Nebraska Annual Choice Gas Update

June 30, 2026

Black Hills Energy
Ready

Agenda

1. Residential/Commercial Choice Gas Program Update
2. Wyoming Program Update
3. Choice Gas Survey
4. Incentives
5. Default Pricing Publication
6. Review of Fixed Monthly Bill Price Option
7. Future Tariff Updates

2026 Balloted Customer Results

Total Nebraska customer base consists of 80,604

Residential - 68,807

Commercial - 11,797

Total Nebraska eligible customers - 66,460

Selection Results

Customers that actively selected – **37,423*** ~46% of customer base

Residential - 31,073

Commercial - 6,350

Multi-year selections of the 37,423 was 10,994

Residential - 9,334

Commercial - 1,660

Default – **43,181** ~54% of customer base

Residential - 37,734

Commercial - 5,447

Wyoming Choice Gas Program Update

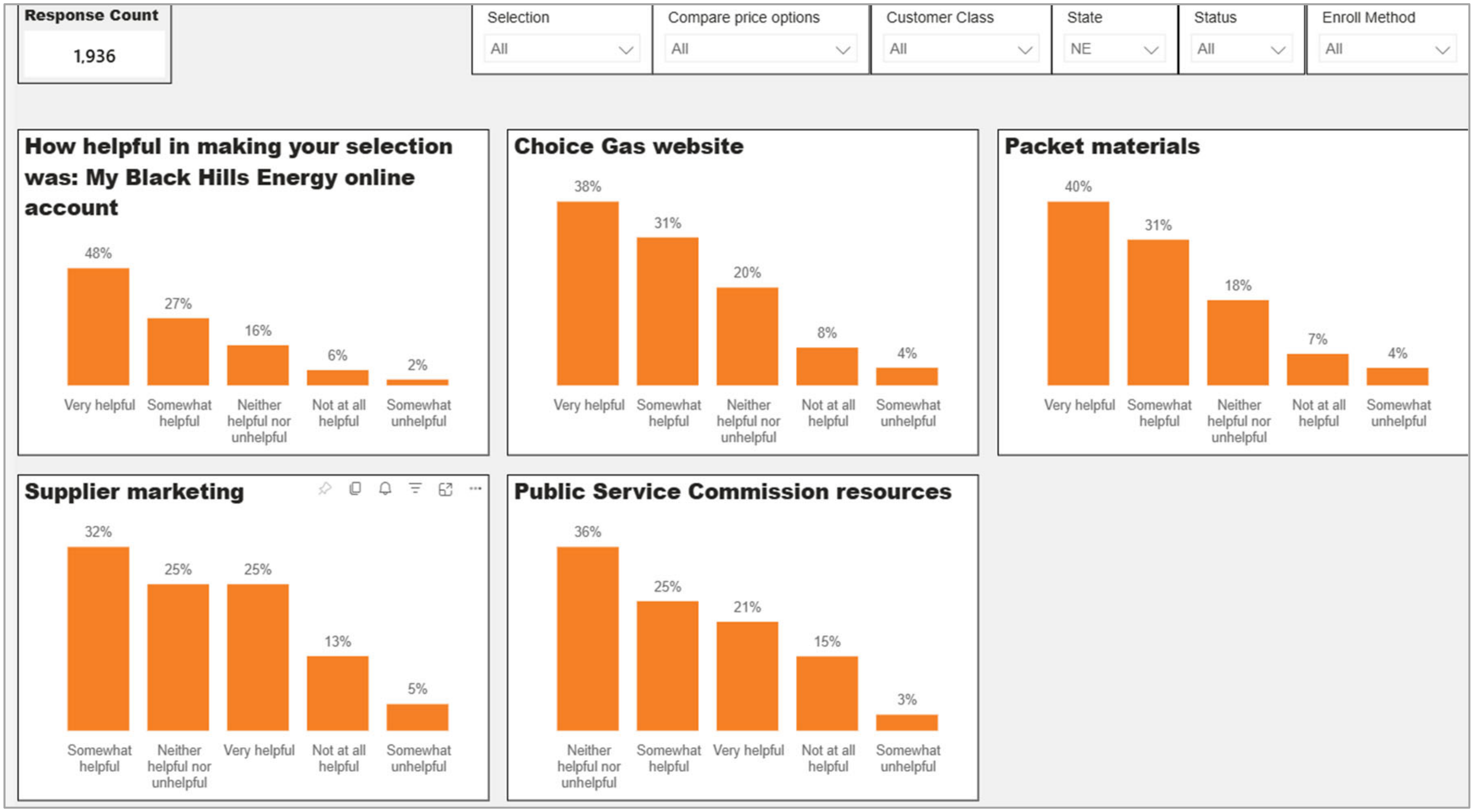
- The Wyoming PSC issued an order dated May 28, 2026 related to the Choice Gas Program status in Wyoming.
- The WY Commission ordered Black Hills Wyoming Gas to file an application, on or before August 21, 2026, demonstrating the Choice Gas Program in Wyoming (a) **continues to serve the public interest**, (b) **produces just and reasonable rates**, and (c) **remains otherwise compliant with Wyoming law.**
- The Wyoming PSC further ordered that **BH Wyoming Gas may propose Choice Gas Program revisions,** but not including expansion of the geographic territory.
- BH Wyoming Gas is in the process of developing its response to the Commission's May 28, 2026 Choice Gas Program Order.
- **BH Nebraska Gas will monitor the Wyoming proceeding** and **may propose changes** adopted in Wyoming **for application in Nebraska.**

Choice Gas Program Overview

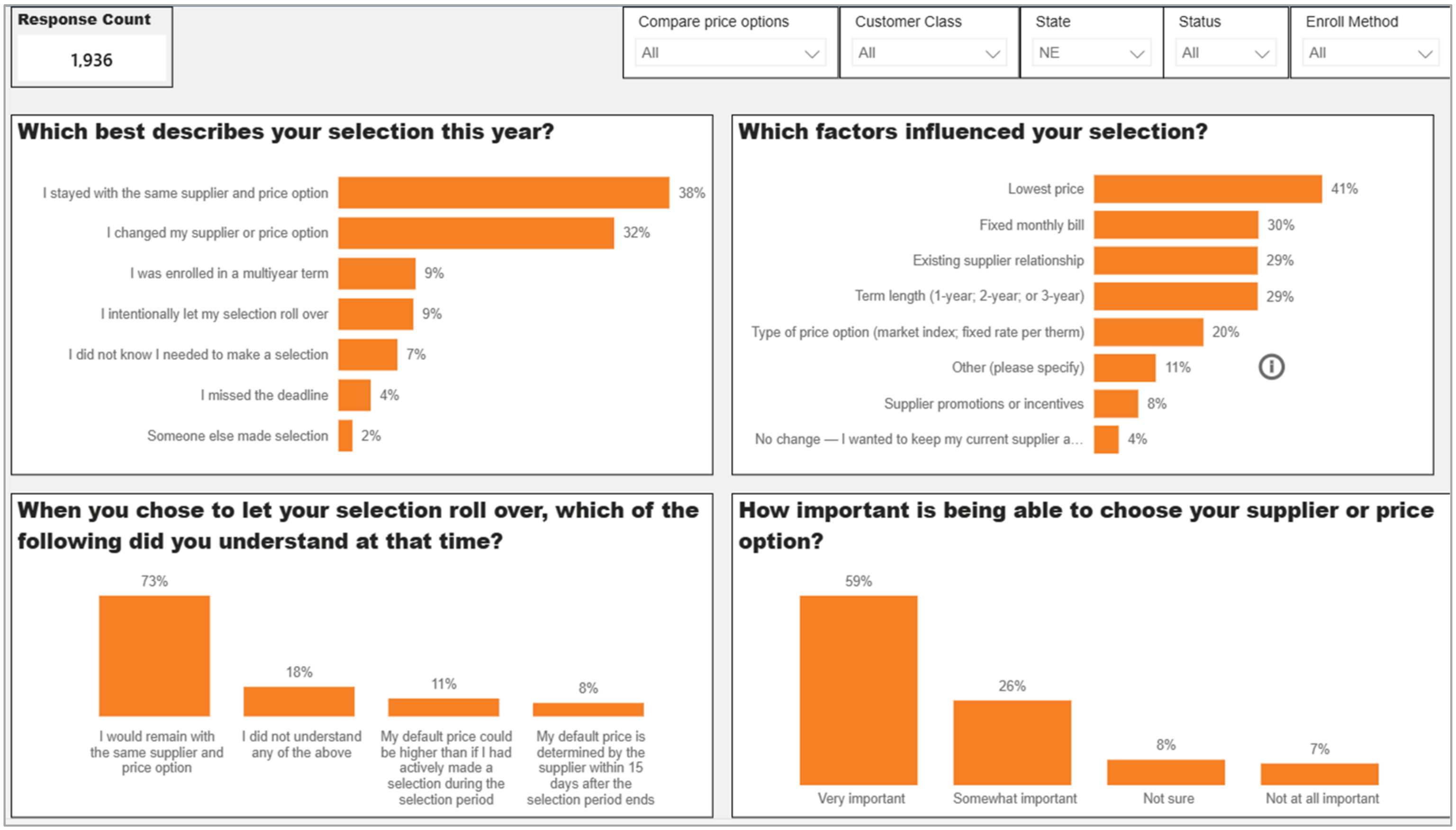
At Choice Gas Program inception regulated rates were unbundled to allow Supplier participation & provide customers the opportunity of choice.

Competition among Suppliers and availability of price options & commodity pricing to customers is fundamental to the success of the program.

2026 Choice Gas Survey



2026 Choice Gas Survey Cont'd



Choice Gas Survey Cont'd

2023 vs 2026 Comparison

Category	2023	2026	change
Response count	3997	3913	-84
Response rate	4.2%	4.1%	0.1 pp
Ease of understanding (top box [4-5s])	54%	64%	10 pp
CSAT (top box [4-5s])	56%	63%	7 pp
Actively reviewed	72%	55%	17 pp
Stayed with same supplier & price option*	56%	43%*	
Intentionally rolled over*	3%	10%*	
Factor - Fixed monthly bill	29%	29%	-
Factor - Lowest price	27%	34%	7 pp
Factor - Fixed rate per therm	27%	18%	9 pp
Factor - Existing supplier relationship	12%	31%	19 pp
Factor - Pricing option term	24%	28%	4 pp
Factor - Supplier incentives or promotions	6%	9%	3 pp
Would miss program if no longer offered	49%	59%	10 pp
Choice Gas website helpfulness (top box [4-5s])	61%	65%	4 pp
Packet materials helpfulness (top box [4-5s])	65%	67%	2 pp
PUC resources helpfulness (top box [4-5s])	48%	44%	4 pp
Supplier marketing (top box [4-5s])	60%	53%	7 pp

2023 and 2026 results are compared where questions are directly comparable or directionally aligned.
Percentages are based on answered responses only. "Not applicable" and blank responses are excluded from the denominator.

Supplier Incentives

$ Suppliers that offer incentives such as gift cards or commodity credits alongside competitive commodity prices provide additional value to actively engaged customers. This creates disparities between actively engaged customers and those who remain with a Supplier by defaulting.

Choice Gas Program Administration strives to maintain program integrity. Eliminating Supplier incentives will restore the balance to competitive natural gas commodity pricing for all similarly situated customers rather than just those who actively choose.

¥ Default customers often pay higher prices despite demonstrating long-term loyalty remaining with the same Supplier year after year, trusting that they are being treated fairly.

Pricing Transparency

Historical Approach

- Supplier price options, prices and confirmation codes were publicly available on Supplier websites.
- Customers could easily compare multiple supplier offerings before enrolling.
- Pricing remained available long enough for customers to evaluate for an informed decision.

Current Challenges

- Real-time pricing limits comparison shopping opportunity while also creating a heightened sense of urgency.
- Customers may have insufficient time to contact multiple suppliers and evaluate competing offers before prices expire.
- Limited pricing visibility can make it more difficult for customers to understand available options and make informed decisions.

Customer ability to make an informed choice depends on having sufficient time and information to evaluate the available options.

Fixed Monthly Bill (FMB) Review

Why is this important now?

- The 2025 rate case filing on May 1, 2025, came after the April 2025 Choice Gas annual selection period

WoodRiver Energy intervened in the utility rate case with concerns of:

- No advance knowledge of BHE's intent to file a rate case before the 2025 selection period
- Advance awareness of BHE intent to file future rate cases

Settlement with WoodRiver Energy committed to discussion & review:

- The FMB price option
- The timing and scope of a confidential prior notice of rate proceedings to all Choice Gas Suppliers

Key Catalysts Driving the FMB Review

Timing of 2025 rate case filed by BHE

→

Interim rates applied to customer bills eff 8/1/25

→

Some suppliers exercised terms & conditions provisions to increase customer FMB amounts based on the 8/1/25 interim rates

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Multiple customer complaints to PSC, BHE & Suppliers

- Supplier markets FMB as unchanging locked in amt which misleads customers
- Customers choosing multi-years are subject to the increased amount in 2nd year of term

→

Customer feedback indicated Supplier commentary toward the utility was unfavorable

→

Choice Gas Administration reviewed random customer accounts on FMB which revealed both comparable & significantly overstated charges.

FMB Benefits

- The FMB price option continues to be a source of price stability for those customers with limited budgets.
- Survey results support this sentiment with 30% of Nebraska customers reporting they chose the FMB price option when making their selection.

NOTE: The Budget Bill payment plan offered by the utility provides stability for this customer group as well, with the primary difference of charges billed based on actual usage instead of an estimated usage calculation from Supplier pricing models.

Key Concerns for Customer Protection

- FMB's blur the line between regulated & non-regulated charges.
- Regulated charges are billed based on actual monthly usage
- FMB quotes billed to customers are based on supplier estimated usage derived from the customer's historical usage
- FMB's may inadvertently allow suppliers to realize margin on commodity & regulated charges which is not the intended design of the program
- The current FMB structure limits the utility's call center agent ability to accurately explain the components of the FMB monthly amount billed

Key FMB Support Challenges

Customer are often referred back & forth between Suppliers & the utility when questions arise regarding breakdown of FMB charges.

FMB exit fees are not representative of commodity pricing & most customers are not aware of fees-lack of transparency

New utility rate components (ex. WNA) may not be suitable for inclusion in FMB quotes resulting in unexpected charges to customer bills in addition to the FMB amount leading to dissatisfaction & misleading interpretation

Is it appropriate to allow a third-party entity to price utility regulated charges to customers on behalf of the utility a) for estimated usage b) if it permits the third party to realize a profit over the commodity price

Risk Supplier misrepresentation of utility regulated charges when customers inquire what charges are included in the FMB amount they are billed

Current FMB Customer Comparison

	2024 (Year 1)						2025 (Year 2)						2024-2025
Month	Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2-year Variance
June	21	$ 8.40	$ 55.07	$ 63.47	$ 682.20	$ (618.73)	135	$ 54.00	$ 81.31	$ 135.31	$ 682.20	$ (546.89)	$ (1,165.62)
July	7	$ 2.80	$ 46.84	$ 49.64	$ 682.20	$ (632.56)	6	$ 2.40	$ 48.45	$ 50.85	$ 682.20	$ (631.35)	$ (1,263.91)
Aug	6	$ 2.40	$ 46.17	$ 48.57	$ 682.20	$ (633.63)	8	$ 3.20	$ 87.07	$ 90.27	$ 682.20	$ (591.93)	$ (1,225.56)
Sept	7	$ 2.80	$ 46.75	$ 49.55	$ 682.20	$ (632.65)	8	$ 3.20	$ 124.64	$ 127.84	$ 682.20	$ (554.36)	$ (1,187.01)
Oct	43	$ 17.20	$ 61.37	$ 78.57	$ 682.20	$ (603.63)	18	$ 7.20	$ 127.02	$ 134.22	$ 682.20	$ (547.98)	$ (1,151.61)
Nov	346	$ 138.40	$ 109.89	$ 248.29	$ 682.20	$ (433.91)	542	$ 216.80	$ 246.95	$ 463.75	$ 682.20	$ (218.45)	$ (652.36)
Dec	1138	$ 455.20	$ 236.62	$ 691.82	$ 682.20	$ 9.62	1029	$ 411.60	$ 324.87	$ 736.47	$ 682.20	$ 54.27	$ 63.89
Jan	1408	$ 563.20	$ 282.68	$ 845.88	$ 682.20	$ 163.68	1134	$ 453.60	$ 325.76	$ 779.36	$ 682.20	$ 97.16	$ 260.84
Feb	1639	$ 655.60	$ 322.01	$ 977.61	$ 682.20	$ 295.41	1157	$ 462.80	$ 316.85	$ 779.65	$ 682.20	$ 97.45	$ 392.86
March	1036	$ 414.40	$ 225.53	$ 639.93	$ 682.20	$ (42.27)	926	$ 370.40	$ 279.89	$ 650.29	$ 682.20	$ (31.91)	$ (74.18)
April	579	$ 231.60	$ 152.38	$ 383.98	$ 682.20	$ (298.22)	334	$ 133.60	$ 180.45	$ 314.05	$ 682.20	$ (368.15)	$ (666.37)
May	251	$ 100.40	$ 99.87	$ 200.27	$ 682.20	$ (481.93)	286	$ 114.40	$ 171.37	$ 285.77	$ 682.20	$ (396.43)	$ (878.36)
Total (12 Months)	**6481**	**$ 2,592.40**	**$ 1,685.18**	**$ 4,277.58**	**$ 8,186.40**	**$ (3,908.82)**	**5583**	**$ 2,233.20**	**$ 2,314.63**	**$ 4,547.83**	**$ 8,186.40**	**$ (3,638.57)**	**$ (7,547.39)**

Commodity price for 2024-2026 set at ***.40 per therm***

2024 Breakdown

- Total FMB Charged: $8,186.40
- Total Commodity Cost: 6481 x .40 = $2,592.40
- Regulated Charges & Taxes: $1,685.18
- Overage to Supplier: $3,908.82

2025 Breakdown:

- Total FMB Charged: $8,186.40
- Total Commodity Cost: 5583 x .40 = $2,233.20
- Regulated Charges & Taxes: $2,314.63
- Overage to Supplier: $3,638.58

NOTE: 2023 Total Actual Usage was 6101, with commodity billed @ .715/therm. Total billed charges of $6,334.90 including regulated charges. $6,334.90 / 12 = $527.91 per month. As the Program Administrator, it's difficult to explain the $682.20 per month calculation when the price per therm decreased.

FMB Customer Comparison – Residential Default

	2024 FMB - Actively Selected						2025 FMB - Defaulted						2024-2025
Month	Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2-year Variance
June	3	$ 1.20	$ 22.89	$ 24.09	$ 114.40	$ (90.31)	9	$ 7.20	$ 28.08	$ 35.28	$ 128.80	$ (93.52)	$ (183.83)
July	3	$ 1.20	$ 22.80	$ 24.00	$ 114.40	$ (90.40)	4	$ 3.20	$ 25.01	$ 28.21	$ 128.80	$ (100.59)	$ (190.99)
Aug	4	$ 1.60	$ 23.24	$ 24.84	$ 114.40	$ (89.56)	4	$ 3.20	$ 29.14	$ 32.34	$ 136.64	$ (104.30)	$ (193.86)
Sept	3	$ 1.20	$ 22.66	$ 23.86	$ 114.40	$ (90.54)	3	$ 2.40	$ 35.56	$ 37.96	$ 136.64	$ (98.68)	$ (189.22)
Oct	4	$ 1.60	$ 23.28	$ 24.88	$ 114.40	$ (89.52)	5	$ 4.00	$ 36.62	$ 40.62	$ 136.64	$ (96.02)	$ (185.54)
Nov	60	$ 24.00	$ 40.64	$ 64.64	$ 114.40	$ (49.76)	58	$ 46.40	$ 50.14	$ 96.54	$ 136.64	$ (40.10)	$ (89.86)
Dec	168	$ 67.20	$ 62.15	$ 129.35	$ 114.40	$ 14.95	127	$ 101.60	$ 65.83	$ 167.43	$ 136.64	$ 30.79	$ 45.74
Jan	218	$ 87.20	$ 72.82	$ 160.02	$ 114.40	$ 45.62	158	$ 126.40	$ 71.42	$ 197.82	$ 133.65	$ 64.17	$ 109.79
Feb	219	$ 87.60	$ 73.94	$ 161.54	$ 114.40	$ 47.14	203	$ 162.40	$ 79.44	$ 241.84	$ 133.65	$ 108.19	$ 155.33
March	131	$ 52.40	$ 56.42	$ 108.82	$ 114.40	$ (5.58)	138	$ 110.40	$ 64.67	$ 175.07	$ 133.65	$ 41.42	$ 35.84
April	67	$ 26.80	$ 43.65	$ 70.45	$ 114.40	$ (43.95)	40	$ 32.00	$ 42.34	$ 74.34	$ 133.65	$ (59.31)	$ (103.26)
May	27	$ 10.80	$ 35.64	$ 46.44	$ 114.40	$ (67.96)	2	$ 1.60	$ 25.22	$ 26.82	$ 133.65	$ (106.83)	$ (174.79)
Total (12 Months)	**907**	**$ 362.80**	**$ 500.13**	**$ 862.93**	**$ 1,372.80**	**$ (509.87)**	**751**	**$ 600.80**	**$ 553.47**	**$ 1,154.27**	**$ 1,609.05**	**$ (454.78)**	**$ (964.65)**

Commodity price set at:
*2024: **.40 per therm***
*2025: **.80 per therm***

2024 Breakdown - Actively Selected:

- Total FMB Charged: $1,372.80
- Total Commodity Cost: 907 x .40 = $362.80
- Regulated Charges & Taxes: $500.13
- Overage to Supplier: $509.87

2025 Breakdown - Defaulted:

- Total FMB Charged: $1,609.05
- Total Commodity Cost: 751 x .80 = $600.80
- Regulated Charges & Taxes: $1,154.27
- Overage to Supplier: $964.65

NOTE: Customer actively selected in 2024, with commodity price set at .40 per therm. For 2025, the customer defaulted, with commodity price set at .80 per therm and $128.80 per month. Their FMB later increased in Aug-2025 for the interim rates, then was adjusted in Jan-2026 for final rates.

FMB Customer Comparison – Residential Multi-Year

Month	2022 (Year 1 of 2-yr FMB period) Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2023 (Year 2 of 2-yr FMB period) Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2022-2023 2-year Variance
June	26	$ 25.74	$ 32.99	$ 58.73	$ 150.41	$ (91.68)	27	$ 26.97	$ 34.52	$ 61.49	$ 150.41	$ (88.92)	$ (180.60)
July	21	$ 20.79	$ 31.80	$ 52.59	$ 150.41	$ (97.82)	23	$ 22.98	$ 33.57	$ 56.55	$ 150.41	$ (93.86)	$ (191.68)
Aug	22	$ 21.78	$ 32.04	$ 53.82	$ 150.41	$ (96.59)	26	$ 25.97	$ 34.28	$ 60.25	$ 150.41	$ (90.16)	$ (186.75)
Sept	25	$ 24.75	$ 32.76	$ 57.51	$ 150.41	$ (92.90)	24	$ 23.98	$ 33.80	$ 57.78	$ 150.41	$ (92.63)	$ (185.53)
Oct	61	$ 60.39	$ 41.39	$ 101.78	$ 150.41	$ (48.63)	37	$ 36.96	$ 37.05	$ 74.01	$ 150.41	$ (76.40)	$ (125.03)
Nov	94	$ 93.06	$ 49.28	$ 142.34	$ 150.41	$ (8.07)	123	$ 122.88	$ 57.68	$ 180.56	$ 150.41	$ 30.15	$ 22.08
Dec	197	$ 195.03	$ 73.87	$ 268.90	$ 150.41	$ 118.49	90	$ 89.91	$ 49.78	$ 139.69	$ 150.41	$ (10.72)	$ 107.77
Jan	169	$ 167.31	$ 68.31	$ 235.62	$ 150.41	$ 85.21	207	$ 206.79	$ 78.37	$ 285.16	$ 150.41	$ 134.75	$ 219.96
Feb	174	$ 172.26	$ 69.62	$ 241.88	$ 150.41	$ 91.47	136	$ 135.86	$ 61.46	$ 197.32	$ 150.41	$ 46.91	$ 138.38
March	153	$ 151.47	$ 64.61	$ 216.08	$ 150.41	$ 65.67	133	$ 132.87	$ 60.67	$ 193.54	$ 150.41	$ 43.13	$ 108.80
April	91	$ 90.09	$ 49.79	$ 139.88	$ 150.41	$ (10.53)	72	$ 71.93	$ 46.04	$ 117.97	$ 150.41	$ (32.44)	$ (42.97)
May	38	$ 37.62	$ 37.13	$ 74.75	$ 150.41	$ (75.66)	29	$ 28.97	$ 35.76	$ 64.73	$ 150.41	$ (85.68)	$ (161.34)
Total (12 Months)	**1071**	**$ 1,060.29**	**$ 583.59**	**$ 1,643.88**	**$ 1,804.92**	**$ (161.04)**	**927**	**$ 926.07**	**$ 562.98**	**$ 1,489.05**	**$ 1,804.92**	**$ (315.87)**	**$ (476.91)**

Month	2024 (Year 1 of 2-yr FMB period) Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2025 (Year 2 of 2-yr FMB period) Usage (therms)	Commodity Price	Regulated Charges & Taxes	Actual ($)	FMB ($)	Variance ($)	2024-2025 2-year Variance
June	16	$ 14.24	$ 30.98	$ 45.22	$ 131.98	$ (86.76)	21	$ 18.69	$ 35.13	$ 53.82	$ 131.98	$ (78.16)	$ (164.92)
July	16	$ 14.24	$ 30.81	$ 45.05	$ 131.98	$ (86.93)	22	$ 19.58	$ 35.32	$ 54.90	$ 131.98	$ (77.08)	$ (164.01)
Aug	19	$ 16.91	$ 32.59	$ 49.50	$ 131.98	$ (82.48)	20	$ 17.80	$ 40.25	$ 58.05	$ 138.54	$ (80.49)	$ (162.97)
Sept	18	$ 16.02	$ 31.98	$ 48.00	$ 131.98	$ (83.98)	20	$ 17.80	$ 41.55	$ 59.35	$ 138.54	$ (79.19)	$ (163.17)
Oct	21	$ 18.69	$ 33.53	$ 52.22	$ 131.98	$ (79.76)	41	$ 36.49	$ 46.46	$ 82.95	$ 138.54	$ (55.59)	$ (135.35)
Nov	76	$ 67.64	$ 46.32	$ 113.96	$ 131.98	$ (18.02)	84	$ 74.76	$ 56.44	$ 131.20	$ 138.54	$ (7.34)	$ (25.36)
Dec	173	$ 153.97	$ 68.80	$ 222.77	$ 131.98	$ 90.79	187	$ 166.43	$ 81.11	$ 247.54	$ 138.54	$ 109.00	$ 199.79
Jan	169	$ 150.41	$ 69.45	$ 219.86	$ 131.98	$ 87.88	108	$ 96.12	$ 58.61	$ 154.73	$ 135.75	$ 18.98	$ 106.86
Feb	165	$ 146.85	$ 68.58	$ 215.43	$ 131.98	$ 83.45	144	$ 128.16	$ 66.71	$ 194.87	$ 135.75	$ 59.12	$ 142.57
March	98	$ 87.22	$ 53.05	$ 140.27	$ 131.98	$ 8.29	101	$ 89.89	$ 56.75	$ 146.64	$ 135.75	$ 10.89	$ 19.18
April	75	$ 66.75	$ 47.66	$ 114.41	$ 131.98	$ (17.57)	68	$ 60.52	$ 49.00	$ 109.52	$ 135.75	$ (26.23)	$ (43.80)
May	41	$ 36.49	$ 39.77	$ 76.26	$ 131.98	$ (55.72)	59	$ 52.51	$ 46.87	$ 99.38	$ 135.75	$ (36.37)	$ (92.09)
Total (12 Months)	**887**	**$ 789.43**	**$ 553.52**	**$ 1,342.95**	**$ 1,583.76**	**$ (240.81)**	**875**	**$ 778.75**	**$ 614.20**	**$ 1,392.95**	**$ 1,635.41**	**$ (242.46)**	**$ (483.27)**

Total for 4-year period (2022-2025)	
Usage (therms)	3,760
Commodity Price	$ 3,554.54
Regulated Charges & Taxes	$ 2,314.29
Actual ($)	$ 5,868.83
FMB ($)	$ 6,829.01
Variance ($)	$ (960.18)

Commodity price set at:
2022: .99 per therm
2023: .999 per therm
2024: .89 per therm
2025: .89 per therm

NOTE: Customer actively selected multi-year FMB for 2022-2023 & for 2024-2025. Their FMB monthly bill was increased in Aug-2025 for the interim rates, then adjusted in Jan-2026 for final rates.

Future Tariff Updates

Tariff modifications are being evaluated to improve program alignment, reduce complexity and enhance customer transparency.

Today's discussion is a positive step in moving forward BHE's commitment to delivering greater value and flexibility for Choice Gas customers.

OUR VISION

To be the Energy Partner of Choice

OUR MISSION

Improving Life with Energy

BIG 4 STRATEGIC PRIORITIES

PEOPLE AND CULTURE

Build a team that wins together

OPERATIONAL EXCELLENCE

Relentlessly deliver on our commitment to serve our customers

TRANSFORMATION

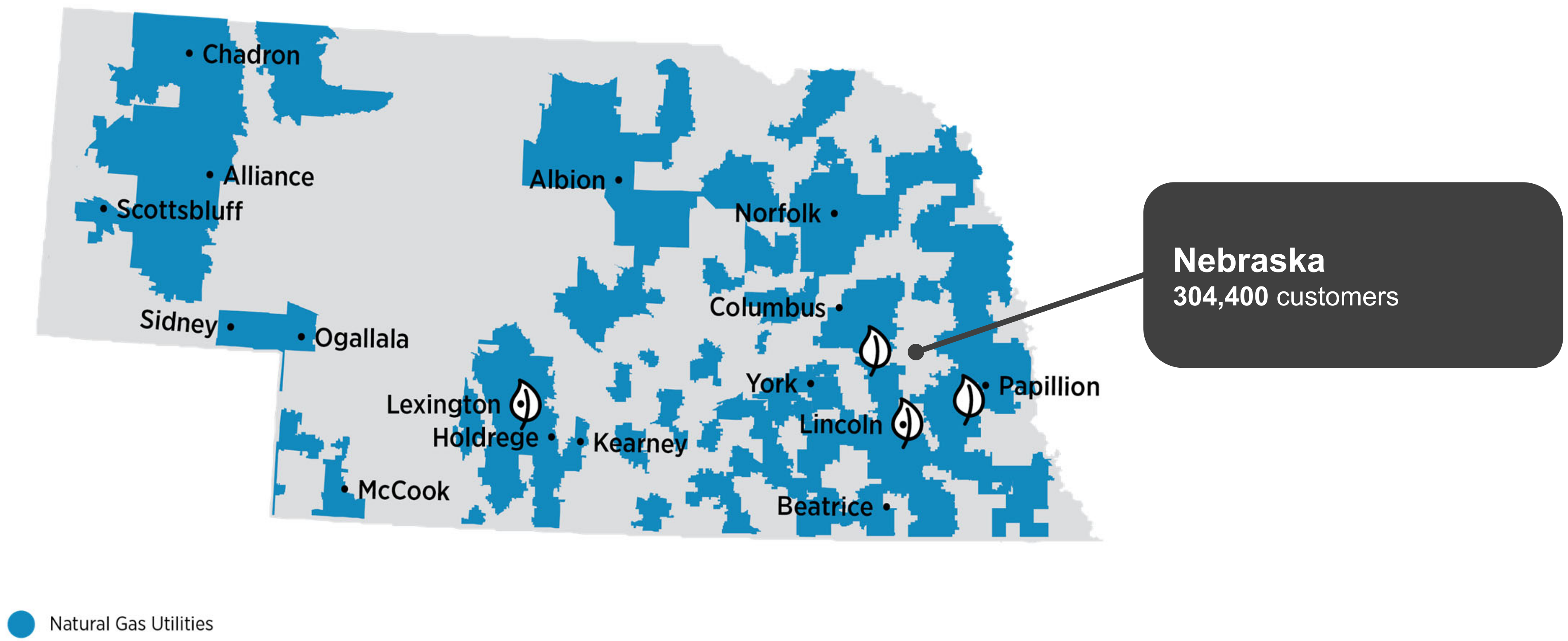
Transform to a simple and connected company

GROWTH

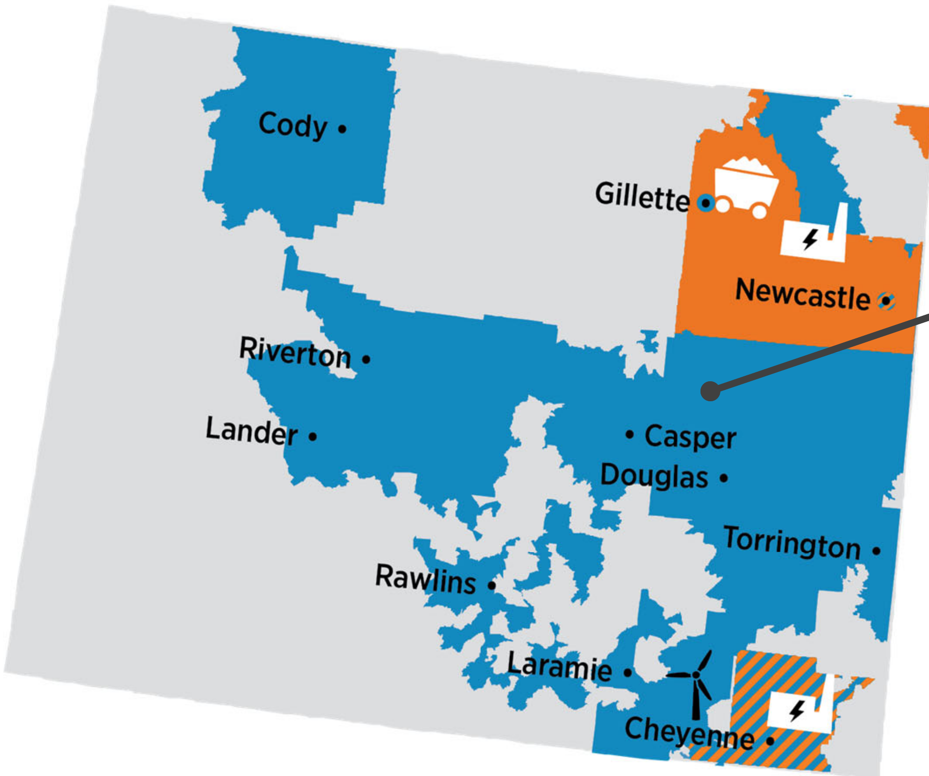
Grow to be a dominant long-term energy provider

Questions or Comments

Black Hills Energy – Nebraska Gas



Black Hills Energy – Wyoming Operations



Wyoming
180,800 customers

Electric Utilities
Natural Gas Utilities
Electric and Natural Gas Utilities
Mine
Wind Generation