

# Montana isn't backing away from natural gas — which puts the weight on your capital plan.

While other states debate the future of gas, Montana has locked in its role: state law bars cities from banning it, and utilities keep expanding mains, buying reserves, and rebuilding an aging system in one of the coldest climates in the country. Every one of those forces competes for the same limited capital. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision to the Commission.

|                                                                                                      |                                                                                                          |                                                                       |                                                                             |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>295,415<sup>1</sup></b>                                                                           | <b>25.3 Bcf<sup>2</sup></b>                                                                              | <b>\$886.6M<sup>2</sup></b>                                           | <b>9.60%<sup>2</sup></b>                                                    |
| Residential natural-gas customers in Montana (2024) — gas is the state's dominant home-heating fuel. | Company-owned Montana gas reserves at NorthWestern — about 14% of its expected 2026 Montana retail load. | NorthWestern Energy's Montana natural-gas rate base at year-end 2025. | Authorized return on equity on NorthWestern's Montana natural-gas business. |



## THE MONTANA LANDSCAPE

## Four forces are moving your project list at once

None of these is theoretical, and none waits for your next budget cycle. In a state that has chosen to keep building on natural gas, the pressure lands squarely on how you sequence capital.

## SYSTEM INTEGRITY &amp; AGING PIPE

### Thousands of miles to keep safe — and growing

NorthWestern alone operates roughly 2,133 miles of natural-gas transmission and about 5,939 miles of distribution main in Montana, a system that keeps expanding as new customers connect.<sup>2</sup>

Under PHMSA's distribution-integrity-management rules, every operator has to find, prioritize, and retire risk across that mileage — replacing older steel main, upgrading services, and documenting the work — on a clock that competes directly with growth projects for the same crews and dollars<sup>3</sup>

## POLICY &amp; DECARBONIZATION

### A pro-gas state — but not a static one

Montana took the opposite path from the coastal “future of gas” dockets: a 2021 law (HB 971) prohibits local governments from banning natural-gas service or restricting utility service based on the energy source, protecting gas hookups statewide<sup>4</sup>

That removes the near-term throughput cliff other utilities face, but it does not remove the capital question. Continued growth means decades of new long-lived main and services going into the ground — assets that must earn their keep across a 40-to-60-year horizon even as national energy policy keeps shifting<sup>2</sup>

## SUPPLY, PEAKING &amp; PRICE

### Cold winters, in-state gas, and volatile bills

Montana burns far more gas than it produces — roughly 89 Bcf consumed statewide in 2024 against about 41 Bcf of in-state marketed production — so the system leans on interstate pipelines, storage, and utility-owned reserves to meet a brutal winter peak.<sup>56</sup> Residential customers took about 21 Bcf of that load, almost all of it for heat.<sup>6</sup>

Prices swing hard: Montana's average residential gas price ran \$10.17 per Mcf in 2023 before easing to \$8.22 in 2024<sup>7</sup>

NorthWestern's company-owned reserves — about 14% of its Montana load — and the roughly 50 Bcf it transported in 2024 are part of how it hedges design-day risk<sup>28</sup>

## CAPITAL RECOVERY &amp; RATES

### Every dollar runs through a rate case

Montana has no standalone infrastructure-replacement surcharge like the ISRS or DSIC mechanisms used in other states; utilities largely recover integrity and growth capital through general rate cases before the Public Service Commission<sup>9</sup>

NorthWestern's Montana gas rate base reached about \$886.6 million at year-end 2025 with an authorized 9.60% return on equity — up from roughly \$814.8 million a year earlier, a direct measure of how fast capital is stacking up<sup>28</sup> Each increase collides with the affordability of a winter heating bill.

WHO DELIVERS MONTANA'S GAS

A dominant combined utility, a regional player in the east, and a few small systems

Montana's gas distribution is overwhelmingly investor-owned. NorthWestern Energy anchors the state as a combined gas-and-electric utility, Montana-Dakota Utilities carries the east, Energy West serves the Great Falls area, and there is almost no municipal or cooperative gas to speak of.

Investor-owned gas LDCs

Rates & capital recovery regulated by the Montana PSC

|                                |                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------|
| NorthWestern Energy            | ~249,400 gas customers in 123 Montana communities; combined gas & electric <sup>2</sup>  |
| Montana-Dakota Utilities (MDU) | Gas & electric across eastern Montana; ~435,350 customers over MT/ND/SD/WY <sup>11</sup> |
| Energy West Montana            | Small LDC serving Great Falls, Cut Bank & West Yellowstone                               |

NorthWestern serves about 850,300 customers across Montana, South Dakota and Nebraska, including 209 natural-gas communities.<sup>10</sup>

Municipal & small systems

The thin part of Montana's gas map

|                                |                                                                       |
|--------------------------------|-----------------------------------------------------------------------|
| Small independent distributors | ~1,417 customers served on NorthWestern's system <sup>2</sup>         |
| Municipal gas systems          | Effectively none — Montana has no significant city-owned gas utility  |
| Off-grid heating               | Rural and remote areas rely on propane and heating oil, not piped gas |

Unlike the Midwest or Southeast, Montana has essentially no municipal or cooperative gas utilities; the sector is investor-owned end to end and answers to the Commission.<sup>9</sup>

## Every capital dollar has to be defensible

In Montana, capital recovery runs almost entirely through the general rate case — which makes the sequencing and justification of each project the whole game.

**Montana Public Service Commission (MPSC)** — five elected commissioners regulate rates and capital recovery for investor-owned gas and electric utilities, and inspect intrastate pipelines for safety.<sup>9</sup>

**No dedicated replacement surcharge.** Montana does not use an ISRS/DSIC-style infrastructure tracker; integrity and growth capital are recovered through periodic general rate cases, so timing and rate base are decided case-by-case.<sup>9</sup>

**NorthWestern's Montana gas rates** reflect a rate base of roughly \$886.6 million at year-end 2025 with an authorized 9.60% ROE — up sharply from about \$814.8 million a year earlier as system investment accelerates.<sup>28</sup>

**HB 971 (2021)** bars local governments from prohibiting or restricting natural-gas service by energy source — a policy backstop that keeps the customer base, and the capital case, intact.<sup>4</sup>

## Where the capital actually comes from

Montana's gas utilities have little federal grant money to lean on — most modernization capital is earned back through the rate base. Knowing which dollars qualify for what is half the planning problem.

**Rate-base recovery is the main channel.** NorthWestern's ~\$886.6 million Montana gas rate base, earning an authorized 9.60% ROE, is how integrity and growth capital is recovered — there is no surcharge shortcut.<sup>2</sup>

**Utility-owned reserves as a supply hedge.** About 25.3 Bcf of company-owned Montana gas reserves — roughly 14% of NorthWestern's 2026 retail load — sit in rate base as a buffer against commodity price spikes.<sup>2</sup>

**PHMSA NGDISM grants are largely out of reach.** The Bipartisan Infrastructure Law's roughly \$1 billion Natural Gas Distribution Infrastructure Safety and Modernization program funds only municipal or community-owned systems — which Montana effectively lacks — so the state's investor-owned LDCs fund modernization themselves.<sup>12</sup>

**Commodity costs pass through separately.** The gas the utility buys and produces to serve a cold-climate peak is tracked and recovered apart from the capital rate case, which is why volatile winter prices land straight on customer bills.<sup>7</sup>

**MONTANA'S GAS SECTOR, IN BRIEF**

## Questions Montana gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

### How many natural gas customers does Montana have?

Montana had 295,415 residential natural-gas customers in 2024, plus about 40,911 commercial and 346 industrial accounts. NorthWestern Energy serves the largest share — roughly 249,400 gas customers across 123 communities<sup>12</sup>

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### Who are Montana's main natural gas utilities?

NorthWestern Energy is the dominant combined gas-and-electric LDC; Montana-Dakota Utilities serves eastern Montana as part of a ~435,350-customer regional footprint; and Energy West Montana serves the Great Falls, Cut Bank and West Yellowstone areas. Montana has essentially no municipal or cooperative gas systems<sup>211</sup>

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### Can Montana cities ban natural gas?

No. A 2021 state law (HB 971) prohibits local governments from banning natural-gas service or restricting utility service based on the type or source of energy, so gas hookups are protected statewide<sup>4</sup>

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### How much of NorthWestern's gas comes from its own Montana reserves?

NorthWestern holds about 25.3 Bcf of company-owned Montana gas reserves, expected to supply roughly 2.76 Bcf in 2026 — about 14% of its expected annual Montana retail gas load — as a hedge against market price swings<sup>2</sup>

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### How is natural-gas capital recovered in Montana?

Almost entirely through general rate cases at the Montana Public Service Commission — the state has no ISRS/DSIC-style replacement surcharge. NorthWestern's Montana gas rate base was about \$886.6 million at year-end 2025 with a 9.60% authorized ROE<sup>92</sup>

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### How does Invizion help Montana gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization built for utilities. It lets you model how a new integrity mandate, a growth surge, a reserve purchase, or a rate-case outcome reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every trade-off for the Public Service Commission.

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## REFERENCES

## Sources

Every figure in this briefing is tied to a primary or authoritative source.

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3. U.S. DOT PHMSA — Gas distribution pipeline safety and annual report data / distribution integrity management program. [www.phmsa.dot.gov](http://www.phmsa.dot.gov)
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10. NorthWestern Energy — About Us (~850,300 customers across MT/SD/NE; 343 electric and 209 natural-gas communities). [www.northwesternenergy.com](http://www.northwesternenergy.com)
11. Montana-Dakota Utilities Co. (MDU Resources) — About Us (~435,350 gas and electric customers across MT/ND/SD/WY). [www.montana-dakota.com](http://www.montana-dakota.com)
12. U.S. DOT PHMSA — Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) grant program, ~\$1 billion under the Bipartisan Infrastructure Law, limited to municipal or community-owned systems. [www.phmsa.dot.gov](http://www.phmsa.dot.gov)

## ABOUT INVIZION

## Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

**See how utilities keep capital plans current and defensible with Invizion.**

**Explore Invizion →**