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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN RE NORTHWESTERN ENERGY'S
PROVISION OF ELECTRICITY
SUPPLY SERVICE TO DATA
CENTERS

Docket No. 2025.11.____

COMPLAINT

Pursuant to Mont. Code Ann. § 69-3-321(1) and Mont. Admin. R. 38.2.2101(1), Complainants Big Sky 55+, Butte Watchdogs for Social and Environmental Justice, Climate Smart Missoula, Golden Triangle Resource Council, Helena Interfaith Climate Advocates, Honor the Earth, Montana Environmental Information Center, Montana Public Interest Research Group, and NW Energy Coalition assert this Complaint against NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") on the grounds that the public utility's practices and acts with respect to the provision of electricity supply service

to data center developers are unreasonable, insufficient, and contrary to Montana law and state as follows:

1. NorthWestern intends to provide 1,400 megawatts of electricity supply service to three data center developers in Montana. The scale and intensity of the contemplated data center demand is extreme. NorthWestern's current average daily retail load is approximately 759 megawatts. The utility intends to more than double its current average load in just a few years. NorthWestern has stated that it will provide electricity supply service to the first of these data centers beginning in January 2026.

2. NorthWestern has also stated its intent to provide this electricity supply service to data centers without complying with Mont. Code Ann. § 69-8-201(1), which prohibits a public utility from providing electricity supply service to retail customers with an average monthly demand load of equal to or greater than five megawatts unless the Commission first determines that the provision of such service will not adversely impact the utility's other customers over the long term. NorthWestern intends to provide electricity supply service to data centers without this statutorily required finding, despite the plain language of the statute obligating the Commission to find no adverse impact *before* the utility provides electricity supply service to the large load customer.

3. Indeed, for the past eight months, NorthWestern has repeatedly stated that it will provide electricity supply service to data center developers without complying with that provision of state law. Instead of seeking the Commission's

review of adverse impacts on existing ratepayers before providing data centers with electricity supply service, NorthWestern has indicated that it will submit executed electric service agreements to the Commission for its review and initiate a large load tariff proceeding by the end of this year. Furthermore, NorthWestern has refused to provide the Commission with information about the utility's projected resource adequacy until NorthWestern signs electric service agreements with data center developers.

4. NorthWestern's approach is unreasonable, insufficient, and contrary to Montana law. NorthWestern's practices and acts with respect to the utility's provision of electricity supply service to data centers are insufficient because, by refusing to allow the Commission to determine whether provision of such service will adversely impact the utility's other customers over the long term, NorthWestern has abrogated the public's right to meaningfully participate in the process by which the Commission makes that finding and has short circuited the public's right to know about the actions of the Montana's monopoly public utility.

5. NorthWestern's practices and acts with respect to the utility's provision of electricity supply service to Atlas Power Group LLC ("Atlas"), Sabey Data Center Properties LLC ("Sabey"), and Quantica Infrastructure, LLC ("Quantica") are also unreasonable given the utility's stated concerns regarding the adequacy of its existing capacity and transmission system in Montana.

6. Finally, NorthWestern has consistently asserted that it will not seek Commission review until after the utility has executed contracts with those data

centers to provide electricity supply service, which directly contradicts the plain language of Mont. Code Ann. § 69-8-201(1).

7. Complainants request that the Commission inform NorthWestern that it shall not provide electricity supply service to large load customers until the Commission determines that the provision of such service will not adversely impact the utility's other customers over the long term. To make such a determination, Complainants request that the Commission initiate a contested case proceeding with an evidentiary hearing to evaluate and further investigate the issues outlined in this Complaint. Complainants also request the Commission issue a procedural order to determine the schedule for expert testimony.

8. To protect NorthWestern's other customers from adverse impacts from data centers over the long term, Complainants further request that the Commission: (1) create a separate customer class for data centers; (2) use its investigatory authorities to address any evidentiary issues in cost allocation between distinct customer classes; and (3) impose mandatory tariff terms for large load data centers to protect existing ratepayers from cost shifting.

I. COMPLAINANTS

9. Big Sky 55+
P.O. Box. 1462
Helena, MT 59624
(307) 679-0774
Represented by Earthjustice

Big Sky 55+ is comprised of Montanans who are fifty-five years of age or older who are passionate about advancing solutions that make life better for Montanans of all ages. Big Sky 55+ organizes more than 3,000 members throughout

Montana to advocate for the interests of older Montanans, but in a manner that does not sacrifice the interests of younger Montanans and the natural environment that supports us all. Many of its members are current retail customers of NorthWestern. Big Sky 55+ and its members lobby the Legislature and State agencies, like the Montana Public Service Commission, to advocate for the betterment of all Montanans and to ensure a better world for future generations, both economically and environmentally. Big Sky 55+ and its members are concerned about the potential harms associated with the unregulated development of data centers in Montana. Many of Big Sky 55+'s members are on fixed incomes and are harmed by increases in cost-of-living expenses, such as rising utility bills. It is important to Big Sky 55+ that it be allowed to participate in this statutorily required process before NorthWestern begins providing service to data centers so that it can advocate its members' interests as the Commission determines what guardrails need to be placed on data center development in Montana.

10. Butte Watchdogs for Social and Environmental Justice
3310 Hannibal Street
Butte, MT 59701
(406) 360-0345
Represented by Earthjustice

Butte Watchdogs for Social and Environmental Justice is a small non-profit organization dedicated to advancing the cause of social and environmental justice for the people of Butte-Silver Bow, Montana, and the state of Montana. Butte Watchdogs was created to hold polluters accountable for the Butte area Superfund cleanup. Butte Watchdogs believes in social and environmental justice

that is rooted in transparency, accountability, and morality. The organization demands quality, timely, and science-based solutions. Butte Watchdogs has approximately 500 supporters. The organization began engaging on data center issues in April 2025, when Sabey Data Center Properties LLC sought to purchase 606 acres from the Butte-Silver Bow County Commission. Since then, its supporters have become increasingly concerned about the lack of transparency and opportunities for public participation in governmental review of data center agreements. Butte Watchdogs' supporters want to make sure that there are protective terms to insulate residential ratepayers from the unpredictable costs associated with data centers coming onto the grid in Montana. Additional details regarding Butte Watchdog's interests are described further in the attached Declaration of Erik Nylund. Nylund Decl. (submitted as Ex. 1).¹

11. Climate Smart Missoula
P.O. Box 8945
Missoula, MT 59807
(406) 926-2847
Represented by Earthjustice

Climate Smart Missoula is a community-based nonprofit organization with a mission to build and accelerate climate solutions for Missoula and beyond through collaborative programs, advocacy, and catalyzing climate leadership. The organization works with local government and other partners to develop policies

¹ All Complainants have standing to assert this complaint under Mont. Code Ann. § 69-3-321 as set forth in each of the Complainant's respective description. Those Complainants that have not submitted accompanying declarations will provide the same at the Commission's request.

and implement programs to reduce greenhouse gas emissions and reach the community's goal of 100% clean electricity by 2030 for the Missoula urban area, which was jointly adopted by the City of Missoula and Missoula County in 2019. Climate Smart Missoula works to reduce fossil fuel use in the state, while also strengthening climate resiliency and adaptation, with a focus on human and environmental health. The organization's advocacy to transition to 100% clean electricity hinges on affordable electricity rates, which are at risk of further rising if data centers come onto the grid in Montana. The Commission's decision-making around utility energy resource planning directly impacts Climate Smart Missoula's ability to meet this goal. Climate Smart Missoula would like to make sure that NorthWestern customers have the opportunity to engage in this process before the utility executes electric service agreements with data center developers. Climate Smart Missoula is also interested in electrification issues from a public health perspective. Climate Smart Missoula's interests are described further in the attached Declaration of Amy Cilimburg. Cilimburg Decl. (submitted as Ex. 2).

12. Golden Triangle Resource Council
432 N Last Chance Gulch
Suite H
Helena, MT 59601
(406) 869-1906
Represented by Earthjustice

Golden Triangle Resource Council ("GTRC") is a local affiliate of the Northern Plains Resource Council. It was founded in April 2022, and it organizes approximately 100 members in Cascade, Teton, Chouteau, and Pondera counties. The organization brings together farmers, ranchers, Native people, and other

concerned citizens from the region in service of the land and people who reside there. GTRC is rooted in a heritage of cooperation among neighbors, family agriculture, respect for Indigenous culture and knowledge, and strong community bonds. The organization honors and seeks to build healthy, resilient natural ecosystems, and to create the conditions for strong, sustainable, self-sufficient, and harmonious communities for generations to come. GTRC advocates for the deployment of clean energy, including through a program to help its members install residential solar. Its members are NorthWestern Energy customers who are concerned about rising electricity rates. GTRC has had fraught experiences with other large load customers and wants to make sure that NorthWestern does not further shift costs onto residential ratepayers as it brings data centers onto the grid in Montana. Additional details regarding GTRC's interests are described further in the attached Declaration of Jasmine Krotkov. Krotkov Decl. (submitted as Ex. 3).

13. Helena Interfaith Climate Advocates
32 Hill Brothers Road
Clancy, MT 59634
(406) 459-8561
Represented by Earthjustice

Helena Interfaith Climate Advocates ("HICA") is comprised of members of twelve Helena congregations committed to acting against threats to our environment. HICA's actions derive from concerns as people of faith for the well-being of all Montanans currently and those of future generations. Its members are customers of NorthWestern. The organization was founded in 2022 around Earth Day in an effort to build community among members of different faiths who all have

an interest in taking care of the planet. HICA has organized climate circles to build community in discussing issues relating to climate change and clean energy. HICA has also engaged in advocacy before the State Legislature and the Commission to advance issues related to energy affordability and decreasing our reliance on fossil fuels in a reasonable, and deliberate manner. The organization and its members are concerned about data centers impacting affordability and deepening our state's reliance on Colstrip. HICA advocates for the State to reach net-zero emissions no later than mid-century, and its members are concerned that NorthWestern will need to rely on Colstrip and other fossil fuel plants to serve data centers. HICA's members are also concerned that data centers will raise costs for everyone because they will increase demand on the grid. Its members are particularly concerned about low-income ratepayers and believe that access to affordable electricity is a basic need that needs to be protected.

14. Honor the Earth
P.O. Box 1531
Lame Deer, MT 59043
(406) 740-1508
Represented by Earthjustice

Honor the Earth is an Indigenous-led organization fighting to dismantle settler-colonialism, racial capitalism, white supremacy, and imperialism. The organization is creating a world where Indigenous sovereignty is recognized, respected, and upheld. It is working to create a future where communities thrive with honor, abundance, and in right relationship with Mother Earth. It does this by investing in its communities through campaigns, research, training, reclaiming

narratives, and providing capacity support in service of all land and life. Honor the Earth is based in Lame Deer, Montana, within NorthWestern's service territory. The organization is concerned about the material and physical impacts of artificial intelligence on Indigenous lands and rural communities, including the disproportionate effects on Indigenous, Black, and Brown communities across the country. Honor the Earth is particularly concerned about any efforts to expand NorthWestern's reliance on Colstrip, given the air and water pollution issues associated with burning coal in the region. Honor the Earth is concerned by the speed and scale that NorthWestern is proposing to bring data centers onto the grid in Montana. The organization is concerned that NorthWestern and data center developers are racing to build these large load data centers without tribal or local community consent, at the cost of water, health, land, and energy bills.

15. Montana Environmental Information Center
P.O. Box 1184
Helena, MT 59624
(406) 443-2520
Represented by Earthjustice

Montana Environmental Information Center ("MEIC") is a non-profit environmental advocacy organization founded in 1973 by Montanans concerned with protecting and restoring Montana's natural environment. MEIC has members who are NorthWestern customers, and its office in Helena is within NorthWestern's service territory. MEIC plays an active role in promoting Montana clean energy projects and policies, including advocating for the expansion of responsible, renewable energy and energy efficiency; and supporting policies that insulate energy consumers from fuel price risk. At the state level, MEIC leads the effort to

pass policies that help expand clean, affordable, reliable, and efficient energy solutions for Montana. MEIC has been engaged in advocacy before the Commission for decades through rate cases, integrated resource plans, rulemaking, cost-recovery dockets, and other petitions. MEIC and its members are concerned that data centers will result in more water and air pollution, force existing customers to subsidize the costs associated with bringing data centers onto the grid making their utility bills unaffordable, and jeopardize the reliability of the system for all ratepayers. Additional details regarding MEIC's interests are described further in the attached Declaration of Anne Hedges. Hedges Decl. (submitted as Ex. 4).

16. Montana Public Interest Research Group
1820 West Lincoln Street
Suite 3
Bozeman, MT 59715
(406) 243-2908
Represented by Earthjustice

Montana Public Interest Research Group ("MontPIRG") is a student-led nonpartisan organization dedicated to nurturing the next generation of civic leaders, advocating for community issues, and defending the environment. For nearly forty-five years, MontPIRG has represented the entire student population at the University of Montana and Montana State University. Additionally, the organization has a Board of Directors composed of twelve university students, and it enrolls approximately twenty-five students for internships each semester. Almost all of MontPIRG's members are NorthWestern customers. MontPIRG's members are concerned about the environmental degradation and rising electricity costs associated with data centers. As students, MontPIRG's members are particularly

worried that the enormous demand from data centers will increase the burden on residential customers to cover the expenses incurred by data centers in the state. MontPIRG members are concerned that if data centers are permitted to come onto the power grid in Montana before the Commission defines the rules, it will cause lasting and potentially irreparable damage to the environment and Montana residents. MontPIRG students want to have the experiential learning opportunity to engage meaningfully with this issue and share their hopes, dreams, fears, and concerns during the Commission's review of data centers.

17. NW Energy Coalition
811 First Avenue
Suite 305
Seattle, WA 98104
(406) 461-6632
Represented by Earthjustice

NW Energy Coalition ("NWE") is a non-profit organization whose primary purpose is to promote an energy future that is clean, reliable, affordable, and equitable. NWE has approximately 100 member organizations—including environmental, civic, and human service organizations, unions, utilities, and businesses—as well as individual members throughout Montana, Oregon, Washington, Idaho, and British Columbia. NWE has eleven Montana-based organizational members, among them organizations that promote clean energy, advance sustainable solutions to reduce poverty, and help Montanans obtain low-income energy assistance. NWE has members and staff who are NorthWestern customers. One of NWE's chief strategic priorities is to grow programs that make energy services affordable and equitable for all customers through advocacy in

utility and regulatory proceedings. NWECE is concerned about NorthWestern's intent to develop data centers without required regulatory oversight. NWECE's members are concerned that the costs associated with data centers will be shifted to NorthWestern's existing ratepayers. Additional details regarding NWECE's interests are described further in the attached Declaration of Derek Goldman. Goldman Decl. (submitted as Ex. 5).

II. DEFENDANTS

18. NorthWestern Corporation d/b/a NorthWestern Energy
11 East Park Street
Butte, MT 59701
(406) 497-1000

III. JURISDICTION

19. The Commission's administrative rules allow "any person, having a legal interest in the subject matter" to make a Complaint to the Commission. Mont. Admin. R. 38.2.2101(1). Such a complaint may target "anything done or omitted to be done by . . . any person over whom the commission has jurisdiction in violation of any law, rule, regulation or order administered or promulgated by the commission, pertaining to matters over which the commission has jurisdiction." *Id.*

20. By statute, "any mercantile, agricultural, or manufacturing society or club," "any body politic or municipal organization or association, the same being interested," or "any person, firm, or corporation" that is "directly affected" may submit a complaint against "any public utility" on the grounds that "any regulations, measurements, practices, or acts whatsoever affecting or relating to the production, transmission, delivery, or furnishing of heat, light, water, power, or

regulated telecommunications service, or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory” or “any of the rates, tolls, charges, or schedules or any joint rate or rates are in any way unreasonable or unjustly discriminatory.” Mont. Code Ann. § 69-3-321(1). Upon receipt of such a complaint, the Commission is required to proceed, “with or without notice, to make such investigation as it may deem necessary.” *Id.*

IV. LEGAL BACKGROUND

21. The Legislature has vested the Commission with broad, statutorily guaranteed regulatory authority. The Commission has been granted “full power of supervision, regulation, and control of such public utilities.” *Id.* § 69-3-102. The Commission has the authority to “inquire into the management of the business of all public utilities.” *Id.* § 69-3-106(1). It also has the right to “obtain from any public utility all necessary information to enable the commission to perform its duties,” *id.*, and to “inspect the books, accounts, papers, records, and memoranda of any public utility and to examine, under oath, any officer, agent, or employee of the public utility in relation to its business and affairs,” *id.* § 69-3-106(2).

22. The Commission has broad authority to “investigate any of the rates, tolls, charges, rules, practices, and services” of a public utility. *Id.* § 69-3-324. “If, upon a hearing and due investigation, the rates, tolls, charges, schedules, or joint rates are found to be unjust, unreasonable, or unjustly discriminatory or to be preferential or otherwise in violation of the provisions of this chapter,” the Commission is granted the authority to “fix and order substituted the rates, tolls, charges, or schedules as are just and reasonable.” *Id.* § 69-3-330(1).

23. The Commission has the authority to impose regulations on a public utility or require a public utility to take any act or follow any practice that it determines to be just and reasonable if the Commission finds the utility's existing regulations, practices, or acts are "unjust, unreasonable, insufficient, preferential, unjustly discriminatory," or otherwise in violation of the law. *Id.* § 69-3-330(3).

24. Montana law prohibits NorthWestern from providing electricity supply service to certain large load customers unless an exception applies. Specifically, Mont. Code Ann. § 69-8-201(1)(a) states that "[e]xcept as provided in [Mont. Code Ann. § 69-8-201(1)(b)] and [Mont. Code Ann. § 69-8-201(1)(c)], a retail customer that has an individual load with an average monthly demand of greater than or equal to 5,000 kilowatts [or 5 megawatts] and that is not purchasing electricity supply service from a public utility on October 1, 2007, *may not purchase electricity supply service from a public utility.*" *Id.* § 69-8-201(1)(a) (emphasis added).

25. Mont. Code Ann. § 69-8-201(1)(b), which creates the exception to that prohibition, states that "[a] retail customer referred to in [Mont. Code Ann. § 69-8-201(1)(a)] may request electricity supply service from the public utility, and the public utility shall provide electricity supply service if the retail customer demonstrates that the provision of electricity supply service to the retail customer *will not adversely impact the public utility's other customers over the long term as determined by the commission.*" *Id.* § 69-8-201(1)(b) (emphasis added).

26. The Commission has interpreted "[t]he plain language of Mont. Code Ann. § 69-8-201(1)" as prohibiting "retail customers with an average monthly

demand greater than or equal to 5 megawatts” from purchasing electricity supply service from a public utility “unless: (1) they request service from the utility, and (2) they demonstrate that the provision of that service will not adversely impact other customers over the long term, as determined by the Commission.” Docket No. 2022.09.087, Index #28, Letter from Mont. Pub. Serv. Comm’n to Charles Lane, Dir. of Reg. Affs., NorthWestern Energy at 2 (Sept. 3, 2025) (submitted as Ex. 6).

27. Mont. Code Ann. § 69-8-201(1)(b) imposes a mandatory obligation on NorthWestern to prove to the Commission that provision of electricity supply service to any retail customer with an average monthly demand greater than or equal to five megawatts that was not purchasing electricity from the utility on October 1, 2007, will not adversely impact NorthWestern’s other customers before the utility may provide electricity supply service to such a large load customer.

V. STATEMENT OF FACTS

A. Overview of NorthWestern’s Operations and Resource Adequacy

28. NorthWestern is Montana’s largest public utility. NorthWestern’s service area in Montana covers approximately 107,600 square miles, or seventy-three percent of Montana’s land area. NorthWestern Energy, *2024 Annual Report*, at 13 [hereinafter *NorthWestern 2024 Annual Report*] (submitted as Ex. 7). Within that service area, the utility serves approximately 413,400 electric customers.

29. In 2024, retail and commercial sales of electricity represented ninety-two percent of NorthWestern’s retail electric utility revenue in Montana. *Id.* Additionally, residential and small commercial customers represented ninety-eight

percent of NorthWestern's electric customers and eighty-eight percent of NorthWestern's total energy load-serving obligation. NorthWestern Energy, *NorthWestern Energy's Montana Integrated Resource Plan 2023*, at 30–31 [hereinafter *NorthWestern 2023 IRP*] (submitted as Ex. 8).

30. NorthWestern's authorized rate base totals approximately \$2.57 billion and is authorized to receive a 6.72% overall rate of return of and a 9.65% return on equity. Ex. 7, *NorthWestern 2024 Annual Report* at 20. In 2024, NorthWestern's net income was \$224.1 million. *Id.* at 42. NorthWestern earned \$30 million more in 2024 than it did in 2023. *Id.*

1. NorthWestern's Current Demand

31. NorthWestern delivered approximately 10.7 million megawatt hours of electricity to retail customers in 2024, out of total energy delivery of approximately 11.53 million megawatt hours. *Id.* at 13, 51.

32. In 2024, NorthWestern's annual retail electric supply load requirement averaged approximately 759 megawatts per day. *Id.* at 13. NorthWestern reached a peak demand within its control area of approximately 2,079 megawatts on January 13, 2024. *Id.* In 2024, NorthWestern's average demand was approximately 1,372 megawatts per hour within its control area. *Id.*

33. According to the utility, NorthWestern met approximately sixty-five percent of its retail load requirements with owned generation resources in 2024 and the utility expects to meet approximately eighty-one percent of its retail obligations with owned generation in 2025. *Id.*

34. NorthWestern satisfies load requirements in excess of its owned and long-term contracted generation resources with market purchases, *id.*, and “regularly relies on imported energy purchases to meet demand.” Ex. 8, *NorthWestern 2023 IRP* at 6.

35. NorthWestern claims that its electric portfolio relies “significantly on market purchases” which exposes the utility to “market volatility, which ultimately could adversely affect [its] results of operations and liquidity.” Ex. 7, *NorthWestern 2024 Annual Report* at 29.

36. NorthWestern has also admitted that, during peak periods, power demand has exceeded the “available capacity of [its] owned and long-term contracted generation capacity, requiring [NorthWestern] to purchase capacity and energy from the market.” *Id.*

37. NorthWestern claims that its ability to buy power, even in the short term, is uncertain. *See* Ex. 8, *NorthWestern 2023 IRP* at 6.

38. In 2023, NorthWestern claimed that it “[did] not have adequate supply resources to fully serve peak loads throughout the year.” *Id.* NorthWestern’s claimed inability to fully serve peak loads through its supply resources is not a new development. In 2019, NorthWestern acknowledged it had a “capacity deficit of 645 MW short of meeting standard resource adequacy targets.” *Id.* at 12.

39. NorthWestern also claimed that this capacity deficit problem is not unique to Montana. According to the utility, “the Pacific Northwest is facing tight

supply conditions which are expected to persist with projected coal retirements and a lack of adequate replacement power capacity resources.” *Id.* at 6.

40. NorthWestern claimed that purchasing power from out of state is not a viable solution, even in the short term. NorthWestern asserted that it “cannot count on continued energy imports to serve our customers reliably during peak demand given the risk of declining capacity generation in the region.” *Id.*

41. When NorthWestern claimed its lack of “adequate supply resources” and inability to “count on continued energy import” in 2023, the utility predicted the retail load in its service territory to “grow at an annual average rate of 0.3%” with peak demand “projected to increase at 0.3% in the summer and 0.4% in the winter.” *Id.* at 8.

42. From 2017 to 2021, NorthWestern identified 1,568 different events, totaling 16,428 hours, where retail load exceeded 800 megawatts. *Id.* at 49. During those events, NorthWestern relied on market contracts and market purchases to meet demand. *Id.*

43. According to NorthWestern, its owned and long-term contracted generation capacity was unable to meet 800 megawatts of demand for approximately thirty-seven percent of the five-year period from 2017 to 2021. *Id.*

44. In 2022, NorthWestern imported power to meet fifty percent of its winter peaking events and thirty-eight percent of its summer peaking events. *Id.* at 51.

45. In December 2022, Montana experienced a cold weather period that resulted in NorthWestern facing “significant energy shortfalls that required market purchases.” *Id.* at 45. NorthWestern imported “significant amounts of energy to get through this event, peaking at 536 MW or ~45% of the total load obligation for Hour Ending (HE) 19 on 12/22.” *Id.* Because this was a “regional event,” NorthWestern paid high prevailing prices, between \$600 to \$1,800 per megawatt hour, to make up for the shortfall. *Id.*

2. NorthWestern’s Generation Capacity

46. NorthWestern has 1,065 megawatts of nameplate owned generation in Montana. Ex. 7, *NorthWestern 2024 Annual Report* at 2. NorthWestern plans to acquire an additional 592 megawatts of generation from Colstrip. *Id.* at 15. When that additional Colstrip acquisition becomes effective on January 1, 2026, NorthWestern will own 1,657 megawatts of generation in Montana.²

47. NorthWestern has contracts with qualifying facilities totaling 556 megawatts of nameplate capacity, and other long-term power purchase agreements that include contracts for 510 megawatts of capacity from various sources. Ex. 7, *NorthWestern 2024 Annual Report* at 13.

² In October 2025, NorthWestern began the process of attempting to transfer the utility’s soon to be acquired 370 megawatt share of Colstrip Units 3 and 4 to an affiliate, NorthWestern Colstrip 370Pu LLC (“NorthWestern Colstrip”). Proceedings regarding that transaction are currently pending before the Federal Energy Regulatory Commission. FERC Docket No. ER26-129-000 (Oct. 14, 2025), Accession No. 20251014-5283.

3. NorthWestern's Distribution and Transmission System

48. NorthWestern maintains approximately 6,500 miles of transmission lines in Montana, consisting of 497 miles of 500 kV lines, 988 miles of 230 kV lines, 1,184 miles of 161kV lines, and 3,927 miles of 115 kV or lower voltage lines. *Id.*

49. NorthWestern also maintains approximately 18,700 miles of distribution lines in Montana, consisting of 13,282 miles of overhead line and 5,512 miles of underground line. *Id.*

50. NorthWestern has acknowledged that “[i]nternal network capacity on NorthWestern’s transmission system is currently reaching its limits, which could impact load service and reliability in the near future.” Ex. 8, *NorthWestern 2023 IRP* at 56.

51. In 2023, NorthWestern admitted that recent load growth had “created capacity constraints in the Billings, Butte, and South of Great Falls areas that will require capital improvements soon to maintain reliable service.” *Id.* at 9.

52. NorthWestern’s transmission system is “severely constrained” in the Billings, Great Falls, and Butte areas. *Id.* at 52.

53. NorthWestern has characterized its ability to serve load in the Billings area as “diminishing” and admitted that the transmission system in the Billings area is “currently challenged under peak loading conditions.” *Id.* at 56.

54. NorthWestern has characterized the reliability of transmission in the Butte area as diminishing and admitted that “[s]ystem improvements in the Butte area will be needed in the near future to continue to serve NorthWestern load as well as allow use of Path 18 on a firm basis.” *Id.*

B. NorthWestern's Practices and Acts Relating to the Provision of Service to Data Centers

55. To date, NorthWestern has entered into letters of intent to provide electricity supply service to three data center developers in Montana: Atlas Power Group LLC, a Delaware limited liability company formed on April 30, 2021; Sabey Data Center Properties LLC, a Washington limited liability company formed on November 16, 2009; and Quantica Infrastructure, LLC, a Delaware limited liability company formed on August 22, 2024.

56. On December 17, 2024, NorthWestern announced that it had signed a letter of intent to provide “energy services” to a “developer planning new data centers in Montana.” Press Release, NorthWestern Energy, *North Western Energy Announces Agreement with Data Center Developer in Montana* (Dec. 17, 2024) (submitted as Ex. 9). NorthWestern stated that it had agreed to meet a minimum service load of 50 megawatts, beginning in 2027, and expected to grow to “250 megawatts or more by 2029.” *Id.*

57. Two days later, on December 19, 2024, NorthWestern announced plans to provide electricity supply service to second data center developer, Atlas. Press Release, NorthWestern Energy, *North Western Energy to Supply Power for Butte, Montana Data Center Atlas Power Group* (Dec. 19, 2024) (submitted as Ex. 10). NorthWestern stated that “[t]he new energy supply load is expected to be 75 megawatts beginning in 2026, with forecasted growth of up to another 75 megawatts in the subsequent three to five years.” *Id.*

58. On July 30, 2025, NorthWestern announced that it had signed a letter of intent to provide energy services to a third data center developer in Montana, Quantica. Press Release, NorthWestern Energy, *NorthWestern Energy Signs Letter of Intent to Serve Quantica Infrastructure’s Montana Data Center Development* (July 30, 2025) (submitted as Ex. 11). NorthWestern stated that it could begin providing electric service “as early as 2026” and that the projected energy load would start at 500 megawatts with “phased growth” to 1,000 megawatts by 2030. *Id.*

59. The next day, on July 31, 2025, NorthWestern held its second quarter earnings call. *See* NorthWestern Energy, *Second Quarter Earnings Webcast* (July 31, 2025) (submitted as Ex. 12). NorthWestern reiterated its plans to provide electricity supply service to three data center developers in Montana. NorthWestern confirmed that it planned to meet Sabey’s expected 50 megawatts initial load beginning in mid-2027, with expected growth to 250 megawatts. *Id.* at 21. NorthWestern also confirmed that it expected to meet Atlas Power Group’s 75 megawatts load beginning in January 2026, with expected growth to 150 megawatts. *Id.* Finally, NorthWestern confirmed that it expected to serve Quantica Infrastructure’s 175 megawatts load beginning in 2028, with phased growth to 500 megawatts by 2030. *Id.*

60. NorthWestern announced its third quarter 2025 financial results on October 29, 2025, and summarized its intended provision of electricity supply service to Atlas, Sabey, and Quantica as follows: “The combined energy service requirement associated with these letters of intent is currently expected to be 175

megawatts beginning in late 2027, or earlier, with growth of up to 1,100 megawatts or more by 2030.” Press Release, NorthWestern Energy, *NorthWestern Energy Reports Third Quarter 2025 Financial Results* at 3 (Oct. 29, 2025) (submitted as Ex. 13). Further, the utility indicated that it had already “signed a development agreement with Sabey, and are working with each of these parties to execute electric service agreements.” *Id.*

61. NorthWestern has publicly disclosed that it intends to meet: Atlas’s initial 75 megawatts demand beginning in January 2026, with expected growth up to 150 megawatts; Sabey’s initial demand of 50 megawatts beginning in mid-2027, with expected growth to 250 megawatts; and Quantica’s initial demand of 175 megawatts beginning in 2028, with phased growth to 500 megawatts by 2030, and expected growth to 1,000 megawatts. The utility has signed letters of intent, conducted transmission studies, and signed one development agreement to serve up to 1,400 megawatts of demand within a few years.

C. Financial Risks Posed by Data Centers

62. Data centers are distinct from other large load customers because the “electricity demand is coming faster, is happening at a larger scale, and is more concentrated than energy systems have been prepared for.” McKenna Beck & Jackson Morris, Nat. Res. Def. Council, *At the Crossroads: A Better Path to Managing Data Center Load Growth* at 5 (Sept. 2025) [hereinafter *At the Crossroads*] (submitted as Ex. 14).

63. To meet the energy demands of data centers, public utilities will need to make “expensive investments in equipment and infrastructure to both generate

and deliver massive amounts of electricity—investments that often take years to plan and procure.” *Id.* at 5. These investments include “substations, expanded transmission and distribution, and sometimes new generation, the costs of which are covered through customer bills.” *Id.* at 9. Utility-supplied electricity to large load data centers often requires local transmission upgrades, including new high-voltage transmission infrastructure. Mike Jacobs, Union of Concerned Scientists, *Connection Costs Loophole Costs Customers Over \$4 Billion to Connect Data Centers to Power Grid* at 1–2 (Sept. 2025) [hereinafter *Connection Costs Loophole Costs Customers*] (submitted as Ex. 15). Some of these investments, including “[e]lectrical equipment and gas generators have recently become more expensive and harder to procure due to surging demand, scarce supply, and tariffs on imported goods.” Ex. 14, *At the Crossroads* at 9.

64. “Unless data centers fully fund these upgrades themselves through direct payments or tariffs, these costs are spread across other customer classes, and private infrastructure needs are effectively subsidized through higher general rates.” *Id.* at 17. Some costs may be difficult to attribute to a specific data center, such as “shared infrastructure, broader bulk transmission lines, or higher prices in energy and capacity markets in resource-constrained areas.” *Id.* at 9. The challenge, however, is that “[t]hese opaque costs will undoubtedly spill over to other customers without careful oversight from regulators.” *Id.*

65. As expert testimony will demonstrate, these infrastructure investments are risky and require safeguards to protect existing ratepayers from

bearing the costs of stranded assets should the data centers have lower demand than anticipated or leave the utility's service territory entirely.

66. Public utilities have an incentive to “provide optimistic projections about potential growth. . . . This secrecy can lead utilities and analysts to double-count a data center that requests service from multiple utilities.” Eliza Martin & Ari Peskoe, Env't & Energy L. Program, Harv. L. Sch., *Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power* at 5 (March 2025) [hereinafter *Extracting Profits from the Public*] (submitted as Ex. 16). “If data center demand doesn't materialize as expected, the rest of the customer base will be left paying the stranded costs of overbuilt or abandoned infrastructure.” Ex. 14, *At the Crossroads* at 9.

67. Data centers can also impact grid reliability. Expert testimony will describe the reliability challenges that data centers pose when they rapidly increase or decrease their power use or when there are transmission line failures.

68. Absent appropriate cost allocation, existing customers may be forced to pay for transmission and generation upgrade costs required for new data center customers.

69. For example, NorthWestern has described that the company's “substantial new tranches of Colstrip,” including its plan to acquire a nearly 600 megawatt share of Colstrip next year, have positioned the company to supply load to new large customers. Docket No. 2022.09.087, Index #23, Letter from Crystal D.

Lail, Vice President & Chief Fin. Officer, NorthWestern Energy to Mont. Pub. Serv. Comm’n at 1 (Mar. 4, 2025) (submitted as Ex. 17).

70. As NorthWestern testified in the pending rate review proceeding before the Commission, the utility’s costs to maintain the plant have doubled in recent years due to the plant’s aging equipment. Docket No. 2024.05.053, Index #92, NorthWestern Resp. to MEIC-019; Docket No. 2024.05.053, Hr’g Tr. Day 7 at 1644:23–1649:19 (testimony of Michael Barnes).

71. Assuming NorthWestern follows through on the acquisition of additional Colstrip capacity, NorthWestern’s share of these overhaul costs will total \$464 million for NorthWestern’s intended life of the plant (plus NorthWestern’s return on equity), just for upkeep. Docket No. 2024.05.053, Index #262, Direct Testimony of Ronald J. Binz at 40 (citing Index #92, NorthWestern Resp. to MEIC-019).

72. NorthWestern has recently claimed that the 370 megawatt share of Colstrip that it plans to acquire from Puget Sound Energy in January 2026 is “not yet needed to serve retail load.” Transmittal Letter of NorthWestern Colstrip, Attach. C, Lane Test. at 3:4-5 (Oct. 14, 2025), FERC Docket No. ER26-411-000 (Oct. 31, 2025), Accession No. 20251014-5283 (Testimony of Charles Lane in Support of NorthWestern Energy’s FERC Cost-Based Rate Tariff Filing) (submitted as Ex. 18).

73. Without adequate customer protections in place, NorthWestern could require the public to shoulder the extraordinary cost of maintaining Colstrip—an asset that the utility now admits a least a portion of which is unnecessary to meet

its current customers' needs. *See id.*; *see also* NorthWestern Energy Grp., Inc, *Fourth Quarter 2024 Earnings Call* at 7 (submitted as Ex. 19) (noting that NorthWestern is “making sure [it gets the] opportunity to recover all [its] costs associated with Colstrip to serve these [data center] customers”).

74. Exacerbating this cost-allocation problem, many costs associated with transmission system upgrades may be passed on to existing retail customers without the Commission's oversight. This is because large load data centers often bypass the distribution system (under the Commission's jurisdiction) and connect directly to the transmission system (under FERC's jurisdiction). Ex. 15, *Connection Costs Loophole Costs Customers* at 3.

75. For example, upgrades to NorthWestern's transmission system are paid for directly by the utility's retail customers. Under the Commission's FERC revenue-credit methodology, they should receive credit from NorthWestern's FERC revenues to offset those costs. This methodology, however, is based on historical average revenues, and does not account for major new transmission investments anticipated to support Montana's data center boom. Thus, customer payments for transmission upgrades could exceed the FERC revenue credit, and NorthWestern's retail customers could bear an unjust and unreasonable burden to pay for the new transmission lines required to connect new large data centers.

76. Such transmission cost-shifting is already plaguing retail customers in other jurisdictions. In the region served by the PJM, transmission expansions necessitated by data center development cost consumers more than \$4.3 billion in

2024 alone. *Id.* Because these costs are spread equally among all customers, rather than allocated to the data center customer or class responsible for those costs, customer bills in the PJM have unreasonably increased. *Id.*

77. The combined result of this cost-shifting has been dramatic in regions already experiencing data center growth. PJM's market watchdog calculated that 70%—or \$9.3 billion—of increased electricity cost over the past year was caused by data center demand. Marc Levy, AP, *As Electric Bills Rise, Evidence Mounts that Data Centers Share Blame. States Feel Pressure to Act* (Aug. 8, 2025), <https://apnews.com/article/electricity-prices-data-centers-artificial-intelligence-fbf213a915fb574a4f3e5baaa7041c3a>; see Monitoring Analytics, *Market Monitor Report 3* (June 25, 2025), https://www.monitoringanalytics.com/reports/presentations/2025/IMM_MC_Webinar_Market_Monitor_Report_20250625.pdf.

78. Researchers from Carnegie Mellon University and North Carolina State University predicted that electricity bills will increase eight percent nationwide by 2030 and as much as twenty-five percent in some places because of data centers. Michael Blackhurst et al., Carnegie Mellon Univ., *Data Center Growth Could Increase Electricity Bills 8% Nationally and as Much as 25% in Some Regional Markets* (July 16, 2025) (submitted as Ex. 20).

79. Expert testimony will explain that the combination of a separate customer class for data centers and strong tariff terms can help protect existing ratepayers from shouldering the costs associated with large load data centers. A separate customer class could ensure that the capacity, energy, and distribution

needs of data centers are paid for by the data centers themselves, rather than existing ratepayers. Expert testimony will also illustrate that a data center tariff should be designed to ensure fair allocation of costs to large load customers without unfairly shifting those costs to existing ratepayers.

1. A Separate Customer Class for Data Centers

80. Distinguishing customers into different classes allows customers to pay the costs associated with supplying their specific class—and not other classes—with electricity supply. *See* James C. Bonbright, Albert L. Danielson, & David R. Kamerschen, *Principles of Public Utility Rates* at 429 (2d ed. 1988).

81. The costs associated with serving data centers can be different from other large load customers. Rachel Reed, *How Data Centers May Lead to Higher Electricity Bills*, Harv. L. Today (Sept. 3, 2025) (submitted as Ex. 21).

82. Expert testimony will show that data centers are a distinguishable class that will likely exhibit similar usage and cost of service characteristics.

83. Customer classes can be used to isolate electricity supply costs for large load data centers from other ratepayers. Ex. 16, *Extracting Profits from the Public* at 25.

84. As expert testimony will explain, creating a separate customer class for data centers is one of the strongest mechanisms to protect existing ratepayers from cost shifting due to the load growth associated with data centers.

85. Expert testimony will also describe how creating a separate rate class will allow the Commission and NorthWestern to better identify and directly allocate

data center costs, including generation costs, distribution costs, and other accelerated investments to serve data centers.

2. Data Center Tariffs

86. A tariff is a tool that outlines the rates, terms, and conditions for energy service. Expert testimony will describe how appropriately crafted, in connection with proper customer classification, a tariff can protect existing ratepayers from adverse impacts from data centers over the long term.

87. Tariffs can provide for the uniform regulation of data centers in Montana to make sure that data center developers commit to paying for electricity service at the level of demand requested and penalize data centers for drastically deviating from that requested demand. “Unlike a one-off special contract that provides each data center with unique terms and conditions, a tariff ensures that all data centers pay under the same terms and that the impact of new customers is addressed by considering the full picture of the utility’s costs and revenue.” *Id.* at 23.

88. To ensure that data centers do not attempt to circumvent eligibility requirements for a large load tariff, experts recommend that regulators consider: (1) the size by monthly maximum demand within the contracted timeframe; (2) the service location; and (3) the type of entity and use. Stacy Sherwood, Energy Futures Grp., *Review of Large Load Tariffs to Identify Safeguards and Protections for Existing Ratepayers* at 17 (Jan. 28, 2025) (submitted as Ex. 22).

89. As expert testimony will show, a large load tariff for data centers (“data center tariff”) should include terms to protect existing ratepayers from shouldering the costs associated with connecting significant new load to the grid.

90. At a minimum, experts assert that these terms should include the following: minimum load requirements; monthly demand charges; contracted capacity and energy; capacity and energy exceedance or reduction penalties; minimum contract periods; notice requirements for early termination; terms for changes in load size and contract capacity; collateral requirements; transmission cost assignment and interconnection fees; provisions to support low-income ratepayers and energy efficiency; and incentives for developing a clean energy resource mix. *See* Andrew Satchwell et al., Berkeley Lab, *Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities* (Jan. 2025) [hereinafter *Electricity Rate Designs for Large Loads*] (submitted as Ex. 23).

91. Data center tariffs include a “lower-bound load (MW) threshold for customers” to define which data centers will qualify for electricity service under the tariff terms. Ex. 23, *Electricity Rate Designs for Large Loads* at 4; Stipulation & Settlement Agreement, *In re the Verified Petition of Ind. Mich. Power Co. for Approval of Modifications to Its Industrial Power Tariff–Tariff I.P.*, No. 46097, at 1 (Ind. Util. Regul. Comm’n Feb. 19, 2025) [hereinafter I&M Large Load Tariff Stipulation] (submitted as Ex. 24) (noting that the terms of the tariff “shall apply to customers taking service on I&M Tariff I.P. with contract capacity greater than or equal to 70 MW at an individual plant or 150 MW on an aggregated basis”).

92. To help forecast capacity needs and minimize resource adequacy risks, data center tariffs require data centers to “pay a minimum specified percentage of their forecasted maximum demand.” Ex. 23, *Electricity Rate Designs for Large Loads* at 4; Ex. 24, I&M Large Load Tariff Stipulation at 2 (“[T]he monthly demand so established shall in no event be less than the greater of (a) 80 percent of the Large Load Customer’s contract capacity specified for the applicable time period of the Contract Term; or (b) 80 percent of the Large Load Customer’s highest previously established Monthly Billing Demand during the past 11 months.”).

93. To assist in “shar[ing] the risk for recovery of existing investments between the customer and the utility,” data center tariffs define the total amount of capacity or energy that the data center is obligated to purchase from the utility. Ex. 23, *Electricity Rate Designs for Large Loads* at 6; *In re the App. of Ohio Power Co. for New Tariffs Related to Data Ctrs. & Mobile Data Ctrs.* (Pub. Util. Comm’n of Ohio July 23, 2025) (submitted as Ex. 25); Am. Electric Power Ohio Power Co., Case No. 24-508-EL-RDR, *Data Ctr. Tariff, No. 21*, at 223-3 (Pub. Util. Comm’n of Ohio) [hereinafter AEP Ohio Data Center Tariff] (submitted as Ex. 26) (“After the Load Ramp Period, monthly billing demand established hereunder shall not be less than the greater of (a) 85% of the customer’s highest previously established monthly billing demand during the past 11 months or (b) the customer’s ‘Minimum Demand’”).

94. To provide more predictability and ensure that a utility is not incurring the cost for a diminishing return, experts will demonstrate that it is

important to have protections for changes in load. Data center tariffs include provisions describing how data centers can adjust capacity or energy obligations. Ex. 23, *Electricity Rate Designs for Large Loads* at 6; Order of the Comm’n, *In re the Verified Petition of Ind. Mich. Power Co. for Approval of Modifications to Its Industrial Power Tariff–Tariff I.P.*, No. 46097, at 49 (Ind. Util. Regul. Comm’n Feb. 19, 2025) [hereinafter I&M Large Load Tariff Order] (submitted as Ex. 27) (“Any reduction in contract capacity beyond 20% that is mutually agreed upon between I&M and the Large Load Customer must also be submitted to the Commission for its review and approval before becoming effective.”); Ex. 26, AEP Ohio Data Center Tariff at 223-5 (“During the initial term of the Contract, the customer will be financially responsible to pay the minimum charges regardless of the customer choosing to curtail, reduce, suspend, or terminate service.”).

95. To ensure proper funding for investments utilities will need to make to accommodate data center load interconnection requests, data center tariffs include information about contract duration. Ex. 23, *Electricity Rate Designs for Large Loads* at 8; Ex. 27, I&M Large Load Tariff Order at 31 (noting a minimum contract length of twelve years); Ex. 26, AEP Ohio Data Center Tariff at 223-5 (defining the minimum contract period as “not less than the Load Ramp Period plus 8 years”).

96. Data center tariffs also include notice requirements for early termination of the contract or a switch to a competitive supplier to make sure that the utility does not over-procure demand. Ex. 26, AEP Ohio Data Center Tariff at 223-5 (requiring written notice at least three years prior to a requested termination

or reduction in service); Ex. 24, I&M Large Load Tariff Stipulation at 4 (requiring 42 months' notice for early termination or reduction of service of more than twenty percent).

97. In other jurisdictions, data center tariffs include appropriate charges for data centers that terminate utility service before the end of the contracted term. Ex. 23, *Electricity Rate Designs for Large Loads* at 9; Ex. 24, I&M Large Load Tariff Stipulation at 4 ("The Exit Fee shall be calculated as the nominal value of the remaining Minimum Charge for the terminated/reduced capacity in excess of the 20% allowed reduction for the first year of the Exit Fee Period."); Ex. 26, AEP Ohio Data Center Tariff at 223-5 ("[T]he customer will be financially responsible to pay the minimum charges regardless of the customer choosing to curtail, reduce, suspend, or terminate service.").

98. Data center tariffs require regular reports to the Commission on letters of intent and notices of reduction in contract capacity. Ex. 27, I&M Large Load Tariff Order at 49 ("Any reduction in contract capacity beyond 20% that is mutually agreed upon between I&M and the Large Load Customer must also be submitted to the Commission for its review and approval before becoming effective"); Ex. 24, I&M Large Load Tariff Stipulation at 6 ("The Settling Parties agree that I&M will report to the Commission on a semiannual basis the information.").

99. Data center tariffs also include collateral requirements to help mitigate financial risks to ratepayers in the event of nonpayment. Ex. 23, *Electricity*

Rate Designs for Large Loads at 5; Ex. 24, I&M Large Load Tariff Stipulation at 3–4 (defining collateral requirements including cash requirements, specific credit ratings and liquidity, or an irrevocable letter of credit).

100. Data center tariffs in other states address grid efficiency, transmission studies, and requirements for large load entry, interconnection, and load ramping. Ex. 24, I&M Large Load Tariff Stipulation at 8–9 (describing grid-reliability and cost of service studies).

101. Data center tariffs require investments from data centers to support energy efficiency programs, including paying into funds that support low-income qualified customers with weatherization. *Id.* at 9 (noting that “each [data center developer] will provide \$500,000 per year for a period of five years to Indiana Community Action Association (‘INCAA’) to support income qualified customers in Indiana, including supporting health and safety to enhance weatherization opportunities”). Protective tariff terms could include “requirements for data center contributions to existing programs that alleviate cost burdens through bill payment assistance, energy efficiency, home and vehicle electrification rebates, rooftop and community solar, weatherization, demand response programs” and other provisions to support low-income households. Ex. 14, *At the Crossroads* at 19.

102. In other states, data center tariffs identify ways that data centers can access clean energy through power purchase agreements or other mechanisms. Ex. 23, *Electricity Rate Designs for Large Loads* at 9; Cheyenne Light, Fuel & Power Co. Black Hills Energy, *Large Power Contract Service Tariff No. 14*, at 2 (Wyo. Pub.

Serv. Comm’n May 1, 2024) (submitted as Ex. 28) (noting that the utility company can procure renewable resources for data center customers).

103. Expert testimony will demonstrate that the combination of a separate customer class for data centers and a comprehensive tariff can help mitigate the costs and risks associated with large load data centers by ensuring reliable and affordable power, deterring cost shifting to existing ratepayers, and supporting the deployment of clean energy and transmission infrastructure.

VI. NORTHWESTERN’S PRACTICES AND ACTS RELATING TO DATA CENTERS ARE UNREASONABLE, INSUFFICIENT, AND CONTRARY TO MONTANA LAW.

A. NorthWestern’s Practices and Acts with Respect to Data Centers Violate Montana Law.

104. State law prohibits NorthWestern from providing electricity supply service to retail customers that (1) have an average monthly demand of five megawatts or more and (2) were not receiving electricity from a public utility on October 1, 2007, unless a statutory exception applies. Mont. Code Ann. § 69-8-201(1)(a).

105. NorthWestern may provide electricity supply service to retail customers that are subject to the general prohibition contained in Mont. Code Ann. § 69-8-201(1)(a) if the Commission first determines that NorthWestern’s other customers will not be adversely impacted over the long term. Mont. Code Ann. § 69-8-201(1)(b).

106. The Commission has interpreted the statutory exception contained in Mont. Code Ann. § 69-8-201(1)(b) as requiring that NorthWestern prove (1) the

retail customer requested electricity supply service; and (2) the provision of electricity supply service will not impact NorthWestern's other customers over the long term.

107. NorthWestern has consistently asserted that it intends to only seek the Commission's review of large load data centers *after* the utility has entered contracts with data centers to provide electricity supply service. *See* Docket No. 2022.09.087, Index #29, Letter from Charles Lane, Dir. of Reg. Affs., NorthWestern Energy to Mont. Pub. Serv. Comm'n at 2 (Sept. 17, 2025) (submitted as Ex. 29) (asserting that NorthWestern will submit signed electric service agreements to the Commission for review "upon execution"); Ex. 17, Letter from Crystal D. Lail at 1–2 (Mar. 4, 2025) ("Montana law does not require new large load customers to obtain Commission approval to receive electric supply service from NorthWestern Energy.").

108. NorthWestern has signed letters of intent with three data center developers "to evaluate the transmission infrastructure and generation resources needed to support their proposed need." Ex. 13, *NorthWestern Energy Reports Third Quarter 2025 Financial Results* at 3.

109. NorthWestern has informed its shareholders that it is "doing transmission service agreement studies" for two data centers: Atlas and Sabey. NorthWestern Energy Grp., Inc., *First Quarter 2025 Earnings Call* at 7 (submitted as Ex. 30).

110. In its most recent financial report, NorthWestern noted that it has already “signed a development agreement with Sabey” and is “working with each of [the] parties [who have signed letters of intent] to execute electric service agreements.” Ex. 13, *NorthWestern Energy Reports Third Quarter 2025 Financial Results* at 3.

111. NorthWestern has further indicated that it plans to “propose a large load tariff in the fourth quarter of 2025”³ and the company would “like to do that *in conjunction* with an [electric service agreement] with [Sabey].” *Earnings Call Transcript: NorthWestern Corporation Q3 2025 Earnings Beat Boosts Stock*, Investing.com at 10 (Oct. 30, 2025) (emphasis added) (submitted as Ex. 31).

112. NorthWestern’s decision to enter letters of intent, conduct transmission studies, sign a development agreement, and indicate an intent to sign electric service agreements—all before the statutorily-required Commission determination that the provision of electricity supply service to these data center developers will not adversely impact NorthWestern’s other customers over the long term—violates Mont. Code Ann. § 69-8-201(1).

113. For that reason, and pursuant to Mont. Code Ann. § 69-3-321 and Mont. Admin. R. 38.2.2101(1), Complainants request that the Commission

³ On November 10, 2025, NorthWestern publicly disclosed some information about potential tariff terms that it plans to propose to the Commission. See Mont. Dep’t of Env’t Quality, *ETF: Growing Demand Subcommittee*, YouTube (Nov. 10, 2025), <https://www.youtube.com/watch?v=LPoKetrS-50&t=3474s>. This disclosure underscores the need for public participation now, when it is meaningful, to allow ratepayers to participate in, and be aware of, NorthWestern’s decisions before it serves data centers.

investigate NorthWestern’s conduct with respect to data centers, including Atlas, Sabey, and Quantica.

B. NorthWestern’s Practices and Acts Regarding Data Centers Are Insufficient to Guarantee that the Utility’s Other Customers Will Not Be Adversely Impacted Over the Long Term, as Required by Montana Law.

114. NorthWestern’s decision to enter letters of intent, conduct transmission studies, sign a development agreement, and indicate an intent to sign electric service agreements with data center developers is a “practice[]” or an “act[]” that relates to “the production, transmission, delivery, . . . or . . . service” of power. *See* Mont. Code Ann. § 69-3-321(1)(b).

115. Complainants are “directly affected” by NorthWestern’s “practices” and “acts” with respect to data centers because their members’ include other customers of NorthWestern, “who are primarily and legally responsible for billings from NorthWestern for the provision of . . . service[],” and, at minimum, face the cost allocation concerns discussed above. *See Williamson v. Mont. Pub. Serv. Comm’n*, 2012 MT 32, ¶ 23, 364 Mont. 128, 272 P.3d 71.

116. NorthWestern’s decision to enter letters of intent, conduct transmission studies, sign a development agreement, and indicate an intent to sign electric service agreements with data center developers results in a “practice[]” or an “act[]” that is “insufficient”⁴ to guarantee that the utility’s other customers will

⁴ “Insufficient” means “[l]egally inadequate or defective in some way.” *Insufficient*, *Black’s Law Dictionary* (12th ed. 2024).

not be adversely impacted over the long term, as required by Mont. Code Ann. § 69-8-201(1), for several reasons.

117. First, NorthWestern’s practices and acts with respect to the utility’s provision of electricity supply service to Atlas, Sabey, and Quantica are “insufficient” because NorthWestern has chosen to provide such service before the Commission determines that the utility’s other customers will not be adversely impacted over the long term, as required by Mont. Code Ann. § 69-8-201(1).

118. Second, NorthWestern’s practices and acts with respect to the utility’s provision of electricity supply service to Atlas, Sabey, and Quantica are “insufficient” because, by refusing to allow the Commission to determine whether said provision of service will adversely impact the utility’s other customers over the long term, NorthWestern has abrogated the public’s right to meaningfully participate in the process by which the Commission makes that determination, *see* Mont. Const. art. II, § 8, and has deprived the public of the right to know about the potential impacts from these data centers, Mont. Const. art. II, § 9.

119. Third, NorthWestern’s practices and acts with respect to the utility’s provision of electricity supply service to Atlas, Sabey, and Quantica are “insufficient” because NorthWestern’s chosen approach—to submit executed electricity supply agreements for Commission review and initiation of a tariff proceeding in conjunction with an executed electric service agreement—does not allow the Commission to make the statutorily required determination of whether the provision of such service will adversely impact NorthWestern’s other customers

over the long term, Mont. Code Ann. § 69-8-201(1). If allowed to take this approach that fails to protect NorthWestern’s other customers from cost-shifting over the long term, NorthWestern will also deprive Complainants of their constitutional rights to know and participate by (1) removing the opportunity to public participation in the Commission’s adverse impact determination, Mont. Const. art. II, § 8, and (2) preventing the dissemination of information that would be considered by the Commission during its determination *and* the information that the utility would be required to disclose during that process, including how the public would be impacted by the provision of service to these data centers, Mont. Const. art. II, § 9.

120. For these reasons, Complainants submit this Complaint for the Commission to initiate an investigation into NorthWestern pursuant to Mont. Code Ann. § 69-3-321 on the grounds that the utility’s “practices” and “acts” with respect to data centers are “insufficient.”

C. NorthWestern’s Practices and Acts Regarding Data Centers Are Unreasonable Given the Utility’s Obligation to Ensure that Its Other Customers Will Not Be Adversely Impacted Over the Long Term, as Required by Montana Law.

121. NorthWestern’s decision to enter letters of intent, conduct transmission studies, sign a development agreement, and potentially sign electric services agreements with data center developers is a “practice” or an “act” that relates to “the production, transmission, delivery, . . . or . . . service” of power. *See* Mont. Code Ann. § 69-3-321(1)(b).

122. Complainants are “directly affected” by NorthWestern’s “practices” and “acts” with respect to data centers because their members’ include “other

customers” of NorthWestern, “who are primarily and legally responsible for billings from NorthWestern for the provision of . . . service[s],” and face, at minimum, the cost allocation concerns discussed above. *See Williamson*, ¶ 23.

123. NorthWestern’s decision to enter letters of intent, conduct transmission studies, sign a development agreement, and indicate an intent to sign electric service agreements with data center developers is “unreasonable”⁵ in light of the requirement that the utility’s other customers must not be adversely impacted over the long term by the provision of such service, *see* Mont. Code Ann. § 69-8-201(1), for several reasons.

124. First, NorthWestern’s practices and acts with respect to the utility’s provision of electricity supply service to Atlas, Sabey, and Quantica are “unreasonable” given the utility’s stated resource adequacy concerns as described above.

125. Before NorthWestern provides electricity supply service to Atlas, Sabey, or Quantica, and as part of the statutorily-required process by which the Commission must determine whether said provision of service would result in an adverse impact to the utility’s other customers, NorthWestern must explain how it intends to supply up to 1,400 megawatts of electricity to data centers when it has consistently claimed that it lacks adequate capacity to meet current demand. This includes NorthWestern explaining how the utility will meet the demand of large

⁵ “Unreasonable” is defined as “[n]ot reflecting good judgment; irrational or capricious.” Unreasonable, *Black’s Law Dictionary* (12th ed. 2024).

load data centers without shifting costs to its existing customers, which would have an adverse impact.

126. Second, NorthWestern's practices and acts with respect to the utility's provision of electricity supply service to Atlas, Sabey, and Quantica are unreasonable given the utility's stated concerns regarding the adequacy of its existing transmission system in Montana.

127. Before NorthWestern provides electricity supply service to Atlas, Sabey, or Quantica, and as part of the statutorily-required process by which the Commission must determine whether said provision of service would result in an adverse impact to the utility's other customers, NorthWestern must explain how its existing transmission system is sufficient to allow the supply of up to 1,400 megawatts of electricity to data centers when it has consistently claimed that its current transmission system cannot handle additional load in communities like Butte and Billings. The utility must further explain how it will avoid adversely impacting its other customers' rates when making transmission upgrades required to meet the new large load demand required from data centers.

128. Third, NorthWestern's practices and acts with respect to the utility's provision of electricity supply service to Atlas, Sabey, and Quantica are unreasonable because the utility's chosen approach—the submission of executed customer contracts and the initiation of a tariff proceeding—precludes the Commission from making the statutorily-required finding that said provision of service will not adversely impact NorthWestern's other customers over the long

term, Mont. Code Ann. § 69-8-201(1), and prevents the public from meaningfully participating in that determination, Mont. Const. art. II, § 8, and prevents the public from knowing the information that would be considered by the Commission and the information that the utility would be forced to disclose, Mont. Const. art. II, § 9.

129. For these reasons, Complainants submit this Complaint against NorthWestern pursuant to Mont. Code Ann. § 69-3-321 on the grounds that the public utility's "practices" and "acts" with respect to data centers are "unreasonable," and request that the Commission proceed with an investigation into these issues.

VII. RELIEF REQUESTED

130. Complainants request that the Commission inform NorthWestern that it shall not provide electricity supply service to Atlas, Sabey, Quantica, or similar customers that meet the prohibition in Mont. Code Ann. § 69-8-201(1), until the Commission determines that the provision of such service will not adversely impact NorthWestern's other customers over the long term.

131. Complainants respectfully request that the Commission open a contested case with an evidentiary hearing to investigate the issues outlined in this complaint.

132. Complainants further request a procedural order to determine the schedule for expert testimony.

133. To ensure that NorthWestern's other customers are protected from adverse impacts over the long term, Complainants further request that the

Commission: (1) create a separate customer class for data centers; (2) use its investigatory authorities to address any evidentiary issues in cost allocation between distinct customer classes; and (3) impose mandatory tariff terms for large load data centers to protect existing ratepayers from shouldering the costs associated with meeting the capacity and transmission demands of data centers.

A. First Request for Relief: Create a Separate Customer Class for Data Centers

134. Complainants request that the Commission establish a new customer class for large load data centers. Title 69 of the Montana Code defines a large customer as “any premises, except subdivisions, with the estimated connected load for full operation at an individual service for the premises of 500 kilowatts [or 0.5 megawatts] or larger.” Mont. Code Ann. § 69-5-102(10). As discussed above, however, data centers are fundamentally distinct from this type of “large” customer and can have a connected load of hundreds to thousands of megawatts.

135. The Commission has extensive authority to create a new, distinct customer class for large load data centers. *In Re Nw. Energy’s Application for Auth. to Increase Retail Elec. Util. Serv. Rates & for Approval of Elec. Serv. Schedules & Rules & Allocated Cost of Serv. & Rate Design*, Docket 2018.02.012, Order No. 7604u ¶ 246, 2019 WL 7837301, at *60 (Mont. Pub. Serv. Comm’n Dec. 20, 2019) (“[T]he Commission has broad service classification and supervisory and regulatory powers over NorthWestern.”). The Commission is granted the “full power of supervision, regulation, and control of . . . public utilities.” Mont. Code Ann. § 69-3-102. Furthermore, “the commission may prescribe classifications of the service of

all public utilities.” *Id.* § 69-3-306. “Classifications may take into account the quantity used, the time when used, and any other reasonable consideration.” *Id.*; *In Re Nw. Energy’s Application*, Docket 2022.07.078, Order on Reconsideration 7860z ¶ 57, 2024 WL 1507630, at *16 (citing Mont. Code Ann. § 69-3-306) (“NorthWestern does not provide all customers the same service, which is precisely why customers are separated into distinct customer classifications. Rate differences between service classifications that are based on costs of service are lawful, consistent with established ratemaking principles, and are not unjustly discriminatory.”). Once the Commission establishes such a customer class, public utilities are obligated to “conform its schedule of rates, tolls, and charges to the classifications.” Mont. Code Ann. § 69-3-306.

136. The Commission has used this authority in the past to create separate customer classes. *Williamson*, ¶ 4 (“[T]he PSC has approved a number of customer classes for NorthWestern. The electric rates assessed each customer class vary based on cost-of-service studies and are designed to generate sufficient monies to meet the class revenue requirement.”).

137. In creating a separate customer class, the Commission can balance competing considerations, including “administrative feasibility and cost causality.” *In Re Compl. of James T. & Elizabeth A. Gruba, Leo G. & Jeanne R. Barsanti, & Michael W. & Frances E. Paterson on Behalf of Themselves & Others Similarly Situated, Complainants*, No. 7084AA, 2019 WL 918367, at *6 (Mont. Pub. Serv. Comm’n Jan. 4, 2019). In differentiating between classes, “[c]ustomers exhibiting

similar usage and cost of service characteristics are usually grouped into rate classes to facilitate metering, pricing, billing, and other service standards.” *Id.*

138. The creation of a customer class specific to data centers will help to ensure that NorthWestern’s other customers are not adversely impacted over the long term by the utility’s provision of electricity supply service as required by Mont. Code Ann. § 69-8-201(1).

139. The Commission, therefore, should use its authority under Mont. Code Ann. § 69-3-306 to create a new customer class for large load data centers as soon as possible, before data centers are connected to NorthWestern’s service. Simultaneously when creating the class, the Commission should set rates, terms, and conditions for the new class to avoid delay in protecting existing ratepayers from new large load data centers. *See* Mont. Code Ann. § 69-8-201(1)(b).

B. Second Request for Relief: Investigate Appropriate Cost Allocation to Protect Existing Ratepayers

140. Complainants request that the Commission use its investigatory authorities to address any evidentiary issues in cost allocation between distinct customer classes.

141. “The commission has the authority to inquire into the management of the business of all public utilities . . . and has the right to obtain from any public utility all necessary information to enable the commission to perform its duties.” *Id.* § 69-3-106(1). This includes “the right to examine the books, accounts, records, and papers of any public utility for the purposes of determining their correctness and whether they are being kept in accordance with the rules and system prescribed by

the commission.” *Id.* § 69-3-202(5). The Commission may initiate a hearing to “investigate any of the rates, tolls, charges, rules, practices, and services.” *Id.* § 69-3-324.

142. Concurrently with its efforts to create a new customer class for data centers, the Commission should use its investigatory authorities to conduct a complete evaluation of NorthWestern’s cost allocation methods. This investigation will help the Commission make sure there is a fair distribution of costs and ensure that NorthWestern is only supplying service to data centers after the Commission makes a finding that providing such supply will not adversely impact existing ratepayers over the long term. *Id.* § 69-8-201(1)(b).

C. Third Request for Relief: Impose a Data Center Tariff with Terms to Protect Existing Ratepayers

143. Complainants request that the Commission use its broad authority to impose mandatory tariff terms for large load data centers to protect existing ratepayers from cost shifting. A comprehensive data center tariff should also protect Montanans’ constitutional right to a clean and healthful environment. Mont. Const. art. II, § 3; *id.* art. IX, § 1.

144. The Commission has significant authority “to supervise and regulate the operations of public utilities.” Mont. Code Ann. § 69-1-102. The Commission “shall have power to prescribe rules of procedure and to do all things necessary and convenient in the exercise of the powers conferred by this chapter upon the commission.” *Id.* § 69-3-103(1). The Commission also “has broad authority to act in the public interest to preserve the safe operation of utility systems it regulates.” *In*

re Sleepy Hollow Oil & Gas, Docket No. 2022.04.051, Final Order 7833d, ¶ 21 (Mont. Pub. Serv. Comm’n Sept. 20, 2022).

145. Public utilities, including NorthWestern have an obligation to charge “reasonable and just” rates for electricity service. Mont. Code Ann. § 69-3-201. “The commission may at any time, upon its own motion, investigate any of the rates, tolls, charges, rules, practices, and services and after a full hearing as provided in this part may make by order such changes as may be just and reasonable, the same as if a formal complaint had been made.” *Id.* § 69-3-324; *see also id.* § 69-3-330(1) (emphasis added) (“If, upon a hearing and due investigation, the rates, tolls, charges, schedules, or joint rates are found to be unjust, unreasonable, or unjustly discriminatory or to be preferential or otherwise in violation of the provisions of this chapter, *the commission may fix and order substituted* the rates, tolls, charges, or schedules as are just and reasonable.”).

146. The Commission should use its robust oversight authorities to impose a comprehensive large load tariff specific to data centers. The imposition of mandatory tariff terms specific to data centers will help to guarantee that NorthWestern’s provision of electricity supply service to said data centers, like Atlas, Sabey, and Quantica, do not adversely impact the utility’s other customers over the long term, as required by Mont. Code Ann. § 69-8-201(1).

Respectfully submitted this 17th day of November, 2025.

A handwritten signature in blue ink, appearing to read "Lars Phillips", written over a horizontal line.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and accurate copies of the foregoing document, including exhibits, were sent to the following entity by USPS Priority Mail:

NorthWestern Corporation d/b/a NorthWestern Energy
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DATED this 17th day of November, 2025



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