

DEPARTMENT OF REVENUE, NORTHWESTERN ENERGY REACH TAX COMPROMISE

*NorthWestern Energy to pay 98% of property taxes assessed over 3 years; Agrees not to protest property taxes in 2008*

(HELENA) - The Montana Department of Revenue has reached a favorable agreement with NorthWestern Energy on the company's protested property taxes for 2005 through 2007.

Under a settlement agreement with the Department of Revenue, NorthWestern Energy will pay 98% of their assessed property taxes for 2005, 2006 and 2007, rather than the 79% they proposed to pay. NorthWestern Energy's assessed taxes were approximately \$212.2 million for the three protested years. The agreement provides that NorthWestern Energy will pay \$207.5 million in property taxes for those years. The company proposed to pay about \$168.4 million in taxes, placing \$43.8 million in protest.

In addition, NorthWestern Energy agreed that it will pay all of the property taxes assessed for 2008, without any protest.

"Property tax protests can be difficult to resolve, so we appreciate NorthWestern Energy's assistance in settling the matter," said Dan Bucks, Director of the Montana Department of Revenue.

Bucks commended NorthWestern Energy for the company's efforts to simplify the process of administering the tax compromise, which he said will benefit both state and local governments. The settlement agreement provides for releasing protested tax funds to state and local governments and refunding a portion of the taxes to NorthWestern Energy. More than \$39.2 million in protested property taxes will be released to 41 Montana counties and more than 450 school districts. NorthWestern Energy will receive an estimated refund of \$4.65 million, about two percent of the total taxes assessed.

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