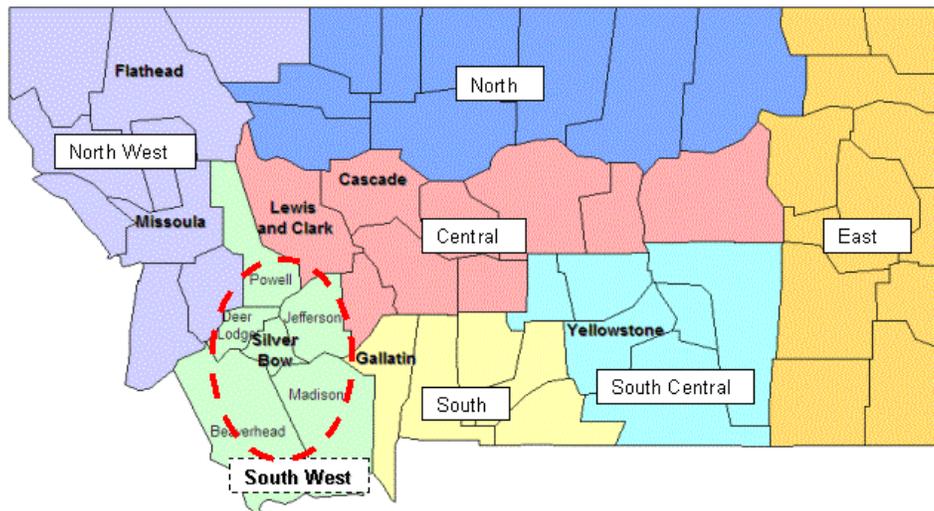


SOUTHWEST MONTANA AND SILVER BOW COUNTY

Recent Performance and Economic Outlook Our People, Jobs, and Earnings

Economic Outlook Seminar

February 6, 2014

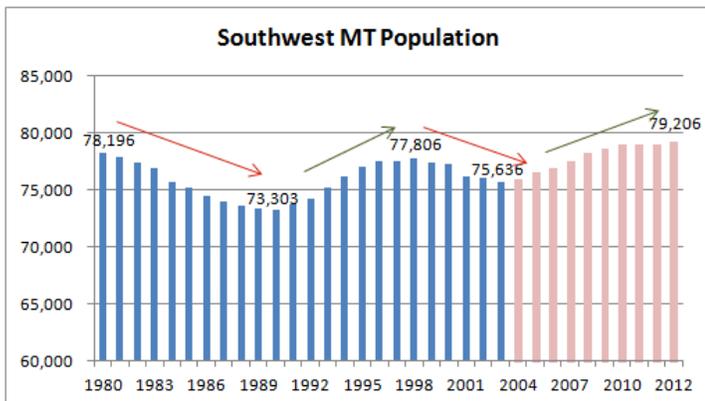


John Kasperick
Economist – Director Financial Planning and Analysis
NorthWestern Energy

POPULATION AND DEMOGRAPHICS – SOUTHWEST MT

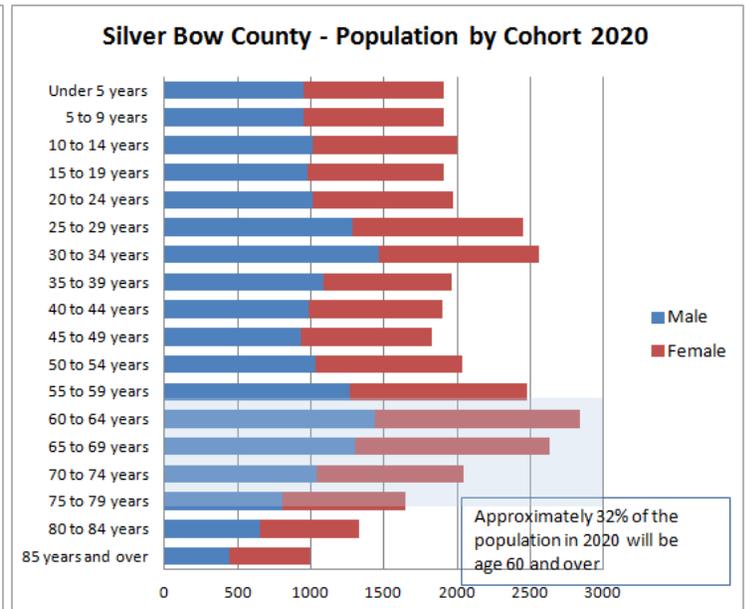
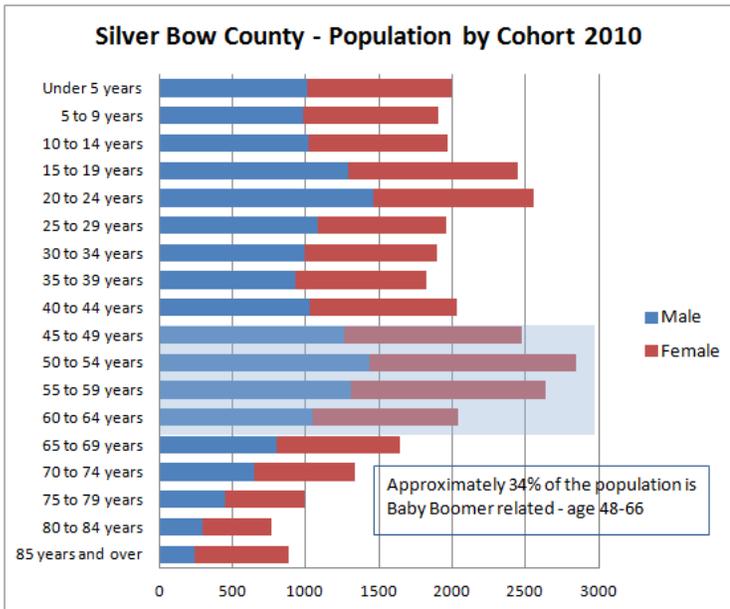
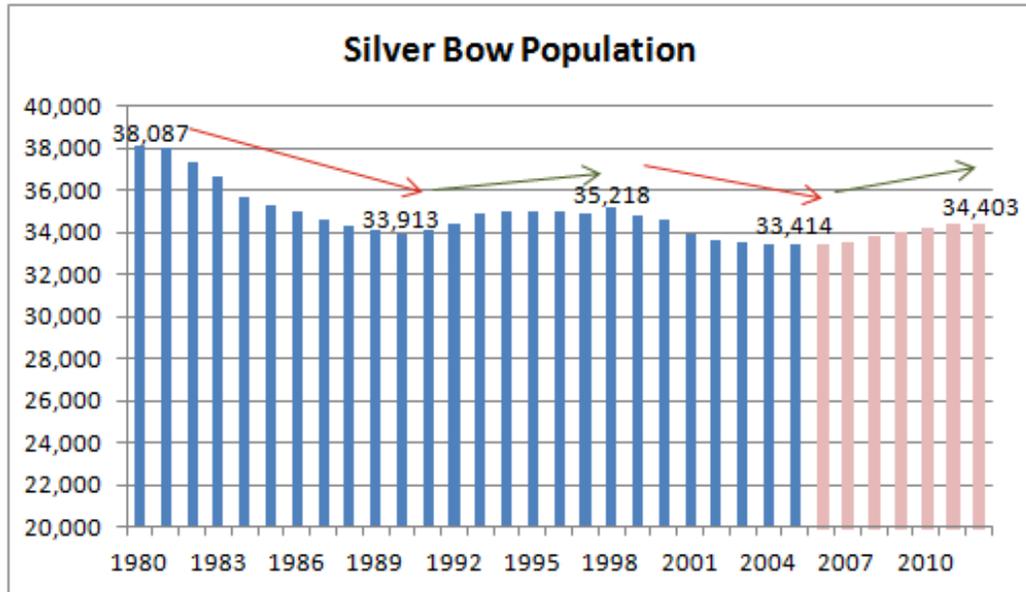
- The 2012 Census estimate showed a total population of 79,206 people in the six southwest Montana counties. Between the 2010 census and 2012 estimate, the overall population in southwest Montana increased 0.4% or 338 people. The increase since 2010 has been driven by increases in Silver Bow and Beaverhead counties. Overall, MT's population grew 1.6% between 2010 and 2012 to 1.0 million and was the 25th fastest growing state.
- SW MT's population has seen 10 consecutive years of growth. This is the longest consecutive growth period in over 30 years. Silver Bow County accounts for 43% of SW MT's population, and has experienced 7 consecutive years of slow population growth.
- With a median age of 39.9 years, MT is the 8th oldest of the 50 states. At 44.3 years, SW MT's median age is 4.4 years higher than the overall statewide average.

2012 Census Estimate Data - U.S. Census Bureau								
	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
Population, 2012 estimate	9,346	9,227	11,401	7,733	7,096	34,403	79,206	1,005,141
Population, 2010 census	9,246	9,298	11,406	7,691	7,027	34,200	78,868	989,417
Population, 2000 census	9,202	9,417	10,049	6,851	7,180	34,606	77,305	902,195
Population, percent change, 2010 to 2012	1.1%	-0.8%	0.0%	0.5%	1.0%	0.6%	0.4%	1.6%
Population, percent change, 2000 to 2010	0.5%	-1.3%	13.5%	12.3%	-2.1%	-1.2%	2.0%	9.7%
Persons under 18 years, percent, 2012	19.3%	18.8%	21.6%	16.6%	16.3%	20.9%	20.3%	22.1%
Persons 65 years and over, percent, 2012	18.4%	19.6%	16.9%	23.3%	17.3%	16.6%	16.9%	15.7%
Female persons, percent, 2012	48.8%	47.1%	49.2%	48.2%	38.2%	49.3%	48.0%	49.8%
Sex Ratio (M:F)	104.9	112.3	103.3	107.5	161.8	102.8	108.9	100.8
Median Age 2000	37.6	42.3	40.2	43.4	39.7	38.9	39.8	37.5
Median Age 2011	44.0	46.2	46.8	50.0	45.4	41.7	44.3	39.9
White persons, percent, 2012	95.1%	93.1%	95.3%	97.0%	92.3%	94.8%	94.8%	89.7%
American Indian and Alaska Native persons, percent	1.6%	3.4%	1.5%	0.6%	4.7%	2.0%	2.2%	6.5%
Persons of Hispanic or Latino origin, percent, 2012	3.9%	2.9%	1.9%	2.7%	2.2%	3.9%	3.1%	3.1%
High school graduates, percent of persons age 25+	93.3%	85.9%	93.9%	95.5%	90.4%	90.6%	90.8%	91.9%
Bachelor's degree or higher, pct of persons age 25+	28.3%	17.6%	34.1%	31.6%	20.0%	22.1%	24.9%	28.5%
Homeownership rate, 2008-2012	62.1%	71.4%	84.8%	72.2%	71.8%	66.0%	69.7%	68.5%
Median value of owner-occupied housing units	\$171,600	\$116,100	\$230,200	\$238,000	\$118,400	\$127,400	\$162,247	\$183,000
Persons below poverty level, percent	12.5%	24.9%	7.8%	10.7%	14.5%	17.2%	14.6%	14.8%
Persons per household, 2008-2012	2.09	2.17	2.43	1.99	2.35	2.21	2.31	2.37
Per-Capita Personal Income 2008-2012	\$ 34,849	\$ 32,989	\$ 43,406	\$ 38,326	\$ 29,519	\$ 44,641	\$ 39,979	\$ 38,555



Population Estimates - US Bureau of Census						Growth
	2008	2009	2010	2011	2012	2007-12
Powell	7,036	7,093	7,027	7,092	7,096	-0.3%
Madison	7,674	7,674	7,691	7,683	7,733	2.3%
Beaverhead	9,166	9,200	9,246	9,191	9,346	3.5%
Deer Lodge	9,351	9,260	9,298	9,241	9,227	-0.4%
Jefferson	11,203	11,364	11,406	11,429	11,401	3.3%
Silver Bow	33,812	34,008	34,200	34,362	34,403	2.7%
SW MT	78,242	78,599	78,868	78,998	79,206	2.2%
Montana	976,415	983,982	989,415	998,199	1,005,141	4.2%

POPULATION AND DEMOGRAPHICS – SILVER BOW

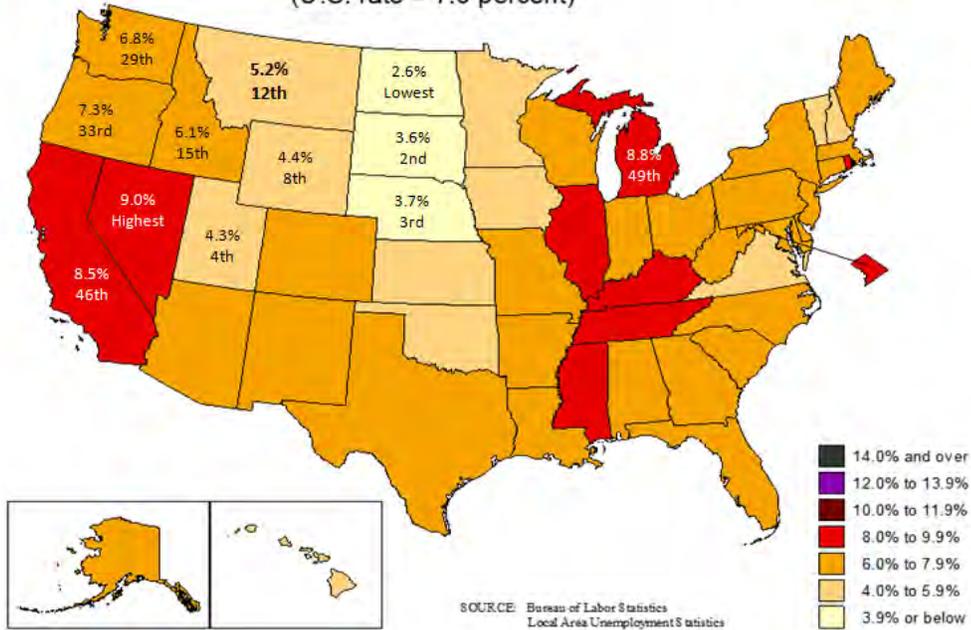


- Silver Bow County's population stood at 34,403 people as of census estimated 2012. This was the 7th consecutive year of slow growth. Longest consecutive growth since prior to 1920. Average 0.4% growth per year, and added nearly 1,000 people since
- By 2020, approximately 1/3rd of the population could be age 60 and over. The economy will need to adjust some goods and services to accommodate the aging population. Also, attracting new industry can bring with it a younger work-force.

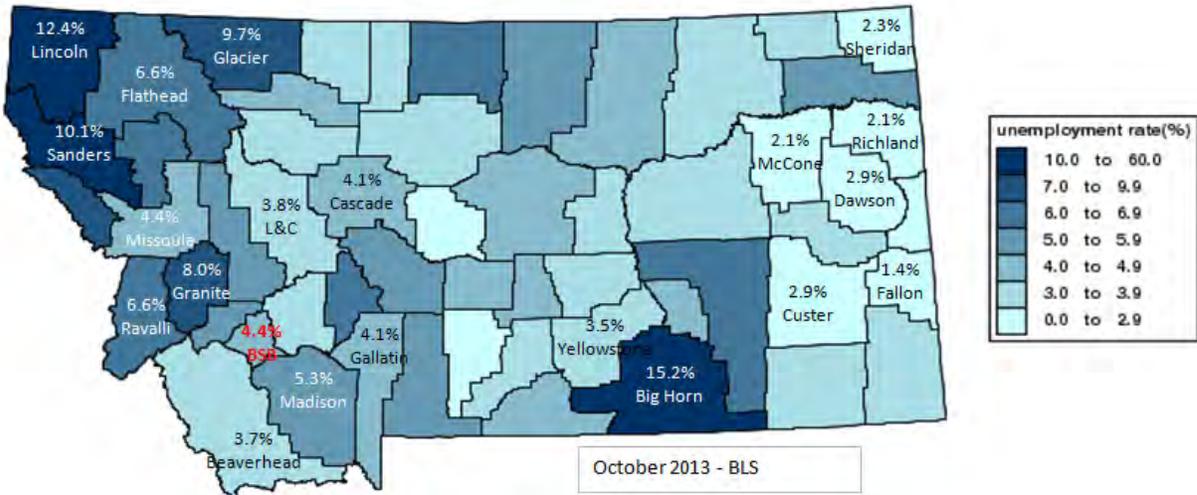
UNEMPLOYMENT RATES – RECOVERY CONTINUES

Unemployment rates by state, seasonally adjusted, November 2013

(U.S. rate = 7.0 percent)

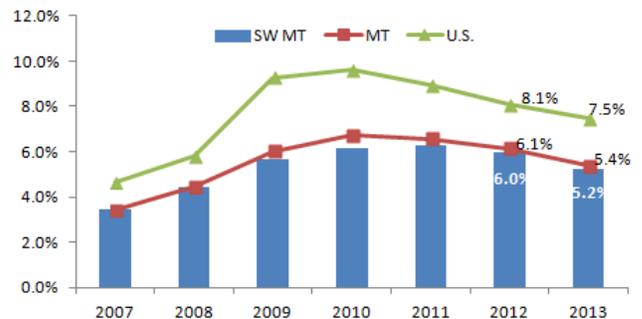


MT Nov-2013 Rate = 5.2%



Average Annual Unemployment Rate			
	SW MT	MT	U.S.
2007	3.5%	3.4%	4.6%
2008	4.5%	4.5%	5.8%
2009	5.7%	6.0%	9.3%
2010	6.1%	6.8%	9.6%
2011	6.3%	6.6%	8.9%
2012	6.0%	6.1%	8.1%
2013	5.2%	5.4%	7.5%

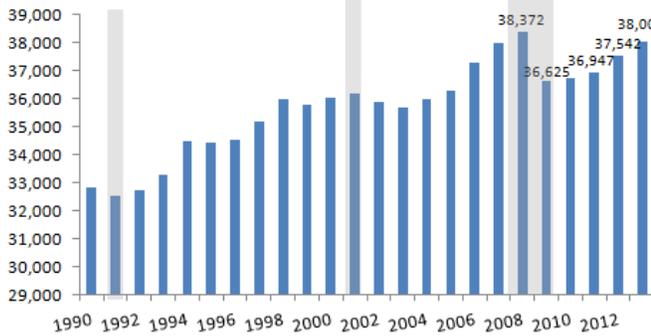
Average Annual U.E Rate



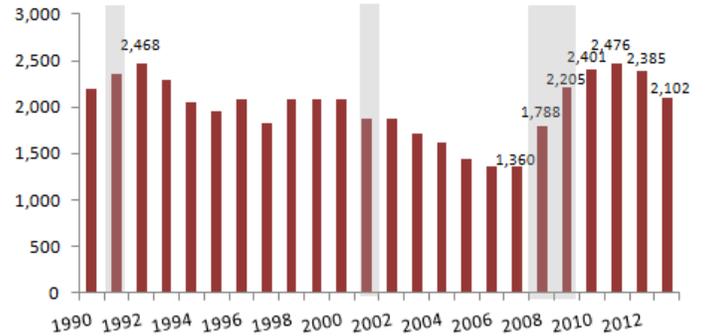
ANNUAL AVERAGE LABOR FORCE – SOUTHWEST MT

- As with the state as a whole, prior to the recent “Great Recession”, SW Montana was experiencing very tight labor markets and all time low levels of unemployment. 2012 was the first year since the start of the recession in 2008 that the number of unemployed and unemployment rate fell in SW MT. This continued in 2013. SW MT employment grew 1.2% or over 444 workers in 2013. Employment levels are above pre-recession levels. There are still 742 more unemployed in 2013 than prior to the start of the recession.

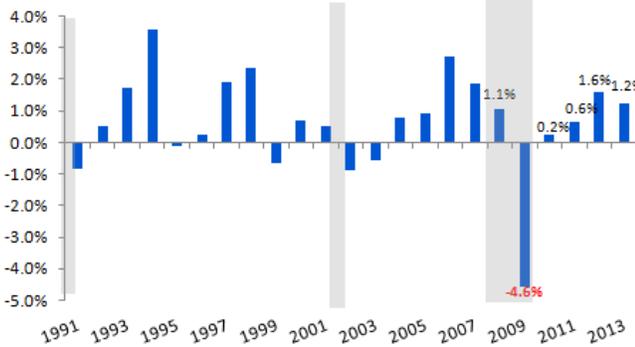
SW MT Average Annual Employment



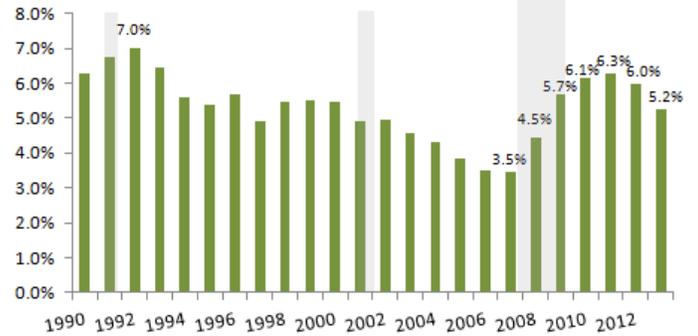
SW MT Average Annual Unemployed



SW MT Average Annual Employment Growth



SW MT Average Annual Unemployment Rate

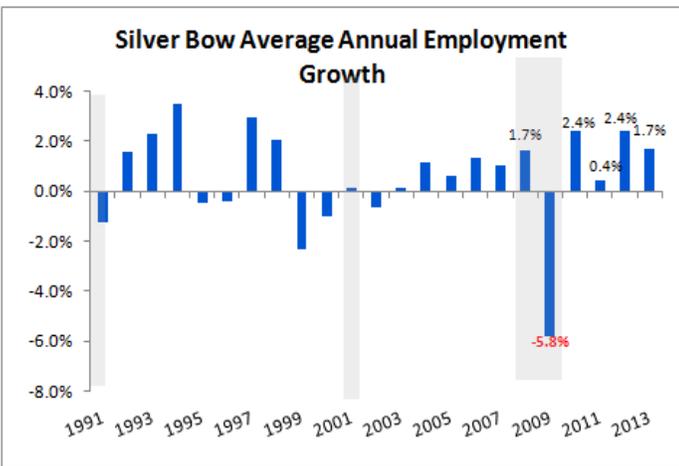
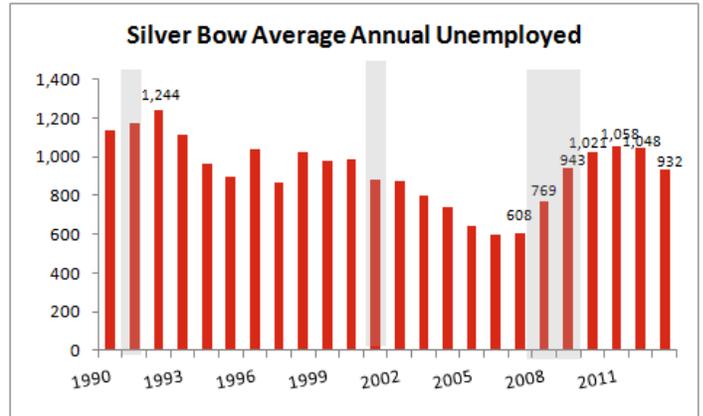
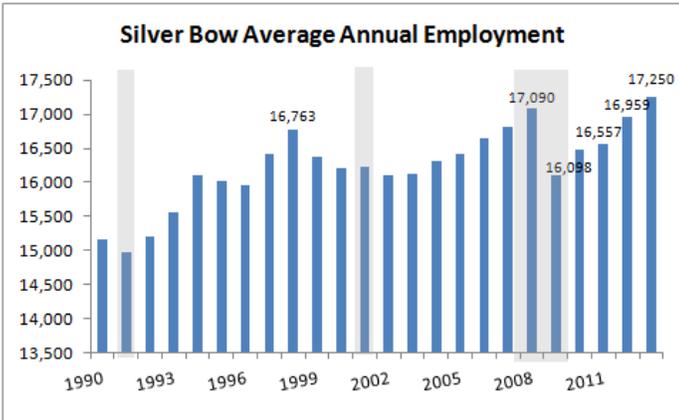


Average Annual Employment (note: 2013 annual average through November)								
	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
2007	4,906	3,725	5,683	4,330	2,509	16,811	37,964	485,500
2008	4,952	3,617	5,759	4,387	2,562	17,087	38,364	486,704
2009	4,885	3,624	5,631	3,926	2,461	16,098	36,625	465,005
2010	4,825	3,730	5,487	3,674	2,507	16,487	36,710	462,278
2011	4,832	3,736	5,468	3,795	2,559	16,557	36,947	466,372
2012	4,829	3,794	5,570	3,790	2,600	16,959	37,542	477,050
2013	4,831	3,860	5,676	3,746	2,639	17,250	38,001	481,878
2007-10	-1.7%	0.1%	-3.4%	-15.2%	-0.1%	-1.9%	-3.3%	-4.8%
2010-11	0.1%	0.2%	-0.3%	3.3%	2.1%	0.4%	0.6%	0.9%
2011-12	-0.1%	1.6%	1.9%	-0.1%	1.6%	2.4%	1.6%	2.3%
2012-13	0.0%	1.7%	1.9%	-1.2%	1.5%	1.7%	1.2%	1.0%

Average Annual Unemployment								
	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
2007	135	180	177	123	137	608	1,360	17,206
2008	185	226	244	170	187	763	1,775	22,759
2009	224	259	334	231	214	943	2,205	29,799
2010	270	297	316	272	225	1,021	2,401	33,479
2011	284	309	319	271	235	1,058	2,476	32,840
2012	264	305	304	244	220	1,048	2,385	30,515
2013	227	264	278	214	187	932	2,102	27,401
2007-10	135	117	139	149	88	413	1,041	16,273
2010-11	14	12	3	(1)	10	37	75	(639)
2011-13	(57)	(45)	(41)	(57)	(48)	(126)	(374)	(5,439)

Average Annual Unemployment Rate								
	Beaverhead	Deer Lodge	Jefferson	Madison	Powell	Silver Bow	SW MT	MT
2007	2.7%	4.6%	3.0%	2.8%	5.2%	3.5%	3.5%	3.4%
2010	5.3%	7.4%	5.4%	6.9%	8.2%	5.8%	6.1%	6.8%
2011	5.6%	7.6%	5.5%	6.7%	8.4%	6.0%	6.3%	6.6%
2012	5.2%	7.4%	5.2%	6.0%	7.8%	5.8%	6.0%	6.1%
2013	4.5%	6.4%	4.7%	5.4%	6.6%	5.1%	5.2%	5.4%

LABOR FORCE – SILVER BOW COUNTY

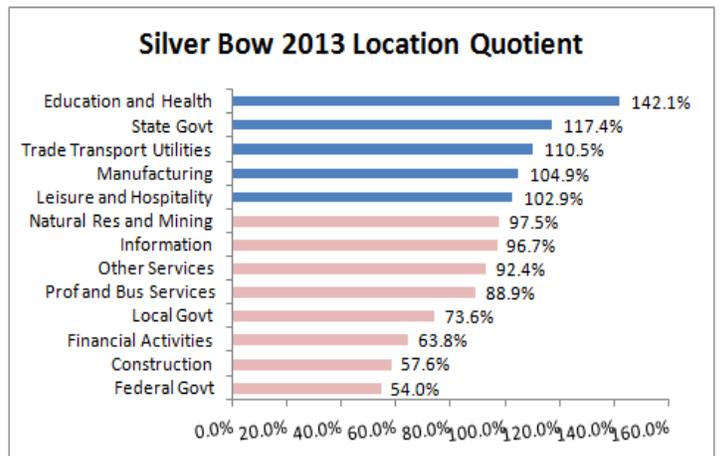
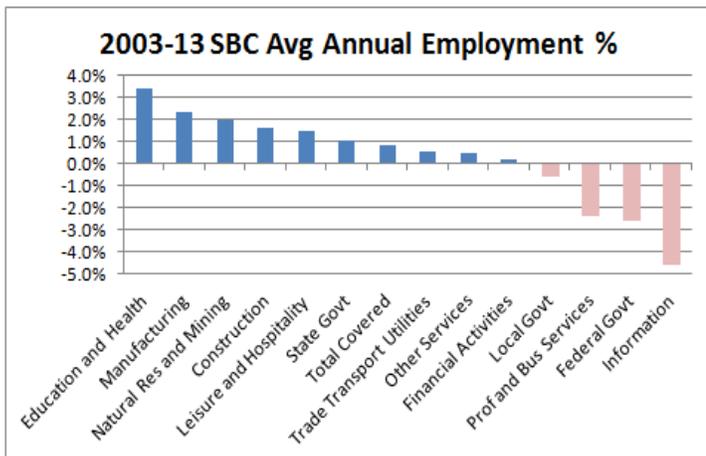
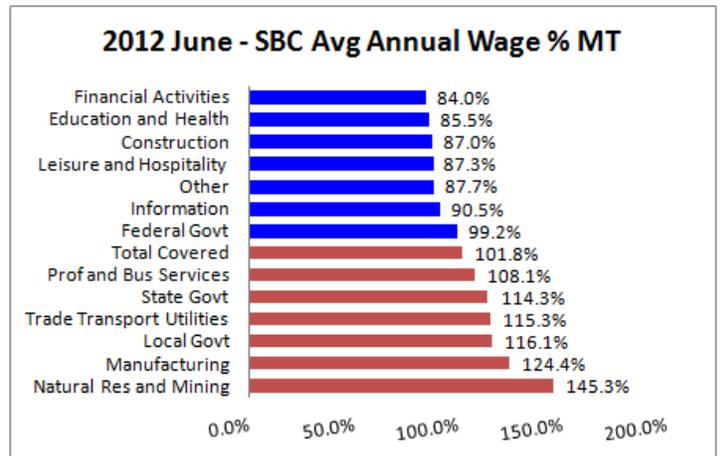
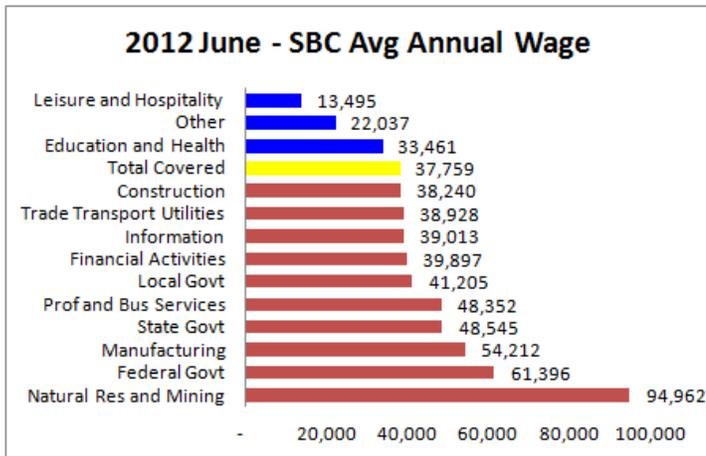
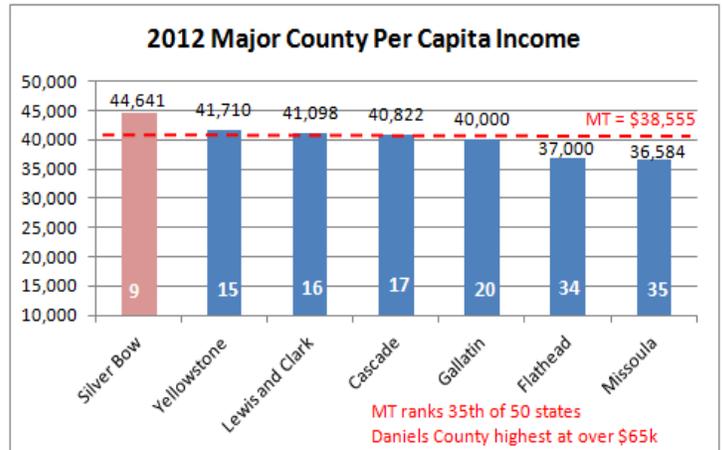
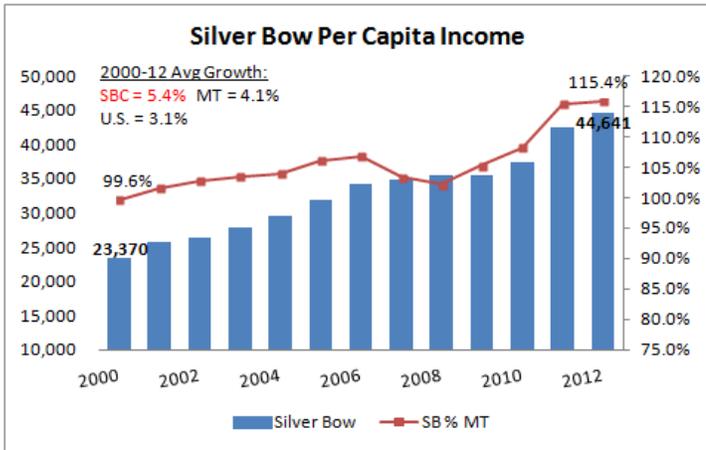


- MT Tech continues to expand, and will have added nearly 90 full-time equivalents between 2009 and 2014. Approaching 500 full-time equivalents, and is one of largest employers in county. Average annual wage at over \$50k. Significant impact on local and state economy.
- NorthWestern Energy continues to expand. In Butte, since 2009 added 42 employees and ended 2013 at 557 total employees. Statewide added 138 employees since 2009, to a total of nearly 1,500, with average annual wage at over \$70k. Significant capital investments and added contractors continue to be a strong driver for overall state and local economy.
- MRI continues to provide strong base employment and earnings. With profit sharing and copper prices rebounding since recession, the 300 employees and production have significant impact.
- Health Care sector and St. James remains solid, Town Pump and CCCS continue to remain strong employers, and Sea Cast expanding. REC Silicon down some employment but still strong contributor to base. Fiber ring and technology investments continue.

SILVER BOW															
Covered Employment Counts:															
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-13	2010-12	2011-12	2012-13
Total Covered	14,759	15,157	15,213	15,801	15,709	16,081	15,225	15,596	15,542	15,902	16,088	0.9%	1.0%	2.3%	1.2%
Total Private	1,224	12,486	12,760	13,324	13,483	13,717	12,793	13,004	12,994	13,400	13,601	24.1%	1.5%	3.1%	1.5%
Goods Producing	1,412	1,513	1,586	1,686	1,694	1,658	1,470	1,642	1,575	1,676	1,730	2.0%	1.0%	6.4%	3.2%
Natural Resources and Mining	410	456	444	479	456	455	397	410	426	489	501	2.0%	8.8%	14.8%	2.5%
Construction	459	495	524	634	608	597	492	623	510	549	540	1.6%	-6.3%	7.6%	-1.6%
Manufacturing	543	562	618	573	630	606	581	609	639	638	689	2.4%	2.3%	-0.2%	8.0%
Service Producing	10,812	10,973	11,174	11,638	11,789	12,059	11,323	11,362	11,419	11,724	11,871	0.9%	1.6%	2.7%	1.3%
Trade Transport Utilities	3,356	3,397	3,397	3,507	3,542	3,693	3,406	3,445	3,457	3,526	3,535	0.5%	1.2%	2.0%	0.3%
Information	374	421	343	357	336	343	290	314	335	247	238	-4.5%	-12.0%	-26.3%	-3.6%
Financial Activities	459	471	485	496	511	520	497	466	457	470	467	0.2%	0.4%	2.8%	-0.6%
Prof and Bus Services	1,637	1,499	1,515	1,657	1,783	1,746	1,317	1,365	1,325	1,318	1,300	-2.3%	-1.8%	-0.5%	-1.4%
Education and Health	2,413	2,462	2,675	2,777	2,760	2,851	2,994	3,015	3,032	3,315	3,405	3.4%	4.7%	9.3%	2.7%
Leisure and Hospitality	2,038	2,168	2,177	2,252	2,304	2,370	2,252	2,221	2,269	2,288	2,366	1.5%	1.5%	0.8%	3.4%
Other Services	535	555	582	592	553	536	567	530	544	560	560	0.5%	2.8%	2.9%	0.0%
Unclassified								6							
Total Government Public	2,535	2,671	2,453	2,477	2,226	2,364	2,432	2,592	2,548	2,502	2,487	-0.2%	-1.8%	-1.8%	-0.6%
Federal Govt	348	326	313	310	315	326	322	329	309	298	271	-2.5%	-4.9%	-3.6%	-9.1%
State Govt	865	883	899	731	675	822	879	1,023	945	955	963	1.1%	-3.4%	1.1%	0.8%
Local Govt	1,322	1,462	1,241	1,436	1,236	1,216	1,231	1,240	1,294	1,249	1,253	-0.5%	0.4%	-3.5%	0.3%

Over Past 10-years growth in higher paying goods producing mining and manufacturing, along with service producing education and health care, utility growth, and state government (MT Tech) have continued to move SBC forward.

EARNINGS AND INCOME – SILVER BOW COUNTY



SBC ranks 9th of the 56 counties in terms of income per person. Growth accelerated in 2011 and 2012 with increasing wages, earnings, and profit sharing in goods producing industries. Location Quotient illustrates the % of employment in Silver Bow County, as compared to the % of employment in the state as a whole.

OUTLOOK – SILVER BOW COUNTY

- **Slow Growth Continues**
 - Silver Bow County saw continued growth in employment and earnings in 2013 as the recovery from the great recession continued. Overall employment above the pre-recession levels, and the number of unemployed and unemployment rate continued to drop in 2012.
 - Growth in goods producing manufacturing (SeaCast) and mining area, along with education and health care, leisure/hospitality (Holiday Inn Express), MT Tech and NWE utility hiring, and construction of MCDC drove growth in 2013.
 - Recent closures announced in the trade and hospitality industries.
 - Going forward, the construction in uptown of the \$25 million NWE general office, upgrades to the uptown YMCA building, potential SW MT VET center, added mining from Highland Gold Mine, continued manufacturing additions, growth in trade and utilities, added MT Tech state employment, and stability in professional/business services, and health care, will be partially offset by reductions in leisure/hospitality and smaller federal government reductions.
 - Growth slows after 2015 with completion of NWE building construction.
 - Unemployment rate dips below 5% in 2014.
 - Diversification over the years has led to a stable economy in Silver Bow County. The county was able to weather the storm of the most recent downturn, and has recovered the jobs lost between 2008 and 2009. The unemployment picture continues to improve, but is still above historic levels.

Silver Bow County Outlook - Annual Averages

	Historic Actuals							Outlook				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Employment	16,811	17,087	16,098	16,487	16,557	16,959	17,200	17,281	17,540	17,681	17,893	18,126
Employment Growth	0.9%	1.6%	-5.8%	2.4%	0.4%	2.4%	1.4%	1.9%	1.5%	0.8%	1.2%	1.3%
Job Change	156	276	(989)	389	70	402	241	322	259	140	212	233
Unemployment	608	763	943	1,021	1,058	1,048	932	895	815	880	820	800
Unemployment Rate	3.5%	4.3%	5.5%	5.8%	6.0%	5.8%	5.1%	4.9%	4.4%	4.7%	4.4%	4.2%
Unemployed Change		155	180	78	37	(10)	(116)	(153)	(80)	65	(60)	(20)
Annual Wage	\$ 33,434	\$ 34,506	\$ 35,564	\$ 35,722	\$ 36,880	\$ 37,759	\$ 38,703	\$ 38,778	\$ 39,826	\$ 40,821	\$ 42,046	\$ 43,307
Wage Growth	5.6%	3.2%	3.1%	0.4%	3.2%	2.4%	2.5%	2.7%	2.7%	2.5%	3.0%	3.0%

