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

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

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

Normalizing Tax Adjustments YE Reporting Book Plant Tax Removals Corrections Adj. (Below) Line No. Description Total (a) (b) (c) (e) (d) Tax Depreciation on a Straight-Line Basis (Flow-Thru) \$ 1 (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 (4, 172, 318)\$ (32,961) \$ \$ 344,468 (3,860,811) 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 3,627,062 (10,511,676) (6,980,304)12 Excess of Tax Depreciation over Straight-Line Basis Tax Depreciation \$ \$ (95,690) \$ \$ Normalizing Additions/Retirements Post Test Year Depreciation during Test Year Additions/Retirements Rate Change Total to (d) above Tax Return Depreciation* \$ \$ (390,000) \$ \$ (390,000)

\$

\$ \$ \$ Diff 1,469,959 \$ (209,820) 8,127,069 9,387,208 Dfd Tax @ 21% \$ 308,691 1,971,314 \$ (44,062) \$ 1,706,684 \$ 103.5% Tax Deprec-BLM vs Bk Deprec Ratio 103.5% 103.5% 103.5% Tax Deprec-BLM \$ (1,521,749)\$ (186,528) \$ (8,413,399) \$ (10, 121, 676)

\$

180,180

\$

8,127,069

\$

9,777,208

1,469,959

* 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.

Book Depreciation