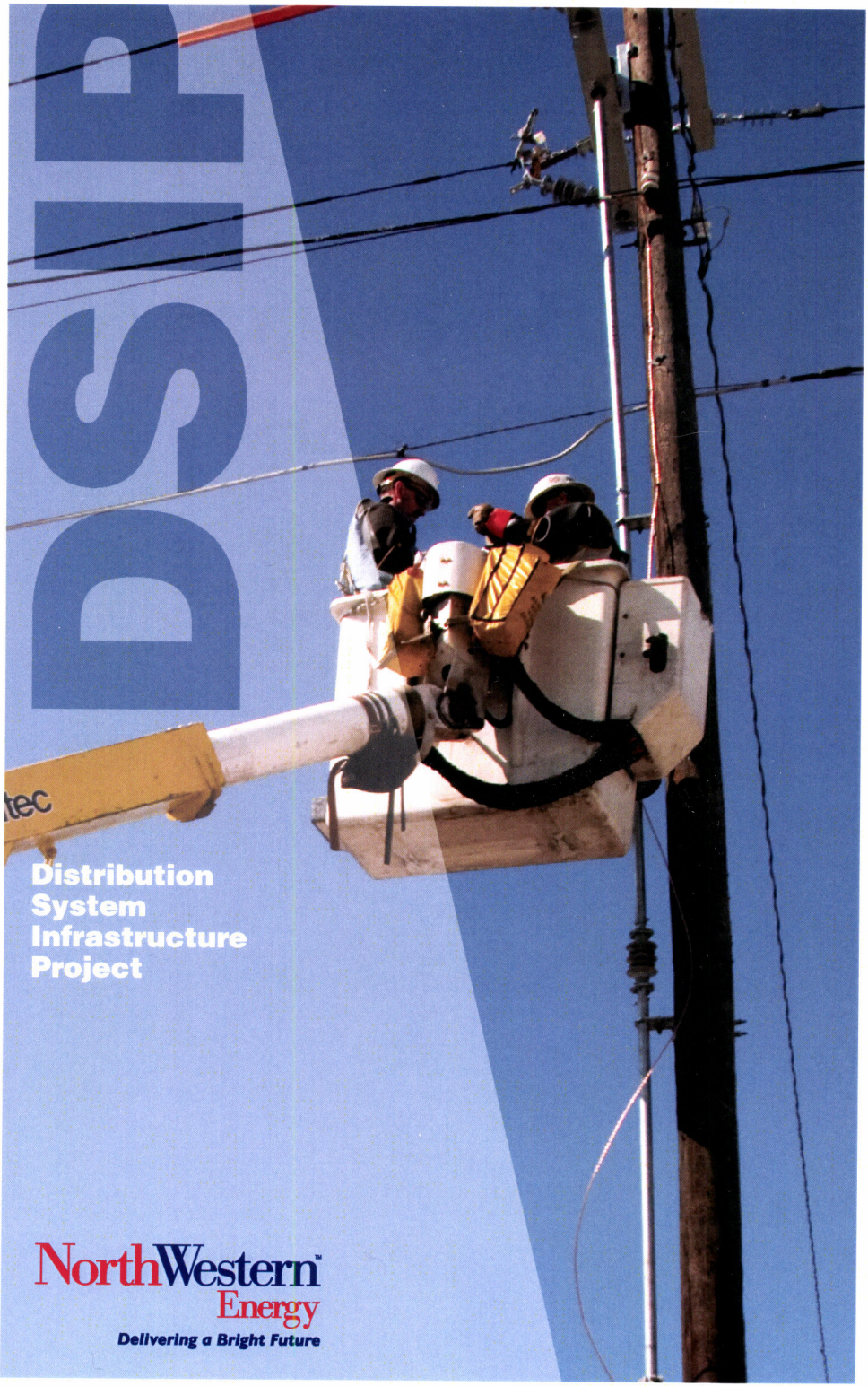
DSIP



Distribution System Infrastructure Project

NorthWestern™ Energy

Delivering a Bright Future

Delivering quality at a great value — yesterday, today and tomorrow…

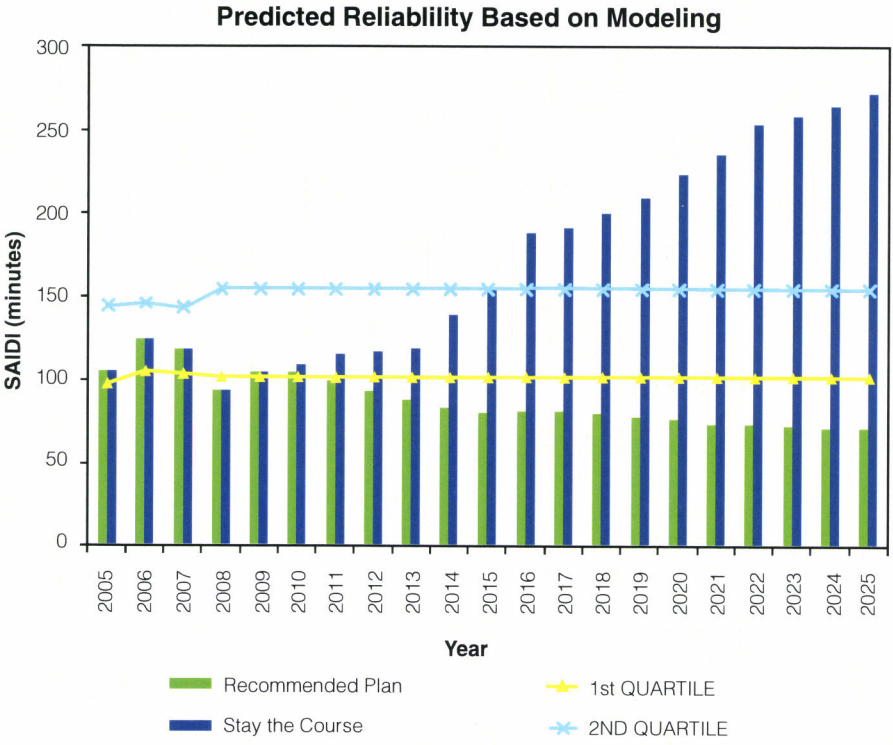
As a NorthWestern Energy customer, you expect and deserve top quality at a reasonable cost – in other words, great value. We agree. NorthWestern Energy has one of the safest and most reliable electric and natural gas distribution systems in the country and we want to keep it that way. That's why we created a multi-year project to aggressively replace aging infrastructure and to prepare our network to support the next generation of new technology.

How the grid was formed…

Over the past 40 years, NorthWestern Energy has been investing into the electric and natural gas distribution system (replacing poles, gas lines, etc. as needed) to meet the needs of our customers; however, the aging infrastructure that was installed in the 1970s and 1980s is nearing the end of its expected life. Just because it's getting older doesn't necessarily mean it's about to fail, but the statistical likelihood increases with each year. The DSIP is a proactive approach that will be phased in 2011 and 2012, and will be fully operational years 2013 through 2017. The project involves inspecting all electric and natural gas distribution infrastructure throughout Montana and proactively replacing or repairing components as identified in the plan.

The goal of the Electric DSIP is to maintain and improve future reliability by building more capacity into the system through targeted proactive equipment replacements. This will make our system ready to implement new technology as it becomes cost-effective to do so. Now is the time to invest with this project so NorthWestern can maintain reliability and safety, and over time, reducing the number of power outages in the state.


Altec
America's Best Service Ex



SAIDI (System Average Interruption Duration Index) is the average outage duration for each customer served (MT is approximately 100 minutes).

- With current information service quality can be modeled with reasonable confidence.

- Other impacts related to potential liability harder to quantify.

We will continue to invest significantly in our distribution infrastructure at levels well above what we are recovering in current rates; however, even at this level of investment, the failure rate of infrastructure is likely to increase causing more power outages for longer periods of time and reliability would decrease. If we do nothing and wait to repair poles only when they fail, by 2025 our predicted reliability will decrease and customers could experience twice as many power outages. If we progress with the DSIP plan, the predicted reliability is expected to improve, reducing the average number of power outages to approximately 75 minutes per year. DSIP will maintain reliability and safety, over time reducing SAIDI.

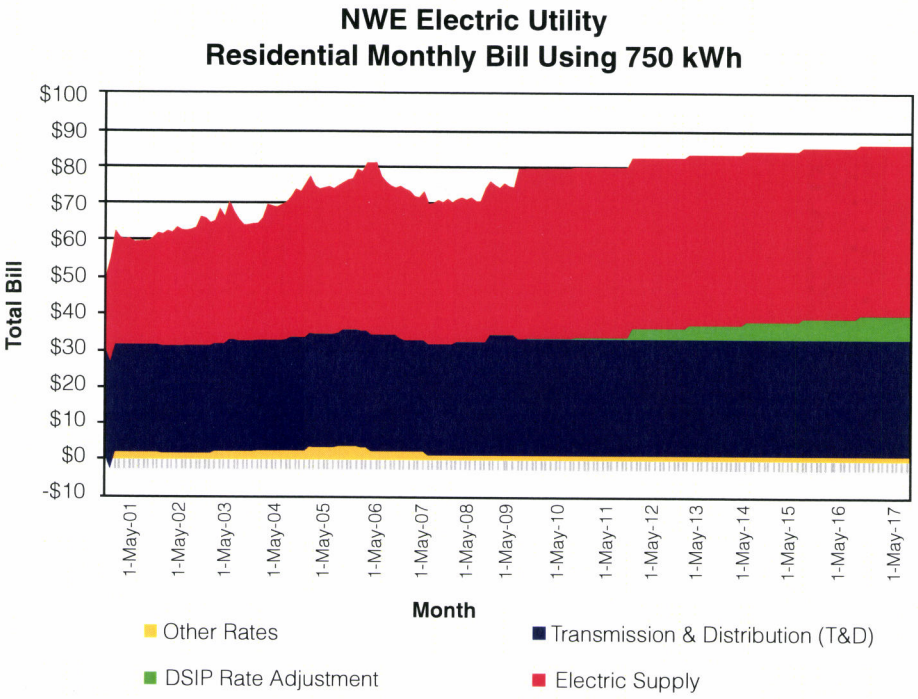
Understanding your rates...

NorthWestern Energy is a regulated utility meaning regulators set our rates. Utility commissions in Montana oversee our rate structure and ensure that rates are reasonable and fair for customers, while allowing NorthWestern Energy the opportunity to be a viable, healthy business. This includes the reliability of our service, the level of our costs and investments made in our system, as well as the level of earnings for shareholders who invest in our company.

For an average customer (using approximately 750 kWh per month), the estimated additional cost due to DSIP would be about $6.61 per month by 2017.

Accumulated Electric Bill Increase (avg based on 750 kWh/month)		
	Average electric bill amount	Average yearly electric increase/decrease
2010	$ 80.19	-
2011	$ 80.32	$ 0.13
2012	$ 80.57	$ 0.25
2013	$ 83.08	$ 2.51
2014	$ 84.01	$ 0.94
2015	$ 84.94	$ 0.93
2016	$ 85.87	$ 0.93
2017	$ 86.80	$ 0.93
Total		**$ 6.61**

This table illustrates the potential impact of the DSIP on residential customer bills. The actual timing and impact of this project on rates may be different. Except for the DSIP, bills are held constant from 2011 through 2017 for purposes of this illustration. The impact of the DSIP aside, bills are expected to change in the future as NorthWestern's costs change and Montana Public Service Commission orders reflecting those changes are implemented.



This chart illustrates the potential impact of the DSIP on residential customer bills. The actual timing and impact of this project on rates may be different. Except for the DSIP, bills are held constant from 2011 through 2017 for purposes of this illustration. The impact of the DSIP aside, bills are expected to change in the future as NorthWestern's costs change and Montana Public Service Commission orders reflecting those changes are implemented.

What we're doing...

NorthWestern Energy will start the project in 2011 and continue moving forward through 2017 with an end result of high quality infrastructure maintaining reliability and safety for our customers.

Senate Energy & Telecomm.Comm.
Exhibit No. 5
Date 2-19-13
Bill No. SB 276

NorthWestern Energy
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