

Montana Connections Data Center Electricity Use Public Information Guide

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Will the Montana Connections Data Center Raise My Electricity Rate?

Short Answer: No. Montana law, utility planning requirements, and Public Service Commission (PSC) oversight ensure that new large electricity users do not increase rates for existing customers.

Who Provides the Power—and Who Pays for Infrastructure Upgrades?

- The proposed data center may use up to **200 megawatts** of electricity.
- NorthWestern Energy’s existing generation and transmission system—including the recently acquired **370 megawatts from Colstrip**—is sufficient to supply this load.
- Some infrastructure upgrades will be required, including:
 - Improvements to the **transmission lines** from Garrison to Mill Creek/Anaconda
 - Construction of a **new substation** at the Montana Connections site
- **Sabey Data Centers will pay the full cost of these upgrades.** These costs will not be passed on to Montana electricity customers.

Why Electricity Rates Have Increased in Recent Years

- Since 2020, Montana electricity rates have increased **22%**, compared to a **28% increase nationwide**.¹
- The primary driver of rising rates has been the retirement of traditional baseload power plants (coal and natural gas), not the addition of large electricity customers.
- Over the same period, inflation raised costs throughout the economy. The Consumer Price Index increased **26%**, affecting fuel, construction materials, and power generation inputs.²
- Montana’s total electricity use has remained nearly flat, increasing only **1.6% over five years**, because no major new electric loads were added during that time.³

Adding Data Centers Can Put Downward Pressure on Electricity Rates

- A Lawrence Berkeley National Laboratory study found that states investing in electricity generation tend to have **lower electricity rates**, while states that do not invest experience rising costs.⁴
- The underlying reason is straightforward: generating more electricity spreads fixed system costs across more megawatt-hours, reducing the cost per unit.
- A study by Energy & Environmental Economics found that utilities nationwide consistently earn additional profits from serving data centers, which helps lower rates for other customers.⁵

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- NorthWestern Energy’s analysis shows that adding large data center loads would reduce electricity costs by moving the **370-MW Puget Sound Energy share of the Colstrip power plant** into NorthWestern Energy’s PSC-regulated utility rate base.⁶

Montana Law Protects Existing Customers

Montana law requires utilities and large electricity users to obtain PSC approval before new loads are connected.

Per Montana Code 69-8-201(1)(b):

“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.”

Bottom Line

Montana’s regulatory framework ensures that large new electricity users pay their own way. The Montana Connections data center will not raise electricity rates for existing customers and may help stabilize—or even reduce—costs by making better use of existing power resources.

References

1. EIA electricity monthly archive, 12/21/2020; *EIA Electric Power Monthly 2025*
2. U.S. Bureau of Labor Statistics
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4. *Factors Influencing Recent Trends in Retail Electricity Prices in the United States*, Lawrence Berkeley National Laboratory & The Brattle Group, October 2025
5. *Tailored for Scale: Designing Electric Rates and Tariffs for Large Loads*, Energy & Environmental Economics, December 2025
6. NorthWestern Energy, *2026 Integrated Resource Plan*