

FOR MEDIA PLANNING PURPOSES

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December 1, 2015

ADVISORY: Montana PSC to hold roundtable discussion to investigate NorthWestern Energy's 46% tax increase

Taxes on hydroelectric dams increase by 228%

HELENA, Mont. – *December 1, 2015* – The Montana Public Service Commission will hold a roundtable discussion on **Monday, December 7th, at 9:30 am** to ask questions about the Department of Revenue's calculation of a nearly 46% increase in NorthWestern Energy's tax payments to the state of Montana for 2015.

Pursuant to Montana Code 69-3-308, NorthWestern Energy is authorized to pass-through property taxes to their customers, even without PSC approval. The purpose of the roundtable discussion is to work with NorthWestern Energy and the Department of Revenue to determine how the company's tax liability was calculated, and to find any path to mitigating impact of the increase to NorthWestern Energy's customers.

The PSC will hold a formal evidentiary hearing later to determine whether NorthWestern made any errors in its rate increase filing associated with taxation and to consider requirements for the company to disclose its tax liability to consumers.

In response to the PSC's request for information, NorthWestern Energy provided the following details regarding their 2015 tax liability:

- The Department of Revenue calculated **a total increase of \$45.5 million in Montana property tax payments**, increasing from \$99.4 million in 2014 to \$145.1 million in 2015. **That equals a 45.9% increase in tax payments.**
- Prior to the Department of Revenue's calculations, **NorthWestern Energy had originally estimated a total increase of 17.7%**, or \$17.6 million in their tax payments from 2014 to 2015.
- **The Department of Revenue calculated a 228.7% increase** in property taxes from what the previous owner (PPL) paid on the 11 hydroelectric dams acquired by NorthWestern energy in 2014, with the total dollar amount **increasing from \$12.8 million under PPL's ownership in 2014 to \$42 million under NorthWestern Energy's ownership in 2015.**

- Prior to the Department of Revenue's calculations, **NorthWestern Energy had originally estimated a 9.6% increase**, or \$1.2 million in the tax payments for the 11 hydroelectric dams from 2014 to 2015.
- NorthWestern has indicated it will not appeal the Department of Revenue's decision to the State Tax Appeals Board.
- NorthWestern Energy's total tax bill in Montana increased an average of 5% annually from 2009 to 2014.

The public is invited to attend the discussion and provide public comment. The participants in the discussion will include: Montana PSC Commissioners, representatives from NorthWestern Energy, Montana Department of Revenue Director & staff, and representatives from the Montana Consumer Counsel.

To view the information that NorthWestern Energy provided the PSC regarding their tax liability, visit: <http://1.usa.gov/1PWdpFh>

WHAT: Roundtable discussion regarding NorthWestern Energy property taxes

WHEN: Monday, December 7th @ 9:30 am

WHERE: Bollinger Room, Montana PSC Office, Helena, MT 59601

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