

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE)
APPLICATION FOR NORTHWESTERN)
ENERGY FOR APPROVAL OF)
CORPORATE RESTRUCTURING.)
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Docket No. NG-114

**APPLICATION FOR CORPORATE
RESTRUCTURING**

I. Introduction

Pursuant to Section 66-1828 of the Nebraska Revised Statutes, NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”) respectfully requests the Nebraska Public Service Commission (“Commission”) to approve NorthWestern’s corporate restructuring plan (“Restructuring Plan”) through which NorthWestern’s state utility operating divisions will become separate wholly-owned subsidiaries of a newly formed holding company. Pursuant to Section 66-1821, NorthWestern further respectfully requests the Commission approve the transfer of its certificates of public convenience and necessity upon implementation of the Restructuring Plan.

NorthWestern is a Delaware corporation that conducts business in the State of Nebraska as a jurisdictional utility providing natural gas service to customers. *See* Neb. Rev. St. § 66-1802(13). NorthWestern also serves as a public utility in South Dakota and Montana providing both natural gas and electric service. NorthWestern’s stock is listed and traded on the Nasdaq Stock Market, LLC’s stock exchange under the ticker symbol “NWE.”

NorthWestern’s Restructuring Plan serves the public interest and will not adversely affect its Nebraska jurisdictional utility’s ability to serve its customers. The Restructuring Plan will separate and insulate NorthWestern’s public utility businesses in Nebraska and South Dakota from its public utility business in the state of Montana and from its other

business activities. NorthWestern's management, local commitments, investments and planned long-term ownership of its Nebraska jurisdictional utility will remain the same. The Restructuring Plan is transparent to customers as NorthWestern's Nebraska jurisdictional utility's services and rates also will remain the same. The Restructuring Plan will not affect NorthWestern's Nebraska jurisdictional utility's stability in providing those services. NorthWestern's Nebraska jurisdictional utility will continue to provide the highest quality service to its customers in the same manner it does today, and there will be no procedural or substantive change in how the Commission regulates those services.

Today, NorthWestern provides utility services in the states of Nebraska, South Dakota, and Montana through one entity, which owns substantially all of NorthWestern's regulated utility assets and which is the parent company in NorthWestern's corporate structure. After the implementation of the Restructuring Plan, NorthWestern will continue to provide the same utility services in Nebraska and South Dakota through a new entity. The new subsidiary will be a separate, stand-alone, first-tier subsidiary underneath a new holding company. NorthWestern's public utility business in Montana will continue operating as NorthWestern Corporation, which also will become a separate, stand-alone, first-tier subsidiary underneath the new holding company. This holding company structure will provide NorthWestern's public utility businesses in Nebraska and South Dakota separation and insulation from NorthWestern's public utility business in Montana as well as its other business activities.

II. General Filing Information

A. Name, Address, and Telephone Number of the Utility Making the Filing

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B. Name, Address, and Telephone Number of the Attorney for NorthWestern

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C. Title of Utility Employees Responsible for Filing

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D. The Date of Filing and the Date Changes Will Take Effect

NorthWestern must receive authorization for the corporate reorganization from state commissions in Nebraska, South Dakota, and Montana. It must also receive authorization from the Federal Energy Regulatory Commission. Implementation will follow authorization.

III. RESTRUCTURING PLAN

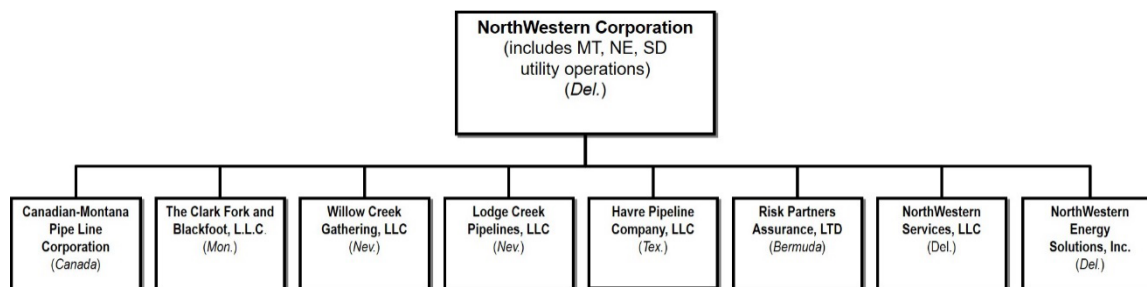
NorthWestern provides public utility services in the states of Nebraska, South Dakota, and Montana¹ through one entity, which owns substantially all of NorthWestern's

¹ NorthWestern also serves Yellowstone National Park through its Montana operations.

regulated utility assets. NorthWestern’s public utility infrastructure in Nebraska and South Dakota is physically isolated from, and not connected to, NorthWestern’s public utility infrastructure in Montana. NorthWestern’s Nebraska and South Dakota utility assets secure the obligations under NorthWestern’s Nebraska and South Dakota mortgage, but not the obligations under NorthWestern’s Montana mortgage (and vice versa).

NorthWestern also serves as the parent corporation in its corporate structure and owns several subsidiaries. Figure 1 shows the current organizational structure of NorthWestern:

Figure 1: Existing Structure



NorthWestern’s existing corporate structure subjects all of its jurisdictional operations to the risk of each other, as well as other external factors.

NorthWestern proposes to restructure its corporate organization by separating its state public utility divisions into two separate wholly-owned subsidiaries of a newly formed holding company through its Restructuring Plan. Under the Restructuring Plan, NorthWestern’s Nebraska and South Dakota public utility businesses will be held in a separate subsidiary from its Montana public utility business.

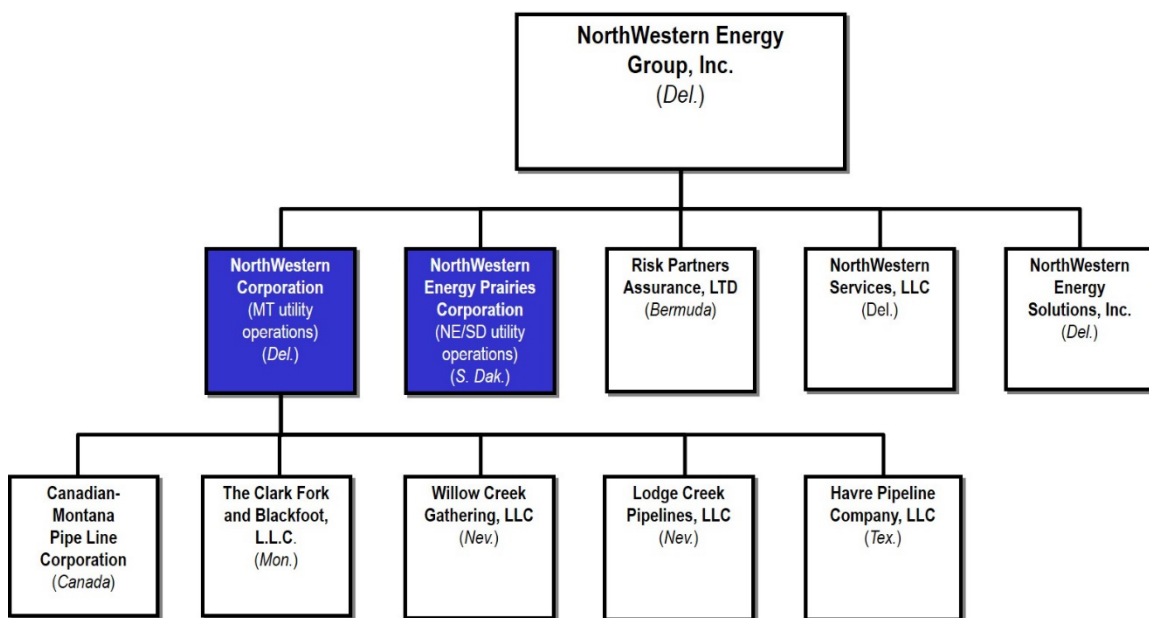
NorthWestern’s Nebraska and South Dakota public utilities subsidiary will take the name “NorthWestern Energy Prairies Corporation”² and will hold its Nebraska and South

² In this application, NorthWestern refers to the three primary entities involved in the Restructuring Plan as NorthWestern Corporation, NorthWestern Energy Prairies Corporation, and NorthWestern [continued on next page]

Dakota public utility assets and debt obligations. NorthWestern’s certificates of public convenience and necessity to provide natural gas service in Nebraska will have to be transferred to that new subsidiary during the implementation of the Restructuring Plan. NorthWestern’s Montana public utility subsidiary will retain the name “NorthWestern Corporation,” and it will hold its Montana public utility assets and debt obligations, as well as its Montana-related subsidiaries.

NorthWestern will form a corporation with the name “NorthWestern Energy Group, Inc.,” which will operate as a holding company to hold the ownership interests of all of the subsidiaries. NorthWestern’s existing shareholders’ common stock will be converted on a share-for-share basis to NorthWestern Energy Group, Inc. common stock. Figure 2 shows the organizational structure following the execution of the Restructuring Plan:

Figure 2: New Structure



[continued from prior page] Energy Group, Inc. However, if the Restructuring Plan is approved, NorthWestern may implement the plan with different names for such entities.

Following the corporate restructuring, NorthWestern's outstanding debt securities related to its Nebraska and South Dakota utility operations will be assumed by the NorthWestern Energy Prairies Corporation subsidiary. Similarly, NorthWestern's outstanding debt securities related to its Montana public utility operations will remain with the Montana utility subsidiary, NorthWestern Corporation.

The new holding company structure that will exist following the execution of the Restructuring Plan is common throughout the public utility industry and will protect Nebraska and South Dakota customers from risks related to NorthWestern's Montana public utility business as well as its other business activities. The new holding company structure also will insulate the subsidiary public utilities from any financial arrangements between the holding company and other affiliates.

NorthWestern's shareholders will bear any incremental costs incurred with securing the necessary approvals for the Restructuring Plan, including any incremental costs incurred with implementing the Restructuring Plan. NorthWestern will not seek to recover from customers any of those costs in rates. No incremental financing will be required to implement the Restructuring Plan, and the resultant consolidated holding company capital structure will be the same as NorthWestern's existing consolidated capital structure.

NorthWestern's Nebraska jurisdictional utility's management will not change as a result of approving the Restructuring Plan. NorthWestern's Nebraska jurisdictional utility's local commitments, including but not limited to, local management, local jobs, local growth, and plans for investments in infrastructure replacement will not change as a result of approving the Restructuring Plan. NorthWestern's Nebraska jurisdictional utility's long-term investment and planned long-term ownership will not change as a result of approving the Restructuring Plan. NorthWestern's Nebraska jurisdictional utility's rates will not change as a result of approving the Restructuring Plan. NorthWestern's Nebraska

jurisdictional utility's services and the Commission's oversight thereof will remain unaffected by the Restructuring Plan. NorthWestern's Nebraska jurisdictional utility will continue providing stable, safe and reliable natural gas service to its Nebraska customers in the same manner as before the Restructuring Plan.

IV. APPROVAL OF RESTRUCTURING PLAN

NorthWestern seeks Commission approval of its Restructuring Plan, including the necessary transfer of its Nebraska certificates of public convenience and necessity to its new subsidiary. The Commission must approve the Restructuring Plan if it is consistent with the public interest and will not adversely affect NorthWestern's ability to serve its customers in Nebraska. Neb. Rev. St. §§ 66-1821, 66-1828. To make that determination, the Commission considers whether the Restructuring Plan will affect NorthWestern's: (1) management; (2) local commitments; (3) rates and service; (4) investment and planned long-term ownership; and (5) stability. *See In the Matter of the Joint Application of NorthWestern Corporation, D/B/A NorthWestern Energy, Sioux Falls, South Dakota; Babcock & Brown Infrastructure Limited, BBI US Holdings Pty Ltd., Sydney NSW 2000, Australia; BBI US Holdings II Corp. and BBI Glacier Corp., San Francisco, California for Approval of Proposed Change of Control of NorthWestern Corporation*, NG-0037, Order Approving Application (Oct. 17, 2006).

The Restructuring Plan is in the public interest as it will further separate and insulate NorthWestern's Nebraska jurisdictional utility's assets and financing from its Montana public utility business and non-public utility ventures, and will not add costs to Nebraska customers.

The Restructuring Plan will not result in any changes to NorthWestern's Nebraska jurisdictional utility's management, local commitments, rates and service, investment and planned long-term ownership, or stability. NorthWestern's Nebraska jurisdictional utility will continue to provide the same services at the same rates. Nebraska customers will

continue receiving reliable service and facilities at just and reasonable rates. The Commission's oversight over NorthWestern's Nebraska jurisdictional utility operations will not change and the Commission's ability to perform its statutory functions will not be substantially impaired.

The Restructuring Plan will put NorthWestern on a more even playing field with other, similarly situated, public utilities in Nebraska and in the region and will not adversely affect NorthWestern's Nebraska jurisdictional utility's ability to serve its customers.

RELIEF SOUGHT

NorthWestern respectfully requests the Commission approve its Restructuring Plan, including the necessary transfer of its certificates of public convenience and necessity.

RESPECTFULLY SUBMITTED this 1st day of June 2022.

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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing *Protest* was served upon the following by email on June 2, 2022:

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