

1. How much of the debt is attributable to Nebraska?
2. How much of the debt is attributable to South Dakota?
3. How was the present allocation determined?
4. How is the future allocation determined?

**Response**

Questions 1-4. All debt is issued at the entity level with NorthWestern Energy Public Service Corporation (“NorthWestern”) as the borrower. There is no specific debt dollars tagged to either the Nebraska utility or the South Dakota utility. As part of a rate filing, the same consolidated capital structure is used for both jurisdictions. The cost of debt recovered through rates from each jurisdiction is based on the rate base authorized for the jurisdiction via the application of the authorized rate of return on rate base. As such, the cost of this incremental debt will be appropriately borne by the jurisdiction in which the rate base investment is made.

5. What interest rate are you anticipating? We discussed it would be higher than the current rate.

**Response**

\$150 million of the \$300 million requested is expected to have an interest rate of 5.51% (10-year term debt.) The remaining debt authorization will be issued in the next several years, the rates of which are unknown at this time.

6. Are you acquiring the debt with a ladder approach so that you do not acquire debt before you need it and pay or earn interest?

**Response**

NorthWestern’s practice is to use its revolving credit facility first for financing and issue long-term debt to refinance borrowings under the credit facility once it reaches a level that would allow efficient issuances in the longer-term market. NorthWestern also

matches up the timing of long-term debt issuance with maturing debt so that the utility is not sitting on excess cash.

7. What will the extra debt be used for?

**Response**

The extra debt will be used to refinance maturing debt (\$105 million), 2026-2028 capital projects (\$160 million), and contingency (\$35 million). See Confidential Response.

8. What is anticipated with the debt after the Merger occurs?

**Response**

The debt authorization requested is needed regardless of the Merger. Each legacy entity is anticipated to continue to finance its own capital projects even after the Merger.

9. Will the Bright Horizon merger acquire any of the debt?

**Response**

No. The debt authorization requested is needed to operate and to fund capital projects for NorthWestern Energy Public Service Corporation, regardless of whether the Merger occurs or not. Any debt outstanding under NorthWestern Energy Public Service Corporation will remain within the utility after the Merger.

10. See Confidential Response file.

11. See Confidential Response file.

12. Will this debt be part of the cost of capital in the next rate case? Have you spoken to the Nebraska communities?

**Response**

Only the portion of this debt authorization that has been issued by the time the next rate case is filed will be included in the cost of capital.

Approval authority for debt financing by jurisdictional natural gas utilities operating in Nebraska resides with the Nebraska PSC. NorthWestern has not spoken with the Nebraska communities regarding this filing.

13. What assets will secure this debt?

**Response**

This debt will be secured by substantially all of the utility assets of NorthWestern Energy Public Service Corporation in both South Dakota and Nebraska.