticker NWE. NWE Group holds controlling ownership interest in the utility and non-utility subsidiaries noted below. The holding company structure provides benefits that include, among other things: 1) the opportunity for efficiency through shared operating and administrative services that avoid duplication at each affiliate; 2) economies of scale benefiting customers; and 3) ability to obtain more favorable financing for capital-intensive projects.
- **NW Corp**, our regulated public utility providing both natural gas and electric service to customers in Montana and to Yellowstone National Park. Montana operations are conducted with regulatory oversight from the MPSC. Wholesale transmission activities also receive Federal Energy Regulatory Commission (“FERC”) regulatory oversight. NW Corp’s directly owned subsidiaries provide services, primarily natural gas transportation, to our Montana utility operations. All employees within the NWE Group organizational structure are employees of NW Corp. Therefore, NW Corp also provides shared operating and administrative services to the other NWE Group companies.
- **NorthWestern Energy Public Service Corporation (“NWE Public Service”)**, our regulated utility providing both natural gas and electric service in South Dakota and natural gas service in Nebraska. South Dakota operations are conducted with regulatory oversight from the South Dakota Public Utilities Commission (SDPUC) and Nebraska operations from the Nebraska Public Service Commission (NPSC). Prior to January 1, 2024, the South Dakota and Nebraska utility assets and related debt obligations were held at NW Corp and through the restructuring plan, were transferred into this entity. NWE Public Service does not have any

of its own employees and conducts its business activities through services received from NW Corp.

- NWE Group also has the following wholly-owned subsidiaries which are non-regulated affiliates. These entities hold certain very limited run off insurance claims and passive investments in energy industry funds. These non-utility entities represent a de minimis amount of NWE Group's consolidated assets and operations.
 - Risk Partners Assurance, LTD, our captive insurer (for old claims related to former unregulated subsidiaries);
 - NorthWestern Services, LLC, holds passive real estate interests in South Dakota; and
 - NorthWestern Energy Solutions, Inc., which holds non-regulated investments.

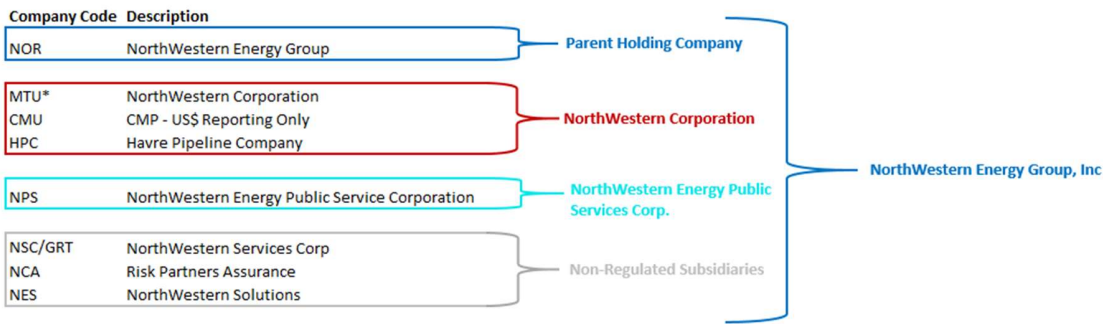
The following items provide additional understanding as to the common costs and common plant fixed assets utilized in the operation of our businesses within the NWE Group structure:

- All employees within the NWE Group holding company structure are employed by NW Corp. Services are provided to affiliates through an "Intercompany Services Agreement" included as Exhibit 1. Labor cost tracking and time entry methodologies are described in Section 5.
- The operations of all NWE Group entities are under the direction of one executive leadership team.
- Shared administrative costs within the NWE Group's holding company structure are allocated to the operating companies/jurisdictions, as described in Section 7. As of January 1, 2024, non-utility affiliates and activities are de minimis.

4. Transaction Coding

All entities in the NWE Group structure, including NW Corp, utilize the SAP software system for recording all financial transactions. Each transaction entered into the system must contain a valid coding string before the transaction can be posted. This includes both direct entries into SAP and entries generated from interfaces with third party applications such as PowerPlan for fixed assets and tax accounting. The coding string provides segregation and tracking for each legal entity and represent important characteristics of the underlying transactions. Relevant fields include:

Company Code: Required on all transactions. This is a unique 3-digit code that identifies the entity or operating company responsible for the transaction. Active company codes and how each company code is included within the NorthWestern reporting structure is shown below.



*MTU includes four company codes (MTU, MTX, CU4, C4X) that do not represent separate legal entities, but facilitate operating segment and profit center allocations. MTU also includes accounting for Willow Creek Gathering, LLC and Lodge Creek Pipelines, LLC

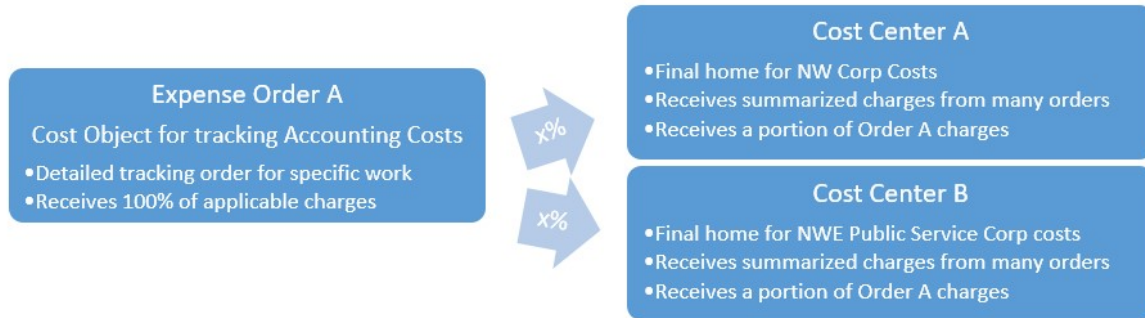
General Ledger Account: Required on all transactions. Provides a classification of the dollars included within the transaction. All NWE Group companies utilize the same chart of accounts, however only those general ledger accounts that have been authorized for tracking costs in a particular company are available for use.

Cost Object: Each expense or capital posting must be assigned to one cost object. Cost objects include orders, networks, Work Breakdown Structure (“WBS”) elements, or cost centers. Cost objects are assigned to company codes and are used for cost analysis and categorize costs into gas, electric, common, or administrative categories. Cost objects are also used for assigning the proper FERC classification to a charge. All higher-level objects settle to a Cost Center or a general ledger balance sheet account. For reporting purposes, all cost objects are linked to a profit center and the profit center is populated systematically at the time of posting.

The cost objects utilized in time entry define the company to receive the labor costs as well as the type of cost (capital versus expense). The cost objects may be direct costs or shared administrative costs with shared administrative costs settled to the proper jurisdictions using the standard settlement rules on the cost object determined from the shared administrative allocation process discussed in Section 7. Cost objects are also either regulated or non-regulated. Regulated cost objects are either directly assigned or settle to an allocation between jurisdictions and segments. Non-regulated cost objects are directly assigned. Cost objects that are common between entities/jurisdictions have settlement rules defined that will flow the costs to the correct company codes as settlement is processed.

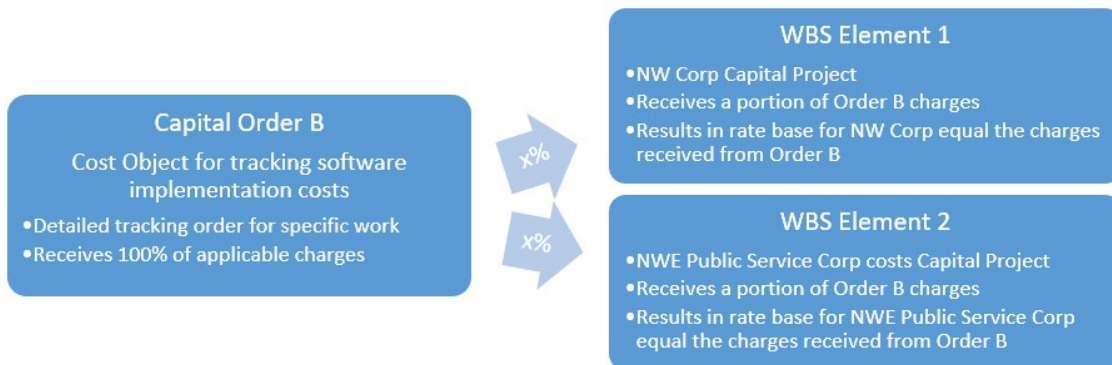
Example cost flows for charges that settle to expense:

- NW Corp’s finance department supports the operations of NWE Group affiliates. Individual orders are created to track costs specifically incurred for the Accounting, Tax, and Financial Reporting groups. Costs that accumulate in these orders are settled to Cost Centers using the allocation factors discussed in Section 7. These cost centers represent the final cost allocation to each operating company/jurisdiction.



Example cost flows for charges that settle to capital projects:

- NW Corp’s Business Technology department implements a new software product that will be utilized by the operating teams of NW Corp and NWE Public Service Corp. An individual order is created to track costs specifically incurred for the capital project costs. Costs that accumulate in the order are settled to capital projects using the allocation percentages discussed in Section 7 to create assets for each jurisdiction.



Profit Center: Profit centers are used to define a reporting segment for gas, electric or common as well as distinguish the operating function such as distribution, transmission, storage, generation, and production. Each profit center can only be assigned to one company code. SAP systematically assigns a profit center to each capital or expense cost posting based upon the cost object used to record the charge. Balance sheet accounts are also assigned a profit center either by default assignment of a profit center to the general ledger account, or through a manual entry in the coding block. These balance sheet profit centers are used for segment reporting.

Functional Area: The functional area field is used as the FERC chart of accounts assignment, and is required on all transactions. As transactions are coded, the functional area is populated systematically by SAP. SAP utilizes the master data found on the general ledger account or the cost object to derive the functional area.

4. **Direct versus Indirect Costs**

A key issue in distributing costs is distinguishing between direct costs and indirect costs, which impacts transaction coding. Below is a summary of typical costs with guidance on how to categorize them as direct or indirect.

Direct costs are those costs that are specifically associated with an identified operating company or jurisdiction. This means that it is known exactly to which operating company or companies the costs relate. Here are some examples that are always considered direct costs:

- The costs for labor attributable to specific maintenance, operation, or additions of plant, such as the following:
 - Time and materials for maintenance work completed at a generation facility are charged to a cost object related to the generation facility. As discussed in Section 3, cost objects can only be assigned to one company.
 - Labor and materials for work completed for repairs on an electric distribution project are charged to a cost object related to a cost object assigned to the responsible company.
 - Engineering and installation work for capital additions:
 - An engineer designs a gas transmission line in South Dakota that will become part of South Dakota rate base. The cost of the engineer's time and benefits are charged directly to an order for NWE Public Service. NW Corp is reimbursed for the cost of the employee's labor.
 - The same engineer designs a gas transmission line in Montana that will become part of Montana rate base. The cost of the engineer's time and benefits are charged directly to an order for NW Corp.
- Treasury activity to raise debt capital specific to a company;
- Costs to defend legal matters that are specific to a company or jurisdiction;
- Costs for legal services related to organizational and administrative matters specific to an entity or jurisdiction;
- Environmental remediation within a specific jurisdiction;
- Insurance premiums for a specific generating plant;
- Advertising costs specifically associated with a company/jurisdiction; and

Indirect costs are those costs that are not directly associated with an identified operating company or companies. This means that the costs indirectly support multiple or all operating companies or jurisdictions. See Section 7 for examples of indirect costs and allocation methodologies.

5. **Labor cost tracking and time entry**

All of the employees within the NWE Group structure are employees of NW Corp. The NW Corp employees provide operations, administrative and general services for all business activities of NWE Group on a "fully loaded cost" basis. These services are outlined within the "Intercompany Services

Agreement” included as Exhibit 1. Services, as defined within the Intercompany Services Agreement, include:

1.2 Services Defined. The “Services” provided hereunder shall collectively include (a) all services required or appropriate for the design, planning, construction, acquisition, disposition, operation, engineering, maintenance and management of each Recipient’s business and properties, (b) corporate support services, including corporate oversight, governance, support systems and personnel in respect of payroll, shareholder, financial accounting and reporting, human resources, treasury, tax, records management, pension and benefits management, legal, corporate secretarial, internal audit, corporate security, governmental affairs, executive management, risk management, community relations, communications, procurement, information technology, billing and collection, accounts payable and facility management services, (c) additional services as set forth on Schedule 1.1 hereto and (d) any service, non-power good, asset, property, employee, right, interest, thing or item of value that a Party may request or require from time to time from another Party.

NW Corp uses SAP Cross-Application Time Sheet (CATS) payroll module for recording time spent working on specific jobs or tasks. The CATS system requires each line of time to be assigned to a cost object (see transaction coding and cost object discussion in Section 3). Employees who have performed work for a company other than NW Corp utilize cost objects that are assigned to the company receiving the benefit of the employee’s labor. This results in charging the proper operating company/jurisdiction for the cost of the labor while also generating an intercompany payable/receivable transaction to reimburse NW Corp for the costs. Supervisors review time tickets and coding on a bi-weekly basis. Periodic training is conducted to ensure that employees and supervisors understand proper time coding practices.

Data entered into the CATS system is transferred nightly to SAP and records labor costs within the specified cost object. The time entry is costed using a standard rate appropriate for the employee classification. These standard rates are illustrative of the average rate for a group of similar employees. At the time the labor cost is recorded to the cost object, the cost object receives overhead loading costs for payroll taxes and benefits as discussed in Section 6 below. This ensures each cost object receives the full labor cost associated with an employee's time.

Employees are assigned to a home cost center in SAP that is based upon work location, physical location, or benefit plan enrollment. This home cost center establishes the work state for each employee and defines the benefit plan, work comp plan, and payroll taxes that are applicable. This home cost center is charged with the employee’s actual wage and salary expense. Each employee records actual time worked to a cost object specific to the work they are performing (see cost object discussion in Section 3). As time is charged to the cost object an offsetting credit is recorded in the home cost center. Monthly, the home cost center balance is analyzed to ensure labor costs have been fully distributed from the home cost center and charged to cost objects. At the end of each month, any difference between actual/accrued payroll costs and labor costs charged through time entry at a standard rate is allocated to each of the cost objects utilized in time entry processing. This analysis is completed at a cost center level to ensure costs are allocated appropriately between

companies and jurisdictions. Each cost object that was used by an employee cost center is charged or credited with a proportionate share of the residual differences within that cost center. This cost allocation is done through an automated process in SAP and ensures all labor costs are assigned to jurisdictions that are appropriate for where the employee spent their time.

6. **Loadings**

Loading rates are defined for internal labor, external contractor costs, and internally sourced materials from warehouses owned by entities within the NWE Group structure. These rates provide a systematic way for allocating indirect costs associated with labor and materials. The overhead rates are calculated on an annual basis for each operating company individually, and are adjusted as necessary through periodic review. Overhead costs are calculated programmatically within SAP through the assignment of an overhead costing sheet to each cost object. Costing sheets define the rules as to which general ledger accounts are eligible to receive an overhead (the base costs) and what rate should be applied. Overhead costs are calculated real-time and are recorded simultaneously with the base cost posting. For common cost objects that are shared between entities or company codes, the overhead rates applied to base costs are driven by the company code to which the cost object is assigned. The resultant overhead costs are then charged between company codes through the settlement process.

The loading rate for each overhead category is calculated based upon expected overhead costs divided by the expected base costs within each operating company. The actual costs for each loading pool are tracked and monitored. Periodic adjustments are recorded to increase or decrease the amount of overhead loading that has been recorded throughout the year to ensure the overhead loaded to cost objects is equal to the actual amount of overhead costs incurred by the end of the year.

Loading rates allocate the following cost types:

Loading Rate	Base Costs			Pooled costs included in loading
	Type	Capital	Expense	
Benefits provided to employees which become an inherent cost of labor.				
Payroll taxes	Internal Labor	X	X	FICA, FUTA, and SUTA
Benefits	Internal Labor	X	X	Medical, dental, vision, 401k, pension
Non-Service Benefits	Internal Labor	X	X	Non-service cost related cost of medical and pension
Short-Term Incentive Plan (STIP)	Internal Labor	X	-	Broad based incentive payment earned while working on capital projects
Pay for time not worked (PFTNW)	Internal Labor	X	-	Compensated absences earned while working on capital projects (paid time off, holidays, and short term disability)
The cost of equipment assigned to employees for company use follows labor expense to align costs with where the goods are consumed.				
Fleet	Internal Labor	X	X	Vehicle fuel, maintenance, and tax expense for transmission and distribution operations
Warehouse costs become an inherent cost of materials utilized on company projects.				
Stores Loading	Stores issued materials	X	X	Warehouse costs including warehouse labor, equipment, and facility maintenance
Overhead costs are inherently related to capital construction projects.				
Administrative & General (A&G)	Internal Labor and External Contractor Costs	X	-	Supervision, engineering, and administrative labor that directly supports construction related activities as determined by the Overhead Capitalization Study as well as a portion of technology lease and maintenance expense

7. NorthWestern Corporation Allocations to/from Others

a. *Allocations to/from other NorthWestern Energy Group, Inc. Companies*

Shared Operating Costs are those costs that are shared between operating companies/jurisdictions.

Primary functions that result in shared operating costs include:

- Operations supervision and engineering
 - Asset Management, System Integrity, Wind/Thermal Generation
- Electric Grid Operations

- Energy Supply Marketing
- Business Development and Strategy
- Networking Communications

When utility-related operating costs are attributable to more than one operating company/jurisdiction and are unable to be directly charged, costs are allocated through the use of employee time studies or utilizing the administrative allocations discussed in the Shared Administrative Costs section below. The time study process serves to identify how much time is spent working on activities for each operating company/jurisdiction during a specific period of time and provides a reasonable basis for charging each entity for its proportionate share of costs. Time studies are conducted on a periodic basis with impacted departments.

The following examples reflect how shared operating costs are charged based on nature of work performed:

Example 1 – NW Corp has two groups of Grid Operators who are based in different states. One group works in South Dakota and manages the electric transmission grid in South Dakota during normal business hours. These employees direct charge cost objects assigned to NWE Public Service for time spent operating the South Dakota grid. The second group is based in Montana and works primarily to manage the Montana transmission system, but assumes responsibility for the South Dakota transmission system on holidays, nights and weekends. These employees charge time to a NW Corp cost object that tracks labor and subsequently settles the costs to cost objects assigned to NW Corp and NWE Public Service. The percentages used to settle the costs between jurisdictions are based upon an operational study that analyzes the time Montana operators oversee the South Dakota grid and the size of the systems. The costs that are allocated to NWE Public Service Corp generate an intercompany payable transaction that is settled financially on a monthly basis as further described in Section 8 below.

Example 2 – A NW Corp supervisor oversees drafting operations for assets owned by NW Corp and NWE Public Service. The employee charges their time to a cost object that tracks labor and subsequently settles the costs to cost objects assigned to NW Corp and NWE Public Service. The percentages used to settle the costs between jurisdictions are based upon the allocation percentages defined for Shared Administrative Costs discussed below. The costs that settle to NWE Public Service Corp generate an intercompany payable transaction that is settled financially on a monthly basis as further described in Section 8 below. The supervisor's employees direct charge cost objects assigned to NWE Public Service or NW Corp, depending upon the jurisdiction the assets belong to.

Shared Administrative Costs are general in nature and are shared between operating companies/jurisdictions. Primary functions that provide shared administrative services primarily include:

- Board of Director and Other Administrative

- Business Technology
- Communications
- Customer Care
- CEO
- Finance (including independent auditor fees)
- Human Resources
- Legal (common)
- Support Services (fleet, facilities, purchasing)
- Risk Management
- Regulatory
- FERC Compliance

The following examples reflect how costs/services are charged based on nature of work performed:

Example 1 - NW Corp, the Montana operating company, processes payroll for all company employees. Labor costs specifically known to be associated with identified companies/jurisdictions are directly charged to those companies/jurisdictions through cost objects. If Employee A, who has a Montana home cost center, is working in the South Dakota jurisdiction on a South Dakota operating company project, Employee A codes their time directly to a cost object associated with the South Dakota jurisdiction. See discussion related to labor cost tracking and time entry in Section 5. This generates a payable from NWE Public Service to reimburse NW Corp for the employee's labor costs. The payable balance is settled financially on a monthly basis as further described in Section 8 below.

Example 2 - If an employee receives a relocation allowance, tuition reimbursement, retention payment, or settlement, how is that charged between jurisdictions?

Payments made for these types of items are charged using the same methodology as the employee's payroll coding utilizing cost objects. These costs are directly charged to the specific jurisdiction for a direct charge employee or allocated between jurisdictions for a shared employee.

Example 3 - A legal representative is working on a rate review filing for the state of Montana. Because the rate review filing is associated with a specific jurisdiction, this is a direct cost. Alternatively, a legal representative is working on general legal matters. Because general legal matters apply to all jurisdictions, this is an indirect cost which would be allocated utilizing the standard three-factor allocation factors described below. The costs that are allocated to NWE Public Service generate a payable from NWE Public Service to reimburse NW Corp for the

employee’s labor costs. The payable balance is settled financially on a monthly basis as further described in Section 8 below.

Example 4 – NWE Group pays costs associated with its annual independent audit. The audit expense is allocated utilizing the standard three-factor allocation process described below. The costs that are allocated to NW Corp and NWE Public Service generate payables from NW Corp and NWE Public Service to NWE Group. The payable balances are settled financially on a monthly basis as further described in Section 8 below.

NW Corp incurs costs associated with its stand-alone financial statement audit. This is a direct cost that is assigned to NW Corp.

We allocate shared administrative costs to each of the operating companies using three formulas to split costs by: 1) operating company/jurisdiction; 2) electric and natural gas operating segments; and 3) profit centers. We update our formulas annually through an internal allocation study. Typically, the study is completed in October, with the calculated rates effective at the beginning of the following year. One exception to the shared administrative allocation of costs is for software license costs, which are allocated between operating companies/jurisdictions based on the number of employees in each state to ensure the software being used outside of Montana has the appropriate use tax applied.

When allocating shared administrative costs, we first must allocate costs among the operating companies/jurisdictions using a three-factor formula. This formula includes gross plant, margin, and operations & maintenance (“O&M”) labor expense.

Allocation of Shared Administrative Costs	2024 Period
Total Montana Jurisdiction	83%
Total South Dakota and Nebraska Jurisdictions	17%
Total Jurisdictional Allocation	100%

Non-utility affiliates are charged an annual fee to compensate for management and administrative shared services. As of January 1, 2024, non-utility affiliates and activities are de minimis.

Shared Income Taxes: NWE Group files its federal and state income and franchise tax returns on a consolidated basis with its subsidiary affiliates, including NW Corp. NWE Group and its subsidiaries have entered into a Tax Sharing Agreement with the intent to establish methods for assigning responsibility among themselves for the consolidated income tax liability of the affiliated group. The Tax Sharing Agreement is included as Exhibit 2.

Common Use Fixed Assets: Capital projects and the acquisition of fixed assets that result in shared assets between operating companies/jurisdictions, such as computer software, are recorded

separately in each entity's asset records utilizing the shared administrative costs allocations discussed above. For example, capital costs for the SAP accounting software are included in rate base for NW Corp and NWE Public Service based upon the three-factor formula in place at the time of purchase. Amortization expense is recorded for each entity based upon its own capitalized costs. Ongoing support and maintenance costs are allocated between each company utilizing the allocation factors discussed in Section 7.

Non-utility affiliates are charged an annual fee to compensate for use of the common use fixed assets. As of January 1, 2024, non-utility affiliates and activities are de minimis.

b. NorthWestern Corporation Allocations to its Utility Operating Segments and Profit Centers

NW Corp further allocates costs to its electric and natural gas operating segments and to the profit center level, each of which aid in the detailed cost reporting and determination of utility rate making revenue requirements. The utility jurisdictional administrative costs are allocated between electric and natural gas operating segments using a three-factor formula. This three-factor formula consists of plant balances, customer counts, and O&M labor expense.

We allocate the electric and natural gas administrative costs to the profit center level using O&M labor expense. This methodology allocates costs to the functional utility operating segments to further support regulatory reporting and rate making as shown below:

Allocation of Shared Administrative Costs	2024 Allocations
Montana	
Transmission and Distribution	50%
Generation	24%
Total Electric	74%
Transmission, Distribution, and Storage	22%
Gas Production	4%
Total Natural Gas	26%
Total Montana Jurisdiction	100%

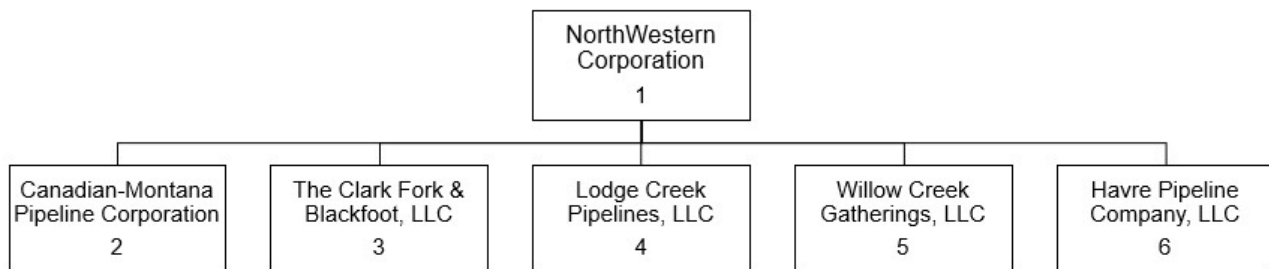
The following table reflects a hypothetical example of the settlement of \$100,000 in shared costs based on the allocation process discussed above:

Order Settlement	2024 Allocations	Electric and Gas Allocations
MT Elec w/ CU4 generation	74%	74,000
MT Gas	26%	26,000
Total Montana Jurisdiction	100%	100,000

We update our operating segment and profit center allocation formulas annually through an internal allocation study. Typically, the study is completed in October, with the calculated rates effective at the beginning of the following year.

c. Allocations to NorthWestern Corporation Subsidiaries

As depicted below, NW Corp has several directly owned subsidiaries, each of which has been engaged in activities directly related to our Montana utility operations, primarily natural gas transportation:



- | | |
|---|---|
| <ol style="list-style-type: none"> 1. NorthWestern Corporation holds the MT public utility operations. 2. Canadian-Montana Pipe Line Corporation owns a natural gas pipeline that crosses the Canadian border. 3. The Clark Fork and Blackfoot, L.L.C. owned the Milltown Dam facility in Montana (dam has been dismantled). | <ol style="list-style-type: none"> 4. Lodge Creek Pipelines, LLC owns a natural gas gathering system in northern Montana. 5. Willow Creek Gathering, LLC owns a natural gas gathering system in northern Montana 6. Havre Pipeline Company, LLC owns a natural gas transmission and gathering system in northern Montana. NorthWestern Corporation holds a 96%+ ownership interest in this entity. |
|---|---|

With the exception of Havre Pipeline Company, LLC (HPC), activities and costs of each entity, if any, are included within NW Corp’s revenue requirement for Gas utility operations. HPC is itself a regulated utility subject to the jurisdiction of the MPSC and owns natural gas gathering lines, processing facilities and transmission lines in Montana. HPC does not have employees and utilizes NW Corp employees to operate and maintain the systems. These employees directly charge to cost objects in the HPC company code thereby charging the appropriate costs to the affiliate while also generating an intercompany payable to reimburse NorthWestern Corporation for the cost of labor received. Additionally, NW Corp charges HPC a monthly administrative fee for accounting services, information technology services, tax services, and gas marketing services.

8. Payment for Intercompany Direct and Indirect Shared Costs

Intercompany activity that results from labor charges, settlement of cost objects, and similar routine transactions are considered normal operations. These transactions generate payable and receivable balances on each operating company/entity's accounting records. Balances that exist at the end of

the month are invoiced and settled through cash transfers, generally by the 15th date of the following month after receipt. A summary of charges to be settled is generated by the entity that is owed funds on behalf of its related SAP defined company codes as follows:

Receiving/Paying Entity	NorthWestern Corporation
<i>Balances to be settled with other entities include the following SAP company codes:</i>	
MTU*	NorthWestern Corporation
CMU**	Canadian Montana Pipeline
HPC**	Havre Pipeline Company
* MTU includes four company codes (MTU, MTX, CU4, C4X) that do not represent separate legal entities, but facilitate operating segment and profit center accounting. MTU also includes accounting for Willow Creek Gathering, LLC and Lodge Creek Pipelines, LLC	
** Settlement cash received by NW Corp on behalf of CMU or HPC will generate a payable from MTU to CMU or HPC. Settlement cash paid by NW Corp on behalf of CMU or HPC will generate a receivable for MTU from CMU or HPC.	

Receiving/Paying Entity	NorthWestern Energy Public Service Corporation
<i>Balances to be settled with other entities include the following SAP company codes:</i>	
NPS	NorthWestern Energy Public Service Corporation

Receiving/Paying Entity	NorthWestern Energy Group
<i>Balances to be settled with other entities include the following SAP company codes:</i>	
NOR	NorthWestern Energy Group
NSC/GRT	NorthWestern Services Corporation
NCA	Risk Partners Assurance
NES	NorthWestern Solutions

9. Exhibits

- *Exhibit 1 – Intercompany Services Agreement*
- *Exhibit 2 – Tax Sharing Agreement*