

NorthWestern Energy
Difference Between Book and Tax Depreciation
Twelve Months Ending December 31, 2022

Line No.	Description (a)	Base Period		Adjustments to Reflect Requested Return (e)	Test Period Total (f)	
		Not Normalized (b)	Normalizing Adjustments (c)			Normalized (d)
1	Tax Depreciation on a Straight-Line Basis (Flow-Thru)	\$ 35,006,232	\$ 5,916,397	\$ 40,922,629	\$ -	\$ 40,922,629
2						
3	Book Depreciation	\$ 33,814,876	\$ 9,777,208	\$ 43,592,084	\$ -	\$ 43,592,084
4						
5	Difference Between Straight-Line Basis Tax Depreciation and Book Depreciation	<u>\$ 1,191,356</u>	<u>\$ (3,860,811)</u>	<u>\$ (2,669,455)</u>	<u>\$ -</u>	<u>\$ (2,669,455)</u>
6						
7						
8	Tax Depreciation	\$ 43,387,761	\$ (1,063,906)	\$ 42,323,854	\$ -	\$ 42,323,854
9						
10	Tax Depreciation on a Straight-Line Basis (Flow-Thru)	\$ 35,006,232	\$ 5,916,397	\$ 40,922,629	\$ -	\$ 40,922,629
11						
12	Excess of Tax Depreciation over Straight-Line Basis Tax Depreciation	<u>\$ 8,381,529</u>	<u>\$ (6,980,304)</u>	<u>\$ 1,401,225</u>	<u>\$ -</u>	<u>\$ 1,401,225</u>

Line No.	Description (a)	Normalizing Tax Adjustments			Total (e)
		Tax Removals (b)	YE Reporting Corrections (c)	Book Plant Adj. (Below) (d)	
1	Tax Depreciation on a Straight-Line Basis (Flow-Thru)	\$ (4,172,318)	\$ (32,961)	\$ 10,121,676	\$ 5,916,397
2					
3	Book Depreciation	\$ -	\$ -	\$ 9,777,208	\$ 9,777,208
4					
5	Difference Between Straight-Line Basis Tax Depreciation and Book Depreciation	<u>\$ (4,172,318)</u>	<u>\$ (32,961)</u>	<u>\$ 344,468</u>	<u>\$ (3,860,811)</u>
6					
7					
8	Tax Depreciation	\$ (545,256)	\$ (128,651)	\$ (390,000)	\$ (1,063,906)
9					
10	Tax Depreciation on a Straight-Line Basis (Flow-Thru)	\$ (4,172,318)	\$ (32,961)	\$ 10,121,676	\$ 5,916,397
11					
12	Excess of Tax Depreciation over Straight-Line Basis Tax Depreciation	<u>\$ 3,627,062</u>	<u>\$ (95,690)</u>	<u>\$ (10,511,676)</u>	<u>\$ (6,980,304)</u>

	Normalizing Additions/Retirements during Test Year	Post Test Year Additions/Retirements	Depreciation Rate Change	Total to (d) above
Tax Return Depreciation*	\$ -	\$ (390,000)	\$ -	\$ (390,000)
Book Depreciation	\$ 1,469,959	\$ 180,180	\$ 8,127,069	\$ 9,777,208
Diff	\$ 1,469,959	\$ (209,820)	\$ 8,127,069	\$ 9,387,208
Dfd Tax @ 21%	\$ 308,691	\$ (44,062)	\$ 1,706,684	\$ 1,971,314
Tax Deprec-BLM vs Bk Deprec Ratio	103.5%	103.5%	103.5%	103.5%
Tax Deprec-BLM	\$ (1,521,749)	\$ (186,528)	\$ (8,413,399)	\$ (10,121,676)

* This is addition of \$40M for rate base purposes only. For tax we received the full tax depreciation in 2022 since in service by end of 2022.