

As the manager of hydro license compliance, Andy Welch leads the group of NorthWestern Energy employees that are responsible for environmental compliance of all our hydro facilities.

"That can be anything from water management to fish habitat to water quality to recreation access," Andy explained.

NorthWestern Energy manages 11 hydroelectric facilities in Montana. How NorthWestern operates each facility is governed by a federal operating license that includes requirements to make sure the project operates in a way to minimize any negative environmental impact.

One of Andy's favorite things about his job is the beautiful places he gets to work, whether that's Mystic Dam, high in the Beartooth Mountains, or Madison Dam, on one of the best fly fishing rivers in the country.

"We get to work on an incredible resource." Andv said. "The places we work are pretty amazing."

Andy also gets to work with an amazing network of people who have a stake in the state's waterways.

"We get an opportunity to work with a lot of talented resource managers across the state," he said.

The crews at each hydro facility are also excellent coworkers.

"Our hydro folks are pretty amazing to work with," Andy said.

Another favorite aspect of Andy's job is working on rehabilitation projects to restore creeks or rivers, many of which take four or five years to complete.

"It's pretty rewarding to work through those projects and to get to see the final result," he said.



Andy Welch's Kale Soup

This slightly smoky and spicy soup is perfect for a cool fall day or wintertime meal. The ingredients can be cut into large or small pieces based on your preference, (Andy likes it chunky) but cooking time should be adjusted accordingly. It can be made the day before and reheated. Serve with crusty sourdough bread.

INGREDIENTS

| 2 teaspoons crushed red pepper | 2 bunches of kale, chopped 6 large red potatoes, peeled and diced |
|--------------------------------------------|------------------------------------------------------------------------------|
| 2 bay leaves | |
| 2 teaspoons salt | 1/2 head of cabbage, shredded Chicken stock 2 Tablespoons olive oil |
| 1 medium onion, diced | |
| 1-2 cans kidney beans | |
| 1 ½ pounds linguica or chourico sausage | |

DIRECTIONS

Put olive oil in a large pot over medium heat. Add onion and sauté for a few minutes.

Add linguica or chourico and continue to sauté until onions Lare translucent. Add red pepper, bay leaves and salt.

O Cover with chicken stock. Bring to boil and simmer for \mathbf{J}_{10} minutes.

 $\mathbf{A}^{\mathrm{Add}}$ kale, cabbage and kidney beans to simmering broth.

When kale is about half-cooked, add potatoes and cook an **D**additional 20 minutes.

Makes servings for 8.

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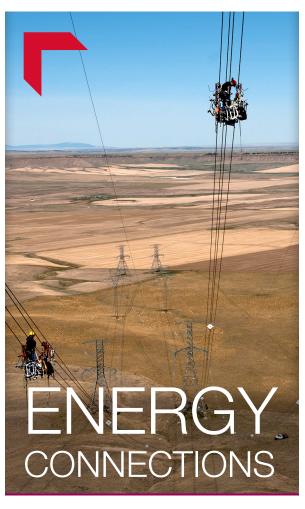
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We are proud of the diversity in the communities we serve. To better serve the needs of some of our customers, we translate important customer information into two languages: Spanish and Karen.

Estamos orgullosos de la diversidad en las comunidades que servimos. Para satisfacer mejor las necesidades de algunos de nuestros clientes, traducimos información importante del cliente a dos idiomas: español y karen.

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LOOK INSIDE FOR **INFORMATION ON:**

- Colstrip acquisition
- Carbon reduction plan
- Employee feature: Andy Welch
- Kale soup recipe



Capacity, reliability reasons NorthWestern will acquire 25% share of Colstrip while cutting carbon

Montana is quickly reaching a point where there may not be enough energy during critical peak-demand times, due to a decreasing supply and growing demand for electricity. That's why NorthWestern Energy announced in December that we will file an application for pre-approval with the Montana Public Service Commission to acquire Puget Sound Energy's 25% interest, 185 megawatts of generation, in Colstrip Unit 4.

In addition, NorthWestern Energy is committing to reduce the carbon intensity of our energy generation in Montana by 90% by 2045.

"Nothing is more important to the people of NorthWestern than safely providing Montanans with the affordable and reliable energy we all need while also protecting our environment," said NorthWestern Energy President and CEO Bob Rowe. "We take that dual responsibility seriously, and right now our state faces an urgent capacity shortage – energy that's available 24 hours a day, 365 days a year, regardless of the weather."

Purchasing a larger share of Colstrip Unit 4 will help secure more reliable and affordable energy, while giving us the time to continue to cut our carbon intensity.

"NorthWestern Energy will continue working to make our energy supply more sustainable," Bob said. "This helps give us the time to continue transitioning to an even cleaner energy future without putting either our customers' safety or their ability to pay their energy bills at risk." Today, more than 60% of the energy produced by NorthWestern Energy for Montana comes from renewable and carbon-free sources, including hydro, wind and solar. With the added Colstrip ownership, our portfolio will still be twice as clean (56% carbon free) as the total U.S. electric power industry (28% carbon free).

Over the last decade, we have already reduced the carbon intensity of our energy generation in Montana by more than 50%. In the last five years alone, we have invested more than \$1 billion in clean energy projects, including hydro, wind and solar facilities.

In late January or early February, NorthWestern Energy will file an application for pre-approval with the Montana Public Service Commission to acquire Puget Sound Energy's 25% interest for \$1. In addition, NorthWestern Energy will seek approval to sell 90 megawatts to Puget Sound Energy for roughly 5 years. NorthWestern Energy proposes zero net effect on customer bills while setting aside the benefits from the transaction – estimated to be \$4 million annually – to address environmental remediation and decommissioning costs associated with NorthWestern Energy's existing ownership. Puget Sound Energy remains responsible for its presale 25% ownership share of all costs for remediation of existing environmental conditions and decommissioning regardless of when Colstrip Unit 4 retires.

If the sale is approved, NorthWestern Energy will own 55% of Colstrip Unit 4 and will have greater influence over its operations. This is an important step in allowing

Montana to have a voice in the eventual operating life of Colstrip Unit 4.

"Even with projected operating and maintenance costs factored in, purchasing more of Colstrip Unit 4 for only \$1 is by far the most affordable way to help close the gap in the capacity shortage facing our customers," said John Hines, NorthWestern Energy Vice President of Supply and Montana Government Affairs. "No other option – buying additional energy from the market or building a plant that would generate this amount of energy over multiple days when it is needed the most – can achieve the same results."

As a point of comparison, building a natural gas plant that provides the equivalent capacity would cost approximately \$240 million. A wind-plus-batterystorage combination could cost several billion dollars and still not provide equivalent capacity. Solar by itself is not currently a viable option in Montana in the winter to address this type of sustained peak capacity need.

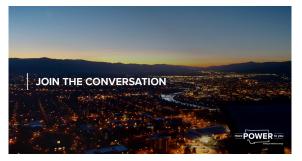
If NorthWestern Energy would have had an additional 95 megawatts of power from Colstrip Unit 4 in our portfolio last winter, this would have saved our customers about \$4 million over just four days during a particular cold blast Montana experienced last March and more than \$8 million at the full 185 megawatts.

Acquiring a greater stake in Colstrip Unit 4 does not solve our capacity shortage, but it will meet about 25% of the overall capacity needed today while Montana transitions to using more carbon-free energy sources in the future.

Our vision for the future builds on the progress we have already made. Today, the foundation of our energy generation is our hydro system, which is 100% carbonfree and is available 24 hours a day, 7 days a week. Wind generation is a close second and continues to grow. While utility-scale solar energy is not a significant portion of our energy mix today, we expect it to evolve along with advances in energy storage technology.

We are committed to working with our customers, communities and the state of Montana to develop an energy future that is affordable, reliable, environmentally responsible and capable of meeting the needs of all our customers.

For more information on the Colstrip Unit 4 acquisition and our carbon reduction plan, visit northwesternenergy.com/Colstrip



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