

SECRETARY’S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of)	Application No. NG-128
NorthWestern Energy Public Service)	
Corporation, Sioux Falls, South Dakota;)	
Black Hills Corporation, Rapid City, South)	ORDER APPROVING
Dakota, and NorthWestern Energy Group,)	SETTLEMENT AGREEMENTS
Inc., Sioux Falls, South Dakota, seeking)	
approval of a merger.)	
)	Entered: May 19, 2026

BY THE COMMISSION:

On October 27, 2025, NorthWestern Energy Public Service Corporation of Sioux Falls, South Dakota; Black Hills Corporation of Rapid City, South Dakota, and NorthWestern Energy Group, Inc. of Sioux Falls, South Dakota (“Applicants”) filed a joint application with the Nebraska Public Service Commission (“Commission”) seeking approval of a merger. Petitions for Formal Intervention were filed by the Nebraska Public Advocate (“PA”) on October 27, 2025, and the Nebraska LIUNA Local 1140 (“LIUNA”) on November 25, 2025. These petitions were approved by the Commission on October 30, 2025, and December 1, 2025, respectively.

B A C K G R O U N D

NorthWestern Energy Group, Inc. (“NorthWestern Group”) is a Delaware corporation, and a publicly traded holding company with utility subsidiaries serving over 800,000 customers in three states: Montana, South Dakota, and Nebraska. NorthWestern Group was created in 2023 after the Commission’s approval of a corporate reorganization in Commission Application No. NG-114.¹ Pursuant to NG-114, Nebraska customers began receiving service under NorthWestern Energy Public Service Corporation (“NorthWestern”), starting January 1, 2024. NorthWestern Group’s other utility subsidiary, NorthWestern Corporation d/b/a NorthWestern Energy, delivers electric service to more than 400,000 customers in Montana, and natural gas service to approximately 250,000 Montana customers.

¹ *In the Matter of the Application of NorthWestern Corporation d/b/a NorthWestern Energy, Sioux Falls, South Dakota, seeking approval of corporate restructuring*, Application No. NG-114, Order Granting Application (July 26, 2022).

NorthWestern is a South Dakota corporation and a direct subsidiary of NorthWestern Group, doing business as a jurisdictional utility in Nebraska. NorthWestern delivers natural gas services to approximately 43,300 customers through roughly 830 miles of distribution pipelines. NorthWestern also serves 50,500 natural gas customers and 65,300 electric service customers in South Dakota.

Black Hills Corporation (“BHC”) is a South Dakota corporation, and a publicly traded holding company with utility subsidiaries serving over 1.35 million customers in eight states: Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota, and Wyoming. BHC’s Nebraska natural gas operations occur through Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy (“BH Nebraska Gas”). As of December 31, 2024, BH Nebraska Gas provided retail gas sales and transportation service to approximately 304,500 natural gas customers in over 300 communities located across Nebraska.

On August 18, 2025, BHC, NorthWestern Group, and a newly created subsidiary of BHC, River Merger Sub Inc. (“MergeCo”), entered into an Agreement and Plan of Merger (“Merger Agreement”), which contains the terms of the Merger transaction. Under the Merger Agreement, NorthWestern Group will merge into MergeCo and become a wholly-owned subsidiary of BHC. Upon completion of the Merger, NorthWestern Group will continue to be the direct parent of NorthWestern, with BHC becoming the indirect parent of NorthWestern. BHC will be renamed and will be the publicly traded holding company going forward.

The Merger is a stock-for-stock transaction, which will not require any refinancing of existing indebtedness or any increase in debt for either company. NorthWestern Group shareholders will receive 0.98 shares of BHC stock for each share of NorthWestern Group stock they own at the closing. After the Merger, BHC’s pre-Merger shareholders will own approximately 56% of the combined company, and, NorthWestern Group’s pre-Merger shareholders will own approximately 44% of the combined company.

E V I D E N C E

On March 30, 2026, the Applicants and the PA filed a Joint Stipulation and Agreement of Settlement Between the PA of Nebraska and the Joint Applicants (“PA

Settlement Agreement”).² On April 2, 2026, the Applicants and LIUNA filed a Joint Stipulation and Agreement of Settlement Between the Laborer’s International Union of North America and Joint Applicants (“LIUNA Settlement Agreement”).³ The settlement agreements resolved all remaining issues between the parties. As such, the Applicants recommended, in both settlement agreements, that the Commission enter an order approving its application, and the other parties offered no objection to the Commission granting such approval.⁴

A hearing on this matter was held on April 7, 2026, for purposes of presenting the settlement agreements. At the hearing, Douglas Law, Associate General Counsel for Black Hills, Caitlin Shields, Attorney with Wilkinson Barker Knauer, LLP, Andy Pollock, Attorney with Rembolt Ludtke, LLP, and Sarah Norcott, Director-Regulatory Corporate Counsel for NorthWestern, appeared on behalf of the Applicants. Chris Dibbern, acting PA, and Derek Aldridge, Attorney with Perry, Guthery, Haase & GessFord, P.C., L.L.O., appeared on behalf of the PA. Ryan Kunhart, Attorney with Dvorak Law Group, LLC, and Danielle Franco-Malone and Melana Dayanim, Attorneys with Barnard Iglitzin & Lavitt, LLP appeared on behalf of LIUNA. Jonathan Smith, Alex Timperley, and Nichole Mulcahy appeared on behalf of the Commission. Numerous exhibits were entered into the record, including copies of written testimony filed on behalf of the Applicants and the Intervenors, all responses to data requests, various work papers, and several exhibits on behalf of the Commission. A complete list of exhibits is attached to the hearing transcript.

Crystal Lail, Chief Financial Officer for NorthWestern Group, Kimberly Nooney, Senior Vice President and Chief Financial Officer for Black Hills Corporation, Brian Bird, President and Chief Executive Officer of NorthWestern Group, and Kevin Jarosz, Vice President of Operations for BH Nebraska Gas in Nebraska and Iowa, testified on behalf of Applicants.⁵ Following Applicants’ testimonies, Ms. Dibbern offered an opening statement in her capacity as the PA,⁶

² Joint Stipulation and Agreement of Settlement Between the Public Advocate of Nebraska and the Joint Applicants, Application No. NG-128 (March 30, 2026).

³ Joint Stipulation and Agreement of Settlement Between the Laborer’s International Union of North America and Joint Applicants, Application No. NG-128 (April 3, 2026).

⁴ A copy of both settlement agreements is attached to this Order and incorporated herein.

⁵ Hearing Transcript at 30:14-107:22.

⁶ *Id.* at 108:19-113:15.

afterwhich, David Brevitz testified on behalf of the PA.⁷ The PA stated that she believed the application would not adversely affect the utility's ability to serve its ratepayers and is in the public interest. Furthermore, she encouraged the Commission to adopt the settlement, in its entirety, agreed upon by the Applicants and the PA.⁸ Following the PA's presentation of evidence, Mr. Ron Kaminski testified on behalf of LIUNA.⁹ Following LIUNA's testimony, no further evidence was offered and no additional witnesses were called. The hearing was adjourned.

O P I N I O N A N D F I N D I N G S

The Commission's jurisdiction to grant the relief requested by the Applicants is derived from the State Natural Gas Regulation Act ("the Act").¹⁰ Specifically, the Act provides:

- (1) No reorganization or change of control of a jurisdictional utility shall take place without prior approval by the commission. The commission shall not approve any proposed reorganization or change of control if the commission finds, after public notice and public hearing, that the reorganization or change of control will adversely affect the utility's ability to serve its ratepayers.¹¹

Additionally, the Act provides:

No jurisdictional utility shall purchase or acquire, take, or hold any part of the voting stock, bonds, or other forms of indebtedness of any competing jurisdictional utility, either as owner or pledgee, unless authorized by the commission.¹²

⁷ *Id.* at 114:15-121:7.

⁸ *Id.* at 115: 6-15.

⁹ *Id.* at 121: 20-125:19.

¹⁰ *Neb. Rev. Stat.* §§ 66- 1801 et seq.

¹¹ *Neb. Rev. Stat.* § 66-1828(1).

¹² *Neb. Rev. Stat.* § 66-1816.

The Act further provides that:

No franchise or certificate of convenience granted to a jurisdictional utility shall be assigned, transferred, or leased unless the assignment, transfer, or lease has been approved by the commission as being consistent with the public interest.¹³

In making a determination as to whether a proposed transfer of control will adversely affect a utility's ratepayers and is consistent with the public interest, this Commission has previously considered the following factors: (1) Management, (2) Local Commitments, (3) Impact on Rates and Services, (4) Investment and Planned Long-term Ownership, and (5) Stability.¹⁴ The remainder of this Order reviews and outlines the stipulations set forth in the two settlement agreements filed in this docket, beginning with the LIUNA Settlement Agreement.

1. LIUNA Settlement Agreement

Pursuant to the LIUNA Settlement Agreement, the parties stated that the issues raised by LIUNA are resolved in a fair and reasonable manner and the stipulation is in the public interest.¹⁵

First, the Applicants agree that it and its Nebraska natural gas operating utilities will continue their prudent contracting purchasing practices and agree that employment of union members will not disqualify contractors from bidding on or being awarded contracts.¹⁶ In addition, the Applicants agree that BH Nebraska Gas and NorthWestern will commit to certain safety and performance standards as part

¹³ Neb. Rev. Stat. § 66-1821.

¹⁴ See *In the Matter of the Joint Application of NorthWestern Corporation, D/B/A NorthWestern Energy, et al.*, Docket No. NG-0037 (Oct. 17, 2006). See also *In the Matter of the Joint Application of Kinder Morgan, Inc., KM Retail, SourceGas Distribution, et al.*, Docket No. NG-0039 (February 27, 2007). See also *In the Matter of the Joint Application of Aquila Inc. d/b/a Aquila Networks, Black Hills Corporation, et al.*, Docket No. NG-0044 (Oct. 16, 2007). See also *In the Matter of the Joint Application of SourceGas Distribution LLC, SourceGas LLC, SourceGas Holdings LLC and Black Hills Utility Holdings, Inc. For All Necessary Authorizations and Approvals For Black Hills Utility Holdings, Inc. to Acquire SourceGas Holdings, LLC*, Docket No. NG-0084 (January 26, 2016).

¹⁵ LIUNA Settlement Agreement at 3.

¹⁶ *Id* at 6.

of its third-party pipeline safety and third-party pipeline project contract bid evaluation process. Furthermore, BH Nebraska Gas and NorthWestern will implement a local hiring contracting preference in their contract labor procurement processes which recognizes and assigns a value or benefit to bidders that employ a higher percentage of Nebraska residents.¹⁷

Finally, for natural gas project contracts larger than \$1 million, NorthWestern and BH Nebraska Gas, shall require that contractors certify that their employees and subcontractors are compensated at levels consistent with applicable market conditions for comparable utility construction work in the community in which the work is being performed.¹⁸

The Commission has reviewed the provisions of the LIUNA Settlement Agreement and finds it to be just and reasonable, and based on the parties agreement on the record, it should be adopted.

2. PA Settlement Agreement

Pursuant to the PA Settlement Agreement, the parties stated that the issues raised by the PA were resolved in a fair and reasonable manner and the stipulation is in the public interest.¹⁹ The following sections outline the various settlement commitments made between the PA and the Applicants.

A. Commission Rulemaking Proceeding

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will not oppose any petition that may be filed by the PA with the Commission to initiate a rulemaking proceeding that addresses the Commission's process for merger proceedings pursuant to Neb. Rev. Stat. § 66-1805 and the Nebraska Administrative Procedure Act. The PA agrees that any future rulemaking has no impact on the current Merger proceeding or the PA Settlement Agreement. The proposed rulemaking contemplated by this section is for the Commission to consider and adopt prospective rules and regulations that address the

¹⁷ *Id* at 6-7.

¹⁸ *Id* at 8.

¹⁹ PA Settlement Agreement at 3.

Commission's process for merger proceedings including the "Five Factor Test" established under various prior orders of the Commission.²⁰

B. Rate Case Moratorium

The PA Settlement Agreement provides that NorthWestern will not file to increase general base rates under Neb. Rev. Stat. § 66-1838 prior to May 1, 2027. In addition, Applicants agree that BH Nebraska Gas will not file to increase general base rates under Neb. Rev. Stat. § 66-1838 prior to May 1, 2028. The PA agrees it is prohibited from taking any action to commence, or to support the commencement, of a State Natural Gas Regulation Act general base rate reduction proceeding against either NorthWestern or BH Nebraska Gas during the term of this moratorium.

The moratoriums reflected in this section do not apply to either BH Nebraska Gas or NorthWestern if there are unforeseen investments or expenses (or other extraordinary events) beyond the control of BH Nebraska Gas or NorthWestern that impact their respective cost of service by more than \$1 Million.²¹

C. Reporting

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will provide an operational metrics annual written report ("OM Report") in the first quarter of each year detailing the prior year's data through Q4 of 2030. The OM Report shall include the following for each respective jurisdictional utility: (1) leaks per 100 miles of distribution piping; (2) damages per 1,000 locates; and (3) emergency response as well as a comparison to available American Gas Association data on these operational metrics. The OM Report made pursuant to this paragraph will be made in Commission Application No. NG-101.²²

Applicants also agree that BH Nebraska Gas and NorthWestern will provide a Service Quality Metrics annual written report in Q1 each year ("SQM Report") with the following metrics for the prior year through December 31, 2030: (1) call center

²⁰ *Id* at 5-6.

²¹ *Id* at 7-8.

²² *Id* at 9.

performance metrics; (2) Interactive Voice Response containment percentage; (3) internet portals used for starting, stopping, or moving service; and (4) annual customer disputes handled under the respective dispute process of BH Nebraska Gas or NorthWestern before the Commission. The SQM Report made pursuant to this paragraph will be made in Commission Application No. NG-101.²³

In addition, Applicants agree that BH Nebraska Gas and NorthWestern will annually provide a written report on integration planning activities ("IP Report"). The IP Report will be filed once per year in Q1 for the prior one-year period commencing in the first quarter in the year following the Merger close. The obligation for BH Nebraska Gas and NorthWestern to file an annual written IP Report will continue through the latter filing of a general rate application by BH Nebraska Gas or NorthWestern.

The written IP Report shall include information on Value Creation Benefits and Transition Costs which encompass the following topics: Merger savings, Merger costs, Merger value creation, Merger efficiencies, Merger synergies, and Merger economies of scale. The IP Report will address the anticipated Value Creation Benefits as of the time of the IP Report. The IP Report will include Transaction Costs, in the aggregate at a summary level, and will show that Transaction Costs have not been allocated or assigned to either BH Nebraska Gas or NorthWestern. The IP Report will include Transition Costs and Value Creation Benefits. The IP Report will include the methods by which Transition Costs, and value creation benefits are tracked, measured, calculated, or displayed. The methodology is within the discretion of the companies; and will be described in the first annual report. The IP Report will include information on an enterprise level, not specific to BH Nebraska Gas or NorthWestern. The IP Report will also be filed in Commission Application No. NG-101.²⁴

D. Transaction Costs

The PA Settlement Agreement provides that Applicants will not seek recovery of Transaction Costs from jurisdictional rate paying customers of either BH Nebraska Gas or NorthWestern. Transaction Costs are defined as costs directly

²³ *Id* at 9-10.

²⁴ *Id* at 10-12.

related to executing the Merger deal by and between the Applicants. Transaction Costs are costs incurred by the Applicants during the pre-negotiations, fact findings, negotiations, due diligence, achieving regulatory approval and closing phases of the transaction, and the costs of this proceeding.²⁵

E. Transition Costs

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern may elect to track and defer “Transition Costs” through a Regulatory Asset Account, however, it does not include a definition of Transition Costs in which the PA and Applicants are in agreement. If NorthWestern or BH Nebraska Gas creates a Regulatory Asset Account, then they will notify the Commission within thirty (30) days. BH Nebraska Gas and NorthWestern may only seek recovery of their claimed Transition Costs in a future rate proceeding if the merger benefits are shown to exceed the Transition Costs. The PA retains the right to oppose recovery of the Joint Applicant-defined Transition Costs in any future proceeding where BH Nebraska Gas or NorthWestern seek recovery of these proposed costs.

The PA and the Applicants have agreed to categorically exclude “golden parachute” items from the definition of Transition Costs. These items include change in control and/or severance costs of the named executives listed in the most recent respective individual proxy statement of BHC and NorthWestern Group filed with the Securities and Exchange Commission prior to Merger close.

Finally, the parties have agreed that if the Applicants agree to forgo recovery of any other category of Transition Costs in one of the merger proceedings currently ongoing in either South Dakota (Docket No. GE25-001) or Montana (Docket No. 2025.10.078), then neither BH Nebraska Gas nor NorthWestern will seek recovery of such costs in Nebraska customer rates.²⁶

The Commission has reviewed the Applicants’ request for authority to track and defer Transition Costs through a regulatory asset account. The Commission finds that such request is just and reasonable and, subject to the conditions set forth in the Settlement Agreement, approves BH Nebraska Gas and/or

²⁵ *Id* at 12.

²⁶ *Id* at 12-13.

NorthWestern's ability to elect to track and defer Transition Costs through a regulatory asset account.

F. Goodwill Accounting

The PA Settlement Agreement provides that in any future general rate proceeding, neither NorthWestern nor BH Nebraska Gas will seek to recover costs related to any goodwill or acquisition premium-related amounts and accounting entries arising from the Merger.²⁷

G. Baseline Affiliate Allocation Report – Changes Explained in Future Rate Proceedings

BH Nebraska Gas provided affiliate costs allocated to BH Nebraska Gas for calendar years 2022 through 2025 in Confidential Data Request Nos. 5.61a and 9.143. NorthWestern provided affiliate costs allocated to NorthWestern for calendar years 2023 through 2025 in Confidential Data Request Nos. 5.61g and 9.141d. Applicants agree that, in future rate reviews, it will provide testimony and supporting documentation, if available, explaining the reasons for increases and decreases in Administrative and General costs by Group to BH Nebraska Gas and NorthWestern compared to the data provided in the data responses noted above, if such increase/decrease is a result of changes to the company's cost allocation methodologies.²⁸

H. Cost Allocation Manual and Intercompany Service Agreements – Merger Related Changes

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will file new Cost Allocation Manuals ("CAM") and Intercompany Service Agreements ("ISC") when there are changes in: (1) the types of costs allocated to BH Nebraska Gas and NorthWestern; (2) allocation methods; (3) allocation factors; or (4) the composition of affiliates receiving an allocation of affiliate costs.

²⁷ *Id* at 13.

²⁸ *Id* at 14.

Applicants further agree that a new CAM or ISC filing, as required above, shall be filed annually in the first quarter only if there are changes to the CAM or ISC. Annual CAM or ISC filings will continue until the latter of (i) BH Nebraska Gas and NorthWestern next rate reviews, (ii) December 31, 2030, or (iii) mutual agreement between the PA, BH Nebraska Gas, and NorthWestern. Ongoing CAM filings will be made in the Commission Application No. NG-101 proceeding for either BH Nebraska Gas or NorthWestern.²⁹

I. Short and Long Incentive Costs

The PA Settlement Agreement provides that neither BH Nebraska Gas nor NorthWestern will seek to recover, in future regulatory proceedings, any incremental short or long-term incentive payments to employees, which are solely related to and directly arise from the outcome of the merger.³⁰

J. Changes in GAAP and Regulatory Reporting

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will report any Merger-related changes to Generally Accepted Accounting Principles accounting policies or methodologies in their respective NG-101 filing. The PA Settlement Agreement states that this commitment terminates for BH Nebraska Gas and NorthWestern upon the next filing of a rate review application pursuant to Neb. Rev. Stat. § 66-1838.³¹

K. State and Federal Income Tax Impacts

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will report any change in the method used to determine State and/or Federal income taxes for ratemaking purposes that occur as a direct result of the Merger. The report will occur in their respective NG-101 filings. This commitment terminates upon the filing by either utility of a rate review application pursuant to Neb. Rev. Stat. § 66-1838.³²

²⁹ *Id.*

³⁰ *Id.* at 15.

³¹ *Id.*

³² *Id.*

L. Net Operating Loss Carryforward

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern agrees to provide information if the Net Operating Loss Carryforward changes as a direct result of the Merger in their respective NG-101 proceedings. This commitment terminates upon the filing by either utility of a rate review application pursuant to Neb. Rev. Stat. § 66-1838.³³

M. Capital Expense Reporting

The PA Settlement Agreement provides that BH Nebraska Gas and NorthWestern will provide capital expenditure information on a confidential basis annually in the first quarter, in the Commission Application No. NG-101 proceedings ("CapEx Report"). BH Nebraska Gas and NorthWestern will provide CapEx Report for 2024 to 2029. The CapEx Report will be submitted on a retroactive basis and include budget versus actual project costs for projects exceeding \$500,000 for NorthWestern and \$1.0M for BH Nebraska Gas. Data provided in SSIR filings will not be duplicated in this report. This commitment terminates upon the filing by either utility of a rate review application pursuant to Neb. Rev. Stat. § 66-1838.³⁴

The Commission finds that the PA Settlement Agreement and the LIUNA Settlement Agreement outlined above are a reasonable resolution of the issues in this proceeding. The Commission therefore finds, upon the agreement of all Parties on the record, that the settlement agreements should be approved in their entirety.

Furthermore, upon consideration of the evidence presented in this docket, the Commission finds that the Joint Application of NorthWestern Energy Public Service Corporation, Black Hills Corporation, and NorthWestern Energy Group, Inc., to approve a merger, is in the public interest and will not adversely affect either utility's ability to serve its ratepayers. Therefore, the Joint Application should be granted.

³³ *Id* at 15-16.

³⁴ *Id* at 16.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. NG-128 be, and is hereby, approved.

IT IS FURTHER ORDERED that the Stipulation and Agreement between the Applicants and the Public Advocate and the Stipulation and Agreement between the Applicants and LIUNA shall be approved in their entirety.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 19th day of May, 2026.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Eric M. Hamler
[Signature]
Kevin Stocker
[Signature]

[Signature]
Chair

ATTEST:
[Signature]
Executive