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July 29, 2009

Dear NorthWestern Energy Customers,

We at NorthWestern Energy want you to be aware that the U.S. Congress currently is working on an extensive piece of legislation intended to address significant concerns about climate change. We believe the legislation also has the potential to increase energy bills in our region significantly. On June 26, the U.S. House of Representatives passed the American Clean Energy and Security Act of 2009 (ACES), which is intended to reduce greenhouse gas emissions. In September, the Senate will consider the 1,400-page bill as well as other energy bills. Meanwhile, we are conducting extensive analysis to determine how the bill might affect our communities, our customers and our company.

The ACES Act, also called the Waxman-Markey Bill (H.R. 2454) named for its sponsors Representatives Henry Waxman (D-CA) and Ed Markey (D-MA), is complex and lengthy. It proposes – among many other things – to reduce greenhouse gas emissions over the next 40 years; to implement a cap and trade system to cap emissions of greenhouse gases and create a market to trade allowances to emit greenhouse gases; to implement a renewable resource standard that would require an increasing percentage of utility renewable energy resources and energy efficiency programs; and to promote carbon capture and sequestration development.

At NorthWestern Energy, we take our responsibilities to the environment and our customers very seriously.

- We currently obtain over 8 percent of our electricity in Montana from renewables, and are bringing on line our first wind plant in South Dakota, which will bring our South Dakota supply to 5 percent wind.
- We are expanding our energy efficiency program in Montana and will be ramping up energy efficiency programs in South Dakota and Nebraska.
- Our transmission plans are designed to allow wind development that will help reduce the entire region's dependence on fossil fuels.
- We participate in regional efforts to promote efficiency, and to pilot "smart grid."

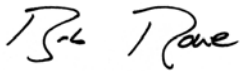
In any climate change legislation, we suggest several provisions that we believe will help protect our customers as much as possible from significant increases in their cost of electricity and natural gas beyond what would otherwise be appropriate, while encouraging environmentally-appropriate energy production and development. We believe that no company should be enriched by receiving a disproportionate share of "allowances" to offset carbon dioxide, and that any benefits from a "cap and trade" system (as described in this newsletter) should go to customers.

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This bill insert includes a summary of our detailed analysis and our positions on the Waxman-Markey Bill. We also will publish additional information reflecting the multiple perspectives on this complicated and important subject on our Web site, www.northwesternenergy.com. Please take some time to read this information. In addition, we encourage you to do your own research so you can make informed and balanced assessments concerning utility service, customer impacts, and environmental consequences.

Reliable utility service, reasonably-priced energy, and a clean environment need not be in conflict. By working together constructively, and based on good analysis, we can address all three. It is this same spirit of teamwork that will also allow us to continue providing the high degree of reliable energy services and customer care that is NorthWestern Energy.

Sincerely,

A handwritten signature in black ink that reads "Bob Rowe". The signature is written in a cursive, flowing style.

Bob Rowe
President and CEO