

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**IN THE MATTER OF THE JOINT)
APPLICATION OF NORTHWESTERN)
ENERGY PUBLIC SERVICE) Application No. NG-128
CORPORATION, BLACK HILLS)
CORPORATION, AND NORTHWESTERN)
ENERGY GROUP, INC. FOR APPROVAL)
OF MERGER)**

**DIRECT TESTIMONY AND EXHIBITS OF
BION C. OSTRANDER**

**ON BEHALF OF
THE NEBRASKA PUBLIC ADVOCATE**

February 13, 2026

TABLE OF CONTENTS

I. INTRODUCTION 4

II. STATEMENT OF QUALIFICATIONS 4

III. SCOPE AND SUMMARY OF TESTIMONY..... 7

 A. Summary of Exhibits 8

 B. Summary of Testimony 8

IV. BACKGROUND 13

V. MERGER STATUTE COMPLIANCE 16

VI. JOINT APPLICANT REMOVES BHNG FROM MERGER SCRUTINY..... 19

VII. NO ADVERSE IMPACT APPLICATION..... 30

VIII. FIVE FACTORS TEST 33

IX. JOINT APPLICANT VAGUE AND ASPIRATIONAL CLAIMS 34

 A. Table 1: Merger Cost Savings in AltaGas/WGL Merger Proceeding 40

IX. JOINT APPLICANT IGNORES EARNINGS & STOCK PRICE IMPACT..... 46

X. MERGER STATUTE IS NOT “NO ADVERSE IMPACT ON SHAREHOLDERS” 48

XI. CONCERN WITH GOLDMAN SACHS INFORMATION 49

XII. MERGER RISKS AND THREATS NOT ADDRESSED OR QUANTIFIED..... 54

XIII. PUBLIC ADVOCATE MERGER COMMITMENTS 57

 A. Table 2: AltaGas/WGL Volunteered Merger Commitments..... 61

 B. Table 3: Total Identified Committed Merger Costs 70

 C. Table 4: Public Advocate Recommended Residential Rate Credit 75

 D. Table 5: Post Merger Organization Chart 80

 E. Table 6: Affiliate Allocations to BHNG and NWNG..... 86

XIV. PUBLIC ADVOCATE MERGER COMMITMENTS 98

LIST OF TABLES

Table 1: Merger Cost Savings/Synergies in AltaGas/WGL Merger Proceeding.....40

Table 2: AltaGas/WGL Volunteered Merger Commitments.....61

Table 3: Total Identified Committed Merger Costs – Highly Confidential.....70

Table 4: Public Advocate Recommended Residential Rate Credit.....75

Table 5: Post-Merger Organization Chart.....80

Table 6: Affiliate Allocations to BHNG and NWNG – Confidential.....86

LIST OF EXHIBITS

Exhibit BCO-1	Professional experience and qualifications
Exhibit BCO-2	Public Advocate merger commitments
Exhibit BCO-3	PA 2.36 - Impact of merger requested
Exhibit BCO-4	PA 2.47 - Transition and transaction costs
Exhibit BCO-5	PA 2.48 - PwC Integ. work, no contract
Exhibit BCO-6	PA 2.51 - No support for rate stability and affordability
Exhibit BCO-7	PA 5.61 - Affiliate allocations to BHNG and NWNG
Exhibit BCO-8	PA 5.67 - Redundant customer billing system
Exhibit BCO-9	PA 5.71 -BHNG excluded from proceeding
Exhibit BCO-10	PA 5.73 - No support for cost reductions
Exhibit BCO-11	PA 5-74 - No support for best practices
Exhibit BCO-12	PA 5.78 - No support for rate stability
Exhibit BCO-13	PA 5.98 - Enterprise risk matrix
Exhibit BCO-14	PA 6.103 - No merger commitments other jurisdictions
Exhibit BCO-15	PA 6.108 - BHNG excluded from proceeding
Exhibit BCO-16	PA 6.114 - Enterprise risks not quantified
Exhibit BCO-17	5.64a and 5.64 b - Highly Confid. BH and NW golden parachute costs
Exhibit BCO-18	7.124 Highly Confid. New - Goldman Sachs, others in my table
Exhibit BCO-19	PA 7.127 - High level PwC cost savings benchmark estimate
Exhibit BCO-20	PA 8.133b 9 Highly Confid. Mizuho Greenhill invoice
Exhibit BCO-21	PA 9.141 - Clarify affiliate transactions for NW
Exhibit BCO-22	PA 9.143 - Clarify affiliate transactions for BH
Exhibit BCO-23	Staff 1.9 - Highly Confidential BH Goldman Sachs presentation
Exhibit BCO-24	Staff 1.27 - No commitment to unchanged structure for BH
Exhibit BCO-25	Staff 1.30 - No commitment to freeze rates
Exhibit BCO-26	Staff 2.31 - No requested merger savings provided
Exhibit BCO-27	Staff 2.36 - Highly Confid. BH Disclosure Letter
	Staff 2.38 - Highly Confid. NorthWestern Disclosure Letter
Exhibit BCO-30	Staff 3.5 - Highly Confid. BH Disclosure Letter and MGP status

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Bion C. Ostrander. I am President of Ostrander Consulting. My business address is 1121 S.W. Chetopa Trail, Topeka, Kansas, 66615.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the Nebraska Public Advocate (“PA”). I am part of the Brevitz Consulting Services (“BCS”) team retained by the PA to address the proposed merger in this proceeding.

II. STATEMENT OF QUALIFICATIONS

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL WORK EXPERIENCE.

A. I am an independent regulatory consultant with a specialization in regulatory utility issues, and a focus on revenue requirement/accounting-related issues. I have 47 years of regulatory and accounting experience, including 35 years with my regulatory consulting firm Ostrander Consulting.

I graduated from the University of Kansas in 1978 with a Bachelor of Science degree in Business Administration with a major in Accounting. I am formerly a Certified Public Accountant (“CPA”) licensed in Kansas, I worked for the certified public accounting firms of Deloitte and Mize CPAs. In recent years, I made the decision to no longer maintain a permit to practice as a CPA in Kansas because I do not perform any

1 traditional CPA work, I no longer deem it necessary to retain the permit to practice for
2 credential purposes, and I am semi-retired.

3 I worked at the Kansas Corporation Commission (“KCC”) from 1983 to 1990, in
4 various positions addressing energy, transportation, and telecommunication matters, and
5 prior to leaving the Commission I served as the Chief of Telecommunications from 1986
6 to 1990. I was the lead witness on most major telecom issues, while also assisting with
7 electric/gas utility issues on a periodic basis. I left the KCC in 1990 to start my current
8 consulting firm.

9 I have addressed many regulatory issues for various state regulatory agencies,
10 international regulatory entities, and other governmental entities in the 35 years of
11 experience with my consulting firm. My experience includes addressing rate cases under
12 rate of return regulation, alternative regulation/price cap plans, management audits,
13 specialized accounting and regulatory issues, cost modeling, and other specific matters.

14 I have also addressed a broad range of regulatory issues in my career, including
15 utility compliance with merger commitments in regulatory proceedings, analysis of the
16 levelized cost of renewable energy alternatives, affiliate transaction issues, income taxes
17 (including net operating loss carryforward), sale/leaseback, compensation, cross-
18 subsidization, competition, depreciation, retail and wholesale cost studies for telecom,
19 affordable rates/universal service, service quality, infrastructure/modernization, rate design
20 for telecom, and many other matters.

21 I have participated in over 250 docketed gas, electric, water and telecom regulatory
22 matters in my 47-year career. Some of my specific accomplishments include:

- 23 • Speech and Hearing Impaired Network – At the KCC, I implemented the
24 ubiquitous speech and hearing impaired telephone network service for Kansas

1 (at the KCC), along with contract negotiation for vendors providing the
2 network.

- 3 • AT&T Divestiture – At the KCC, I oversaw the impact on Kansas of the
4 divestiture of AT&T, and introducing competitive long distance and other
5 services to Kansas consumers (at the KCC).
- 6 • Russia/Ukraine Utility Seminars – Ostrander Consulting provided regulatory
7 seminars for Russia/Ukraine utility executives in the U.S. and Moscow.
- 8 • Saudi Arabia – Cost allocation manual development.
- 9 • Barbados Fair Trading Commission (“FTC”) - Ostrander Consulting assisted
10 the FTC with introducing telecom competition to a monopoly environment and
11 establishing feasible retail and wholesale pricing using cost modeling.
- 12 • Eastern Caribbean Telecommunications (“ECTEL”) – Ostrander Consulting
13 assisted ECTEL with introducing telecom competition to a monopoly
14 environment and establishing feasible retail and wholesale pricing using cost
15 modeling.
- 16 • Barbados Fair Trading Commission – Ostrander Consulting performed analysis
17 of the levelized cost of renewable energy alternatives to meet the objectives and
18 goals of the government of Barbados.
- 19 • Internal Revenue Service (“IRS”) Private Letter Ruling – Ostrander Consulting
20 prepared language to address consumer interests in a utility’s PLR request to
21 the Internal Revenue Service (“IRS”).
- 22 • Armenia – Ostrander Consulting assisted Brevitz Consulting Services with a
23 management study and evaluation of the Armenian government’s telecom
24 utility regulation.
- 25 • AltaGas/Washington Gas Light Merger in Maryland - Ostrander Consulting
26 evaluated utility company compliance with merger commitment safeguards and
27 ring fencing in regulatory proceeding Case No. 9704, along with other cases.
- 28 • AltaGas/Washington Gas Light Merger in District of Columbia - Ostrander
29 Consulting evaluated utility company compliance with merger commitment
30 safeguards and ringfencing in regulatory proceeding Formal Case Nos. 1169
31 and 1162, along with other cases.

32
33 I have worked with public service commissions, attorney generals, and public
34 advocates in the District of Columbia, Alaska, Arizona, Florida, Georgia, Indiana, Kansas,
35 Kentucky, Maine, Maryland, Michigan, Minnesota, Nevada, New Hampshire, North
36 Dakota, Ohio, Oklahoma, Utah, Vermont, Virginia, Washington, and Wyoming. In
37 addition, I have consulted with international clients (in government regulatory agencies
38 and other government offices), in the countries or jurisdictions of Russia, Saudi Arabia,

1 Armenia, Barbados, Saint Lucia, Grenada, Dominica, Saint Vincent and the Grenadines,
2 and Saint Kitts and Nevis.

3 **Q. HAVE YOU INCLUDED A MORE DETAILED DESCRIPTION OF YOUR**
4 **QUALIFICATIONS?**

5 A. Yes, a detailed description of my qualifications is provided as Exhibit BCO-1.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEBRASKA PUBLIC**
7 **SERVICE COMMISSION (“COMMISSION”)?**

8 A. No.

9 **III. SCOPE AND SUMMARY OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 A. The purpose of my testimony is to evaluate the reasonableness of the merger proposed by
12 the Joint Applicants (“JA”) Black Hills Corporation (“BHC”), NorthWestern Energy
13 Group, Inc. (“NWG”), and NorthWestern Energy Public Service Corporation d/b/a
14 NorthWestern Energy (“NorthWestern”).

15 I will evaluate the reasonableness of the merger by addressing whether the JA have
16 satisfied the requirements of related merger statutes Section 66-1816, Section 66-1821,
17 Section 66-1828, along with evaluating whether the JA have met a reasonable burden of
18 proof in supporting their arguments for the merger. I will also address the “five factors”
19 addressed in prior Nebraska change of control proceedings.

20 My testimony will primarily focus on issues related to merger benefits, merger
21 savings, merger costs, efficiencies, affiliate transactions, and other financial, regulatory,
22 rates, and customer impact matters. I am also proposing specific merger safeguards and

1 ring fencing terms and conditions (“merger commitments”) that should be adopted as a
2 condition of merger approval (Exhibit BCO-2). Other PA witnesses Mr. Brevitz and Mr.
3 Holloway may also address some of the same issue, but they will primarily focus on other
4 aspects of the merger – along with supporting other specific merger commitments.

5 **A. Summary of Exhibits**

6 **Q. ARE YOU SUPPORTING ANY EXHIBITS IN CONNECTION WITH YOUR**
7 **DIRECT TESTIMONY IN THIS PROCEEDING?**

8 A. Yes. My curriculum vitae is provided at Exhibit BCO-1, and the Public Advocates Merger
9 Commitments are provided at Exhibit BCO-2. The remaining exhibits represent copies of
10 the JA responses to PA and Staff data requests, and other selected documents referenced
11 in my testimony.

12 **B. Summary of Testimony**

13 **Q. PLEASE STATE YOUR BOTTOM LINE RECOMMENDATION REGARDING**
14 **THE MERGER.**

15 A. The merger should only be approved by the Commission if the PA Merger Commitments
16 (Exhibit BCO-2) are adopted, and if the JAs provide their Hart-Scott-Rodino (“HSR”)
17 filings to the PA (and Staff) in complete and unredacted form with adequate time for the
18 PA and Staff to review these documents.¹

19 **Q. PLEASE SUMMARIZE YOUR TESTIMONY AND RELATED CONCERNS.**

¹ PA witness Brevitz addresses issues regarding the HSR.

1 A. I have addressed numerous substantive concerns with the JA testimony and their responses
2 to PA and Staff data requests which do not support approval of the merger. Therefore, the
3 PA has proposed specific safeguards and ring fencing measures in its PA Merger
4 Commitments in order to provide assurances and protection to ratepayers, such that the
5 primary Nebraska merger statutes are satisfied in regards to 66-1828 regarding “no adverse
6 impact on ratepayers” and 66-1821 regarding “the public interest.” These PA Merger
7 Commitments are also consistent with preserving the Commission interests. The merger
8 should be approved only if the PA Merger Commitments are also approved by the
9 Commission.

10 **Improper Exclusion of BHNG From Merger Proceeding:**

11 First, I am concerned that JAs excluded BHNG from this merger application, under
12 the guise of certain language in statute 66-1828, and by claiming there will be no “change
13 of control” or operations for BHNG so specific Commission approval of BHNG as part of
14 the merger is not necessary. However, the JAs have excluded BHNG (the largest regulated
15 utility gas provider in Nebraska) in order to overtly shield it from reasonable and proper
16 merger scrutiny and due diligence of the PA. And this is no accident, because BHNG is
17 the most important entity to evaluate regarding this merger given it is also the largest entity
18 in this merger for which this Commission has jurisdiction. The JA’s logic for excluding
19 BHNG is fatally flawed because of the following:

- 20 • **JA Cannot Commit to “No Change of Control.”** The JA admitted in Staff
21 1.27 they cannot provide any assurance that the “structure and operation” of
22 BHNG will not change either pre or post-merger, which means there is just as
23 strong a likelihood that there could be a “change of control” as not being a
24 change of control. Even if the “no change of control” portion of the statute is
25 to be relied upon, the JA has now admitted that they do not know at this stage
26 if there will or will not be a change of control, structure, and operations for
27 BHNG. The JA should not be able to hide behind the statute as a reason for

1 excluding BHNG from merger scrutiny and approval in this proceeding,
2 because they cannot prove (or commit to position) there will not be a change of
3 control.
4

- 5 • **Substance Over Form.** The Commission needs to view the JA “change of
6 control” argument through the more appropriate “substance over form” (and
7 piercing the corporate veil) logic. The inconsistent arguments of the JA asks
8 the Commission to approve the merger for BHC (the parent company of
9 BHNG) which is not regulated by the Commission, but then JA seeks to exclude
10 BHNG from specific Commission merger approval, although BHNG is the
11 largest gas utility in Nebraska that is regulated by the Commission. Also, the
12 JA admits that BHC does not have any assets or cash flow, and this is because
13 BHNG provides the assets and cash flow because it has the customers and
14 revenues – in essence BHC is just a shell holding company for BNHG.
15

16 It is only possible to address merger statute 66-1828 regarding “no adverse
17 impact on ratepayers” by reviewing the impacts on BHNG’s customers,
18 because BHC does not have any customers or revenues. Also, after the merger
19 BHNG will then have various other transactions and interactions for the first
20 time with NorthWestern affiliates. It is clearly BHNG, and not BHC, that is the
21 most important and substantial entity in this merger transaction from the
22 Commission’s regulatory perspective. The Commission should pierce the
23 corporate veil that the JAs have tried to use to impede regulatory scrutiny of
24 BHNG, and require that BHNG be included in this merger proceeding subject
25 to the Commission’s action on this merger.
26

- 27 • **SourceGas Proceeding Does Not Support JAs Argument.** The JA response
28 to PA 5.71 states that the SourceGas proceeding reflects precedent for
29 excluding a Nebraska regulated gas utility from specific Commission approval
30 in an acquisition proceeding, using the same “no change of control” argument
31 as this merger proceeding. This is not true. The Commission specifically
32 approved the acquisition of SourceGas by Black Hills, and both of the regulated
33 gas utilities of SourceGas and Black Hills were parties to the proceeding (and
34 were not excluded similar to BHNG’s exclusion from the instant proceeding)
35 and the Commission specifically approved this transaction for both regulated
36 gas utilities.
37

- 38 • **Executives Will Receive “Change of Control” Severance Payments.** The
39 JA responses to PA data requests indicate that certain executives employment
40 will be terminated if the merger is approved and be paid severance benefits cited
41 as “Change of Control.” These executives currently have part of their payroll
42 allocated to the operations of BHNG. This is an indication that this merger is a
43 change of control transaction, contrary to the JA arguments there will not be a
44 change of control.
45

1 **JA Testimony Is Vague and Aspirational Without Supporting Documentation**

2 Second, the JA testimony makes numerous vague, evasive, and aspirational claims
3 regarding merger benefits, costs savings, efficiencies, long-term rate stability, longer
4 periods between rate case, affordability, and other merger benefits – which they rely upon
5 to conclude there is “no adverse impact on ratepayers.” However, the JA testimony does
6 not provide any specific meaningful documentation and calculations to support these
7 claims – the JAs do not even include exhibits, tables, or other documents in their testimony
8 to support these claims.

9 Also, the PA and Staff data requests asked the JA to provide specific supporting
10 documentation for claims regarding merger benefits, cost savings, efficiencies and long-
11 term rate stability, but the JA responses included numerous objections and failed to provide
12 any meaningful supporting documentation. Finally, after a substantive delay of time and
13 numerous non-responsive answers to data requests seeking support for merger benefits,
14 the JA relented and admitted in response to Staff 1.9 that the did not have supporting
15 documentation and calculations for their claimed merger benefits. The JA also claimed
16 that such supporting documentation will be addressed future integration planning reports,
17 but these reports have never been provided to the PA although the merger discussions and
18 evaluation have been occurring since early 2025. It remains unreasonable for the JA
19 testimony to make original claims regarding merger benefits, knowing that any such
20 supporting documentation did not yet exist at the time (still does not exist or has not been
21 provided), and cannot be proven by any information in the JA testimony or other
22 documents. This is contrasted with my knowledge of other mergers, such as the

1 AltaGas/WGL merger where the Applicants originally filing with the public service
2 commission included estimates of cost savings and other supporting documentation.

3 The JA testimony is merely words on paper without any corroborating support –
4 which makes the testimony meaningless. In addition, the JA testimony does not even cite
5 to due diligence reports of analysts, integration planning documents, or other reports or
6 analysis to support their claims regarding these numerous merger benefits. Most
7 importantly, in response to discovery, the JA admits they do not make any specific
8 “commitments” regarding merger benefits, cost savings, efficiencies, and long-term rate
9 stability. Also, the PA and Staff data requests asked

10 Thus, the JA has failed to satisfy the primary controlling merger statutes of 66-1828
11 regarding “no adverse impact on ratepayers” and 66-1821 regarding the “public interest.”
12 Thus, the merger should be rejected by the Commission unless the PA’s Merger
13 Commitments are adopted. The PA Merger Commitments are reasonable and ask the JA
14 to make specific commitments to ratepayers (and the Commission) regarding those same
15 merger benefit issues in JA testimony that are vague, aspirational, and without supporting
16 documentation.

17 In addition, various JA responses to data requests have identified substantive risks
18 of the merger, but none of the JA testimony addresses a single risk of this merger, and the
19 JA objects to quantifying these specific risks. A merger cannot be properly assessed
20 without equal objectivity and attention to related threats and risk, yet the JA wants to
21 ignore and deflect from those important issues. Again, this fails to satisfy the merger
22 statutes “no adverse impact on ratepayers” and not consistent with the “public interest.”

1 The PA Merger Commitments provides reasonable safeguards and ring fencing to protect
2 ratepayers against these risks and threats.

3 **Public Advocate Proposes Rate Refunds and Reasonable Merger Commitments**

4 Third, as part of the PA Merger Commitments, I am proposing certain merger
5 safeguards and ring fencing, which will satisfy the statutes 66-1828 regarding “no adverse
6 impact on ratepayer”, and 66-1821 regarding “consistent with the public interest.” I have
7 proposed a rate freeze and a reasonable one-time bill credit/refund to residential customers
8 of BHNG and NWNNG. In addition, I have also proposed merger commitment terms and
9 conditions addressing: (1) post-merger reporting requirements; (2) provision of integration
10 planning and supporting document; (3) treatment of transition, transaction, goodwill, and
11 golden parachute costs; (4) affiliate allocation transaction reporting and policy; (5)
12 treatment of incentives related to merger-related metrics; (6) changes in GAAP accounting;
13 (7) changes in state, federal, and NOLC related matters; (8) address the “five factor” issue
14 in a rule and regulation hearing; along with other terms and conditions addressed by PA
15 witnesses Mr. Brevitz and Mr. Holloway.

16 **IV. BACKGROUND**

17 **Q. PLEASE EXPLAIN THE VARIOUS ENTITIES IMPACTED BY THIS MERGER**
18 **PROCEEDING, AND IDENTIFY OTHER COMMON ACRONYMS YOU WILL**
19 **USE IN THIS TESTIMONY.**

20 A. I will explain each of the primary relevant entities (using their pre-merger names) that are
21 impacted by the merger, or which are a party to this merger transaction and proceeding. I
22 will also explain the acronym that I will use for each entity in my testimony because the
23 similar names and acronyms of the various entities can become confusing, but it is very

1 important to understand when I am addressing the local Nebraska regulated utilities versus
2 the holding/parent companies of these entities (or other affiliated entities). All of the entity
3 names below are their current pre-merger names.

4 **“PA” – Public Advocate or Public Advocates.**

5
6 **“JA” – Joint Applicant or Joint Applicants.** The Joint Applicants named in the caption
7 of this merger Application No. NG-128, includes BHC, NWE (including NWNG), and
8 NWE (collectively, the Merger Parties). JA have excluded BHNG as a party to this
9 proceeding.

10
11 **“BHNG” – Black Hills Nebraska Gas.** Black Hills Nebraska Gas², LLC³ (d/b/a/ Black
12 Hills Energy) is the regulated gas utility in Nebraska and serves about 304,500 natural gas
13 customers in 300 communities in Nebraska.

14
15 **“NWNG” – NorthWestern Nebraska Gas.** This will be used to identify the fictional gas
16 business component of NEW in Nebraska to distinguish this as the regulated gas utility in
17 Nebraska of NorthWestern Energy for purposes of this testimony. Technically the legal
18 name of the regulated gas utility in Nebraska is NorthWestern Energy Public Service
19 Corporation d/b/a NorthWestern Energy,⁴ which includes regulated utility operations in
20 Nebraska and South Dakota.

21
22 **“BHC” – Black Hills Corporation.** Black Hills Corporation (“BHC”)⁵ is the immediate
23 parent company of Nebraska regulated gas utility, and it includes regulated utility gas and
24 electric operations (and some non-regulated operations) in Arkansas, Colorado, Iowa,
25 Kansas, Montana, South Dakota and Wyoming).⁶

26
27 **“NWE” - NorthWestern Energy Public Service Corporation d/b/a NorthWestern**
28 **Energy.** This includes the regulated gas utility operations in Nebraska of NWNG, along
29 with operations in South Dakota.⁷

30
31 **“NWE” or “NWG” – NorthWestern Energy Group.** This is the parent of NWNG and
32 NEW, and is the parent company of all NorthWestern affiliates (including NWNG, NWE,
33 and all other regulated and non-regulated entities in Nebraska, Montana, South Dakota,

² Black Hills Nebraska Gas is the name also used by JAs in the Joint Application, page 5.

³ This is the name under which the regulated gas utility’s Annual Reports are filed with the Commission.

⁴ NorthWestern Energy Public Service Corporation d/b/a NorthWestern Energy is the name under which rate cases are filed for the NorthWestern regulated gas utility in Nebraska.

⁵ BHC is a South Dakota corporation, with 1.35 million customers in its eight states of operations (with gas utility affiliates serving about 1.13 million customers in six states).

⁶ BHC also files an Annual Report with the Commission.

⁷ NWE is a South Dakota corporation serving 43,300 gas customers in Nebraska, and 50,500 gas customers and 65,300 electric customers in South Dakota.

1 Wyoming and North Dakota). Also, NWEG’s affiliate NorthWestern Corporation
2 (“NWC”) serves utility gas and electric customers in Montana.⁸

3 **Q. PLEASE EXPLAIN THE APPLICABLE MERGER STATUTES TO CONSIDER**
4 **IN THIS MERGER PROCEEDING.**

5 A. The State Natural Gas Regulation Act, NEB. REV. STAT. (the “Act” or “Nebraska
6 statutes”) includes merger statutes § 66-1816, § 66-1821, and § 66-1828, which are
7 required to be satisfied by a merger or change of control application.

8 **Section § 66-1816 – Commission Approval:**

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

12 For simplicity purposes, my testimony will refer to § 66-1816 as the Commission’s
13 “merger transaction” statute.

14 **Section § 66-1821 – Public Interest Statute:**

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

18 For simplicity purposes, my testimony will refer to § 66-1821 as the Commission’s
19 “public interest” statute.

20 **Section § 66-1828 – Change of Control and No Adverse Impact on Ratepayers:**

⁸ NWEG is a Delaware corporation, and the parent company of NEW and other affiliates serving 800,000 customers in the three states of Nebraska, Montana, and South Dakota.

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

6 For simplicity purposes, my testimony will refer to § 66-1828(1) as the
7 Commission "no adverse impact on ratepayers (or customers)" statute. The JA witnesses
8 testimony commonly simplify this statute by using this same language and stating
9 "...customers will not be adversely affected.."⁹

10 (2) For purposes of this section, reorganization or change of control means any
11 transaction which, regardless of the means by which it is accomplished, results in a change
12 in the ownership of a majority of the voting capital stock of a jurisdictional utility and does
13 not include a mortgage or pledge transaction entered into to secure a bona fide borrowing
14 by the party granting the mortgage or making the pledge.

15 For simplicity purposes, my testimony will refer to § 66-1828(2) as the
16 Commission's "change of control" statute.

17 The Joint Application in this proceeding also mentions these same three primary
18 merger-related statutes.¹⁰

19 **V. MERGER STATUTE COMPLIANCE**

20 **Q. DID THE JOINT APPLICANTS SATISFY THE REQUIREMENTS OF THE**
21 **THREE MERGER STATUTES, AND JUSTIFY APPROVAL OF THE MERGER?**

⁹ Direct Bird, 19:7-9.

¹⁰ Joint Application, Application No. NG-128, page 2.

1 A. No. First, I will explain how the JA did not satisfy the “change of control” requirements
2 of § 66-1828, and I will also explain how § 66-1816 ties into the change of control provision
3 of Section §66-1828. The “change of control” issue (although less important than both the
4 “public interest” and “no adverse impact on ratepayers” statutes) is an important starting
5 point for understanding the JA strategy in attempting to remove BHNG from this merger
6 application in order to:

- 7 • Avoid due diligence and scrutiny of the merger impact on BHNG (the only
8 BHC regulated utility in this proceeding, and the largest regulated gas utility in
9 Nebraska).
- 10 • Avoid providing the impacts of merger cost savings, efficiencies, synergy, and
11 other benefits that could be used to reduce the revenue requirements in future
12 BHNG rate cases.
- 13 • Avoid addressing substantive financial and operational risks (and additional
14 costs) of future NW affiliate operations in Montana and other jurisdictions that
15 could allocate costs to BHNG in future rate cases – all to the benefit of
16 shareholders.
- 17 • Expedite approval of the merger application in Nebraska so that the JA can cite
18 to this favorable “precedent” in hopes of gaining an expedited merger approval
19 in Montana and South Dakota merger proceedings.

20 Second, my testimony will address the most important statutes, which explain how
21 the JA failed to satisfy the “public interest” requirements of § 66-1821 and the “no adverse
22 impact on ratepayers” requirements of § 66-1828(1). I will explain how the JA have failed

1 to satisfy the “public interest” and “no adverse impact on ratepayers” statutes due to the
2 following:

- 3 • The JA’s vague, evasive and aspirational testimony fails to address and provide
4 any meaningful and specific supporting documentation and calculations related
5 to merger benefits (cost savings, cost reductions, efficiencies, etc.) and merger
6 risks.
- 7 • The JA has failed to propose any binding and specific safeguards and ring
8 fencing commitments to protect ratepayers as a result of the merger, thus the
9 vague and aspirational claims of the JA are without merit and hold no
10 meaningful value and shift substantial risks to ratepayers.
- 11 • The JA testimony is not objective because it does not identify even one potential
12 risk or threat of the merger, although various supporting documentation that PA
13 has obtained via discovery shows there is substantive potential risk that could
14 negatively impact ratepayers.
- 15 • Although the JA delayed provision of some of the various investor and analyst
16 presentations addressing the merger, these presentations do not adequately
17 address or satisfy statute 66-1828 which requires “no adverse impact on
18 ratepayers.” It is important to understand, the Nebraska merger statute does not
19 prioritize shareholder interests over ratepayers by stating there should be “no
20 adverse impact on shareholders”, but instead states there should be “no adverse
21 impact on ratepayers.”
- 22 • The failure of the JA to adequately address the above substantive concerns
23 means it has failed to meet a reasonable burden of proof in showing the merger

1 is in the public interest and will have no adverse impact on ratepayers. The
2 Commission should only approve the merger if the PA’s recommended merger
3 safeguards and ringfencing terms and conditions are adopted to provide
4 assurance and protection to potential adversely impacted ratepayers.

5 **VI. JOINT APPLICANT REMOVES BHNG FROM MERGER SCRUTINY**

6 **Q. EXPLAIN HOW THE JOINT APPLICANT INTERPRETS “CHANGE IN**
7 **CONTROL” IN ORDER TO REMOVE BHNG FROM THE SCRUTINY OF THIS**
8 **MERGER APPLICATION.**

9 A. The JA has excluded BHNG as a party to this merger application because BHNG will not
10 be subject to any change in ownership or control. The JA believe the “change of control”
11 provisions of Nebraska statute § 66-1828 do not require JA to obtain specific Commission
12 merger approval for BHNG (although JA recognize the Commission’s continued
13 jurisdiction of BHNG regarding rates, tariffs, and conditions of service).¹¹ The JA are not
14 stating that BHNG is not a part of the merger, they are stating it is not necessary for JA to
15 obtain the Commission’s approval of BHNG as part of the merger.

16 The JA response to data request PA 6.108 (Exhibit BCO-15) states, “As the BHC
17 corporate family of legal entities was reviewed and considered to determine whether the
18 Act required it to become an applicant for the proceeding, the Joint Applicants correctly
19 determined that the provisions of the Act do not require BH Nebraska Gas to be a party in
20 this proceeding.”¹² The JA response to PA 6.108 (Exhibit BCO-15) continues, by stating,

¹¹ Joint Application, page 3, footnote 1, essentially explains the same.

¹² PA 6.108 (Exhibit BCO-15) - Black Hills (a)-(f). The JA objected to responding to this data request under their global objections list, but without waiving their objections responded in part to this PA data request.

1 the simple reason that BH Nebraska Gas is not a party in this proceeding is because there
2 is no change of control of BH Nebraska Gas.”¹³

3 In addition, the JA response to PA 6.108 (Exhibit BCO-15) states that BH Nebraska
4 Gas is not transferring its certification to another legal entity, and the rates, tariffs, terms,
5 and conditions of service of BH Nebraska Gas (including its name and d/b/a Black Hills
6 Energy) will remain the same both pre and post-merger.¹⁴ Finally, JA state, “As shown in
7 Neb. Rev. Stats. § 66-1828, “...the change of control occurs due to a change in the
8 ownership of a majority of the voting capital stock of a jurisdictional utility...” In this
9 case, that entity would be at BHC and not BH Nebraska Gas or BHSC or BHUH or CLFP
10 or any other Black Hills subsidiary.”¹⁵

11 The JA response to PA 5.71 (Exhibit BCO-9) states their position on the change of
12 control issue is not unique, “...but is controlled by Nebraska law, including but not limited
13 to, the Commission’s precedent regarding change of control in Commission Application
14 No NG-0084 (SourceGas/Black Hills Utility Holdings).¹⁶

15 **Q. DO YOU AGREE WITH JOINT APPLICANTS “CHANGE OF CONTROL”**
16 **STATUTE ARGUMENT WHICH IS INTENDED TO SHIELD BHNG FROM**
17 **REGULATORY SCRUTINY IN THIS MERGER PROCEEDING?**

18 A. No. This was a concerted effort by JA to impede discovery and avoid scrutiny (and the
19 provision of important specific information) regarding the adverse impacts of this merger
20 on BHNG and its ratepayers, given that BHNG is the largest regulated jurisdictional gas

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ PA 5.71 (Exhibit BCO-9) - Joint Response (a). The JA objected to responding to this data request under their global objections list, but without waiving their objections responded in part to this PA data request.

1 utility in Nebraska. Most importantly, this strategy allows JA to both: 1) withhold and hide
2 certain potential merger savings that could be used to reduce BHNG customer rates in
3 future rate cases; and 2) to likewise avoid revealing significant increases in merger costs
4 (such as transition costs) that can be used to increase BHNG rates in future rate cases.

5 Essentially, the JAs are stating that BHNG will remain untouched and unaffected
6 by the merger, so it is reasonable to exclude them from the scrutiny of this merger
7 application. Nothing could be further from the truth, and both JA witnesses testimony and
8 responses to discovery requests do not support their position to exclude BHNG from this
9 merger proceeding. There is potential exposure to increased post-merger costs being
10 assigned or allocated to BHNG that could result in future rate increases to ratepayers, and
11 this is contrary to the “no adverse impact on ratepayers” provisions of statute 66-1828.

12 Some of the primary reasons that support my opposition to the JA exclusion of
13 BHNG from this merger proceeding under the argument “there is no change of control or
14 structure” will now be addressed.

15 **Q. CAN THE JOINT APPLICANTS AFFIRMATELY STATE THAT BHNG’S**
16 **CONTROL AND STRUCTURE WILL NOT CHANGE POST-MERGER?**

17 A. No. Data request Staff 1.27(a) (Exhibit BCO-24) asked the JA if they are committed to
18 leaving the “structure and operation” of BHNG and NW unchanged for any period of time
19 as part of the Application, and Staff 1.27(b) (Exhibit BCO-24) further stated if the JA are
20 not committed to leaving BHNG and NW unchanged, then provide the JA’s expected
21 timeframe for leaving the structure and operation of BHNG and NW unchanged.

22 The JA response to Staff 1.27(a) (Exhibit BCO-24) states, “The Joint Applicants
23 have not committed to a timeframe for which the structure and operation of BHNG and

1 NorthWestern will remain unchanged as part of this application. The language was
2 intended to reflect the status of the Parties as a result of the merger docket and before any
3 other regulatory filings.” The JA response to Staff 1.27(b) (Exhibit BCO-24) states, “The
4 Joint Applicants are still developing a comprehensive integration plan and the topic
5 discussed in this data request will be assessed during the integration plan development with
6 input and decision-making from senior management, integration leads, and subject matter
7 experts of both companies with consideration of all stakeholders, including customers.”

8 In summary, the JA response to Staff 1.27 (Exhibit BCO-24) states that the JA
9 cannot commit to a timeframe for which the structure and operation of BHNG (and NW)
10 will remain unchanged as part of this application, meaning pre-merger or post-merger.
11 Furthermore, the JA essentially states that none of the structure and operations of BHNG
12 is known or determinable at this time for pre-merger, by asserting that all of this is subject
13 to future integration planning and decision-making of management, integration staff,
14 subject matter experts of both companies and customers. The JA continually uses the
15 rationale of not having any integration plans as justification for avoiding the provision of
16 requested specific supporting documentation for merger benefits, costs, and important
17 information. In this instance, the JA have confirmed that BHNG’s structure could be
18 subject to change of control and this supports my position to include BHNG in this
19 proceeding and make them subject to the scrutiny regarding merger impacts.

20 The JA response to Staff 1.27 (Exhibit BCO-24) is substantially inconsistent with
21 their position on change of control, and this effectively renders their position void and moot
22 on this issue. It is unreasonable that the JA supports contradictory positions.

1 First, the JA argues (in the Application and testimony) that BHNG is not subject to
2 Commission merger approval under statute 66-1828, because BHNG will not incur any
3 change of control and structure regarding change in ownership of voting stock because that
4 change of control occurs only for the parent company BHC - and so only BHC (and certain
5 NorthWestern entities) is subject to Commission merger approval. However, in stark
6 contrast, the JA now makes a contradictory argument (via their response to Staff 1.27
7 Exhibit BCO-24), that they cannot commit that BHNG's structure and operations will
8 remain unchanged (from the structure proposed in the Application and testimony). Thus,
9 the JAs do not know, and cannot commit to, what the specific structure and operation of
10 BHC will be pre-merger or post-merger.

11 The JA confirms that this precise structure has not been decided yet subject to the
12 integration planning which requires future discussion (which has not occurred yet) with
13 many stakeholders such as management, integration staff, subject matter experts of both
14 companies and customers. The inconsistent arguments of JA make it clear the specific
15 structure and operations of BHNG (and BHC) for post-merger is not known or
16 determinable at this stage, and will not be determined until some point in the future.

17 The Commission should not rely on the JA craftily orchestrated attempt to exempt
18 BHNG from merger scrutiny in this proceeding via its original claims that BHNG is not
19 subject to Commission merger approval because it will not incur any change of control or
20 operations (that will occur at the BHC level). The JA cannot have it both ways, and there
21 is no specific supporting documentation in this proceeding at this time that shows how
22 BHNG and BHC will be structured and operated under the merger.

1 Therefore, the change of control provisions of statute 66-1828 clearly does not
2 apply and should not be used to shield BHNG from regulatory scrutiny and due diligence
3 in this merger proceeding – because the precise structure and operation of both BHNG and
4 BHC is not known and determinable at this time. In this regard, the JA have failed to meet
5 a reasonable burden of proof to show which specific structure and operation will apply for
6 BHNG and BHC for post-merger, and the JA attempt to shield BHNG from regulatory
7 scrutiny regarding this merger should be rejected. It is most important that the Commission
8 use their discretion and conservatively rely on the controlling language in statute 66-1828
9 to determine if the merger will adversely impact BHNG’s ratepayers.

10 **Q. DOES SUBSTANCE OVER FORM ARGUMENTS (AND PIERCING THE**
11 **CORPORATE VEIL) SUPPORT A CONCLUSION THAT BHC AND BHNG ARE**
12 **INTEGRALLY TIED TOGETHER AND BHNG OPERATIONS WILL CHANGE**
13 **POST-MERGER WITH A NEW ORGANIZATIONAL STRUCTURE?**

14 **A.** Yes. The JA refers to statute 66-1828 that merger change of control occurs when majority
15 stock ownership changes for a jurisdictional utility, but this merger will not result in a
16 change of ownership for regulated utility BHNG, but will only change for its parent
17 company BHC.

18 The JA are attempting an end-run around the statute and assigning change of control
19 to the parent company BHC instead of the regulated utility BHNG, because they are
20 motivated to avoid reasonable regulatory scrutiny of BHNG in this merger proceeding.
21 However, in all material respects, BHNG and BHC are integrally tied together, and BHC
22 would not even exist if BHNG did not exist. Thus, by piercing the corporate veil, the

1 substance over form arguments should prevail and dictate that merger scrutiny of BHNG
2 should be the same as BHC, because you cannot separate them financially or otherwise.

3 In all material respects, without BHNG there is no parent company BHC. For
4 example, the JA states that BHC is the parent holding company of multiple regulated gas
5 and electric utilities (including BHNG), and BHC does not have any operating assets and
6 does not generate any cash flow of its own - and the credit worthiness of BHC is based on
7 the financial integrity, regulatory environment, and operational performance of all of its
8 subsidiaries (including BHNG, which is the largest subsidiary).¹⁷ Thus, without BHNG
9 (and other smaller subsidiaries) there would be no BHC. This is because BHC does not
10 have any assets, cash flows,¹⁸ and this is because it has no revenues or customers. This is
11 because it is BHNG's operations that has the rate base assets, creates cash flows, and
12 generates revenues from its customers. BHC is merely a parent company conduit for
13 business conducted in all material respects by its subsidiary BHNG (and other smaller
14 subsidiaries).

15 In addition, it is only possible to address the controlling merger statute 66-1828 of
16 "no adverse impact on ratepayers" by reviewing the merger impacts on BHNG's
17 customers, because BHC does not have any customers – and by simple deduction the JA
18 have already admitted that BHC has no cash flow/revenues, so it is not possible for BHC
19 to have any customers.

20 The substance over form argument is relevant because the new post-merger BHNG
21 and NWNG operations will most likely be impacted by financial transactions and
22 operational activities with and between the new post-merger BHC parent/holding company

¹⁷ Direct Stevens, 3:17-23.

¹⁸ Direct Stevens, 3:22-23.

1 and NorthWestern's changed structure places them under the umbrella of BHC. I will
2 provide a few examples of likely post-merger transactions between BHNG and new
3 affiliates that effectively causes a change in control for BHNG's structure and operation.

4 First, beginning post-merger, BHC will be the primary parent company over all
5 NorthWestern entities, and it is likely that its corporate overhead costs will increase
6 (because it will assume some of the previous corporate overhead costs of NorthWestern).
7 BHC, as it currently does, will likely allocate part of new increased corporate overheads to
8 BHGN and other affiliates. Therefore, it is likely that BHNG will incur new allocated
9 levels of corporate overheads from NorthWestern entities, which it had not previously
10 incurred. This means the structure and operations will change post-merger, with BHNG
11 incurring new levels of corporate overhead costs that it has not previously incurred prior
12 to the merger. Similarly, some of these costs are likely to be allocated salaries of executives
13 from new NorthWestern affiliates, and this reflects a change in structure and operations
14 also. This is a rather long way of stating that the change in the organizational structure,
15 and adding the previous NorthWestern parent company and affiliates to the mix, means
16 there is a much greater likelihood that BHNG will be allocated and/or assigned new types
17 of costs from these entities during post-merger.

18 **Q. IS THERE ANY DOWNSIDE, OR NEGATIVE IMPACT, OF REQUIRING**
19 **BHNG TO BE A PARTY TO THIS PROCEEDING AND BEING SUBJECT TO**
20 **MERGER SCRUTINY?**

21 A. No, there is no downside to including BHNG as a party to this proceeding. It is only the
22 JA that benefit from shielding BHNG from merger scrutiny. The JA have created
23 roadblocks to an efficient and objective review of important information in this merger

1 proceeding by attempting to shield BHNG from merger review and not including them as
2 a party to this proceeding. The JA have lodged substantial objections to providing specific
3 meaningful data for BHNG in this proceeding. The JA actions to impede merger scrutiny
4 of BHNG raises the level of PAs professional skepticism in this proceeding. If the merger
5 is beneficial to ratepayer interests there would be no reason for the JA actions that create
6 roadblocks by delaying, withholding, and being non-responsive to PA data requests
7 regarding BHNG and for other issues. Also, the JA's approach promotes less merger
8 scrutiny of the much larger BHNG Nebraska operations, and more merger scrutiny of the
9 smaller NWNG Nebraska operations, which is not beneficial to identifying the more
10 material concerns in this proceeding. These actions of the JA unjustly serve the interests of
11 shareholders over those of ratepayers, and can lead to adverse impacts on ratepayers.

12 **Q. DOES THE SOURCEGAS PROCEEDING SERVE AS COMMISSION**
13 **PRECEDENT FOR EXCLUDING A REGULATED UTILITY FROM MERGER**
14 **SCRUTINY?**

15 A. No. Data request PA 5.71 (Exhibit BCO-9) asked the JA to explain all reasons why BHNG
16 was not a party to this merger proceeding, and cite to all related precedent in previous
17 Nebraska merger proceedings (and merger proceedings in other jurisdictions), particularly
18 where the impacted regulated utility was excluded from the merger proceedings. Also, PA
19 5.71 (Exhibit BCO-9) asked if the treatment of excluding BHNG from this merger
20 proceeding was unique or not unique in Nebraska and other jurisdictions, and explain why
21 this treatment is justified.

22 The JA's response to PA 5.71 (Exhibit BCO-9) objected to the data request citing
23 to its global objections and stating it seeks a legal conclusion or analysis. However, without

1 waiving its objections, JA again stated that BHNG will not incur any change of ownership
2 and control (under 66-1828) and this justified excluding BHNG as a party to this
3 proceeding. The JA also stated that it does not believe its position on this issue is unique
4 but is controlled by Nebraska law, including the Commission's precedent regarding change
5 of control in Commission Application No. NG-0084, regarding the SourceGas/Black Hills
6 proceeding.

7 First, the JA were not responsive to data request PA 5.71 (Exhibit BCO-9), and did
8 not cite to any precedent in Black Hills or NorthWestern jurisdictions in other states (or
9 jurisdictions of other utilities that are not related to Black Hills or NorthWestern).

10 Second, the JA response to PA 5.71 (Exhibit BCO-9) cites to the Commission's
11 SourceGas/Black Hills proceeding as precedent for excluding from the merger proceeding
12 a regulated utility that is impacted by the merger proceeding under the change of control
13 and structure provisions of statute 66-1828 (as used in this proceeding to exempt BHNG).
14 However, I reviewed various documents in the SourceGas proceeding (Application No.
15 NG-0084), including the Commission's Order (January 26, 2016) and the related Joint
16 Application.

17 The SourceGas Joint Application and merger proceeding (unlike the merger
18 application in this proceeding) included as parties to the acquisition proceeding both the
19 regulated gas utility of the acquiring party, which is Black Hills/Nebraska Gas Utility (the
20 Nebraska regulated utility at that time, and the prior name of current regulated utility
21 BHNG), and the regulated gas utility of the seller party ,SourceGas Distribution (the
22 Nebraska regulated utility at that time), was not excluded from the proceeding.¹⁹ Because

¹⁹ Joint Application No. NG-0084 (dated August 10, 2015), pages 1 and 2.

1 both of these Nebraska regulated utility companies were named in the caption of the
2 proceeding and were applicants in the proceeding, there was no attempt to exempt or shield
3 the Black Hills/Nebraska regulated gas utility or the SourceGas Distribution regulated gas
4 utility from the acquisition proceedings subject to the change of control provisions of
5 statute 66-1828 – and both the acquiring and seller parties stated there would be no adverse
6 impact on ratepayers of either regulated utilities.²⁰

7 Thus, both the acquiring party Black Hills/Nebraska, and the selling party
8 SourceGas Distribution, relied on statute 66-1828 to indicate there would be “no adverse
9 impact on ratepayer”, instead of trying to remove one or both of these regulated utilities
10 from the merger proceeding under the change of control provisions of statute 66-1828.
11 This is different than the instant proceeding, whereby the JA have excluded local regulated
12 utility BHNG from the merger proceeding subject to the change of control provisions of
13 statute 66-1828.

14 Furthermore, as additional proof that both Nebraska regulated utilities of the
15 acquiring and selling parties in the SourceGas proceeding were included as parties to the
16 proceeding (and not exempt subject to the change of control provisions of 66-1828), the
17 Joint Application states, “...which requires a jurisdictional utility transaction business in
18 Nebraska to be issued a certificate of convenience from the Commission, is inapplicable in
19 this proceeding as both SourceGas distribution and Black Hills/Nebraska Gas Utility
20 possess valid certificates of convenience from the Commission.” This language proves
21 that both Nebraska regulated utilities of the acquiring and selling parties in the SourceGas

²⁰ Joint Application No. NG-0084 (dated August 10, 2015), pages 1 and 2.

1 proceeding were included as parties to the proceeding (and were not exempt from the
2 proceeding).

3 **VII. NO ADVERSE IMPACT APPLICATION**

4 **Q. PLEASE EXPLAIN HOW YOU ARE APPLYING THE “NO ADVERSE IMPACT**
5 **ON RATEPAYERS” LANGUAGE OF STATUTE 66-1828.**

6 A. It is not reasonable to merely state there is no adverse impact on ratepayers, with no context
7 and no support for that statement – per the position taken by the JA in this proceeding. In
8 order to prove the merger has no adverse impact on ratepayers it is necessary to identify
9 and provide the underlying supporting components used to arrive at the bottom-line “net”
10 amount of “no adverse impact on ratepayers.” This means the “no adverse impact on
11 ratepayers” bottom line is likely comprised of some various specific underlying positive
12 impact components of the merger which are also likely to be offset by some various specific
13 underlying negative impact components of the merger.

14 And if the positive impacts of the merger are greater than the negative impacts of
15 the merger, then is it reasonable to arrive at a bottom-line conclusion that there is “no
16 adverse impact on ratepayers” related to the merger. If the negative impacts of the merger
17 outweigh the positive impacts of the merger, then it is not possible to reach a conclusion
18 that there is “no adverse impact on ratepayers” of the merger. It is necessary for the PA to
19 review and evaluate all underlying supporting documentation for both the positive and
20 negative components of the merger that the JA have relied upon to reach a conclusion that
21 there is “no adverse impact on ratepayers.”

22 However, this information has largely not been provided by JA in their application,
23 testimony, responses to data requests, integration documents, analyst reports and

1 presentations to the Board of Directs and responses to PA and Staff data requests. Without
2 evaluation of this supporting documentation it is not possible to reach a conclusion that the
3 merger provides “no adverse impact on ratepayers”, and therefore the JA have failed to
4 support a reasonable burden of proof regarding their position that the merger produces “no
5 adverse impact” on ratepayers. The JA merely stating that the merger produces “no adverse
6 impact on ratepayers” is substantially deficient, and represents mere meaningless words on
7 paper – words that could really state anything if there is no burden of proof to support those
8 positions.

9 I will provide an analogy to the “no adverse impact on ratepayers” position that JA
10 appear to be relying upon in this proceeding. When a regulated utility typically files a rate
11 case, the testimony of the utility witnesses usually states the utility is filing a reasonable
12 request for rate relief and the utility provides its requested revenue requirement (revenue
13 deficiency), cost of capital, and rate case adjustments, along with underlying supporting
14 testimony, documentation and calculations. The various intervenors evaluate the rate case
15 filing and make various quantitative adjustments and policy revisions. And the
16 Commission’s final order usually adopts some positions of the utility and some positions
17 of the various intervenors, and approves a final revenue requirement, cost of capital, and
18 ratemaking adjustment that usually varies from the utility’s original application.

19 The JA treatment of this merger proceeding is nothing like the typical objective
20 scrutiny of a rate case that includes supporting documentation and calculations. Instead,
21 the JA are in effect asking the Commission and intervenors to accept their bottom line
22 conclusion that there is “no adverse impact on ratepayers” without providing any
23 supporting documentation for the underlying positive and negative components of the

1 merger impact. That would be tantamount to the Commission adopting a utility’s requested
2 revenue requirement in a rate case without any review, and without requiring independent
3 scrutiny of the underlying supporting documentation and calculations for the components
4 of the revenue requirement - which never happens in a rate case. Similarly, the revenue
5 requirement in a rate case, and the merger impact in this proceeding, consist of important
6 underlying components that must be objectively and independently scrutinized – before
7 any bottom line conclusion can be reached that there is “no adverse impact on ratepayers.”

8 This example demonstrates how important it is for the PA to obtain all underlying
9 supporting documentation from the JA regarding the components that are netted to produce
10 a net result of “no adverse impact on ratepayers.”

11 **Q. DO SEVERANCE PAYMENTS TO EXECUTIVES DEPARTING AFTER THE**
12 **MERGER SUPPORT THIS IS A “CHANGE OF CONTROL.”**

13 A. Yes. The BHC 2024 Annual Report shows the potential amount of severance payments to
14 be made to executives that will depart BHC post-merger, and these specific payments to
15 executives are referred to as “Change of Control” payments.²¹ In addition, JA’s response
16 to a PA data request cites to these “Change in Control” payments to executives from the
17 BHC 2024 Annual Report.²² Thus, both the BHC 2024 Annual Report and the response
18 to the cited data request indicate that there will be a “change of control”, and this is contrary
19 to the JA position relying on “no change of control”

²¹ BHC 2024 Annual Report, pages 35 and 43-45.

²² Per data request PA 5.64(e) Joint Response.

1 **VIII. FIVE FACTORS TEST**

2 **Q. WHAT ARE THE FIVE FACTORS, AND DID THE JOINT APPLICANTS**
3 **ADEQUATELY ADDRESS THESE FACTORS IN THIS PROCEEDING?**
4 **COMMISSION HAS CONSIDERED IN OTHER CHANGE OF CONTROL**
5 **PROCEEDINGS?**

6 A. The five factors are certain areas which the Commission has addressed in other change of
7 control proceedings, to determine whether ratepayers will be adversely affected and in
8 assessing the public interest.²³ The five factors consists of:

- 9 1) Management.
10 2) Local Commitments.
11 3) Impact on Rates and Services.
12 4) Investment and Planned Long-Term Ownership.
13 5) Stability.

14 The Joint Application merely mentions the five factors, but there is no detailed
15 analysis or supporting documentation explaining how issues were evaluated in the Joint
16 Application.²⁴ Also, none of the JA witnesses specifically refer to the “five factor” test
17 and how they have addressed it in regards to Commission requirements or in relation to
18 prior change of control proceedings before the Commission – and none specifically state
19 the merger meets the requirements of the five factor test. Thus, there is no specific
20 indication that the JA witnesses evaluated the five factors. I do agree that some of the
21 witnesses include some of the same words from the five factor test in their testimony, such

²³ SourceGas Distribution LLC and Black Hills Utility Holdings, Inc. change of control, Application No. NG-0084, Commission Order entered January 26, 2016, page 8.

²⁴ Joint Application, page 10.

1 as “stability” and perhaps “impact on rates and services”, but the JAs failed to provide
2 specific commitments and supporting documentation to explain how rates will remain
3 stable and what is the impact on rates. Again, most of these statements are vague and
4 aspirational and include no specific supporting documentation or calculations. From this
5 standpoint the JA has not met a reasonable burden of proof showing they have satisfied the
6 five factors test.

7 My testimony primarily focuses on the most important Nebraska statutes 66-1828
8 regarding “no adverse impact on ratepayers” and statute 66-1821 regarding the “public
9 interest.” And my review of the statutory requirements overlapped with some of the same
10 areas of the five factors, and I have indicated primary concerns with several of the five
11 factors, including “impact on rates and services”, “stability”, and “management” (in
12 regards to golden parachute severance payments for certain executives which were not
13 addressed by the JAs and which related costs should not be recovered in rates from
14 ratepayers). The totality of my testimony addresses significant concerns regarding the
15 JA’s inability to meet the requirements of Nebraska statutes 66-1828 and 66-1821, and this
16 primarily translates to the JA unable to satisfy the five factors in all material respects.

17 **IX. JOINT APPLICANT VAGUE AND ASPIRATIONAL CLAIMS**

18 **Q. PLEASE SUMMARIZE YOUR CONCERNS REGARDING JOINT APPLICANTS**
19 **FAILURE TO PROVIDE MEANINGFUL SUPPORTING DOCUMENTATION**
20 **TO BACK UP THEIR VAGUE, EVASIVE AND ASPIRATIONAL CLAIMS OF**
21 **MERGER BENEFITS, COST SAVINGS, AND EFFICIENCIES?**

1 A. The JA testimony makes numerous vague, evasive, and aspirational²⁵ claims regarding
2 merger benefits, cost savings, efficiencies, long-term rate stability, and no increase in rates
3 - which they refer to when concluding that the merger has “no adverse impact on
4 ratepayers.” But the JA do not provide any specific meaningful and objective supporting
5 documentation and calculations to identify or quantify any specific merger benefits.

6 In addition, the JA have also failed to identify the specific underlying types and
7 amounts of merger benefits, cost savings, and any ratepayer benefits in responses to PA
8 data requests, integration planning documents, the due diligence presentations to the Board
9 of Directors by investment banking/management firm analysts, Hart-Scott-Rodino-type
10 data, and in various other data. In fact, there is not a single exhibit or document in this
11 proceeding that I am aware of which identifies and quantifies the total amount of merger
12 benefits, costs savings, efficiencies, and ratepayer benefits.

13 Recently, the JA provided a response to PA 7.127 (Exhibit BCO-19) which
14 included a broad estimate of potential cost savings prepared by PwC, but this calculation
15 is based on surrogate/industry data and is not based on specific or known cost savings for
16 this merger.²⁶ The cost savings are not identified for any specific individual parent
17 company and affiliate, and no specific amounts are provided for BHNG or NWNG. Also,
18 the JA has not committed to returning any of these cost savings to ratepayers, so these
19 amounts would appear to be retained for the benefit of the shareholders. I place little
20 reliance on this document, and will address this in subsequent sections of my testimony.

²⁵ I use the term “aspirational” to mean desirable or hopeful results, but without providing the actual documentation and calculations necessary to achieve and support the results.

²⁶ PA 7.127 (Exhibit BCO-19) response is dated February 2, 2026.

1 In addition, I do not believe there is a single exhibit or document in due diligence
2 presentations to the Board of Directors (and other investment banking/management firm
3 data) which specifically states there will be “no adverse impact on ratepayers”, or which
4 states that the merger will satisfy the merger statutes of Nebraska (regarding data that has
5 been provided to the PA).

6 The JA failure to identify and quantify specific merger benefits or cost savings (or
7 even provide a forecast or estimate of such merger benefits or cost savings) in this merger
8 proceeding is contrary to other merger proceedings of which I am aware. In certain other
9 merger proceedings, the related merger benefits, cost savings and other related information
10 were provided in the merger application, pre-filed testimony, and discovery responses. I
11 will address this issue in more detail in a subsequent section of my testimony.

12 The JA failure to identify, explain and provide supporting documentation and
13 calculations for specific merger benefits, merger savings, and merger risk/negative impacts
14 is an indication of a larger problem related to the absence of transparency, absence of
15 objectivity, non-responsive data requests, and delay of data – which are all contributing
16 problems to this merger proceeding.

17 For these reasons, the PA recommends that the Commission deny the merger, or
18 approve the merger only if the PA’s proposed merger commitments are adopted as
19 safeguards and ring fencing measures. This will provide the necessary protections for
20 ratepayers in order to satisfy the merger statutes related to “no adverse impact on
21 ratepayers”, and the ““public interest.”

22 **Q. AFTER THE JOINT APPLICANTS MADE NUMEROUS CLAIMS OF MERGER**
23 **BENEFITS AND COST SAVINGS IN THEIR TESTIMONY, DID THEY FINALLY**

1 **RELENT AND ADMIT THEY HAD NO SUPPORTING DOCUMENTATION OR**
2 **CALCULATIONS FOR THOSE ORIGINAL CLAIMS?**

3 A. Yes. As I previously summarized, the JA testimony makes numerous vague, evasive and
4 aspirational claims about merger benefits, cost savings, efficiencies, long-term rate
5 stability, and affordability, but they failed to provide any meaningful and supporting
6 documentation and calculations for these claims in either their direct testimony, integration
7 planning documents,²⁷ responses to PA and Staff data requests, investment
8 banking/mergers advisory firm presentations to Board of Director, and other due diligence
9 documents.

10 After a substantial time delay, the JA finally relented and admitted they had no
11 supporting documentation or calculations regarding claims of merger benefits and cost
12 savings in response to data request Staff 1.9 (Exhibit BCO-23). There was a substantial
13 time delay of two and one-half months in this proceeding before the JA made this
14 admission. The timeline stretched from the date of the Joint Application and direct
15 testimony on October 27, 2025, followed by a number of JA non-responsive answers to
16 several rounds of PA discovery requests asking for supporting documentation related to
17 merger benefits and cost savings. And the JA finally admitted that related supporting
18 documents for merger benefits and cost savings did not exist in their January 14, 2026,
19 response to Staff 1.9 (Exhibit BCO-23).

²⁷ The PA is still waiting on integration planning documents that were requested in a number of PA data requests.

1 Staff 1.9 (Exhibit BCO-23) asked the JA, “Please provide all analysis and any
2 documents generated by BHNE, its parents or affiliates, or its consultants of potential
3 synergies, savings or other benefits associated with the merger.”

4 The JA response included its recurring global set of objections, and then without
5 waiving its objections, stated, “The Joint Applicants are still developing a comprehensive
6 integration plan and many, if not all, of the topics discussed in this sub-part, will need to
7 be assessed during integration planning process with input from senior management,
8 integration leads, and subject matter experts of both companies. Consequently, Black Hills
9 does not have detailed documentation, calculations, or forecast of merger-related cost
10 savings, cost reduction, operational efficiencies and improved scale in the fashion
11 requested for the noted periods.”

12 The JA long-delayed admission that it has no supporting documentation and
13 calculations for its vague and aspirational claims regarding merger benefits such as cost
14 savings, cost reduction, and operational efficiencies greatly diminishes its ability to
15 demonstrate compliance with merger statutes 66-1828 regarding “no adverse impact on
16 ratepayers” and 66-1821 regarding “consistent with the public interest.”

17 Also, the JA backtracking and admitting that it has no supporting documentation
18 and calculations to support its direct testimony claims of merger savings and cost reduction,
19 is another example of a non-transparent approach to this case.

20 **Q. UNLIKE THE JOINT APPLICANTS, HAVE MERGER APPLICATIONS OF**
21 **OTHER UTILITIES IDENTIFIED FORECASTED AMOUNTS OF MERGER**
22 **SAVINGS/SYNERGIES, ALONG WITH RELATED SUPPORTING**
23 **DOCUMENTATION AND CALCULATIONS?**

1 A. Yes. I have firsthand knowledge because I was a witness in some of these post-merger rate
2 cases before the Public Service Commission of the District of Columbia (“D.C.
3 Commission”) and the Public Service Commission of Maryland (“Maryland
4 Commission”), and I evaluated whether the utility complied with various merger
5 commitments - including review of the proper pass-through of merger savings and
6 synergies to ratepayers. I will now address the merger savings and synergies included in
7 Table 1 of the next page.

8 Table 1 below is Exhibit JA (N)-3 from the April 24, 2017, direct testimony of
9 Todd J. Jirovec, an outside consultant with the firm Strategy& (a member of the PwC
10 network), testifying on behalf of AltaGas/WGL in the merger proceeding before the D.C.
11 Commission.²⁸

12
13
14
15
16
17
18
19

²⁸ *In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.*, Formal Case No. 1142, before the Public Service Commission of the District of Columbia, including applicants AltaGas Ltd., WGL Holdings, Inc., and Washington Gas Light Company.

1

A. Table 1: Merger Cost Savings in AltaGas/WGL Merger Proceeding

Exhibit JA (N)-3

Net Merger Impacts to Washington Gas(\$ millions)

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Corporate Allocations	\$ 12.9	\$ 12.9	\$ 13.1	\$ 13.5	\$ 13.9	\$ 66.4
Synergies:						
Corporate Programs	\$ (2.1)	\$ (4.5)	\$ (4.8)	\$ (4.9)	\$ (5.1)	\$ (21.3)
Supply Chain	\$ (0.9)	\$ (2.2)	\$ (3.2)	\$ (4.2)	\$ (5.2)	\$ (15.6)
Functional Alignment	\$ (2.6)	\$ (4.7)	\$ (4.8)	\$ (5.0)	\$ (5.2)	\$ (22.3)
Portfolio Shift	\$ (1.6)	\$ (4.3)	\$ (5.8)	\$ (5.5)	\$ (5.7)	\$ (23.0)
Total Synergies Allocable to Washington Gas (O&M + Fixed Charge)	\$ (7.1)	\$ (15.6)	\$ (18.6)	\$ (19.6)	\$ (21.3)	\$ (82.3)
Costs to Achieve Allocable to Washington Gas	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 5.5
Net (Benefit) Cost to Washington Gas	\$ 6.8	\$ (1.6)	\$ (4.4)	\$ (5.0)	\$ (6.2)	\$ (10.4)

Note: Numbers may not tie

Strategy& | PwC

2

3

4

5

6

7

The above Table 1 shows that AltaGas/WGL projected total related merger cost savings/synergies of \$82.3M allocable to WGL over five years, ranging from a low of \$7.1M in year 1 to a high of \$21.3M in year 5 for various categories of Corporate Programs, Supply Chain, Functional Alignment and Portfolio Shift.²⁹ Also, the table shows that offsetting Costs To Achieve allocable to WGL is \$5.5M total, about \$1.1M per year, and

²⁹ These WGL-related merger cost savings/synergies would be shared between the three primary jurisdictions with regulated utilities consisting of the District of Columbia, Maryland, and Virginia.

1 the net benefit allocable to WGL is \$10.4M total, ranging from a “net cost” of \$6.8M in
2 year 1, to “net benefits” ranging from \$1.6M in year 2 to \$6.2M in year 5.

3 AltaGas/WGL merger witness Jirovec defines synergies when he states,
4 “Synergies” refers to tangible financial benefits to the results of a combined entity that
5 would not have been possible if the individual companies were to continue to operate
6 separately. These enhancements can come in the form of operating cost reductions, capital
7 expenditure savings, or revenue enhancement, although cost savings are the most common
8 form of utilities synergies.”³⁰ I do not disagree with this definition, and it is important to
9 note that witness Jirovec defines “synergies” as primarily “cost savings”, and so I have
10 used these terms interchangeably.

11 Table 1 is an example of a merger proceeding where the applicant identified merger
12 benefits in the form of cost savings/synergies and provided supporting documentation and
13 calculations for those amounts as early in the merger process as possible, in the original
14 merger application. Having the merger savings calculations at an early stage in the
15 proceeding assisted with the objective review of the merger application before the Public
16 Service Commission of the District of Columbia. It would have been more efficient and
17 transparent if the JAs in this proceeding would have provided a similar cost savings
18 document - rather than JAs relying on vague and aspirational statements about
19 undocumented and unsupported cost savings in this proceeding.

20 Also, Table 1 demonstrates that AltaGas/WGL forecasted the above merger cost
21 savings/synergies at least 14 months³¹ before consummation of the merger in July 2018.

³⁰ Direct Jirovec, 6:5-12, Docket No. 1142, April 24, 2017.

³¹ The fourteen months is determined as the difference between this testimony that was filed April 24, 2017, before the D.C. Commission and the merger consummation date of July 6, 2018. This is likely a conservative timeline, and

1 This is unlike the JA in this merger proceeding which have not determined or calculated
2 any forecasted merger cost savings/synergy for inclusion in their October 27, 2025,
3 application and testimony in this proceeding.³²

4 In the AltaGas/WGL merger proceeding, a Settlement Agreement was reached
5 among intervenor parties which resulted in merger cost saving/synergy amounts being
6 shared with ratepayers in rate cases for the subsequent five-year period (or the next two
7 rate cases, if the second rate case is not within the five-year period subsequent to the
8 Settlement Agreement). The AltaGas/WGL Merger Commitment 41 explains the amount
9 and method of sharing merger cost savings/synergies with ratepayers, with a net reduction
10 in the revenue requirement of not less than \$400,000 per year for each rate case over the
11 subsequent five-year period.³³ I will address the PA's proposed merger commitment in a
12 subsequent section of this testimony that proposes a one-time rate credits to residential
13 customers.

14 The JA may have decided it was a preferable strategy to not identify any meaningful
15 merger cost saving/synergy amounts and related supporting documentation in this merger
16 proceeding to avoid having these amounts subject to sharing with ratepayers in future rate
17 cases via a negotiated settlement with intervenors in this proceeding, or via a Commission
18 Order.

the estimated cost savings/synergies were probably determined well in advance of the April 24, 2017, testimony filing date.

³² This is subject to my prior comments identifying a broad non-specific benchmark of savings provided on February 2, 2026, per PA 7.127 (Exhibit BCO-19).

³³ Public Service Commission of the District of Columbia, Formal Case No. 1142, Order No. 19396, June 29, 2018, Appendix A, pp. 16-17.

1 **Q. PLEASE PROVIDE EXAMPLES OF THE JOINT APPLICANTS NON-**
2 **RESPONSIVE ANSWERS TO DATA REQUESTS SEEKING SUPPORTING**
3 **DOCUMENTATION FOR NUMEROUS VAGUE AND ASPIRATIONAL CLAIMS**
4 **REGARDING MERGER COST SAVINGS AND OTHER MERGER BENEFITS?**

5 A. As I previously explained, the JA testimony has made numerous claims regarding various
6 merger benefits related to cost savings and other matters, but has failed to provide
7 supporting documentation and calculations for those claims. Finally, after much delay, the
8 JAs have admitted there is no supporting documents and calculations for these related
9 merger benefits. However, prior to the JA admission that there was no supporting
10 documents or calculations to support vague and aspirational statements in the JA testimony,
11 both PA and Staff asked numerous data requests seeking to gain access to these related
12 supporting documentation and calculations.

13 In each of the PA and Staff data requests, the JA response included the standard
14 global objections, some nonresponsive answers, and relied on the absence of an integration
15 planning document. Eventually, after numerous responses to some of these data requests
16 cited below, the JA relented and admitted in response to data request Staff 1.9 (Exhibit
17 BCO-23) that there was no supporting documentation and calculations for the claimed
18 merger cost savings and other benefits. I will provide some specific examples of the JA
19 not providing the requested merger benefits in PA and Staff data requests. In the following
20 examples, I will cite to the data request number, cite to the specific page number and merger
21 benefit addressed in the JA testimony, and summarize both the request for data and the
22 response by the JA.

1 The examples of PA and Staff data requests below focus primarily on seeking
2 supporting documentation regarding JA claimed merger benefits, cost savings, cost
3 reductions, and efficiencies.

4 **1) PA 2.36 (Exhibit BCO-3) – Comprehensive Generic Request for All Major Merger**
5 **Benefits Cited in the Testimony of the JA (All Applicable JA Testimony):**
6

7 The PA generally refers to the JA testimony addressing merger benefits and
8 statements that the merger will not have an adverse impact on ratepayers – and noting
9 these statements were not supported by documentation. The PA requested all studies
10 and analysis addressing the impact of the merger on BHNG, NWNG (and all other
11 affiliates), including impacts on operating expenses, rate base and balance sheet
12 accounts, merger benefits and cost savings, support for “no adverse impact on
13 customers”, transition/transaction costs, employee headcount (force reduction plans),
14 payroll costs, and corporate and other costs that are allocated from parent/service
15 companies to BHNG and NWNG.
16

17 The JA response included global objections and other specific objections such as
18 the questions appear to be requesting information in a general rate proceeding. In some
19 cases, JA referred to some data included in the most recent rate cases, which was not
20 applicable. The PA questions were specifically framed as relating to supporting
21 documentation for the merger, so the JA citations to rate case information was
22 inappropriate.
23

24 Essentially, none of the requested supporting documentation related to the impact
25 of the merger on BHNG and NWG was provided (except some larger irrelevant work
26 order data). The JA answers were largely non-responsive, non-transparent, and failed
27 to provide any useful information.
28

29 The JA response to this data request never cited to investor analysts due diligence
30 or presentations to the Board of Directors as supporting documents for the PAs request
31 for merger benefits, cost savings, efficiencies and similar merger impacts.
32
33

34 **2) PA 5.73 (Exhibit BCO-10) – Cost Reduction (Bird, 10:4):**

35 This data request cites to the testimony of witness Bird and asked for examples of
36 cost reductions that will be implemented under the merger, along with supporting
37 documentation. The JA response stated it could not provide specific reduced costs or
38 savings because this will happen over the course of months and years. The JA again
39 cited to the vague and aspirational statements in witness testimony that are without
40 supporting documentation and calculations – so the answer cycled back to the questions
41 again with no meaningful information provided. No meaningful or responsive
42 information was provided.

1 A.

2 3) PA 5.74 (Exhibit BCO-11) – Best Practices to Improve Service (Bird, 10:5):

3 This data request cites to the testimony of witness Bird and addressed best practices
4 to improve services, and requested examples of improved service based on best
5 practices and where best practices are not deployed. The answer was non-responsive
6 and provided no specific examples or calculations for improved services, and provided
7 no specific examples of best practices in this regard.
8

9 4) Staff 2.31 (Exhibit BCO-26) – Merger Savings (Lail, 25:1-8):

10
11 This data request cites to the testimony of witness Lail that generally addressed merger
12 savings, and requested all categories of anticipated merger savings, how can the JA
13 demonstrated the merger savings, and define the “demonstrated merger savings.” The
14 JA response stated they did not have a definition for merger savings, indicated they
15 have not identified all categories of merger savings at this stage, but indicated it may
16 include (1) shared services; (2) capital market efficiencies; (3) supply chain; (4)
17 operational efficiencies and (5) systems and process efficiencies. The JA did not
18 quantify any specific merger savings and did not explain how it will demonstrate
19 merger savings. No meaningful or responsive information was provided.
20

21 In addition, other data requests where the JA failed to provide supporting
22 documentation and calculations for broad claims of merger benefits, efficiencies, long-term
23 rate stability and other benefits, includes PA 5.74 (Bird, 10:6 - regarding scale), PA 5.76
24 (Bird, 14:16 – regarding operational efficiency), PA 5.77 (Bird, 20:2 – regarding benefits
25 to Nebraska customers over the long term), along with other data request responses.
26

27

28

29

1 **IX. JOINT APPLICANT IGNORES EARNINGS & STOCK PRICE IMPACT**

2 **Q. PLEASE EXPLAIN YOUR CONCERNS REGARDING THE JOINT**
3 **APPLICANTS LIMITED TESTIMONY REGARDING FINANCIAL IMPACTS**
4 **OF THE MERGER, AND WHICH IGNORES THE CRITICAL IMPACTS OF**
5 **EARNINGS AND STOCK PRICE.**

6 A. The primary JA witness that addresses any financial-related issues is witness Lail, and her
7 testimony is primarily limited to addressing the pre and post-merger credit ratings and she
8 does not address any merger impacts related to earnings and stock price.

9 None of the JA witnesses address the impact of the merger on earnings and stock
10 price. In fact, none of the witnesses testimony even use the words “earnings” (one
11 exception for witness Lail), “earnings per share (‘EPS’),” “net income”, “earnings before
12 interest taxes, depreciation and amortization (“EBITDA”),” “stock price,” “share price,”
13 “stock appreciation,” or other similar language usually equated with evaluating and
14 addressing financial results.

15 Witness Lail uses the word “earnings” once in her testimony, and that is in a
16 sentence that states, “...utility mergers are mainly driven by a variety of factors
17 including...(7) growth in earnings...” Witness Lail lists ten factors to be considered in
18 mergers, and she lists “growth in earnings” as the seventh factor.³⁴ And after her testimony
19 admits that “growth in earnings” is one of the primary factors to consider in mergers, she
20 never uses the word “earnings” again in her testimony and she never evaluates the impact
21 of the merger on earnings and never compares or analyzes pre and post-earnings for the
22 merger companies. It is not only highly unusual that the JA fail to address the impact of

³⁴ Direct Lail, 14:15.

1 the merger on earnings (and stock price), this omission is obvious and raises significant
2 concerns why the JA are not addressing this important issue. The JA merger application
3 is flawed with the absence of addressing the impact of the merger on earnings and stock
4 price.

5 The Commission should not approve the merger application with this substantive
6 due diligence omission not being addressed in testimony. In matters as important as this
7 merger, the Commission should not overlook one of the most important financial issues to
8 address – as admitted by witness Lail’s testimony. I believe that the merger impact on
9 earnings is at least as important as the credit rating issue that witness Lail addresses in
10 detail.

11 Witness Lail’s testimony even posits the Q & A, “Why do you believe the merger
12 is in the public interest from a financial perspective?” Witness Lail’s response states, “I
13 believe the Merger is essential to strengthening NorthWestern’s financial foundation for
14 the challenges of today and the future.”³⁵ And within this same Q & A, witness Lail states,
15 “As I discuss in more detail throughout my testimony, the Merger will improve the
16 combined financial condition of ParentCo and its subsidiaries as compared to continuing
17 to operate on a stand-alone basis due largely to an improvement in in the business risk
18 profile.”³⁶

19 I do not understand how it is possible to address the impact of the merger from a
20 “financial perspective” (as stated by witness Lail), without addressing the merger impact
21 on both earnings and stock price. I do not believe an analysis of any entity’s “financial
22 perspective” can be properly conducted without an analysis of the core earnings and stock

³⁵ Direct Lail, 3:18-21.

³⁶ Direct Lail, 4:3-6.

1 price factors. Witness Lail also refers to addressing in more detail in her testimony the
2 “financial condition” of merger companies, but that financial condition did not include an
3 evaluation of core financial data earnings and stock price.

4 Witness Lail’s focus on the potential impact of the merger on credit ratings is over-
5 valued, because if the combined companies earnings deteriorate and the stock price tanks,
6 all of the positive discussion of forecasted credit ratings is moot and meaningless because
7 the related credit ratings will sink and be negatively impacted.

8 The JA’s failure to consider and address the impact of the merger on earnings and
9 stock price does not provide any reasonable certainty or positive outlook to the merger in
10 this regard. If the merger has a negative impact on earnings and stock price, this will flow
11 through to negative impacts on ratepayers – resulting in more frequent rate cases, upward
12 pressure on spiraling customer rates, and potentially resulting in rates that are not
13 affordable. Thus, the JA flawed approach of ignoring two primary and material impacts
14 on financial health, such as earnings and stock price, means that the merger applications
15 fails to satisfy the merger statutes 66-1828 “no adverse impact on customers” and 66-1821
16 regarding the “public interest.”

17 **X. MERGER STATUTE IS NOT “NO ADVERSE IMPACT ON SHAREHOLDERS”**

18 **Q. ALTHOUGH SHAREHOLDER INTERESTS PRIMARILY BENEFIT FROM**
19 **THE POSITIVE FINANCIAL IMPACTS OF A MERGER, EXPLAIN THAT**
20 **STATUTES DO NOT STATE “NO ADVERSE IMPACT ON SHAREHOLDERS.”**

21 **A.** Yes. I believe that mergers should produce positive financial results for shareholders, but
22 not at the expense of ratepayer interests. My point is that there should not be undue focus
23 and emphasis on financial impacts of a merger, over important interests of ratepayers

1 regarding matters of rate stability, affordability, customer service, service quality, and
2 related matters. Financial results such as increased earnings and appreciating stock price
3 are primarily beneficial to shareholder and executive employee interests.

4 The Nebraska statutes are not blatantly shareholder focused and do not require a
5 showing of “no adverse impact on shareholders”, but instead the statutes are more ratepayer
6 focused from the standpoint of requiring a showing of “no adverse impact on ratepayers.”

7 But a merger should not be approved if the result would cause a utility to unduly
8 rely upon rate increases to customers in order to improve earnings, and especially if the
9 utility had to resort to questionable rate increases because it failed to properly determine
10 the correct impact of merger benefits of merger savings, efficiencies, and synergy which
11 did not materialize. With that said, I do have some concerns about information regarding
12 implications for post-merger customer rates as addressed in the Goldman Sachs
13 presentation to the Black Hills Board of Directors.

14 **XI. CONCERN WITH GOLDMAN SACHS INFORMATION**

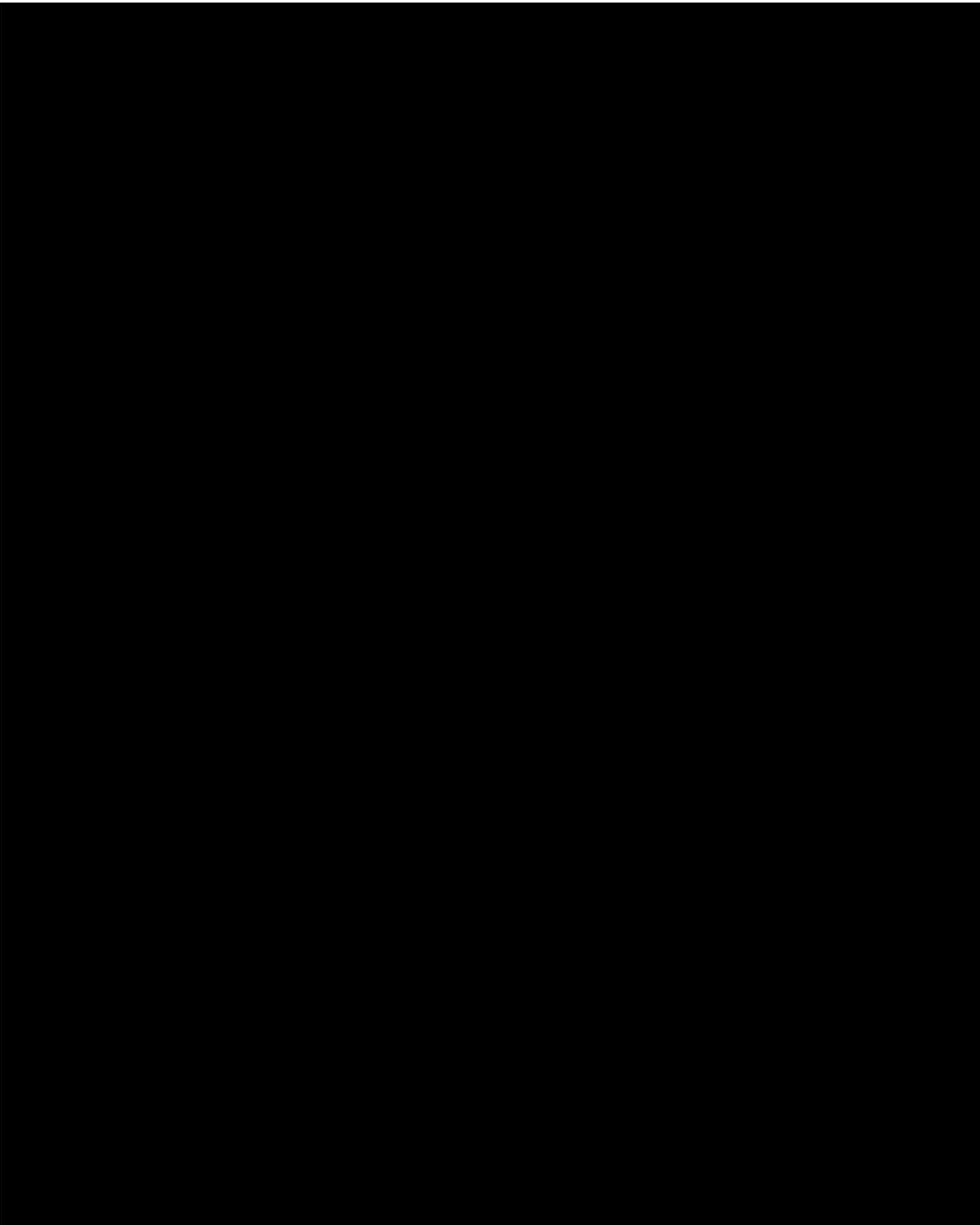
15 **Q. PLEASE EXPLAIN YOUR CONCERNS REGARDING CUSTOMER RATES**
16 **INFORMATION INCLUDED IN THE GOLDMAN SACHS PRESENTATION.**

17 A. Data request Staff 1.9 (Exhibit BCO-23) requested all analysis and documents generated
18 by Black Hills and its affiliates or consultants, which address potential synergies, savings,
19 and other merger benefits.³⁷ The JA response includes Highly Confidential Supplemental
20 Attachment Staff 1.9e, page 10 of 44, which is a Goldman Sachs presentation to the Board
21 of Directors on June 23, 2025.

³⁷ I will be referring to JA supplemental response to Staff 1.9 (Exhibit BCO-23), provided January 30, 2026.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

[BEGIN HIGHLY CONFIDENTIAL]**



1 **Q. DOES ANY JOINT APPLICANT TESTIMONY SPECIFICALLY RELY UPON,**
2 **AND CITE TO, GOLDMAN SACHS FORECASTED POST-MERGER**
3 **EARNINGS AND STOCK PRICE INFORMATION AS JUSTIFICATION FOR**
4 **THE MERGER?**

5 A. No. As I previously noted, none of the JA witnesses mention or rely upon any pre or post-
6 merger earnings or stock price information to reach a conclusion that supports the merger.
7 And no mention is made of any Goldman Sachs or other investment banker/merger
8 consultant analysis in regards to earnings or stock price, as justification for the merger.

9 **Q. SHOULD THE COMMISSION UNDULY RELY UPON GOLDMAN SACHS**
10 **INFORMATION PROVIDED TO THE BOARD OF DIRECTORS REGARDING**
11 **THE MERGER?**

12 A. I would caution undue reliance on this information based on the Goldman Sachs
13 Disclaimer. The JA response to Staff 1.9 (Exhibit BCO-23) includes Highly Confidential
14 Supplemental Attachment Staff 1.9e, page 3 of 44, which is a Goldman Sachs presentation
15 to the Board of Directors on June 23, 2025. Page 3 of this document is the Goldman Sachs
16 “Disclaimer” regarding the information and analysis included in the presentation. The
17 Disclaimer states,

18 **[BEGIN HIGHLY CONFIDENTIAL *****

█ [REDACTED]
█ [REDACTED]
█ [REDACTED]
█ [REDACTED]
23 [REDACTED]

█ [REDACTED]
█ [REDACTED]
█ [REDACTED]
█ [REDACTED]
5 [REDACTED]

6 *****END HIGHLY CONFIDENTIAL**

7 **Q. DO THE GOLDMAN SACHS DUE DILIGENCE PRESENTATIONS IDENTIFY**
8 **“RATEPAYER MERGER BENEFITS” AND STATE THAT THE MERGER**
9 **WILL HAVE “NO ADVERSE IMPACT ON RATEPAYERS.”**

10 A. No. I do not recall any of these analyst presentations focusing on ratepayer merger benefits,
11 specifically identifying or referring to “ratepayer benefits” or stating that the merger
12 satisfies the Nebraska merger statutes regarding “no adverse impact on ratepayers.” I have
13 seen a few vague comments about customer benefits, but without any detailed explanation
14 or supporting documentation. I have also seen some negative comments about customer
15 benefits. The analyst presentations to the Board of Directors are primarily “shareholder
16 focused” and geared towards appealing to the financial and related interests of
17 shareholders, and do not have a specific focus on ratepayers or their interests. Thus, I
18 would caution third parties and the Commission regarding any undue reliance on this
19 information, particularly when considered along with the Disclaimer language of Goldman
20 Sachs (and other similar analysts).



1 **XII. MERGER RISKS AND THREATS NOT ADDRESSED OR QUANTIFIED**

2 **Q. PLEASE EXPLAIN CERTAIN MERGER RISKS AND THREATS THAT WERE**
3 **NOT IDENTIFIED OR QUANTIFIED IN THE JOINT APPLICANT**
4 **TESTIMONY.**

5 A. The JA’s testimony does not identify or address any specific risks or threats, and explain
6 them in detail or provide supporting calculations, and does not cite to any risks or threats
7 in various analyst due diligence presentations, integration planning, or in other documents.
8 Witness Lail does address some risk issues, but she never explains these specific risks in
9 detail, never quantifies the risks, and never states how these risk could negative impact
10 ratepayers and be in violation of statute 66-1828 regarding “no adverse impact on
11 ratepayer.”

12 Witness Bird goes so far as to say, “Put simply, the merger will not adversely affect
13 customers and does not expose customers to any operational or business-related risks or
14 directly related costs.”³⁸ Although Witness Bird states that customers will not be exposed
15 to any risk or “directly related costs”, the JAs do not give up their options for recovering
16 certain transition costs (and perhaps other costs) from ratepayers. This is a type of “risk”
17 cost that JAs seek to potentially recover from customers, because if the merger was as
18 positive and beneficial as Witness Bird espouses, there would be no reason to recover any
19 costs at the expense of ratepayers.

20 Witness Lail indicates one of her responsibilities is “enterprise risk management”,
21 but she does not explain or quantify any risks - although the “enterprise risk” document

³⁸ Direct Bird, 19:3-5.

1 provided in response to PA discovery identifies numerous risks.³⁹ Witness Lail does use
2 the word “risk” a number of times in her testimony, but she does not explain any specific
3 risk or quantify any risk – so there is not any meaningful focus on specific risk issues (other
4 than addressing from the standpoint of credit rates, which is not what I am addressing).. I
5 find it very unusual and non-transparent that the JAs seem to avoid raising any issues
6 regarding specific risks and threats (and related costs and impacts on the merger),
7 especially when risk information is available publicly and through data request responses
8 provided by the JA. Just to make it clear, when I discuss risk, I am not intending to address
9 risk regarding cost of capital issues or credit rating agencies directly – such as witness Lail
10 addresses in her testimony. Witness Lail also identifies various types of risk in her
11 testimony, such as business and operating risks, weather, better management of projects,
12 and she does refer to wildfire risk⁴⁰ Again, there is no detailed explanation of the risk and
13 no quantification of how this could negative impact the merger.

14 **Q. CAN YOU IDENTIFY THE RISKS AND THREATS WHICH JOINT**
15 **APPLICANTS FAILED TO RAISE AND ADDRESS IN TESTIMONY?**

16 A. I have identified some of these risks and threats below by source:

- 17 • Black Hills Form S-4 Proxy Statement (Securities and Exchange Commission “SEC”)
18 dated January 30, 2026.⁴¹ This publicly available proxy statement identifies
19 numerous merger risks and threats, beginning at page 23 to 36.

³⁹ Direct Lail, 1:11-14.

⁴⁰ Direct Lail, 14:10-17 and 15:12-15.

⁴¹ Black Hills SEC S-4 Proxy Statement. <https://ir.blackhillscorp.com/static-files/2425081f-2527-4b64-9621-ea9b9e5d0197>

1

2 • Staff 2.36 (Exhibit BCO-27) (BH Disclosure Letter - Highly Confidential) – The JA

█ response, at Section 3.14, identifies **BEGIN HIGHLY CONFIDENTIAL***** █

█

█

6 █ **END HIGHLY CONFIDENTIAL.**

7 • Staff 2.38 (Exhibit BCO-27) (BH NorthWestern Disclosure Letter - Highly

8 Confidential) – The JA response, at page 13, identifies **BEGIN HIGHLY**

█ **CONFIDENTIAL***** █

█

█

12 █ *****END**

13 **HIGHLY CONFIDENTIAL**

14 • PA 5.98 (Exhibit BCO-13) – The PA requested documentation regarding “enterprise

15 risk management” as it relates to the merger, and the JA response provided a Highly

16 Confidential Attachment 5.98a (regarding Black Hills risk) and Highly Confidential

17 Attachment 5.98b (regarding NorthWestern risk). Both of these Highly Confidential

18 documents identify many risks and threats, although there is no detailed explanation

19 of the risks and no quantification of these risks.

20 • PA 6.114 (Exhibit BCO-16) – This PA data request is a follow-up to PA 5.98

21 (Exhibit BCO-13) and asked for a quantification of the risks in PA 5.98 (Exhibit

1 BCO-13). The JAs noted these enterprise risk are not related to the merger, and no
2 quantification of the risks was provided. However, I believe the merger could clearly
3 have some impact on current business as usual risks.

4 The bottom line is that numerous risk have been identified, but almost none have
5 been specifically quantified.

6 **XIII. PUBLIC ADVOCATE MERGER COMMITMENTS**

7 **Q. WHAT ARE MERGER COMMITMENTS AND DID JOINT APPLICANTS**
8 **PROPOSE ANY IN THIS MERGER PROCEEDING?**

9 A. Merger commitments can be formal written binding terms and conditions either proposed
10 by a utility, proposed by intervenors, or negotiated between all parties in various regulatory
11 proceedings addressing specific regulatory, financial, operational and other matters. These
12 are most common in stipulations between utilities and intervening parties in rates case and
13 merger proceedings. Merger commitments have more authority and are substantially more
14 explicit and binding than a witnesses representation in testimony regarding a specific
15 matter.

16 Most importantly, and in most instances, a merger commitment represents a
17 specific safeguard or ring fencing measure intended to provide assurances and protection
18 to utility company ratepayers (and other intervenor or utility interests). In this proceeding,
19 when I use the term “merger commitment”, I am referring to various safeguards and ring
20 fencing measures intended to provide assurance, protection, and certainty to ratepayers
21 regarding various relevant merger issues.

1 For example, a utility witness in a regulatory proceeding may state in their
2 testimony that the utility does not have plans to file a rate case for the next five years, but
3 this statement has no specific authoritative or binding effect on the utility. However, a
4 specific merger commitment (safeguard) might require the utility to stay-out and not file a
5 rate case for five years (or a specific number of years) – and this type of assurance is more
6 specific, binding, and formal with the utility company’s written signatory confirmation.

7 The JA have not proposed any specific merger commitments in this proceeding.
8 Data request PA 6.103 (Exhibit BCO-14) asked the JA to provide copies of all merger
9 commitments made in merger proceedings in other jurisdictions, including this Nebraska
10 proceeding, South Dakota, and Montana. The JA posited their global objections and some
11 specific objections, and without waiving their objections, stated that the only regulatory
12 commitment made in the three-state proceedings is to maintain existing financial ring
13 fencing in Montana (Docket No. 2025-10.078). The JA objected to making the same ring
14 fencing commitments in other proceedings besides Montana, because the Montana
15 commitments were a result of settlement in a contested proceeding.

16 **Q. WHY IS THE PUBLIC ADVOCATE RECOMMENDING THE COMMISSION**
17 **ADOPT ITS SPECIFIC MERGER COMMITMENTS AS A CONDITION OF**
18 **APPROVING THIS MERGER?**

19 A. The merger commitment safeguards and ring fencing offer a method for substantially
20 curing the significant deficiencies in the JA merger filing, and will help ensure that the
21 merger proceeding satisfies the merger statutes 66-1828 regarding “no adverse impact on
22 ratepayers” and 66-1821 regarding “consistency with the public interest.” It is necessary

1 to propose specific merger commitment safeguards and ring fencing terms and conditions
2 that provide necessary protections to ratepayers. I won't repeat all of the flaws with the JA
3 merger filing, but the JA testimony is substantially deficient, and includes vague and
4 aspirational claims about merger benefits (such as cost savings, cost reductions,
5 efficiencies, and other merger benefits) without providing any specific and meaningful
6 supporting documentation and calculations. The bottom line is that the JA has not met a
7 reasonable burden of proof to support their merger application. My testimony is replete
8 with substantive support and justification for the PA recommended merger commitments.

9 **Q. CAN YOU SUMMARIZE AND EXPLAIN THE MERGER CONDITIONS**
10 **PROPOSED BY THE PUBLIC ADVOCATE IN THIS PROCEEDING?**

11 A. Yes. Exhibit BCO-2 attached to my testimony is the PA Merger Commitments with
12 reasonable safeguards and ring fencing for ratepayers, and which are also beneficial to the
13 Commission's interests in this proceeding. The Commission should adopt these merger
14 commitments if it is to approve the merger. The merger commitments stand on their own
15 and I will not explain each merger commitment. However, the combination of concerns
16 that I have addressed in my testimony all form the foundation for the reasonable merger
17 commitments. In subsequent sections of my testimony I will address some of the primary
18 merger commitment.

19 **Q. CAN YOU PROVIDE AN EXAMPLE OF THE MERGER COMMITMENTS**
20 **VOLUNTEERED BY ALTAGAS AND WGL IN THAT MERGER**
21 **PROCEEDING?**

1 A. Yes. Table 2 below was included by the merger parties AltaGas and WGL in their April
2 24, 2017, merger application with the Public Service Commission of the District of
3 Columbia.⁴² Table 2 below represents merger conditions volunteered by merger applicants
4 upon filing their initial merger application, and was not a result of any preliminary
5 negotiation with intervenors.

6 Table 2 below summarizes merger conditions by broad areas along with the amount
7 of dollar investment the merger companies are committing to each merger condition,
8 including a total commitment of \$24.50M. Table 2 below represents a summary of the
9 merger commitments, and the merger applicants sponsored a more detailed version of this
10 document that was about 30 pages. There was eventually a stipulation among intervenor
11 parties in this proceeding that resulted in a final merger commitment document that was
12 also about 30 pages.⁴³ Merger commitment documents volunteered by merger parties in
13 merger proceedings are not unusual, and merger commitment documents negotiated among
14 utility and intervenors are also not unusual. However, the JA in this proceeding did not
15 volunteer or sponsor a merger commitment document.

16

17

18

19

⁴² *In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.*, Formal Case No. 1142, Application, April 24, 2017, page 11 (par. 24).

⁴³ I am not sponsoring the final negotiated merger commitment document in Formal Case No. 1142 as an exhibit in this merger proceeding because the document is voluminous.

1 **A. Table 2: AltaGas/WGL Volunteered Merger Commitments**

2

District-Specific Benefits	
One-Time Bill Credits	\$12.25 million
Affordable Housing Multifamily Natural Gas Initiative	\$2.0 million
Supplemental Low-Income Weatherization and Energy Efficiency Programs	\$2.2 million
Workforce Development Initiatives	\$0.7 million
TOTAL	\$17.15 million
Additional Commitments Benefiting All Washington Gas Jurisdictions	
Washington Area Fuel Fund Supplemental Funding	\$1.5 million
Study to Assess the Development of Renewable Natural Gas Facilities	\$0.45 million
New Public Safety Program	\$2.75 million
Charitable Contributions Over Ten-Year Post-Merger Period	\$12 million (at least)
5MW Electric Grid Energy Storage or Tier One Renewable resources	\$7.8 million ⁷
TOTAL	\$24.5 million

3

4 **Q. DID TEXAS-NEW MEXICO POWER COMPANY MERGER PROCEEDING**
 5 **RESULT IN A STIPULATED LIST OF MERGER COMMITMENTS**

6 A. Yes. I have not attached these merger commitments to my testimony but they are publicly
 7 available. The “Unanimous Stipulation and Agreement” is between merger applicants and
 8 intervenor parties in PUC Docket No. 58536 regarding merger applicants Texas-New
 9 Mexico Power Company and Troy ParentCo LLC, before the Public Utility Commission
 10 of Texas.⁴⁴ The Public Utility Commission of Texas issued an Order on February 6, 2026,
 11 approving the merger and the related Unanimous Stipulation and Agreement and stated,

⁴⁴ The Unanimous Stipulation and Agreement was filed with the Public Utility Commission of Texas on December 11, 2025.

1 “For the reasons discussed in this Order, the Commission approves the agreement and finds
2 that the acquisition at issue in this proceeding is in the public interest under PURA §§
3 14.101, 39.262, and 39.915, provided that all regulatory commitments described in this
4 Order are met.”

5 The Unanimous Stipulation and Agreement includes merger commitments
6 addressing issues such as rate credit/refund to ratepayers, Board of Director authority and
7 composition issues, Director compensation, dividend restrictions, no pledging of assets, no
8 acquisition of debt, no shared credit facilities, no affiliate asset transfers, debit-to-equity
9 ratio, minimum capital spending commitment, no goodwill recovery, no recovery of
10 transition or transaction costs, compliance reporting, access to books and records, code of
11 conduct regarding affiliate transactions, and various other measures.

12 This merger commitment document was recently negotiated (December 2025)
13 between utility and intervenors in a Texas merger proceeding, and provides an example of
14 issues addressed in such documents. The merger commitment proposed by the PA also
15 addresses some of these same important issues.

16 **Q. WILL YOU EXPLAIN PUBLIC ADVOCATE’S PROPOSED MERGER**
17 **COMMITMENTS THAT WILL PROVIDE SAFEGUARDS TO CUSTOMERS**
18 **AND HELP MITIGATE THE RISKS TO RATEPAYERS?**

19 A. Yes. In this section of my testimony I will address the JA’s failure to identify and explain
20 substantive risks and threats that cause adverse impacts on ratepayers - which means the
21 JA does not satisfy the requirements of statute 66-1828. I have identified significant
22 concerns and various risk and threats reflected in the JAs merger proposal – and it is

1 important to mitigate potential adverse impacts on ratepayers via the merger commitments
2 proposed by the PA. I will address the following regarding the merger commitments:

- 3 1) Explain why the issue is important and how it impacts this merger and can have an
4 adverse impact on ratepayers in the future.
- 5 2) Explain how the JA failed to address the issue in its testimony and have ignored PA's
6 requests for related supporting documentation and calculations.
- 7 3) Explain the related merger commitment proposed by the PA that is intended to provide
8 safeguards and ring fencing ensure protection for ratepayers and Commission interests
9 – and how this is consistent with statute 66-1828 regarding “no adverse impact on
10 ratepayer and 66-1821 regarding the “public interest.”

11 **Q. HAVE YOU ATTACHED AN EXHIBIT SUPPORTING THE PUBLIC**
12 **ADVOCATE’S MERGER COMMITMENT SAFEGUARDS AND RING FENCING**
13 **TERMS AND CONDITIONS?**

14 A. Yes. Exhibit BCO-2 is a document titled “Public Advocate Merger Commitments” which
15 is a complete list of each merger commitment safeguard and ring fencing term and
16 condition that the PA recommends in this proceeding. The PA recommends that the
17 Commission reject the merger application as filed because it fails to satisfy the various
18 Nebraska merger statutes, fails to satisfy the “five factors” test, and does not meet a
19 reasonable burden of proof regarding all of the PA concerns. However, if the Commission
20 adopts the PA’s Merger Commitment list in total, then the PA could support acceptance of
21 this merger in Nebraska.

1 **Q. DID THE JOINT APPLICANT EXPLAIN AND PROVIDE SUPPORTING**
2 **DOCUMENTATION REGARDING HOW THE MERGER WILL RESULT IN**
3 **LONG-TERM RATE STABILITY, AFFORDABILITY, AND WILL NOT RESULT**
4 **IN A REBALANCING OF RATES – WHICH WILL ALL ADVERSELY IMPACT**
5 **THE RATEPAYERS?**

6 A. No. The direct testimony of witness Bird states, “The merger will preserve
7 NorthWestern’s ability to provide safe, reliable, and affordable service to customers.”⁴⁵
8 He also states, “It will allow us to invest more aggressively to meet customer needs while
9 helping to mitigate rate impacts from an affordability perspective, through reduced asks in
10 rate review and a slower pace of rate increases. This merger will result in rate stability for
11 customers over the long term as compared to NorthWestern’s stand-alone plan.”⁴⁶ Witness
12 Jones states the merger, “...drives opportunity for long-term rate stability...”⁴⁷ Finally,
13 witness Jarosz states regarding the merger, “...there will be no⁴⁸ impact on rates...”

14 Data request PA 5.78 (Exhibit BCO-12) cited to witness Bird’s testimony and asked
15 for documents which show the comparison of NorthWestern’s stand-alone plan related to
16 the “rate stability for customers over the long term” as a result of the merger. The JA
17 response to PA 5.78 (Exhibit BCO-12) provided no specific explanation or plan of how
18 rate stability will be preserved in the long-term, and did not provide a plan or a specific
19 time frame to explain what is meant by the statement “slower pace of rate increases.” The
20 JA response to PA 5.78 (Exhibit BCO-12) stated that the JAs do not have a prepared formal
21 side-by-side comparison document of NorthWestern’s stand-alone plan versus the merged

⁴⁵ Direct Bird, 20 :5-6.

⁴⁶ Direct Bird, 20 :6-10.

⁴⁷ Direct Jones, 17 :5-8.

⁴⁸ Direct Jarosz, 11 :11-12.

1 entity's projected rate stability. The JA once again deferred to an uncompleted integration
2 plan. There is no support for witness Bird's statements about affordability, long-term rate
3 stability, or a slower pace of rate increases. The JA does not even have a "plan" in place,
4 which was cited in witness Bird's testimony.

5 Data request PA 2.51(Exhibit BCO-6) cited to witness Bird's testimony and asked
6 if BHNG rates would increase, if rate rebalancing would occur between BHNG and
7 NWNG, and if long -term rate stability would be preserved due to the merger. The JA
8 response to PA 2.51 (Exhibit BCO-6) essentially provides the same response for both
9 BHNG and NWNG, and states that rates will not increase or decrease through this merger
10 docket, customers will pay the same rates until the next rate case is filed, and there are no
11 estimates of impacts on rates for any future rate review. Also, the JA response to PA 2.51
12 (Exhibit BCO-6) also states that the term "long-term stability" was not intended to convey
13 any specific period between rate reviews.

14 The JA response to PA 2.51 (Exhibit BCO-6) reneged on its previous positive
15 statements regarding rate stability and affordability by stating that rates will remain the
16 same only until the next rate case is filed, and there is no commitment to any defined period
17 for rate stability. Essentially, the JA is not providing any additional assurance regarding
18 long-term rate stability beyond what currently exists without the merger, because rates will
19 usually remain the same until the next rate case – regardless of a merger. Thus, the JA
20 does not commit to any specific long-term rate stability, and does not commit to stay-out
21 from filing a rate case for any period that is longer than normal regardless of a merger.

22 The JA response to data request Staff 1.30 (Exhibit BCO-25) states that the JAs are
23 not committing to a rate freeze for BHNG or NWNG for any period of time. Again, the

1 JA is not making any specific or unique commitments regarding rate stability that is
2 beneficial due to the merger.

3 The JA direct testimony and responses to data requests are vague, evasive,
4 aspirational and did not provide any specific supporting documentation or commitments
5 explaining how the merger will result in long-term rate stability, affordability of rates, and
6 will not result in rebalancing of rates between BHNG and NWNG (and regulated utility
7 affiliates in other jurisdictions). The JA did not make any specific merger commitments
8 regarding these same issues and concerns. There is no specific benefit to customer rates
9 related to the merger, and under a best case scenario the ratepayers will face the same
10 pressures of increases in rates via rate cases with or without the merger.

11 Under a worse case scenario, ratepayers could face adverse impacts on rates due to
12 the unknown risk and threats of the merger – including less rate stability, more frequent
13 rate cases, and rate rebalancing between BHNG and NWNG. Regarding rate rebalancing,
14 I am referring to a situation whereby NWNG has lower rates than BHNG, and the JA could
15 attempt to increase the rates of NWNG to match or approximate the higher rates of BHNG.

16 Therefore, the unknown impact of the merger, along with the failure of the JA to
17 make specific rate commitments to customers regarding affordability, rate stability, and no
18 rebalancing of rates, means the merger could result in adverse impacts on ratepayers that
19 are contrary to the requirements of statute 66-1828.

20 **Q. WHAT FACTORS DID YOU CONSIDER IN EVALUATING A “STAY-OUT”**
21 **MERGER COMMITMENT PROVISION TO HELP ENSURE A SPECIFIC PLAN**
22 **FOR LONG-TERM RATE STABILITY, AFFORDABILITY, AND NO RATE**
23 **REBALANCING?**

1 A. I use the term “stay-out” plan to refer to a specific time period for which BHNG and
2 NWNG would not file a rate case to increase customer rates, and I am proposing this as a
3 specific merger commitment. In order for the “stay-out” provision to have value to
4 customers under the merger, then it must provide “long-term rate stability” for a period of
5 time that is longer than normal without a merger. If the merger is not providing any extra
6 assurances to customers regarding longer-rate stability via less frequent rate case filings,
7 then there is not any value provided to the customers via the merger. Therefore, I am
8 proposing a specific merger commitment that would require both BHNG and NWNG to
9 stay-out from filing a rate case for a period longer than the next anticipated rate case filing.
10 This merger commitment will provide some additional safeguards to customers regarding
11 the unknown risk and threats under the merger. Some of the factors that I considered in
12 evaluating a stay-out provision include the following.

13 The most recent BHNG rate case in Application NG-24 used a three-year
14 amortization of rate case expense, meaning that the period between rate cases is typically
15 tied to the number of years used for amortizing rate case expense.

16 The Commission approved the Stipulation between BHNG and the PA, and allowed
17 new rates to be implemented January 1, 2026.⁴⁹ If the three-year amortization period is
18 reliable, this means that BHNG would normally file its next rate case by either: 1) the
19 earliest date of January 1, 2028, (three years from January 1, 2026, rate implementation
20 date if the last year of the three-year rate case expense amortization period occurs during

⁴⁹ *In the Matter of the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid Cit, South Dakota, seeking approval of a Natural Gas rate increase, Application No. NG-124. Order approving Settlement Agreements entered December 9, 2025, page 12 specifying a rate implementation date of January 1, 2026.*

1 the rate filing period); or 2) or at the latest date of filed January 1, 2029 (three years from
2 the January 1, 2026, rate implementation date).

3 Also, the previous rate increase for BHNG was in 2020, per Application No. NG-
4 109,⁵⁰ and this means there was about five years between the prior rate case and most
5 recent rate case in Application NG-124.

6 NWNG filed its most recent rate case in Application No. NG-122 on June 6, 2024.
7 A Notice of Settlement dated April 28, 2025, allowed the new rates to be effective about
8 July 1, 2025. Also, NWNG's prior rate case filing was in 2007, meaning there was about
9 18 years between rate filings.

10 In the change of control proceeding in Application No. NG-0084 regarding
11 SourceGas Distribution LLC and Black Hills Utility Holdings, Inc., the Commission's
12 Order approved the Settlement Agreement which required that BHNG not file a rate case
13 any earlier than three years from the closing of the purchase of SourceGas Distribution,
14 thus supporting a 3-year stay-out.⁵¹

15 **Q. WHAT STAY-OUT PERIOD DO YOU RECOMMEND FOR BHNG AND NWNG**
16 **AS A MERGER COMMITMENT?**

17 A. After evaluating the information from prior rate case and change of control proceedings,
18 along with considerations from this merger proceeding, I am proposing the following stay-
19 out periods.

⁵⁰ BHNG Application No. NG-124, dated May 1, 2025, Executive Summary, page (i).

⁵¹ Commission Order, Application No. NG-0084, entered January 26, 2016, page 10 identifying the stay-out provision.

1 For BHNG, I am proposing that no general rate case be filed until January 1, 2030,
2 which is a four-year stay-out period from when its most recent rate increase was effective
3 on January 1, 2026.

4 For NWNG, I am proposing that no general rate case be filed until January 1, 2028,
5 which is a three-year stay-out period from when its most recent rate increase was effective
6 on July 1, 2025.

7 **Q. ARE YOU ALSO PROPOSING A RATE REFUND/CREDIT TO BHNG AND**
8 **NWNG RESIDENTIAL CUSTOMERS AS A MERGER COMMITMENT, AND**
9 **WHAT FACTORS DID YOU CONSIDER?**

10 A. Yes, I am proposing a rate refund/credit to both BHNG and NWNG residential customers
11 only. Some of the factor that I considered in proposing a rate refund include the following.

12 First, I considered the total amount of costs that I am aware of (and provided by the
13 JA) which have been incurred to date by the JA regarding evaluation and implementation
14 of the merger. These costs are set forth in Table 3 below.

15
16
17
18
19
20
21

1 Table 3 and are from PA 2.48a (Exhibit BCO-5), Confidential Attachment PA 2.48a, page
2 4 of 11. The costs of Goldman Sachs are identified at line 2 of Table 3 and are from PA
3 7.124a, (Exhibit BCO-18), Highly Confidential Attachment PA 7.124a, page 2 of 14. The
4 costs of Mizuho/Greenhill are identified at line 3 of Table 3 and are from PA 8.133b,
5 (Exhibit BCO-20), Highly Confidential Attachment PA 8.133ba, page 1 of 1. The costs of
6 the golden parachutes/change of control severance costs for BH executives are from PA
7 5.64a, Highly Confidential Attachment PA 5.64a. Finally, the costs of the golden
8 parachutes/change of control severance costs for NW executives are from PA 5.64b,
9 Highly Confidential Attachment PA 5.64b. These costs are likely to be conservative
10 because there are likely to be other costs incurred for the merger proceeding, including
11 outside legal costs and other consultants. I will now explain the amounts in Table 3.

BEGIN HIGHLY CONFIDENTIAL ***

[REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] **END HIGHLY CONFIDENTIAL.**

5 **Rate Refunds in Other Mergers:**

6 Second, I considered rate refunds for other companies involved in merger
7 proceedings in other jurisdictions. It should be noted that rate refunds to customers are a
8 common component of merger proceedings, primarily via related stipulations among
9 parties. For example, in the merger proceeding before the Public Utility Commission of
10 Texas that I previously addressed in this testimony, the related Stipulation required a
11 \$45.50 million rate credit to be paid over 48 months following the closing of the
12 acquisition, allocated across all functions and classes.⁵²

13 In the AltaGas/WGL merger that I previously addressed in this testimony, the
14 applicants initially volunteered a package of total benefits worth \$24.50 million, including
15 \$12.25 million in one-time bill credits. The final Settlement among parties resulted in total
16 rate credits of \$20.50 million for residential customers and \$5.40 million for non-
17 residential customers, along with other monetary benefits.⁵³

18 In a merger with Exelon Corporation acquiring Pepco Holdings, Inc., a final
19 Settlement among parties resulted in total rate credits of: 1) \$72.8 million (benefit of

⁵² Public Utility Commission of Texas Docket No. 58536, Unanimous Stipulation and Agreement, Attachment 1 to Stipulation, page 1, item 1, “Tangible and Quantifiable Benefits.”
⁵³ Public Service Commission of the District of Columbia, Formal Case No. 1142, Order No. 19396, dated June 29, 2018, ¶ 16.

1 \$215.94 per distribution customer) for District of Columbia customers (included in the
2 Customer Investment Fund); 2) customer credits of \$25.60 million which can be used as a
3 credit to offset rate increases for Pepco customers approved by the District of Columbia
4 Commission in any Pepco base rate case filed after the close of the Merger until the Base
5 Rate Credit is fully utilized; and 3) a one-time direct bill credit of \$14 million to be
6 distributed among Pepco residential customers (including RAD Program customers).⁵⁴

7

8 **PWC Cost Savings Benchmarking:**

9 Third, I am considering the high level benchmark estimate of merger cost savings
10 identify by the JA in response to data request PA 7.127 (Exhibit BCO-19) as a broad range
11 in considering customer refunds. The JA’s recent February 2, 2026, Highly Confidential
12 response to data request PA 7.127 (Exhibit BCO-19), identified estimated cost savings for
13 the first time in this proceeding. Although it is not clear if the JA’s written response is
14 intended to be treated as Highly Confidential, the PA will treat it in such manner out of an
15 abundance of caution.

16 The JA response to PA 7.127 states **BEGIN HIGHLY**

CONFIDENTIAL *** [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
22 [REDACTED]

⁵⁴ Public Service Commission of the District of Columbia, Formal Case No. 1119, Order No. 18148, dated March 23, 2016, page 25, items “P”, “Q”, and “R.”

[REDACTED]

11 [REDACTED] *****END HIGHLY CONFIDENTIAL.**

12 I have considered the range of merger cost savings provided in the JA response to
13 PA 7.127 (Exhibit BCO-19) for purposes of establishing a level of customer rate refunds.

14 **Merger Shareholder Benefits Need to be Balanced with Customer Benefits:**

15 Third, the merger offers shareholders potential significant benefits, but does not
16 similarly offer any specific and quantified merger benefits to ratepayers. It is reasonable
17 that customers share in a reasonable portion of merger savings in the form of rate
18 refunds/credits.

19 **Q. WHAT AMOUNT OF RESIDENTIAL CUSTOMER BILL CREDIT/REFUND ARE**
20 **YOU RECOMMENDING AS A MERGER COMMITMENT?**

21 **A.** I will address this after Table 4 below which shows the calculation of the residential
22 customer bill credit amount.

1 **C. Table 4: Public Advocate Recommended Residential Rate Credit**

2

Line	Description	Residential Rate Refund/Credit		
		A	B	C
		BHNG	NWNG	Total
1	Residential Customers	196,372	37,958	
2	Fixed Charge Tariff Rate	\$28	\$10	
3	No. of Months	2	2	
4	Total Revenues/Refund/Credit	\$10,996,832	\$759,160	\$11,755,992
5				
6		Note A	Note B	
7	Source:			
8	Comment: The PA proposed customer refund/credit applies			
9	to residential customers only.			
10	Note A - BHNG residential customers per 2024 Annual Report filed with Commission			
11	Note B - NWNG residential customers per 2024 NorthWestern Annual Report, page 53.			
12	filed with Commission and Joint Application page 4.			

3

4

5

6

7

8

9

10

11

Based on consideration of the prior information, I am recommending a one-time customer bill credit of about \$12.0M (\$11,755,992) to residential customers of BHNG and NWNG. I have calculated and rationalized this \$12.0M customer bill credit as equal to two months of the fixed charge monthly rate of \$28.00 for BHNG and \$10.00 for NWNG. It could be argued that if there is a longer delay in the time period for filing a rate case by BHNG and NWNG, then the customer bill credit could be reduced, and if there is a shorter delay in the time period for filing a rate case then customer bill credit should increase. The calculations are shown in Table 4 above.

12

13

14

Q. DID THE JA EXPLAIN AND CALCULATE THE ADVERSE IMPACT ON RATEPAYERS RESULTING FROM POST-MERGER INCREASED AFFILIATE ALLOCATIONS TO BHNG AND NWNG?

1 A. No. The JA’s testimony and responses to data requests did not explain or provide the
2 adverse impact on ratepayers resulting from post-merger increased affiliate allocations to
3 BHNG and NWGN. The direct testimony of witness Lail is limited to explaining the cost
4 allocation process for Black Hills and NorthWestern, and only states there are significant
5 similarities between the allocation methodologies and indicates this process will be
6 reviewed in more detail post-merger via the integration planning process.⁵⁵ To the best of
7 my knowledge, none of the Black Hills and NorthWestern due diligence documents and
8 presentations to the Board of Directors address the impact the merger will have on affiliate
9 allocations and potential negative impacts on ratepayers.

10 Data Request PA 5.61 (Exhibit BCO-7) asked the JA to provide the amount of
11 affiliate allocated costs from parent companies and service companies (by function and
12 account number) to BLNG and NWNG for the years 2022 through 2025 year-to-date, plus
13 any estimated amounts post-merger – and provide supporting documentation and
14 calculations for allocation factors and other data. The data request response provided the
15 amount of affiliate allocated costs to BHNB and NWNG for the periods it was available
16 from 2022 to 2025 year-to-date. However, the JA stated that no estimates of affiliated
17 costs to BHNG and NWNG exist for the post-merger period, and the related allocation
18 methods have not been developed yet. Thus, the JA provided no supporting documentation
19 to address the risk to ratepayers of post-merger affiliate allocations.

⁵⁵ Direct Lail, 23:6-22.

1 **Q. PLEASE EXPLAIN THE SUBSTANTIVE AND ADVERSE RISKS TO**
2 **RATEPAYERS FROM POST-MERGER AFFILIATE ALLOCATIONS AS IT**
3 **APPLIES TO THIS MERGER PROCEEDING.**

4 A. The allocation of certain affiliate costs from a parent company (or service company) to
5 regulated utility affiliates such as BHNG and NWNG can create certain risks. The primary
6 concern is that the unregulated parent/service company can allocate excessive or
7 unreasonable costs (charge excessive prices) to the regulated utility affiliates (such as
8 BHNG and NWNG) to unfairly subsidize other unregulated affiliates, to double-recover
9 parent/service company costs allocated to another regulated or unregulated affiliate in
10 another jurisdiction, or to allocate disallowed or improper regulatory costs from one
11 jurisdiction to another jurisdiction (such as recovering disallowed imprudent plant costs,
12 penalties, or shareholder-related costs).

13 There are several worse case scenarios regarding allocation of affiliate costs.

14 First, if the unregulated parent/service company (or another unregulated affiliate)
15 allocates excessive prices/costs for goods and services to the regulated utility, this
16 indirectly allows the unregulated parent/service company to recover these excessive
17 prices/costs in a utility rate case proceeding with resulting excessive rates passed along to
18 customers.

19 Second, if the unregulated parent/service company allocates excessive prices for
20 goods and services to the regulated utility, the parent/service company could use these
21 excess profits from regulated monopoly services to subsidize other competitive services
22 that the unregulated parent/service company offers in another market or jurisdiction. This

1 impedes competition, provides an unfair competitive advantage to the unregulated
2 affiliates, and could drive competitors from other subsidized markets.

3 **Q. CAN YOU EXPLAIN THE FEDERAL ENERGY REGULATORY COMMISSION**
4 **(“FERC”) AFFILIATE TRANSACTION RULES THAT PROVIDE PROPER**
5 **SAFEGUARDS REGARDING ALLOCATION OF AFFILIATE COSTS.**

6 A. Yes. The FERC affiliate transaction rules provide reasonable and proper safeguards
7 regarding allocation of costs between unregulated parent company (or unregulated service
8 companies) and their regulated utility affiliates. The FERC affiliate transaction rules
9 provide a reasonable basis for establishing merger commitment safeguards that I will
10 recommend.

11 In its simplest form, the primary purpose of the FERC affiliate transaction rules in
12 18 C.F.R. § 35.39 (Affiliate restrictions), § 35.43 (Generally), and § 35.44 (Protections
13 against affiliate cross-subsidization) are to protect against an unregulated holding/parent
14 company (or service company) from unfairly using its allocation process to charge
15 excessive prices/costs to regulated utilities in order to subsidize its unregulated operations
16 (or even its regulated operations in another jurisdiction) to the detriment of the customers
17 of regulated utilities. The FERC rules conservatively require that: 1) all sales of goods and
18 services from an unregulated affiliate to a regulated utility are provided at the lower of cost
19 or market price; and 2) all sales of goods and services from a regulated utility to an
20 unregulated affiliate are provided at the higher of cost or market price.

21 Affiliate transaction rules generally require an unregulated affiliate to sell goods
22 and services to a regulated utility affiliate at the lower of cost or market price, to
23 conservatively ensure that the regulated utility affiliate is not paying excessive prices that

1 will result in subsidizing the unregulated affiliate to the detriment of the regulated utility
2 affiliate (or to the detriment of market competition). Similarly, affiliate transaction rules
3 generally require a regulated utility affiliate to sell goods and services to an unregulated
4 affiliate at the higher of cost or market price, to similarly ensure that the regulated utility
5 affiliate is receiving fair value that will not result in it subsidizing the unregulated affiliate
6 to the detriment of the regulated utility affiliate (or to the detriment of market competition).

7 I will provide some specific examples of how costs allocated from parent/service
8 company entities to regulated affiliates BHNG and NWNG could be manipulated and
9 adversely impact related customers in a post-merger environment.

10 1) **Risk of New and Increased Affiliate Costs Allocated to BHNG and NWNG:**

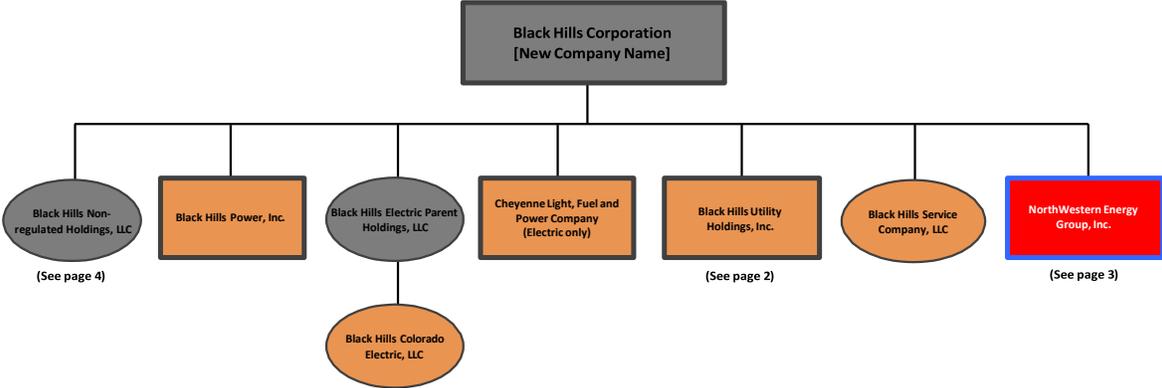
11 Effective with the merger, the successor to BHC would remain the ultimate parent
12 company of BHNG, and BHC would also become the holding company of successor NWG
13 and all of its affiliates, including NWEA (as shown in Table 5 below to the far right of the
14 chart).⁵⁶

⁵⁶ Direct Jones, Exhibit MMJ-2, pages 1 of 4, shows the post-merger organizational chart. Page 1 of the post-merger organization chart (shown in the table above) illustrates that NWG will be added to the existing line of BHC affiliates reporting to BHC. In addition, page 3 (which is not shown above in a table) illustrates the post-merger affiliates reporting to NWG (which includes NWNG and the pre-merger NorthWestern affiliates). In addition, please see the JA response to data request PA 6.108 for a description of pre and post-merger organization.

1 **D. Table 5: Post Merger Organization Chart**

2

**POST MERGER
LEGAL ORGANIZATIONAL CHART**



3

4 Table 5 illustrates that post-merger BHC (and/or its service company) could begin
5 allocating corporate overhead and other costs to NorthWestern Group, which could in turn
6 allocate these new and increased affiliate costs to its various affiliates – including regulated
7 utility NWNG.

8

9 Similarly, as the ultimate parent, BHC could accumulate new and increased
10 corporate overhead and other costs from NorthWestern Group, and in turn allocate these
11 new and increased affiliate costs to its various affiliates – including regulated utility
12 BHNG.

12

13 In addition, with an increase in the total number of affiliates for combined
operations of BHC and NWG post-merger this means there are more affiliates subject to

1 allocating costs to both BHNG and NWNG, and this could also increase the amount of
2 costs allocated to these regulated utility entities post-merger.

3 There is nothing in the proposed post-merger organization chart that prevents BHC
4 (and/or its service company) from allocating new and increased “BHC” related corporate
5 overhead and other costs to NWNG via its immediate parent/holding company
6 NorthWestern Group. Likewise, there is nothing in the proposed post-merger organization
7 chart that prevents BHC (and/or its service company) from now allocating new and
8 increased “NorthWestern” related corporate overhead and other costs to BHNG.

9 The JA has not provided any testimony, data requests responses, or other due
10 diligence information which shows that increased corporate overhead allocations to both
11 regulated utilities BHNG and NWNG will not occur. The potential increase in affiliate
12 allocated costs to BHNG and NWNG have not been shown to be reasonable, prudent, or
13 cost efficient, and should not be allowed.

14 I am proposing PA merger commitments that include safeguards intended to protect
15 against unwarranted increases in allocated costs to BHNG and NWNG. These increased
16 levels of allocated costs are not justified merely because of the merger, which should
17 instead produce merger benefits such as cost reductions and increased efficiency and scale.
18 The JA has not met a reasonable burden of proof to oppose PA’s proposed merger
19 commitments regarding to affiliate allocations.

20
21 **2) Risk of Improper Allocation of Imprudent Rate Base Costs to BHNG and NWNG:**

22 In NorthWestern Energy’s most recent rate case regarding the Montana regulated utility
23 operations, the Department of Public Service Regulation before the Public Service

1 Commission of the State of Montana (“DPSR”), adopted an adjustment that decreased rate
2 base by \$41.9M, and which consists of a used and useful adjustment of \$11M for two units
3 not online and a disallowance of \$30.9M regarding the Yellowstone County Generating
4 Station (“YCGS”), along with related impacts to operating expenses.⁵⁷ The DPSR
5 expressed prudence concerns and significant deficiencies in the NorthWestern planning
6 and procurement processes (including issues of satisfying its burden of proof) raising
7 serious doubts about whether it minimized total costs and risks for customers over the long-
8 term.⁵⁸

9 The significant prudence adjustment that reduced rate base by \$41.9M in the
10 Montana NorthWestern rate case raises the risk and threat the JA could attempt to indirectly
11 recoup some portion of related costs from ratepayers of BHNG and NWNG via the affiliate
12 allocation process to minimize the negative impact on Montana NorthWestern operations.

13 I am not suggesting that BHC/NorthWestern would try to recoup these specific
14 Montana-disallowed rate base costs via affiliate costs allocated to BHNG and NWNG –
15 because that would be more difficult to achieve. However, there could be certain ongoing
16 corporate legal and consulting costs related to this matter in Montana that could be
17 attempted to be recouped in other jurisdictions, including for BHNG and NWNG.

18 Also, there could be certain “direct” parent/service company corporate overhead
19 costs of BHC and NorthWestern that are not typically allocated to affiliates as shared or
20 indirect costs, and BHC and NorthWestern could attempt to recover these costs in

⁵⁷ *In re NorthWestern Energy’s Application to Increase Retail Electric and Natural Gas Utility Service Rates and for Approval of Service Schedules, Cost Allocation, and Rate Design*, before the Department of Public Service Regulation before the Public Service Commission of the State of Montana. Docket 2024.05.053, Final Order 7968t, December 24, 2025, at ¶ 116.

⁵⁸ *Id.* at ¶¶ 97, 98, 99, 112, 113, 114, and 115.

1 allocations to BHNG and NWNG to help offset the reduction in rate case relief (and the
2 loss of related revenues) from the Montana rate case. Bottom line, there are various
3 opportunities to allocate a higher than normal level of BHC and NorthWestern
4 parent/service company corporate overhead costs to affiliates such as BHNG and NWNG
5 to help offset the loss of substantial revenue requirement and revenues from the Montana
6 rate case. I have proposed merger commitments that will address these concerns
7 .

8 **3) Risk of Improper Allocation of Disallowed Transition and Transaction Costs:**

9 Another example of improper costs that could be allocated to BHNG and NWNG
10 post-merger are the significant amounts of improper, excessive, or disallowed transition
11 and transaction costs related to the merger that are difficult for intervenor consultants to
12 identify at the parent/service company level – especially if access to such books and records
13 are not made available for review. The allocation of these costs to BHNG and NWNG is
14 a very high exposure, whether it be by intended or inadvertent means.

15 Also, there may be disagreement between the JA and intervenor consultants
16 regarding the categorization and treatment of these various types of transition and
17 transaction costs, with the JA incorrectly including some transaction costs in the category
18 of transition costs for recovery in future rate cases. The PA disagrees with recovery of all
19 transition or transaction costs related to the merger in post-merger rate cases, and I have
20 addressed this in a proposed merger commitment.
21
22
23

1 4) **Risk of Improper Allocation of Executive Golden Parachute Costs:**

2 The JA has indicated a likelihood that certain executives that have historically had
3 some portion of their payroll costs and overheads allocated to BHNG and NWNG, will be
4 paid significant “golden parachute” severance payments for their departure from the
5 merger companies post-merger. Because a portion of these executive payroll costs have
6 been historically allocated to BHNG and NWNG, there is greater possibility that the related
7 improper golden parachute severance payments could also be allocated to BHNG and
8 NWNG as transition or integration/transition costs in post-merger rate cases. The PA
9 disagrees with recovery of all transition, integration, and golden parachute severance
10 payments related to the merger in post-merger rate cases, and I have addressed this in a
11 proposed merger commitment.

12
13 5) **Risk of Improper Allocations Using Excess Mark-Up of Costs:**

14 Although it is not proper for parent/service companies to mark-up over cost any of
15 the expenses (or capital costs) that are subject to allocation to affiliates such as BHNG or
16 NWNG, there is the exposure for this occurring in post-merger rate cases. Also, some
17 parent/service companies convert certain “capital costs” (such as IT software) to expenses
18 for purposes of allocating these amounts to regulated utility affiliates such as BHNG or
19 NWNG. I do not agree with this approach. This can result in the “rate of return”
20 component of the mark-up formula having an excessive rate of return/cost of capital
21 component to improperly increase the recovery of these costs from regulated utility
22 affiliates. I will address this concern in a merger commitment.

1 **Q. PLEASE EXPLAIN THE AMOUNTS ALLOCATED TO BHNG AND NWNG BY**
2 **PARENT/SERVICE COMPANIES.**

3 A. The amounts allocated from parent company/service company to BHNG and NWNG are
4 shown in Confidential Table 6 below. All of the Confidential information in Table 6 are
5 from the JA responses to data request PA 5.61 (Exhibit BCO-7) and Confidential PA 9.141
6 (Exhibit BCO-21) and 9.143 (Exhibit BCO-Exhibit BCO-22). The allocated amounts are
7 based on the best information that I could obtain from the JA, but not all of the amounts
8 are precise because that information was not specifically provided or identified in data
9 request responses. For example, the amounts identified as being allocated to BHNG are
10 not just the regulated gas utility company, but also include some non-jurisdictional amounts
11 that were not identified by the JA, and these types of amounts would typically be excluded
12 from a rate case filing. However, I did the best that I could with the information that was
13 made available to me, and I am certainly receptive to the JA making any necessary
14 revisions to these amounts to make them more precise.

15 I will explain these allocated amounts in more detail after the table.

16

17

18

19

20

21

22

1 company – with the percent of NWNG allocated costs to parent company total costs is
2 shown at line 8.. The BHNG allocated amounts are from PA 5.61a (Exhibit BCO-7), and
3 the NWNG allocated amounts are from PA 5.61g (Exhibit BCO-7). Clarification and
4 further explanation of these allocations were provided at PA 9.141 (Exhibit BCO-21 –
5 related to NWNG) and PA 9.143 (Exhibit BCO-22 related to BHNG).

6 There are two different methods used for allocating costs. BHNG is allocated costs
7 by a centralized service company, which is the more traditional approach used in rate cases
8 in which I am the consultant. Whereas NWNG is allocated costs directly by a
9 parent/holding company and does not use a service company.

10 Because of the two different methods by which costs are allocated to BHNG and
11 NWNG, the amounts allocated to BHNG and NWNG are not on an apples-to-apples basis
12 from the standpoint of the types of costs that are allocated, based on my understanding. It
13 appears that the costs allocated to NWNG represent the typical type of “corporate costs
14 and overheads” that are allocated from a parent/service company to a regulated affiliate
15 (and normally included in account number 921 on the books). In contrast, the costs
16 allocated to BHNG include the typical type of “corporate costs and overheads”, but also
17 include what are typically treated as a “direct” types of cost, including costs such as non-
18 executive, management, and other payroll/labor costs – and other types of non-corporate
19 costs.

20 I was not able to separately identify the specific amount of BHNG allocated costs
21 that are specifically related to “corporate costs and overheads”, so I could not put the
22 allocated amounts of BHNG and NWNG on an apples-to-apples basis. Data request PA
23 9.143(g) (Exhibit BCO-22) asked the JA to provide this type of reconciliation, but Black

1 Hills was unable to identify or match the method used by NorthWestern. Again, I welcome
2 any assistance from Black Hills or NorthWestern in reconciling these allocated amounts to
3 an apples-to-apples basis for comparison.

4 **Q. WHAT WAS THE PURPOSE OF TRYING TO SHOW BOTH THE AMOUNT OF**
5 **CORPORATE AND OVERHEAD COSTS ALLOCATED TO BHNG AND NWNG**
6 **FOR PURPOSES OF THIS MERGER?**

7 A. I wanted to show the amounts of corporate and overhead costs allocated to both BHNG
8 and NWNG on a comparable basis in order to establish a merger commitment that sets a
9 baseline for comparing allocated costs amounts for the pre-merger allocated costs to the
10 post-merger periods, in order to identify and track changes in these amounts. Thus, any
11 significant increases in post-merger allocated costs, compared to the pre-merger baseline
12 amounts, would be apparent and both BHNG and NWNG would bear the burden of
13 identifying the reasons for increases in these costs in in post-merger rate cases.

14 First, my primary concern is that post-merger increases in corporate and overhead
15 costs allocated to BHNG and NWNG would be due to reasons that do not justify recovery
16 in a rate case, and could be based on manipulation of amounts via changes in allocation
17 methods, excessive shareholder-type costs, and allocation of “new” types of costs from
18 NorthWestern affiliates to BHNG and for “new” types of costs from Black Hills affiliates
19 to NWNG.

20 Second, I am also concerned that adding another layer of parent/holding company
21 level of costs to the merged entities would be inefficient and not consistent with the
22 intended “economies of scale” of the merger, and if these types of redundant and

1 duplicative corporate costs were not necessary prior to the merger then they are definitely
2 not necessary post-merger.

3 Finally, I am concerned that BHNG or NWNG will attempt to file a rate case prior
4 to the JA Integration Plan is completed and implemented, and prior to the related cost
5 savings, economies of scale, and synergy benefits (merger savings) are implemented, so
6 the regulated utilities can attempt to establish customer rates at the greatest level of costs
7 before the proper merger savings have been implemented. This approach is not acceptable
8 and should not be tolerated, BHNG and NWNG should not enjoy any windfall benefits of
9 excessive customer rates before a more realistic going-forward cost of service is
10 established reflecting the implementation of merger savings benefits. The PA merger
11 commitments will address this concern.

12 I will recommend a merger commitment citing to these baseline amounts (subject
13 to any true-up), so that significant and unusual increases in these allocated costs in post-
14 merger rate cases can be easily identified, and the burden will remain with BHNG and
15 NWNG to justify and support these increased costs (along with ongoing monitoring reports
16 to require reporting of these types of changes in cost for the post-merger period).

17 **Q. PLEASE SUMMARIZE THE MERGER COMMITMENTS YOU RECOMMEND**
18 **FOR “AFFILIATE TRANSACTIONS” AND WHICH ARE INCLUDED AT YOUR**
19 **MERGER COMMITMENTS EXHIBIT BCO-2.**

20 A. The merger commitments that I recommend regarding affiliate transaction issues and costs
21 are summarized below.

22 **Baseline Affiliate Allocation Report** - Within 90 days of a final Commission Order (or
23 30 days prior to any rate case) in this proceeding, the JA shall file with the Commission
24 and the PA, a baseline analysis of “corporate costs and overheads” that are allocated or

1 assigned to BHNG and NWNG using information from data requests in this proceeding
2 (PA 5.61, and other relevant data requests) – along with other relevant information. This
3 information should be provided for historical calendar years 2024 and 2025 (without the
4 inclusion of any merger-related costs, including adjustments removing such costs), which
5 show the corporate overhead allocated costs by function, department (legal, integration,
6 human resources, etc.), type of cost (payroll rent, etc.), and by account number.
7

8 To the extent other similar types of costs are direct assigned to BHNG and NWNG, a
9 similar baseline report should be prepared for these costs. The baseline reports should be
10 on an apples-to-apples comparable basis for both BHNG and NWNG. This report should
11 be filed once a year, or 30 days prior to any rate case, for the first five years (or two first
12 rate cases) after a Commission Order in this merger proceeding.

13 **Reasons for Changes in Affiliate Allocations** – Within 90 days of a final Commission Order
14 (or 30 days prior to any rate case) in this proceeding, the JA shall file a report with the
15 Commission and the PA that shows and explains all increases and decreases in allocated
16 corporate costs and overheads from: 1) BHC (and/or service companies and other BHC
17 affiliates) to both BHNG and NWNG; and 2) NWG (and/or service companies and all other
18 NorthWestern affiliates) to both BHNG and NWNG.

19 These reports should show allocated costs that are both related and unrelated to the merger –
20 using the baseline analysis as the starting point. This report should be filed twice a year, or 30
21 days prior to any rate case, for the first five years (or two rate cases) after a Commission Order
22 in this merger proceeding. For all increases and decreases in allocated corporate costs and
23 overheads that are related to the merger, the amount of the increase or decrease must be
24 identified, along with a complete explanation of the cost by account number. All changes in
25 costs shall be identified by account number, description of the work performed, a copy of the
26 related contract, and the vendor name to the extent amounts exceed the lesser of \$150,000 or
27 10% of total corporate costs and overheads allocated to BHNG and NWNG.

28 In addition, all costs related to transition, cost to achieve, transaction, and integration
29 (including all similar costs) shall be identified using the same parameters. All other costs
30 related to the merger shall also be identified using the same parameters. All merger-related
31 costs that are not allocated to assigned to BHNG and NWNG (and are retained by the parent
32 or service company, shall also be identified by account number, description and function – and
33 an explanation why these amounts are not allocated or assigned to BHNG and NWNG). All
34 other reasons for increases in allocated costs should be addressed, such as explaining the
35 impact of new or revised allocation factors or allocation methods, increases in amounts of costs
36 subject to allocation from parent company or service companies, and costs allocated from
37 affiliates that were not previously allocated pre-merger to BHNG and NWNG, and all other
38 reasons. The JA shall sign an affidavit affirming the accuracy of the report.

39 **CAM/Intercompany Agreement with FERC Language** - Within 90 days of a final
40 Commission Order (or 30 days prior to any rate case), the JA shall file with the Commission
41 and the PA a copy of new CAMs and Intercompany Service Agreements to be used by all
42 parent companies, service companies, and other affiliates regarding the allocation of costs

1 to BHNG and NWNG. These CAMs and Intercompany Service Agreements should include
2 language that is similar to the FERC affiliate transaction rules language, and agree to
3 comply with that language when allocating costs to all affiliates.

4 The related documents should also state that no mark-up of allocated costs is allowed. If
5 some amount of capital costs are allocated to another affiliates (or if the capital cost is
6 converted to an expense), this method should be specifically explained. Any subsequent
7 updated CAMS should be filed with the Commission once a year, or 30 days prior to any
8 rate case, for the first five years (or two rate cases) after a Commission Order in this merger
9 proceeding. If there are no further changes to the CAM, updated CAMs do not need to be
10 filed with the Commission and PA.

11 **Q. WHAT DO THE JOINT APPLICANTS PROPOSE REGARDING TREATMENT**
12 **OF TRANSACTION AND TRANSITION COSTS IN A RATE CASE?**

13 A. Witness Lail states the JA will not seek to recover Transaction costs in a future rate case,
14 but states the JA may request Commission approval to defer and recover any Transition
15 costs in a future rate case provided that the demonstrated merger savings exceed the
16 requested recovery of Transition costs.⁶⁰ In other words, it is my understanding the JA
17 will seek to offset Transition costs up to the level of any merger savings, and will not seek
18 to recovery Transition costs in excess of merger savings.

19 Witness Lail identifies Transaction costs as banking, legal, financial, regulatory,
20 and other advisory costs that are directly related to executing the merger transaction,
21 including negotiation, due diligence, and closing the merger.⁶¹

22 Witness Lail identifies Transition costs as costs necessary to create the merger
23 efficiencies and savings, and to ensure that the post-merger integration is effective, and
24 identifies these costs as integration planning, unification of technology platforms and
25 systems, and termination fees for duplicate contracts or leases.

⁶⁰ Direct Lail, 24:13 – 25:8.

⁶¹ Direct Lail, 24 :1-6.

1 **Q. DO YOU AGREE WITH THE JOINT APPLICANTS TREATMENT OF**
2 **TRANSACTION AND TRANSITION COSTS IN A RATE CASE?**

3 A. I agree with witness Lail that Transaction costs should not be recovered in future rate cases
4 (or via any other means). I disagree with witness Lail regarding Transition costs, I do not
5 believe that any Transition costs should be deferred and subject to recovery in a future rate
6 case, even if some amount of the costs are offset by merger savings.

7 It is difficult to distinguish between some Transactions costs and some Transition
8 costs, and this supports disallowing all of these costs in a rate case. For example, witness
9 Lail states that Transaction costs such as financial, regulatory, and other advisory costs
10 should not be recovered in a rate case. However, she states that Transition costs such as
11 post-merger integration, which are used to create merger efficiencies and savings, should
12 be recovered in a rate case.

13 There is a blurred line between Transaction “advisory” costs that she states should
14 be disallowed in a rate case and certain Transition “advisory” costs related to the pre or
15 post-merger integration process which it appears she would allow to be recovered in a rate
16 base. I believe that all significant PwC advisory costs in this proceeding should be
17 disallowed as Transaction costs, regardless of whether PwC is assisting with pre-merger
18 integration issues.

19 Also, it is not clear if witness Lail would disallow the PwC consulting costs related
20 to the pre-merger period, but allow the PwC consulting costs to be recovered for the post-
21 merger period. I do not believe it matters regarding pre or post-merger, the PwC consulting
22 costs, and similar other consulting costs should be disallowed as Transaction costs, and
23 costs that largely benefit shareholders. Any Transition cost related to evaluating the

1 merger regarding issues that will primarily benefit the interests of shareholders should be
2 disallowed.

3 Witness Lail does not state her position on how golden parachutes or other
4 severance-related costs should be treated for those executive employees (and other
5 employees) whose services will be terminated post-merger. I believe these one-time costs
6 should be treated as disallowed Transaction costs. The cost of terminating executives is not
7 a true cost of generating future merger savings, it is removing a redundant or duplicative
8 cost of the combined entity that is justifiably removed based on those arguments alone. I
9 do not believe that redundant or duplicative costs should be subject to recovery in a rate
10 case – because these same types of one-time costs are often justifiably disallowed from a
11 rate case even when they are unrelated to a merger proceeding.

12 In addition, Transition costs should be disallowed from recovery in a rate case
13 based on the following examples cited below. I understand that some of the examples
14 below are a result of negotiated stipulations among various parties where it is typically
15 argued that positions on issues in stipulations do not represent “precedent.” I understand
16 that logic, but I also believe it is important to consider this treatment of Transition costs.

- 17 • The SourceGas merger case that I previously addressed disallowed recovery of
18 Transition costs in this Stipulation.⁶²
- 19 • The merger case involving Texas-New Mexico Power Company before the Public
20 Utility Commission of Texas that I previously addressed disallowed recovery of

⁶² Application No. NG-0084, Order entered January 26, 2016, page 11.

1 Transition costs in this Stipulation (and the related Stipulation was approved by the
2 Texas Commission).⁶³

3 **Q. ARE THERE OTHER REASONS WHY CERTAIN TRANSITION COSTS**
4 **RELATED TO THIS MERGER SHOULD BE DISALLOWED FROM RECOVERY**
5 **IN FUTURE RATE CASES?**

6 A. Yes. The JA has not provided requested supporting documentation for some of the
7 consulting costs related to integration planning in this rate case, so it was not possible to
8 determine potential treatment in a future rate case. For example, data request PA 2.48
9 (Exhibit BCO-5) asked for the contracts and supporting invoices for the integration
10 planning consultants addressed in witness Nooney's testimony, and to explain whether
11 these costs were related to Transaction or Transition.⁶⁴ The JA response to PA 2.48
12 (Exhibit BCO-5) identified the integration planning consultant as PwC, and the JA
13 provided the "scope" portion of the contract but did not provide all of the PwC contract.
14 Some additional information was subsequently provided in another data request, but the
15 PwC contract was never provided. Because the JA has failed to provide supporting
16 documentation for the PwC contract, these and similar costs should be disallowed in future
17 rate cases.

18 **Q. PLEASE SHOW THE TRANSITION AND TRANSACTION COST, ALONG WITH**
19 **GOODWILL, MERGER COMMITMENT THAT YOU PROPOSE.**

20 A. The Merger Commitment is shown below.

⁶³ PUC Docket No. 58536, Unanimous Stipulation and Agreement, Attachment 1 to Stipulation, page 6.

⁶⁴ Direct Nooney, 9:1-8.

1

2 **Transition and Transaction Costs:**

3 BHNG and NWNG will never seek to recover the costs of any pre-merger or post-merger
4 Transition or Transaction costs that are directly or indirectly related to the merger in any
5 rate case, accounting actions, or other types of filings with the Commission. None of these
6 related Transition and Transaction costs will ever be directly assigned or allocated to the
7 operations of BHNG and NWNG. Under no circumstances shall the pre and post-merger
8 costs related to integration planning, due diligence, Board of Director merger reporting,
9 executive golden parachute/severance/change of control costs, and all related legal,
10 consulting, and other costs be allocated or direct assigned to BHNG and NWNG – given
11 that such amounts cannot be sought for recovery in any rate cases (or other types of filings)
12 of BHNG and NWNG before the Commission. This means that all related pre and post-
13 merger costs related to the above for PwC, Goldman Sachs, Mizuho/Greenhill, along with
14 other similar costs shall not be recovered from Nebraska customers in any form, via rate
15 cases or other filings with the Commission.

16 **Goodwill:**

17 BHNG and NWNG will never seek to recover the costs of goodwill acquisition premium,
18 or related costs in any rate case, accounting actions, or types of filings other filings with
19 the Commission. None of these related costs will ever be directly assigned or allocated to
20 the operations of BHNG and NWNG.

21 **Q. PLEASE EXPLAIN AND SHOW THE INCENTIVES COST MERGER
22 COMMITMENT THAT YOU PROPOSE.**

23 A. I do not believe it is reasonable for ratepayers to pay for the costs of merger-related short
24 and long-term incentive costs, regardless of whether JAs define these as “financial-related”
25 or “customer-related” incentive metrics. These types of merger-related incentive costs are
26 unreasonable, are not shown to provide any specific and meaningful benefit to ratepayers,
27 and are primarily beneficial to ratepayer interests. The merger commitment below supports
28 my position.

29 **Short and Long-Term Incentives:**

1 If short and/or long-term incentives are paid to employees regarding performance and
2 outcomes metrics related to the merger, the specific amount of short and long-term
3 incentives, along with all jurisdictional amounts allocated/assigned to BHNG and NWN
4 should be reported to the Commission and the PA beginning one year after a Commission
5 merger order, or 30 days prior to any rate case filing. The specific performance metric,
6 including target and actual results, should be reported for each group of employees
7 (executives, management, etc.). If a merger-related performance metric is included within
8 one of the existing performance metrics and is not obvious, or reported separately, the
9 above reporting requirement still apply, and such amounts must be specifically identified.

10 **Q. PLEASE EXPLAIN AND SHOW THE INCOME TAX AND NET OPERATING**
11 **LOSS CARRYFORWARD (“NOLC”) MERGER COMMITMENT THAT YOU**
12 **PROPOSE.**

13 A. I do not believe that ratepayers should bear the costs of any negative impacts or increases
14 in state and federal income taxes, and the NOLC, that are a result of the merger. In addition,
15 if the NOLC balances of BHNG and NWN are transferred, purchased, sold, subject to
16 reimbursement, or exchanged with a parent/holding company or another affiliate, then this
17 impact should be disclosed and addressed for any potential negative impacts on ratepayers
18 (and regarding any potential tax normalization violations with the Internal Revenue
19 Service). The merger commitment below supports my position.

20 **State and Federal Income Taxes:**

21 All post-merger changes that increase or decrease state and federal income taxes of BHNG
22 and NWN that are directly or indirectly due to the merger should be reported to the
23 Commission and PA within 90 days of occurring, and 30 days before any rate case filing.
24 The entities should explain the change, reason for the change, and the estimated financial
25 impact by account number. If the change in state or federal income tax change for BHNG
26 and NWN has an offsetting or related financial impact on a parent or holding company,
27 this impact must be specifically explained with the financial impact by account number.
28 (Witness Ostrander).

29 **NOLC:**

30 If the merger causes a change in the amount of NOLC for BHNG and NWN, then the
31 reason for the change and amount of the change should be reported to the Commission and

1 the PA within 90 days of occurring and 30 days before any rate case. The JA shall report
2 any direct or indirect sale, transfer, reimbursement, or exchange of NOLC balances
3 between BHNG, NWNG, and their respective parent/holding companies and all affiliates,
4 and identify the specific amount of change in the NOLC balance for BHNG and NWNG.
5 Also, provide all new Tax Sharing Agreements that will be implemented under the same
6 timelines above. Explain if any of the change in NOLC balances will require a private
7 letter ruling request or is subject to existing PLRs sought by other outside companies (other
8 unrelated companies), and provide this information under the same timelines above.

9 **Q. PLEASE EXPLAIN AND SHOW THE DIVIDEND MERGER COMMITMENT**
10 **THAT YOU PROPOSE.**

11 A. The purpose of the dividend merger commitment is to ensure that dividends paid by BHNG
12 and NWNG to parent/holding companies are properly supported, and especially any
13 change that would result in increased dividend payments. I am concerned that any
14 increases in dividend payments by BHNG or NWNG could negatively impact cash flow
15 and the ability of the companies to make reasonable and necessary capital expenditures.
16 This could have a negative impact on customer service – and could unduly enrich
17 shareholders at the expense of ratepayers. The dividend merger commitment I propose is
18 shown below.

19 **Dividends:**

20 I do not believe that ratepayers should bear the costs of any negative impacts
21 Dividends paid by BHNG and NWNG to parent/holding companies and other entities
22 should not exceed an average of the most recent 3 to 4 calendar recent years (excluding
23 any outlier years), to help ensure that capital expenditures are not negatively impacted by
24 dividend commitments or payments. If either BNNG or NWNG never made dividend
25 payments to a parent/holding company prior to the merger (see JA response to PA-45),
26 then a change to making dividend payments, or a company continuing to make dividend
27 payments post-merger shall be explained and supported in the next rate case filing and
28 subject to possible adjustment. (Witness Ostrander).
29

1 **XIV. PUBLIC ADVOCATE MERGER COMMITMENTS**

2 **Q. DO YOU DISAGREE WITH THE JOINT APPLICANTS REPRESENTATION**
3 **REGARDING TREATMENT OF MGP COSTS AND LIABILITIES FROM THE**
4 **MOST RECENT BHNG RATE CASE?**

5 A. Yes. The JA states in its response to Staff 3.5(a) (Exhibit BCO-30) regarding Black Hills,
6 that the Settlement between the PA and BHNG "...provides for recovery of manufactured
7 gas plant costs", as cited to paragraph 47 of the related Settlement in Application No. NG-
8 124.

9 I disagree, the Stipulation does not state that it provides for recovery of
10 manufactured gas plant costs as cited by the JA, but instead the Stipulation specifically
11 states that after these expenses are transferred to a deferred account the recovery of these
12 expenses will be contingent upon a Commission prudence review and approval. More
13 specifically, the Stipulation states that the Parties agree that BHNG will remove \$138,821
14 (Total Company) and \$121,430 (Jurisdictional) of McCook Manufactured Gas Plant costs
15 and transfer these to a deferred asset account, to be established as a cost tracking
16 mechanism, and "...recovery of these expenses will be contingent upon Commission
17 prudence review and approval."⁶⁵

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes.

⁶⁵ October 7, 2025, Joint Stipulation in Application No. NG-124, ¶ 47.

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Joint Application of)
NorthWestern Energy Public Service)
Corporation, Black Hills Corporation, and)
NorthWestern Energy Group, Inc. for)
Approval of Merger.)

Application No. NG-128

AFFIDAVIT OF BION C. OSTRANDER

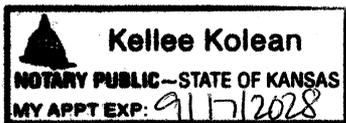
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

I, Bion C. Ostrander, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing prepared testimony filed in the above-captioned action, and I am familiar with its contents, and the facts set forth therein are true to the best of my knowledge, information. and belief.

Bion C. Ostrander
Bion C. Ostrander

Signed and sworn to before me on February 10th, 2026, by Bion C. Ostrander.

Kellee Kolean
Notary Public



Professional Experience and Qualifications

Bion C. Ostrander

I am an independent regulatory consultant with a specialization in regulatory utility issues, and a focus on revenue requirement/accounting-related issues. I have 47 years of regulatory and accounting experience, including 35 years with my regulatory consulting firm Ostrander Consulting.

I graduated from the University of Kansas in 1978 with a Bachelor of Science degree in Business Administration with a major in Accounting. I am formerly a Certified Public Accountant (“CPA”) licensed in Kansas, I worked for the certified public accounting firms of Deloitte and Mize CPAs. In recent years, I made the decision to no longer maintain a permit to practice as a CPA in Kansas because I do not perform any traditional CPA work, I no longer deem it necessary to retain the permit to practice for credential purposes, and I am semi-retired.

I worked at the Kansas Corporation Commission (“KCC”) from 1983 to 1990, in various positions addressing energy, transportation, and telecommunication matters, and prior to leaving the Commission I served as the Chief of Telecommunications from 1986 to 1990. I was the lead witness on most major telecom issues, while also assisting with electric/gas utility issues on a periodic basis. I left the KCC in 1990 to start my current consulting firm.

I have addressed many regulatory issues for various state regulatory agencies, international regulatory entities, and other governmental entities in the 35 years of experience with my consulting firm. My experience includes addressing rate cases under rate of return regulation, alternative regulation/price cap plans, management audits, specialized accounting and regulatory issues, cost modeling, and other specific matters.

I have also addressed a broad range of regulatory issues in my career, including utility compliance with merger commitments in regulatory proceedings, analysis of the levelized cost of renewable energy alternatives, affiliate transaction issues, income taxes (including net operating loss carryforward), sale/leaseback, compensation, cross-subsidization, competition, depreciation, retail and wholesale cost studies for telecom, affordable rates/universal service, service quality, infrastructure/modernization, rate design for telecom, and many other matters.

I have participated in over 250 docketed gas, electric, water and telecom regulatory matters in my 47-year career. Some of my specific accomplishments include:

- Speech and Hearing Impaired Network – At the KCC, I implemented the ubiquitous speech and hearing impaired telephone network service for Kansas (at the KCC), along with contract negotiation for vendors providing the network.
- AT&T Divestiture – At the KCC, I oversaw the impact on Kansas of the divestiture of AT&T, and introducing competitive long distance and other services to Kansas consumers (at the KCC).
- Russia/Ukraine Utility Seminars – Ostrander Consulting provided regulatory seminars for Russia/Ukraine utility executives in the U.S. and Moscow.

- Saudi Arabia – Cost allocation manual development.
- Barbados Fair Trading Commission (“FTC”) - Ostrander Consulting assisted the FCC with introducing telecom competition to a monopoly environment and establishing feasible retail and wholesale pricing using cost modeling.
- Eastern Caribbean Telecommunications (“ECTEL”) – Ostrander Consulting assisted ECTEL with introducing telecom competition to a monopoly environment and establishing feasible retail and wholesale pricing using cost modeling.
- Barbados Fair Trading Commission – Ostrander Consulting performed analysis of the levelized cost of renewable energy alternatives to meet the objectives and goals of the government of Barbados.
- Internal Revenue Service (“IRS”) Private Letter Ruling – Ostrander Consulting prepared language to address consumer interests in a utility’s PLR request to the Internal Revenue Service (“IRS”).
- Armenia – Ostrander Consulting assisted Brevitz Consulting Services with a management study and evaluation of the Armenian government’s telecom utility regulation.
- Pepco/Exelon Merger in Maryland – Ostrander Consulting evaluated utility company compliance with merger commitment safeguards and ringfencing in a regulatory proceeding.
- AltaGas/Washington Gas Light Merger in Maryland - Ostrander Consulting evaluated utility company compliance with merger commitment safeguards and ringfencing in a regulatory proceeding.
- AltaGas/Washington Gas Light Merger in District of Columbia - Ostrander Consulting evaluated utility company compliance with merger commitment safeguards and ringfencing in a regulatory proceeding.

My experience is summarized below:

- ✓ **Bion C. Ostrander (dba Ostrander Consulting):** Principal/Owner - October 1990 to current.
- ✓ **Kansas Corporation Commission:** Chief of Telecommunications – 1986-1990.
- ✓ **Kansas Corporation Commission:** Chief Auditor (gas, electric, telephone & transport.) – 1983-1986.
- ✓ **Mize CPAs:** Auditor in audit section of regional CPA firm – 1981-1983.
- ✓ **Deloitte:** Auditor for international CPA firm – 1978-1981.

Client Summary	
<i>Consumer Advocates/Attorney General</i>	<i>Public Service Commissions</i>
District of Columbia - OPC	Arizona
Indiana UCC	Georgia
Florida OPC	Kansas
Kansas CURB	Maryland
Kentucky AG	Minnesota
Michigan AG	North Dakota
Maine OPA	Oklahoma
Maine AARP	<i>Other</i>
Maryland OPC	Alaska Competitive Local Exchange Carrier
Michigan AG	Maryland - Montgomery County
Minnesota DPS	Cities of Hampton & North Hampton - New Hampshire
Nevada AG	Virginia - CWA
New Hampshire OCA	Kansas Counties (911 implementation issues)
Ohio OCC	<i>International</i>
Oklahoma AG	Fair Trading Commission - Barbados
Utah OCS	Eastern Caribbean Telecomm. Authority (ECTEL -
Vermont DPS	St. Lucia, St. Kitts/Nevis, St. Vincent, Grenada, Dominica)
Washington AG	Armenia - USAID
Wyoming	Russia/Ukraine Energy Utility Training
	Saudi Arabia

Work History – Ostrander:

Bion C. Ostrander – Consulting Firm (1990 to present):

Principal

Mr. Ostrander principally addresses regulatory issues on behalf of governments and regulatory agencies, including U.S. and international regulatory agencies. Services include those related to revenue requirement issues, renewal energy issues, price caps or alternative regulation plans, competition assessment, costing/pricing, interconnection/local loop unbundling, universal service, management audits and other matters.

Kansas Corporation Commission (1983 – 1990):

Chief of Telecommunications

Supervised staff and directed all telecommunications-related matters including assessment of rate cases of SWBT, United/Sprint and rural LECs. Also, directed actions regarding alternative regulation plans, establishing access charge policy, transition to intrastate competition, depreciation filings, establishment of the Kansas Relay Center for speech and hearing impaired citizens in Kansas, filings with the FCC, billing standards, quality of service, consumer complaints, staff training and over one hundred docketed regulatory matters per year. Mr. Ostrander was the lead witness on all major telecommunications matters.

Chief Auditor

Directed rate cases of gas, electric and telecom companies prior to promotion to Chief of Telecommunications.

Mize, Houser, Mehlinger and Kimes:

Auditor – CPA firm

Performed auditing, tax and special projects for various industries.

Deloitte, Haskins and Sells – (International CPA/Audit Firm):

Auditor – CPA firm

Performed auditing, tax and special projects in industries such as utilities, savings and loan, manufacturing, retail, construction, real estate, insurance, banking and not-for-profit.

Education:

University of Kansas - B.S. Business Administration with a Major in Accounting, 1978.

Utility	State	Client/Agency	Docket/Case	Product	Summary of Issues
sterPoint/Vectren Ohio case and Water Cases					
Washington Gas Light Company	D.C.	Office of the People's Counsel for D.C.	Formal Case No.1180	Testimony	Revenue requirement issues
Tampa Electric Company	FL.	Office of Public Counsel	Docket No. 20240026-EI	Testimony	Revenue Requirement issues
Washington Gas Light Company	MD.	Maryland Commission Staff	Case No. 9704	Testimony	Revenue requirement issues
Potomac Edison Company	MD.	Maryland Commission Staff	Case No. 9695	Testimony	Revenue requirement issues
Central Maine Power Company	Maine	Maine Office of the Public Advocate	Docket No. 2022-00152	Testimony	Revenue requirement issues
Washington Gas Light Company	D.C.	Office of the People's Counsel for D.C.	Formal Case No. 1169	Testimony	Revenue requirement issues
Summit Natural Gas Company	Maine	Maine Office of the Public Advocate	Docket No. 2022-00025	Testimony	Revenue requirement, rate design, and policy issues
Aquarion Water Company	NH.	Hampton & North Hampton	Docket No. DW 20-184	Testimony	Revenue requirement issues
Columbia Gas of Ohio	OH.	Office of the Ohio Consumers' Counsel	Case No. 21-637-GA-AIR	Testimony	Revenue requirement issues
Washington Gas Light Company	D.C.	Office of the People's Counsel for D.C.	Formal Case No. 1162	Testimony	Revenue requirement issues
Delta Natural Gas Company	KY.	Kentucky Office of Attorney General	Case No. 2021-00185	Testimony	Revenue requirement issues
Renewable Energy Plan	MD.	Fair Trading Commission	N/A	Report	Prepare levelized cost of electricity (LCOE) models to propose feed-in tariffs for all renewable energy options (solar centr. and distributed, wind on-shore, wind off-shore, WTE) and determine the potential impact on customer rates
Liberty Utilities	MD.	New Hampshire OCA	Docket No. DE 19-064	Testimony	Revenue requirement
Washington Gas Light Company	MD.	Maryland Commission Staff	Case No. 9481	Testimony	Revenue requirement and CAM
Potomac Electric Power Co.	MD.	Maryland Commission Staff	Case No. 9418	Testimony	Revenue requirement, rate base and operating expenses
None - operational audit	OK.	Oklahoma Commission Staff	No docket	Testimony	Operational audit of Oklahoma Universal Service Fund
Carbon Emery Tel. Co.	UT.	Utah Office of Consumer Services	Dkt. No. 15-2302-01	Testimony	Revenue requirement/CAM
Emery Tel. Co.	UT.	Utah Office of Consumer Services	Dkt. No. 15-042-01	Report	Revenue requirement/CAM - case settled
Strata Tel. Co.	UT.	Utah Office of Consumer Services	Dkt. No. 15-053-01	Testimony	Revenue requirement/CAM - case settled
Beehive Tel. Co.	UT.	Utah Office of Consumer Services	Dkt. No. 14-051-01	Testimony	Revenue requirement/CAM - case withdrawn
FairPoint Comm., Inc.	MN.	Maine Office of Public Advocate	2013-00340	Testimony	Revenue requirement/CAM
Bangor Gas Company	MN.	Maine Office of Public Advocate	2012-00598	Testimony	Revenue requirement/CAM and evaluate a new Alt. Reg.
Potomac Electric Power Co.	MD.	Montgomery County	Case No. 9336	Testimony	Revenue requirement, rate base and operating expenses
Hanksville Telecom, Inc.	Utah	Utah Office of Consumer Services	Dkt. No. 14-2303-01	Testimony	Request for Univ. Service Funding, revenue requirement/CAM
Big Rivers Electric Corp.	KY	Kentucky Office of Attorney General	CN 2013-00199	Testimony	TIER rev. req., operating expenses, payroll and policy This rate case was filed while the prior rate case was still pending.
Atmos Energy Corp.	KY	Kentucky Office of Attorney General	CN 2013-00148	Testimony	Revenue requirement/rate case
Manti Telephone Company	UT.	Utah Office of Consumer Services	Dkt. No. 13-046-01	Testimony	Phase II issues, revenue requirement/CAM
Delmarva Power & Light Co.	MD.	Maryland Office of People's Counsel	Case No. 9317	Testimony	Revenue requirement, rate base, and operating expenses
Century Link	KS	Citizen's Utility Ratepayer Board	13-GIMT-473-MIS	Consultation	Review of price cap plan renewal and CAM
Generic	KS	Citizen's Utility Ratepayer Board	13-GIMT-597-GIT	Multiple testimonies	Address Kansas Lifeline issues
Big Rivers Electric Corp.	KY	Kentucky Office of Attorney General	CN 2012-00535	Assist with negotiation	TIER rev. req., operating expenses, payroll and policy
Potomac Electric Power Co.	MD.	Montgomery County	Case No. 9311	Comments	Revenue requirement, rate base and operating expenses
Cable & Wireless - Caribbean	Note 1	Eastern Caribbean Telecomm. Authority (EC not applicable)		Testimony	Review EAM/CAM telecom cost study and evaluate profitability by service and revise EAM allocations
Baltimore Gas & Electric Co.	MD.	Maryland Office of People's Counsel	Case No. 9299	Report	Revenue requirement, rate base, and operating expenses
Annual Ks. USF review	KS	Citizen's Utility Ratepayer Board	13-GIMT-130-GIT	Review	Annual review of Ks. USF funding and assessment.

Manti Telephone Company	UT.	Utah Office of Consumer Services	Dkt. No. 08-046-01	Testimony	Mr. Ostrander has reviewed these filings for the past 15 years of the Ks. USF existence Revenue requirements/CAM and and policy on universal service fund.
Generic review	UT.	Utah Office of Consumer Services	No docket	Testimony	Review and assessment of Utah telephone companies
Potomac Electric Power Co.	MD.	Maryland Office of People's Counsel	Case No. 9286	Testimony	Overall revenue requirement and operating expenses
Delmarva Power & Light Co.	MD.	Maryland Office of People's Counsel	Case No. 9285	Report	Overall revenue requirement and operating expenses
Annual Ks. USF review	KS	Citizen's Utility Ratepayer Board	12-GIMT-168-GIT	Multiple testimonies	Annual review of Ks. USF funding, assessment, policies
Telecom industry	KS	Citizen's Utility Ratepayer Board	12-GIMT-170-GIT	Multiple testimonies	Address implications of FCC changes/policy regarding ICC, Broadband, FUSF policies and other upon changes to policy for Ks. USF and carriers
PacifiCorp - Pacific Power	WA.	Washington Attorney General - Public Counsel Section	Dkt. UE-111190	Review/monitor Comments and Reply Comments	Rate case - rate base, revenues, expenses, affiliate transactions, MEHC affiliate management fee, outsourcing of services to Adecco,
Washington Gas Light	MD.	Maryland Office of People's Counsel	Case No. 9267	Testimony	Rate case - rate base, revenues, expenses, affiliate transactions, complex issues regarding outsourcing of services to Accenture, compensation issues, other
Telecom industry	KS	Citizen's Utility Ratepayer Board	11-GIMT-420-GIT	Multiple testimonies	General proceeding to address changes in policy and review of cost studies/CAM to determine cost-based Ks. Univ. Service Fund support for price capped telcos.
Washington Elec. Coop.	Vt.	Vt. Dept. of Public Service	Dkt. No. 7691	Testimony	Rate case - rate base, revenues, expenses, affiliate transactions, other matters.
Telecom industry	KS	Citizen's Utility Ratepayer Board	11-GIMT-842-GIT	Draft testimony & negotiate settlement	Method to identify and report prepaid wireless revenue for Ks. USF.
Cable & Wireless	Note 1	Eastern Caribbean Telecom Authority (ECTEL)	There is no Docket No.	Client advice/review	Review earnings, EAM/CAM, competition, cost studies, assessment of duopoly market, implement new price caps plan.
Pioneer Tel. Assoc.	KS	Citizen's Utility Ratepayer Board	Dkt. 11-PNRT-315-KSF	Review	Monitored this case regarding Pioneer's request for increased Ks. USF support, reviewed rate case issues and monitored settlement of issues.
Telecom industry	KS	Citizen's Utility Ratepayer Board	08-GIMT-1023-GIT	Review/monitor	Address Sprint's petition to reduce access charges of CenturyLink, statute issues, policy and calculations.
Rural Telcos	KS	Citizen's Utility Ratepayer Board	10-GIMT-188-GIT	Testimony	Review update of rural telco update of intrastate access charges requires every 2 years by statute
Annual Ks. USF review	KS	Citizen's Utility Ratepayer Board	11-GIMT-201-GIT	Review - no hearings held	Annual review of Ks. USF funding, assessment, policies and carrier data
Telecom industry	Armenia	USAID and AED - Armenia assessment of Dept. of Public Services Armenia	not applicable	Review/monitor	Telecom sector strategic analysis - legal/regulatory assessment, human & institutional capacity, govt. plan for IT sector development, market structure, performance gaps, telecom law, and other universal service and compliance.
Kansas City Power & Light	KS	Citizen's Utility Ratepayer Board	09-KCPE-246-RTS	Testimony	How to treat common plant costs for CWIP for major upgrades to coal-fired energy plant

Annual Ks. USF review	KS	Citizen's Utility Ratepayer Board	09-GIMT-272-GIT	Review	Annual review of Ks. USF funding, assessment, policies and carrier data
Michigan - Verizon	MI	Michigan Attorney General	Dkt. 15210	Review/monitor	Address CAM, TSLRIC & TELRIC cost studies of Verizon
Maryland - Verizon	MD	Maryland Office of People's Counsel	Case No. 9133	Testimony	Address price caps, competition service quality, and CAM
Maryland - Verizon	MD	Maryland Office of People's Counsel	Case No. 9121	Testimony	Address expanded local calling for Verizon customers
Cable & Wireless	Note 2	Fair Trading Commission of Barbados	No docket	Testimony	Address C&W EAM/CAM costs/profits for regulated & deregulated services, and address 2nd price caps plan
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. No. 07-GIMT-1353	Comments	Address Lifeline hold harmless plan
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-SCCC-200-MIS	Comments	Address on-going compliance of Embarq with requirements of spin-off stipulation
Annual Ks. USF review	KS	Citizen's Utility Ratepayer Board	08-GIMT-315-GIT	Review	Annual review of Ks. USF funding, assessment, policies and carrier data
Virginia - Verizon	VA.	CWA	PUC-2007-0008	Testimony	Competition/deregulation/detariffing and CAM
Embarq - Nevada	NV	BCP of Attorney General - Nevada	Dkt. 06-11016	Testimony	Address UNEs, CAM, and competition related to Embarq
Embarq - Nevada	NV	BCP of Attorney General - Nevada	Dkt. 06-11016	Testimony	Competition/deregulation/flexibility legislation
Embarq - Ks. & AT&T - Kansas	KS.	Citizens' Utility Ratepayers Board	Dkt. 07-GIMT-782-MIS	Stipulated	Address price cap factors and CAM
Verizon - Michigan	MI.	Michigan Attorney General	Dkt. 07-GIMT-782-MIS	Consulting	Address price cap factors for AT&T and CAM
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 15312	Stipulated	Address reasonableness of Verizon local rates, plus CAM review
AT&T	KS.	Citizens' Utility Ratepayers Board	Dkt. 08-GIMT-315-GIT not docketed	Stipulated	12th Year assessment Ks. Universal Serv. Fund
Generic	KS.	Citizen's Utility Ratepayer Board		Consulting	Assist with advice on 2007 legislative session
Generic	KS.	Citizen's Utility Ratepayer Board		Consulting	11th Year assessment Ks. Universal Serv. Fund
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-GIMT-332-GIT	Consulting	10th Year assessment Ks. Universal Serv. Fund
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-GIMT-446-GIT	Consulting	Addressing requirements for ETCs
AT&T	KS.	Citizen's Utility Ratepayer Board	Dkt. 07-SWBT-277-MIS	Consulting	AT&T/SWBT annual price cap filing and CAM review
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-GIMT-332-GIT	Comments	10th Year assessment Ks. Universal Serv. Fund
Generic	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-GIMT-390-GIT	Consulting	Ks. Univ. Service neutrality issues
Rural Tel. - Kansas	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-RRLT-963-COC	Consulting	Rural Tel. purchase of exchanges from Embarq
Embarq - Kansas	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-SCCC-200-MIS	Consulting	Monitor dividends and EQ spin-off
Embarq - Kansas	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-UTDT-962-CCS	Stipulation	Embarq sale of exchanges to Rural Tel.
Generic	KS.	Citizens' Utility Ratepayers Board	Dkt. 06-GIMT-943-GIT	Consulting	
Maine - Verizon	ME.	AARP	Dkt. 2005-155	Stipulation	Yellow Pages, affiliate transactions, AFOR
Sprint - Nevada	NV.	Bureau of Consumer Protection	Dkt. 05-8032	Consulting	Sprint/Nextel change of control/LTD spin-off
Sprint - Kansas	KS.	Citizen's Utility Ratepayer Board	Dkt. 06-SCCC-200-MIS	Testimony	Sprint/Nextel change of control/LTD spin-off
SWBT-Kansas	KS.	Citizen's Utility Ratepayer Board	Dkt. 05-SWBT-907-PDR	Settlement	SWBT application for deregulation
Sprint - Kansas	KS.	Citizen's Utility Ratepayer Board	06-UTDT-115-CCS	In progress	Sprint/United sale of exchanges to Twin Valley
Twin Valley - Kansas	KS.	Citizen's Utility Ratepayer Board	06-TWVT-116-COC	Consulting	Sprint/United sale of exchanges to Twin Valley
Saudi Telecom		Saudi Arabia Communications & Information Technology Commission	No docket	Stipulation	Report on Accounting Separation and recommendations for changes to CAM
SWBT-Ks.	KS.	Citizens' Utility Ratepayer Board	01-SWBT-1099-IAT	Report	Address SWBT/Sage interconn. Agreement
Sprint/United & Blue Valley	KS.	Citizens' Utility Ratepayer Board	04-UTDT-781-CCS		Sale of exchanges from Sprint/United to Blue Valley Tel.
Generic	KS.	Citizens' Utility Ratepayer Board	04-BVTT-780-COC	Comments	
Generic	KS.	Citizens' Utility Ratepayer Board	04-GIMT-653-GIT	Stipulation	Address lifeline payment policy
Generic	KS.	Citizens' Utility Ratepayer Board	04-GIMT-1080-GIT		Policy on KUSF audits/tariff filings

Verizon, Bell South & Sprint	FL.	Florida Office of Public Counsel	Dockets 030867-TL, 030869-TL, 030961-TL	Comments	Impact of access rate rebalancing, rate design, and universal service, plus review of CAM
SWBT-Ks.	Ks.	Citizens' Utility Ratepayer Board	98-SWBT-677-GIT	Comments	and universal service, plus review of CAM
Generic	KS.	Citizens' Utility Ratepayer Board	03-GIMIT-932-GIT	Testimony	SWBT's failure to comply with provision of DSL
Kansas - generic	KS.	Citizens' Utility Ratepayer Board	03-GIMIT-284-GIT	Testimony	Ks. Universal Service Fund policies
Maryland Verizon	MD.	Maryland People's Counsel	Case No. 8918	Comments	Review KUSF assessment
Verizon Maine	ME.	Maine Office of Public Advoc.	2000-849	Testimony	Review of earnings, price cap & deregulation issues.
Ameritech	MI.	Michigan Attorney General	Case No. 12320	Testimony	Verizon's 271 filing
Verizon Vermont	VT	Dept. of Public Service	Docket 6533	Testimony	Ameritech's 271 filing
Sprint Nevada	NV.	Nevada Attorney General	Docket 01-12047	Comments	Verizon's 271 filing
Western/KP&L	KS.	Citizens' Utility Ratepayer Board	01-WSRE-436-RTS	Testimony	Review of earnings, CAM, rate design and affiliate issues
					Review allocation of costs between regulated & nonregulated operations/CAM, review of aircraft logs, and analysis of compensation benefits.
Southern Ks.	KS.	Citizens' Utility Ratepayer Board	02-SNKT-1014-EAS	Testimony	Review of Southern Ks. EAS applic.
SWBT, Sprint/United	KS.	Citizens' Utility Ratepayer Board	02-GIMIT-272-MIS	Testimony	Price cap formula of LECs, plus CAM
Gen. Invest.	KS.	Citizens' Utility Ratepayer Board	01-GIMIT-082-GIT	Testimony	Access charges, afford. rates and misc.
Verizon	MI.	Michigan Attorney General	U-12682	Testimony	Review earnings, CAM, universal service regarding
				Testimony	Verizon's request to restructure basic local rates
Ks. Rural LECs	KS.	Citizens' Utility Ratepayer Board	02-GIMIT-068-KSF	Comments	Rural LECs KUSF, affordable rates & access
Ameritech	MI.	Michigan Attorney General	U-12622	Testimony	Review policy for use of shared transport for
				Briefs	intraLATA toll traffic over AM's network
Generic	KS.	Citizens' Utility Ratepayer Board	00-GIMIT-910-GIT	Comments	Methods to improve Lifeline
Ameritech	MI.	Michigan Attorney General	U-12598	Testimony	Evaluate Ameritech's service quality problems, service quality standards and customer credits to be paid to customers
				Testimony	Evaluate earnings of Ameritech and Verizon in regards to expanded local calling and removal
Ameritech & Verizon	MI.	Michigan Attorney General	U-12528		Addressing earnings of Bell Atlantic, CAM, rate design and alternative regulation plan
Bell Atlantic	VT.	Vermont Department of Public Service	Docket No. 6167	Testimony	Address earnings of Sprint Nevada, CAM and related policy issues
Sprint	NV.	Nevada Attorney General - Bureau of Consumer Protection	Docket No. 99-2024	Testimony	Review of Ameritech's earnings and CAM in regards to addressing access charges and in-state EUCL
Ameritech	MI.	Michigan Attorney General	U-12287	Testimony	Review of Verizon's earnings and CAM in regards to addressing access charges and in-state EUCL
Verizon	MI.	Michigan Attorney General	U-12321	Testimony	Address generic universal service costing methods, adjustment of Kansas Universal Service Fund, geographic deaveraging, etc.
Generic	KS.	Citizens' Utility Ratepayer Board	99-GIMIT-326-GIT	Testimony	Address GTE's request for intrastate PICC charge and address related cost study issues
				Filed comments and testimony	Address SWBT's cost of local service, KUSF levels and policy issues, plus CAM review
GTE	MI.	Michigan Attorney General	U-11759	Phase I	Universal Service Fund
Southwestern Bell Telephone	KS.	Citizens' Utility Ratepayer Board	98-SWBT-677-GIT	Comments/ Testimony Testimony on	

ILEC's	MI.	Michigan Attorney General	U-11899	Stipulation	Address universal service fund for ILECs
Ameritech	MI.	Michigan Attorney General	U-11660	Briefs	Address Ameritech's request for intrastate PICC charge and related cost study issues
Generic Investigation	KS.	Citizens' Utility Ratepayer Board	94-GIMT-478-GIT	Comments/ Testimony/ Testimony/ Comments	Performed the first audit of the KUSF, reviewing first two years of actual operations and third year projections, addressing cellular issues, excessive assessment and per line charges
Ameritech UNEs	MI.	Michigan Attorney General	U-11635		Address Ameritech cost studies for deaveraging issues
Generic Investigation	KS.	Citizens' Utility Ratepayer Board	96-LEGT-670-LEG	Comments briefs	Address increased Lifeline Support measures
Generic Investigation	KS.	Citizens' Utility Ratepayer Board	194, 734-U	Comments	Address industry billing standards
Ameritech	MI.	Michigan Attorney General	U-11743	Comments Testimony	Address problems with Ameritech's position on intraLATA dialing parity and 55% access discount and previous Court case
Southwestern Bell	KS.	Citizens' Utility Ratepayer Board	98-SWBT-380-MIS		Address problems with SWBT's price cap plan and various components/calculations
Southwestern Bell	KS.	Citizens' Utility Ratepayer Board	97-SCCC-411-GIT	Comments	Address SWBT's 271 application in Kansas and level of competition, Track A and B,
BellSouth	GA.	Georgia Public Service Commission	7061-U	Testimony	long distance rates, joint marketing, FCC issues
Generic Investigation	KS.	Citizens' Utility Ratepayer Board	194,734-U	Assistance on case	Address BellSouth and Hatfield cost studies for unbundled elements and policy issues
Generic Investigation	KS.	Citizens' Utility Ratepayer Board	97-SCCC-149-GIT	Comments Testimony, along with comments	Deregulation/detariffing of CLECs/LECs
AT&T, Sprint & U S WEST	ND.	North Dakota Public Service Comm.	PU-453-96-82 and PU-987-96-389	Case assistance	Review of cost study methodology of Hatfield, BCPM (Sprint) and Southwestern Bell for unbundled elements
Rulemaking into Interconnection & Unbundling SWBT/Generic	WY.	Wyoming Public Service Commission	Gen. Order No. 76	Comments	Address proposed deregulation of AT&T, Sprint and U S WEST
	KS.	Citizens' Utility Ratepayer Board	Cases before Ks. Court of Appeals & Supreme Court	Assistance	Comments supporting proposed rules for interconnection, dialing parity, pricing, privacy and other competition issues
Ameritech	MI.	Michigan Attorney General	Case No. U-11155, U-11156 and U-11280		Address issues regarding non-cost basis of Kansas Universal Service Fund and problems with revenue neutrality end user charges
GTE	MI.	Michigan Attorney General	Case No. U-11207	Comments and assistance	Review retail/wholesale cost studies of Ameritech
Generic Rulemakings	GA.	Georgia Public Service Commission	Various dockets	Comments and assistance	Review cost studies of GTE
General Investigation	KS.	Citizens' Utility Ratepayer Board	190,492-U 94-GIMT-478-GIT	Assistance and analysis	Assisted GPSC with various rulemakings on competition, universal service and conducted workshop for number portability

into Competition				Testimony	service policy issues, alternative regulation and other matters
General Presentation	N/A	Russian/Ukrainian Regulatory Agency and Utilities	Misc.		Provide presentations and analysis for Russian/Ukrainian executives in Moscow and Kansas
U S WEST	WY.	Wyoming Consumer Advocate Staff	70000-TR-95-238	Presentations/analysis	Address USW's rate/price plan, competition issues, rate design for access charges, and CAM
Generic Invest. into Access Charges	KS.	Citizens' Utility Ratepayer Board	190,383-U	Testimony	Address access charge plan for Kansas and related issues
General Investigation into Competition	KS.	Citizens' Utility Ratepayer Board	190,492-U 94-GIMT-478-GIT	Testimony	Address competition issues, alternative regulation, universal service issues, costing methods and related issues
United Tel. of Kansas	KS.	Citizens' Utility Ratepayer Board	189-150-U	Testimony, Suppl. and Rebuttal	Review quality of service via show-cause and address service standards, modernization schedule and customer complaints
U S WEST	MN.	Minnesota Dept. of Public Service	P421/EI-89-860	Testimony/ report	Key issues include management salaries, fringe benefits, short/long-term incentive compensation plans, work force reduction issues, space-utilization, Bellcore expenses, software expense, CAM, rent expense and affiliate transactions
Southwestern Bell Tel.	KS.	Citizen's Utility Ratepayer Board (CURB)	183,522-U	Address revenue req. for alternative reg. plan for period 1990 - 1993	FASB 106 and issues related to alternative rate plan
Michigan Northern States Power Company	MI.	Michigan Dept. of Attorney	U-10138	Testimony	IntraLATA equal access competition
U.S. WEST	N.D.	North Dakota Public Service Commission	PU-400-92-399	Testimony	Compensation issues (salaries, wages and incentive compensation)
	MN.	Minnesota Dept. of Public Service	P421/DI-92-168	Oversight and Review	Management salaries, fringe benefits, CAM, force reduction and costs, pensions, training, maintenance expense, leasing and affiliate relations
Southwestern Bell Telephone	KS.	Kansas Counties/Cities - Harvey, Douglas, Butler, Riley, Crawford, Dodge City, Jackson and Pottawatomie	92-SWBT-143-TAR	Formal report on various regulatory issues	911 service issues - recurring and nonrecurring rates for trunk/circuit and ALI/ANI, data base unbundling, cost studies and dedicated/public provision
Michigan LECs and IXCs	MI.	Michigan Dept. of Attorney General	U-10063	Comments	Establishment of quality of service standards for LECs/IXCs
Michigan LECs and IXCs	MI.	Michigan Dept. of Attorney General	U-10064	Comments	Establishment of the procedures and format for the filing of tariffs
Southwestern Bell Telephone	KS.	City of Wichita - subcontracting with law firm of Woodard, Blaylock	90-1342-C	Comments	Lawsuit by City of Wichita vs. SWBT regarding violation of franchise agreement
U.S. WEST	AZ.	Arizona Corporation Commission	U.S. District Court for the District of Ks. E-1051-91-004	Affidavit	
					Toll/access revenues, income taxes and misc., plus CAM

Indiana Bell Telephone Southwestern Bell Telephone JBN Telephone Co., Inc.	IN.	Indiana Utility Consumer Counselor	Cause No. 39017	Rate case subcontract	Rate base, operations, affiliate transactions & misc.
AT&T Comm. of the Southwest Kansas LECs and IXCs	OK.	Oklahoma Attorney General	PUD 000662	Rate case subcontract	Royalty fee, affiliate transactions and misc.
AT&T Comm. of the Southwest Kansas LECs and IXCs	KS.	Kansas Corporation Commission	171,826-U	Rate case subcontract	Rate base, operations, capital structure acquisition issues, rate design and CAM
Kansas LECs and IXCs	KS.	Citizens' Utility Ratepayers Board	91-AT&T-90	Rate case	Directory assistance rates and call allowances, costs studies and misc.
Kansas LECs and IXCs	KS.#	Kansas Corporation Commission	127,140-U	Comments	Generic investigation into access charges-access charge policy, rate design and revenue requirements
Kansas LECs and IXCs	KS. #	Kansas Corporation Commission	148,200-U	Testimony - Access policy witness	Initiated generic investigation into affiliated transactions and established policies
Kansas LECs and IXCs	KS. #	Kansas Corporation Commission	168,334-U	Formal recomm. to Comm.	Initiated generic docket and established policies to implement Dual Party Relay Service for persons whom are hearing and speech impaired. The Center opened in 1990.
AT&T Comm. of the Southwest	KS. #	Kansas Corporation Commission	167,493-U	Formal recomm. to Comm.	Rate case/regulatory flexibility - Competition, policy, regulatory flexibility, rate design and CAM
Southwestern Bell Telephone	KS. #	Kansas Corporation Commission	166,856-U	Testimony - Chief witness	Rate case/regulatory flexibility - Rate base, operations, capital structure, CAM, rate design, policy, regulatory flexibility, affiliated transactions, modernization issues, depreciation and misc.
Pioneer Tel. Co.	KS. #	Kansas Corporation Commission	89-PNRT-350-CON	Testimony - Chief witness	Promoted introduction of two-way interactive video services in rural areas by introduction of economic develop. rates
United Telephone Company	KS. #	Kansas Corporation Commission	162,044-U	Formal recomm. to Comm.	Rate case - Yellow pages, royalty fee, rate base, CAM, operations, capital structure, rate design, policy, penalties, affiliated transactions revenue adjustments, misc.
United Telephone Long Distance Continental Tel. Co.	OH. #	Office of the Consumers' Counsel	86-2173-TP-ACE	Testimony - Chief witness	Royalty fee, Part X, affiliate transactions, cross-subsidization
Continental Tel. Co.	KS. #	Kansas Corporation Commission	157,053-U	Testimony	Reserve deficiency - settled reserve deficiency issue with protections for local ratepayers
AT&T Comm. of the Southwest	KS. #	Kansas Corporation Commission	157,052-U	Formal recomm. to Comm.	Tax Reform Act - Reduced rates permanently and collected refunds
Southwestern	KS. #	Kansas Corporation Commission	156,655-U	Formal recomm. to Comm.	Tax Reform Act - Obtained rate reductions and rate refunds
Southwestern	KS. #	Kansas Corporation Commission	156,655-U	Formal recomm.	Tax Reform Act - Obtained rate refunds.

Bell Telephone				to Comm. Formal recomm. to Comm.	Offset Comm. approved dollar shift to local rates from access charges with TRA savings to avoid increases in local rates
United Telephone Long Distance	KS. #	Kansas Corporation Commission	154,728-U		UTLD/United required to make a formal request for affiliate loan per statutes per findings in Docket 153,655-U
United Tel. Co.	KS. #	Kansas Corporation Commission	154,610-U	Formal recomm. to Comm.	Reserve deficiency - set precedent requiring deficiencies resulting from uneconomic plant placement go below the line
United Tel. Co.	KS. #	Kansas Corporation Commission	153,662-U	Formal recomm. to Comm.	Request by United to deregulate billing and collection is denied upon recommendation
United Tel. Long Distance	KS. #	Kansas Corporation Commission	153, 655-U	Formal recomm. to Comm.	Royalty fee, affiliate transactions, cross-subsidization and affiliate loans
Southwestern Bell Telephone	KS. #	Kansas Corporation Commission	151,488-U	Testimony - Chief witness	Reserve deficiency - settled deficiency with protections for local ratepayers
Kansas Gas & Electric Company	KS. #	Kansas Corporation Commission	142,098-U	Formal recomm. to Comm. Testimony - Chief witness	Company Regulatory Plan - Gross-of-tax/net-of-tax deferred carrying costs analysis, FAS 71 and 90 - impact on imprudence disallowance and physical/economic excess capacity, life insurance financing and policy issues
Kansas Electric Power Coop, Inc.	KS. #	Kansas Corporation Commission	151,191-U		Rate case - deferred carrying charges, present value depreciation, FAS 71 implications, operations and misc.
United Tel. Co.	KS. #	Kansas Corporation Commission	149,685-U	Testimony - Chief witness Motion - Chief auditor	Rate case - United withdrew rate case as a result of findings regarding significant overstatement of payroll expenses and understatement of lease revenues due from other affiliates
Kansas State Tel. Co. of Ks.	KS. #	Kansas Corporation Commission	147,585-U		Rate case - excess plant capacity, rate base, operations, capital structure and misc.
AT&T Comm. of the Southwest	KS. #	Kansas Corporation Commission	145,718-U	Testimony	Rate case - rate base and operations
Elkhart Tel. Co.	KS. #	Kansas Corporation Commission	144,087-U	Testimony	Rate case - rate base, operations, capital structure and loans
Continental Tel. Co. of Ks.	KS. #	Kansas Corporation Commission	143, 565-U	Testimony	Rate case - rate base, operations and capital structure
Kansas LECs and IXCs	KS. #	Kansas Corporation Commission	144,299-U	Testimony	General investigation - intraLATA operator services, duplication of services and misc.
Kansas Power & Light Co.	KS. #	Kansas Corporation Commission	140,015-U	Testimony	Rate case - revenue/sales annualization, purchased gas cost, nonrecurring expenses unfunded deferred taxes and misc.
United Tel. Co.	KS. #	Kansas Corporation Commission	138,500-U	Testimony	Rate case - rate base and operations, plus CAM

Greyhound Lines, Inc.	KS. #	Kansas Corporation Commission	137,873-U	Testimony	Rate case - rate base and operations
Southwestern Bell Telephone	KS. #	Kansas Corporation Commission	137,534-U	Testimony	Rate case - rate base and operating income, plus CAM review
The Gas Service Co.	KS. #	Kansas Corporation Commission	136,850-U	Testimony	Rate case - revenue annualization/weather normalization, purchased gas cost, rate base, operations and capital structure
Kansas Power & Light Co.	KS. #	Kansas Corporation Commission	136,381-U	Testimony	Rate case - review of Jeffrey Energy #3 construction costs and contracts, rate base and misc.
DS&O Rural Electr. Coop	KS. #	Kansas Corporation Commission	136,249-U	Testimony	Rate case - rate base, operations and capital structure
# Work performed while employed by the Kansas Corporation Commission.				Testimony	
Note 1: ECTEL - Performed for island nations of St. Lucia, Dominica, St. Kitts & Nevis, Grenada, and St. Vincent & the Grenadines.					

PUBLIC ADVOCATE MERGER COMMITMENTS

DEFINED TERMS

“BHNG” means Black Hills Nebraska Gas, the pre-merger Nebraska regulated utility, and its post-merger successor.

“NWNG” means NorthWestern Nebraska Gas, the pre-merger Nebraska regulated utility, and its post-merger successor.

“BHC” means Black Hills Corporation and any post-merger successor.

“NWE” means NorthWestern Energy and any post-merger successor.

“NWE” or “NWEG” means NorthWestern Energy Group and any post-merger successor.

“BHSC” means BHC service company and its post-merger service company, along with any other post-merger service companies of BHC, NEW, NWEG, and any other parent or affiliate company.

“JA” means Joint Applicants.

“PA” means Nebraska Public Advocate.

“Commission” means the Nebraska Public Service Commission.

MOST FAVORED NATIONS CLAUSE

1. If at any time prior or subsequent to the date of a Commission Order adopting this Merger Commitment there are merger commitments (or similar documents) in jurisdictions of Joint Applicants and related affiliates (including, but not limited to Montana and South Dakota) that include merger terms and conditions that are also more favorable to the interests of Nebraska ratepayers of BHNG and NWNNG than this Public Advocate Merger Commitment, then parties shall take action to incorporate those more favorable terms and condition into this document via amendment. (Witness Ostrander).

VIOLATIONS OF MERGER COMMITMENTS

2. If any party to this Merger Commitment violates any terms and conditions, then those violations, then such party shall report such violations to the Commission and Public Advocate, along with all related financial, regulatory, customer, and other impacts on the related impacted entities – along with an explanation of how and when the violations will be remedied. A report regarding any violations will be filed with the Commission and the Public Advocate within 60 days of the violation, along with a follow-up report explaining the implementation of remedies. No notice is required if there are no violations. (Witnesses Brevitz, Ostrander and Holloway).

HART-SCOTT-RODINO (“HSR”) FILINGS

3. Joint Applicants shall provide complete and unredacted copies of each company’s filing of the HSR form and all attached documents filed with the US Department of Justice and Federal Trade Commission to the Public Advocate and the Commission within one week of the federal filing, except for any redactions of information in the federal filing based on privilege. The Public Advocate, Commission Staff and the Commission shall be allowed a reasonable period for review. The Public Advocate may request an opportunity to be heard by the Commission based on its review of the HSR filing and attached documents. The JAs shall not oppose an extended schedule prior to Commission action or final order, until the HSR documents are received and the Public Advocate has had an opportunity to be heard, which opportunity must be requested within seven days of the Public Advocate’s review of the HSR documents and filing. (Witness Brevitz).

RATE CASE STAY-OUT PROVISION (RATE FREEZE)

4. For BHNG, no general rate case shall be filed with the Commission until January 1, 2030, which is a four-year stay-out period from when its most recent rate increase was effective on January 1, 2026. For NWNG, no general rate case shall be filed with the Commission until January 1, 2028, which is about a 2.5 year stay-out period from NWNG's most recent rate increase which was effective on July 1, 2025. Rates of both BHNG and NWNG will be frozen and not subject to any changes during that time period, unless there are significant unexpected exogenous changes beyond the control of these companies. Rates shall not change during this time period under any circumstances for any significant financial, regulatory or other reasons related to the merger. (Witness Ostrander).

RESIDENTIAL CUSTOMER RATE CREDITS/REFUNDS

5. The residential customer rate credit/refund shall be approximately \$11.0M for BHNG residential customers and about \$.80M for NWNG residential customers (reflected in one monthly bill credit) based on the relationship of each companies respective tariff monthly fixed charges. The customer refund shall never be less than the amount of pre-merger and post-merger Transition and Transaction costs that would normally be allocated to, or directly incurred by, the regulated jurisdictional utility operations of Nebraska – although such amounts will be retained at the parent company level and would not be allocated or assigned to BHNG or NWNG under any circumstances (given these amounts are not subject to recovery per the Transition and Transaction Merger Commitment. (Witness Ostrander).

POST-MERGER RATE CASE FILING REQUIREMENTS

6. For all BHNG and NWNG rate cases filed with the Commission before or after a Commission final Order on this merger, the rate case filing party shall provide all of the information and related reports set forth in this Merger Commitment document upon filing a rate case, such that the Commission and other intervenors do not have to request (and wait) for such information via formal discovery. Any statutory, procedural, or other timeline for rate case duration (and requirements for issuing a final order in the proceeding) shall be waived until all of the documents in this Merger Commitment have been filed and made available to the Commission and the Public Advocate. This provision applies to the longer period of five years after the Commission's final Order in this merger proceeding or each utility's second rate case following this merger proceeding. In other words, if the five-year period subsequent to the Commission's Order expires and a utility has not filed its first or second rate case, then these provisions shall remain intact until two rate cases have been filed by the regulated utility. (Witness Ostrander).

INTEGRATION PLAN AND SUPPORTING DOCUMENTS

7. The JA shall file a copy of all periodic and updated Integration Plan reports (and related supporting documentation) with the Commission and the PA within 30 days of the completion of the document, for up to five years after the Commission issues a final Order on the merger proceeding. The Integration Plan provided to the Commission and PA should be the same document made available to all Black Hills and NorthWestern executives, the Board of Directors, and other need to know entities, without any redaction. At the minimum, such Integration Plans should be filed quarterly with the Commission and PA, and filed concurrent with any rate case application that is filed with the Commission. The Integration Plan should show and explain all positive and negative impacts of the merger (including all risk and threats) including impacts on merger savings, merger costs, efficiencies, synergy, economies of scale, and other impacts by type and description – including financial, regulatory, operations, and other impacts.

The financial, regulatory, operations, and other impact upon BHC, BHNG, NWNG, NWE, NWG and all other parent/affiliates should be identified and explained – showing both the total amounts and the related amounts allocated or assigned to each of the jurisdictional regulated operations of BHNG and NWNG. In addition, all related transition, transaction, and other types of merger costs should be identified by amount, type, vendor, and description. Similarly, the impact upon BHC, BHNG, NWNG, NEW, NWG and all other parent/affiliates should be identified and explained – showing both the total amounts and the related amounts allocated or assigned to each of the jurisdictional regulated operations of BHNG and NWNG. This information should be provided for at least the first five years after the Commission's final Order addressing the merger. (Witness Ostrander).

TRANSITION AND TRANSACTION COSTS

8. BHNG and NWNG will never seek to recover the costs of any pre-merger or post-merger Transition or Transaction costs that are directly or indirectly related to the merger in any rate case, accounting actions, or other types of filings with the Commission. None of these related Transition and Transaction costs will ever be directly assigned or allocated to the operations of BHNG and NWNG. Under no circumstances shall the pre and post-merger costs related to integration planning, due diligence, Board of Director merger reporting, executive golden parachute/severance/change of control costs, and all related legal, consulting, and other costs be allocated or direct assigned to BHNG and NWNG – given that such amounts cannot be sought for recovery in any rate cases (or other types of filings) of BHNG and NWNG before the Commission. This means that all related pre and post-merger costs related to the above for PwC, Goldman Sachs, Mizuho/Greenhill, along with other similar costs shall not be recovered from Nebraska customers in any form, via rate cases or other filings with the Commission. (Witness Ostrander).

GOODWILL

9. BHNG and NWNG will never seek to recover the costs of goodwill acquisition premium, or related costs in any rate case, accounting actions, or types of filings other filings with the Commission. None of these related costs will ever be directly assigned or allocated to the operations of BHNG and NWNG. (Witness Ostrander).

AFFILIATE TRANSACTIONS

10. The sections below address affiliate transactions.

10.1 - Baseline Affiliate Allocation Report:

Within 90 days of a final Commission Order (or 30 days prior to any rate case) in this proceeding, the JA shall file with the Commission and the PA, a baseline analysis of “corporate costs and overheads” that are allocated or assigned to BHNG and NWNG using information from data requests in this proceeding (PA 5.61, and other relevant data requests) – along with other relevant information. This information should be provided for historical calendar years 2024 and 2025 (without the inclusion of any merger-related costs, including adjustments removing such costs), which show the corporate overhead allocated costs by function, department (legal, integration, human resources, etc.), type of cost (payroll rent, etc.), and by account number. To the extent other similar types of costs are direct assigned to BHNG and NWNG, a similar baseline report should be prepared for these costs. The baseline reports should be on an apples-to-apples comparable basis for both BHNG and NWNG. This report should be filed once a year, or 30 days prior to any rate case, for the first five years (or two first rate cases) after a Commission Order in this merger proceeding. (Witness Ostrander).

10.2 - Reasons for Changes in Affiliate Allocations:

Within 90 days of a final Commission Order (or 30 days prior to any rate case) in this proceeding, the JA shall file a report with the Commission and the PA that shows and explains all increases and decreases in allocated corporate costs and overheads from: 1) BHC (and/or service companies and other BHC affiliates) to both BHNG and NWNG; and 2) NWG (and/or service companies and all other NorthWestern affiliates) to both BHNG and NWNG. These reports should show allocated costs that are both related and unrelated to the merger – using the baseline analysis as the starting point. This report should be filed twice a year, or 30 days prior to any rate case, for the first five years (or two rate cases) after a Commission Order in this merger proceeding. For all increases and decreases in allocated corporate costs and overheads that are related to the merger, the amount of the increase or decrease must be identified, along with a complete explanation of the cost by account number. All changes in costs shall be identified by account number, description of the work

performed, a copy of the related contract, and the vendor name to the extent amounts exceed the lesser of \$150,000 or 10% of total corporate costs and overheads allocated to BHNG and NWNG. In addition, all costs related to transition, cost to achieve, transaction, and integration (including all similar costs) shall be identified using the same parameters. All other costs related to the merger shall also be identified using the same parameters. All merger-related costs that are not allocated to assigned to BHNG and NWNG (and are retained by the parent or service company, shall also be identified by account number, description and function – and an explanation why these amounts are not allocated or assigned to BHNG and NWNG). All other reasons for increases in allocated costs should be addressed, such as explaining the impact of new or revised allocation factors or allocation methods, increases in amounts of costs subject to allocation from parent company or service companies, and costs allocated from affiliates that were not previously allocated pre-merger to BHNG and NWNG, and all other reasons. The JA shall sign an affidavit affirming the accuracy of the report. (Witness Ostrander).

10.3 - CAM/Intercompany Agreement with FERC Language:

Within 90 days of a final Commission Order (or 30 days prior to any rate case), the JA shall file with the Commission and the PA a copy of new CAMs and Intercompany Service Agreements to be used by all parent companies, service companies, and other affiliates regarding the allocation of costs to BHNG and NWNG. These CAMs and Intercompany Service Agreements should include language that is similar to the FERC affiliate transaction rules language, and agree to comply with that language when allocating costs to all affiliates. The related documents should also state that no mark-up of allocated costs is allowed. If some amount of capital costs are allocated to another affiliates (or if the capital cost is converted to an expense), this method should be specifically explained. Any subsequent updated CAMS should be filed with the Commission once a year, or 30 days prior to any rate case, for the first five years (or two rate cases) after a Commission Order in this merger proceeding. If there are no further changes to the CAM, updated CAMs do not need to be filed with the Commission and PA.

EXECUTIVE, MANAGEMENT AND ALL OTHER PERSONNEL PAYROLL-RELATED COSTS FOR GOLDEN PARACHUTES, CHANGE OF CONTROL, AND ALL SEVERANCE, TERMINATION AND SIMILAR PAYMENTS

11. All costs for executive, management, and other personnel related to payments for golden parachutes, severance, cost of control, and similar payments, should not be sought for recovery in rate cases or other filings of BHNG and NWNG. Such amounts should not be allocated or assigned to BHNG and NWG, but retained on the books of the parent/holding company.(Witness Ostrander).

SHORT AND LONG-TERM INCENTIVE COSTS

12. If short and/or long-term incentives are paid to employees regarding performance and outcomes metrics related to the merger, the specific amount of short and long-term incentives, along with all jurisdictional amounts allocated/assigned to BHNG and NWNNG should be reported to the Commission and the PA beginning one year after a Commission merger order, or 30 days prior to any rate case filing. The specific performance metric, including target and actual results, should be reported for each group of employees (executives, management, etc.). If a merger-related performance metric is included within one of the existing performance metrics and is not obvious, or reported separately, the above reporting requirement still apply, and such amounts must be specifically identified. (Witness Ostrander).

CHANGES IN GAAP AND REGULATORY REPORTING

13. All changes in GAAP and regulatory reporting pre and post-merger that impact BHNG and NWNNG shall be reported to the Commission and PA within 60 days of occurring, and 30 days before any rate case filing. The entities should explain the change, reason for the change, and the estimated financial impact by account number. (Witness Ostrander).

STATE AND FEDERAL INCOME TAX IMPACTS

14. All post-merger changes that increase or decrease state and federal income taxes of BHNG and NWNNG that are directly or indirectly due to the merger should be reported to the Commission and PA within 90 days of occurring, and 30 days before any rate case filing. The entities should explain the change, reason for the change, and the estimated financial impact by account number. If the change in state or federal income tax change for BHNG and NWNNG has an offsetting or related financial impact on a parent or holding company, this impact must be specifically explained with the financial impact by account number. (Witness Ostrander).

NET OPERATING LOSS CARRYFORWARD (“NOLC”)

15. If the merger causes a change in the amount of NOLC for BHNG and NWNNG, then the reason for the change and amount of the change should be reported to the Commission and the PA within 90 days of occurring and 30 days before any rate case. The JA shall report any direct or indirect sale, transfer, reimbursement, or exchange of NOLC balances between BHNG, NWNNG, and their respective parent/holding companies and all affiliates, and identify the specific amount of

change in the NOLC balance for BHNG and NWNG. Also, provide all new Tax Sharing Agreements that will be implemented under the same timelines above. Explain if any of the change in NOLC balances will require a private letter ruling request or is subject to existing PLRs sought by other outside companies (other unrelated companies), and provide this information under the same timelines above. (Witness Ostrander).

FIVE FACTOR TEST

16. The five-factor test cited in some of the Commission's change of control proceedings should be addressed in a rule and regulation hearing format, with the possibility of expanded language, along with public input.

INTEGRATED RESOURCE PLANNING

17. Integrated Resource Planning documents for BHNG and NWNG should be filed with the Commission and PA every five years.

UNIFORM NON-RATE RULES AND REGULATIONS

18. The Commission should require the Joint Applicants to file non-rate uniform rules and Regulations within one year of merger completion. These rules and regulations should be approved by the Commission following public review and comment and contain the following recommendations:

1. Connection and Reconnection Charges
 - a. Normal working hours are defined as 8:00 a.m. to 5:00 p.m. Monday through Friday, except for company holidays.
 - b. New connections should be charged \$10.
 - c. All other connections and reconnections should be charged the following:
 - i. \$80 during normal business hours, and
 - ii. \$125 during other times.
2. Customer Deposits
 - a. Customer may request the refunded amount be directly returned.
3. Meter testing requirements
 - a. Meter testing fee is \$55 if the customer requests a meter test within one year of a previous request.
 - b. If the meter test shows the meter is reading over 2 percent fast.

-
- i. The customer will be refunded the percentage of the inaccuracy of the billed amount for the period since last meter test, but not to exceed 5 (five) years and refunded any meter testing fee.
 - ii. The refunded amount will be credited to the customer's account unless the customer requests the amount to be directly refunded.
 - c. If the meter test shows the meter is reading over 2 percent slow.
 - i. The customer will be charged the percentage of the inaccuracy of the billed amount for the period equal to one-half of the time elapsed since the most recent test, not to exceed six (6) months.
 - ii. The customer may pay the under collected amount over the same time period the error occurred, not to exceed six (6) months and refunded any meter testing fee.
 - d. Estimated bills for non-registering meters will be for the period the meter is known to have stopped registering, not to exceed six (6) months.
 4. Late Charges
 - a. One percent of the unpaid balance after the due date.

(Witness Holloway).

RATE CLASSES AND DEFINITONS

19. The Commission should require Joint Applicants to provide a proposal, including a schedule, for combining the rate classes and definitions within one year of merger completion. (Witness Holloway).

OPERATIONAL METRICS

20. The Commission should require Joint Applicants to provide annual data, and comparison to AGA data where applicable, for the following operational metrics:
 1. Leaks per 100 miles of distribution piping,
 2. Damages per 1,000 Locates, and
 3. Emergency Response.(Witness Holloway).

QUALITY OF SERVICE METRICS REPORTING

21. The Commission should require the merged entity to annually file the following quality of service metrics to assure there is no degradation in service:
1. Call Center Performance Metrics
 - a. Call Abandonment Rate.
 - b. Percent of Calls Answered by a CSR within 30 Seconds.
 - c. Percent of Emergency Calls Answered by a CSR within 30 Seconds.
 - d. Average Hold Time When a CSR is Requested (seconds).
 2. IVR Containment Percentage.
 3. Internet Portals Used for Starting, Stopping or Moving Service.
 4. Annual Customer Disputes Handled Under Dispute Process.
 5. Annual Billing Rate Error.
 6. Annual Meter Reading on Assigned Cycles Rate.
 7. Percentage of Customer Field Service Calls Completed Within Estimated Completion Time.

(Witness Holloway).

DIVIDENDS

22. Dividends paid by BHNG and NWNG to parent/holding companies and other entities should not exceed an average of the most recent 3 to 4 calendar recent years (excluding any outlier years), to help ensure that capital expenditures are not negatively impacted by dividend commitments or payments. If either BNG or NWNG never made dividend payments to a parent/holding company prior to the merger (see JA response to PA-45), then a change to making dividend payments, or a company continuing to make dividend payments post-merger shall be explained and supported in the next rate case filing and subject to possible adjustment. (Witness Ostrander).

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-47

DATE OF REQUEST: December 1, 2025
DATE RESPONSE DUE: December 19, 2025
REQUESTOR: Public Advocate
DATE RESPONDED: December 19, 2025
SUPPLEMENTAL DATE: January 23, 2026
SUBJECT: Transaction and Transition Merger Costs

REQUEST:

PA-47. Transaction and Transition Merger Costs. The direct testimony of witness Lail (24:1 – 25:8) states there are two types of merger-related costs, the “Transaction Costs” which are directly related to executing the merger transaction (which the Company will not seek to recover in future rate cases), and “Transition Costs” which are necessary to create the merger efficiencies and savings and integrate operations (which the Company will seek to recover in future rate cases provided the merger savings exceed the requested recovery of Transition Costs). Please address the following:

- a. Provide the amount of total actual Transaction and Transition merger costs incurred to date by month/year (by account number and account description), and show the amounts allocated and/or assigned to BH Nebraska Gas and all other affiliates and entities. In all cases, show the allocation factors used to allocate such costs to BH Nebraska Gas from parent company, service companies and all affiliates, and provide all supporting documentation and calculations for these allocation factors – and explain how these allocation factors have changed from calendar years 2022 to 2024, and 2025 year-to-date.
Please provide all workpapers produced, including spreadsheets, reports, etc., estimating Transaction and Transition costs by year
- b. (and by account number and account description) Provide the amounts allocated and/or assigned to BH Nebraska Gas and all other affiliates and entities. In all cases, show the allocation factors used to allocate such costs to BH Nebraska Gas from parent company, service companies and all affiliates, and provide all supporting documentation and calculations for these allocation factors.

- c. For all Transition and Transaction merger costs, provide a copy of the invoices for all invoices exceeding \$25,000 total on a monthly basis. For all Transition and Transaction merger costs, provide a copy of the related contract for all vendors when the contract exceeds \$50,000 annually. Regarding (b) and (c) above, explain each cost and why it has been treated as a “Transition” or “Transaction” cost. If it is a Transition cost, then explain why it is necessary and unique to the integration process and how it will create merger efficiencies and savings. Identify and cite to all precedent relied upon by the Company to propose recovery of Transition merger costs in future rate cases.
- d.
- e.
- f.

RESPONSE:

~~Specific to Joint Applicants' general objections, Joint Applicants~~
further object to the extent the discovery request seeks information about transaction costs, which they have indicated they are not seeking recovery of. Without waiving or limiting their objections, the Joint Applicants respond as follows:

Joint Response:

- a. See Confidential Attachment PA 2.47a - BH Merger Transaction Costs for transaction costs tracked to date by Black Hills as of November 30, 2025. To date, no transaction and no transition costs have been allocated to BH Nebraska Gas. See Confidential Attachment PA 2.47b – NorthWestern Merger Transaction Costs and Confidential Attachment PA 2.47c – NorthWestern Merger Transition Costs for NorthWestern costs as of November 30, 2025. Please refer to the testimony of Crystal Lail at pages 24-25 for Joint Applicant’s testimony on how Transaction and Transition costs will be handled. Please also see Request PA-2.36f for how Transaction and Transition costs are being tracked. At this time, Joint Applicants have not prepared a detailed forecast of Transaction or Transition Costs by account and year. To date, no costs have been allocated to BH Nebraska Gas. Please refer to the testimony of Crystal Lail at page 24-25 for Joint Applicant’s testimony on how Transaction and Transition costs will be handled. Please also see Request PA-2.36f for how Transaction and Transition costs are being tracked. Since Joint Applicants are not requesting recovery of Transaction Costs and would need to make a separate request for Transition Costs, as described in the testimony
- b.
- c.

- of Crystal Lail at pages 24-25, Joint Applicants object to providing information beyond that provided in subpart a. Since Joint Applicants are not requesting recovery of Transaction Costs and would need to make a separate request for
- d. Transition Costs, as described in the testimony of Crystal Lail at pages 24-25, Joint Applicants object. Subject to the objection, please see the response to Request No. PA 2.48b. Please see Ms. Lail's Direct Testimony at pages 24-25 for an explanation of how Joint Applicants distinguish between Transaction and
- e. Transition Costs. See also the response to PA 2.36. The Nebraska Public Service Commission authorized the ability to seek recovery of transition costs in a future rate proceeding in Commission Application No. NG- 84. See [NG-0084.15.pdf](#).
- f.

ATTACHMENT(S):

- Confidential Attachment PA 2.47a – BH Merger Transaction Costs
- Confidential Attachment PA 2.47b – NorthWestern Merger Transaction Costs
- Confidential Attachment PA 2.47c – NorthWestern Merger Transition Costs

SUPPLEMENTAL RESPONSE:

Please see Confidential Supplemental Attachments PA 2.47a – PA 2.47c.

SUPPLEMENTAL ATTACHMENT(S):

- Confidential Supplemental Attachment PA 2.47a – BH Merger Transaction Costs as of 12-31-25
- Confidential Supplemental Attachment PA 2.47b – NorthWestern Merger Transaction Costs Updated Through 12-31-25
- Confidential Supplemental Attachment PA 2.47c – NorthWestern Merger Transition Costs Updated Through 12-31-25

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-48

DATE OF REQUEST: December 1, 2025
DATE RESPONSE DUE: December 19, 2025
REQUESTOR: Public Advocate
DATE RESPONDED: December 19, 2025
SUBJECT: Consultant Integration Planning Merger Costs

REQUEST:

PA-48. ~~Consultant Integration Planning (M-8) State Costs~~ Company will engage an independent third-party consultant to address integration planning and implementation regarding processes, systems, communication and change management, and developing Day 1 operating and integration plans. Please address the following:

- a. Provide the names of the outside consulting firms that have been hired to address integration planning and implementation, and identify the date these consultants were hired. Regarding (a) above, provide a copy of all related contracts for the related consultants.
- b. Regarding (a) above, provide a copy of all invoices/billings from all consultants for all work to date for 2024 and 2025 year-to-date, and provide monthly updated costs and invoices on an ongoing basis.
- c. Regarding (a) above, provide all capitalized and expensed consulting costs (by account number and description) allocated or assigned to BH Nebraska Gas and its post-merger successor entity,
- d. ~~along with~~ all other affiliates, and provide documentation and calculations for allocation factors used to allocate costs to BH Nebraska Gas and its post-merger successor entity. Regarding (d) above, identify all consulting costs allocated between
- e. ~~Supporting~~ and Transaction costs, and provide documentation to explain why such costs are treated as Transition or Transaction costs.
- f. Provide a copy of original RFP issued to vendors/consulting firms related to this work, or explain why an RFP was not issued for this related work.

- g. Provide and identify the credentials of the related consulting firms (included a related curriculum vitae), and explain and identify similar work they have performed for other clients in other jurisdictions.

RESPONSE:

Specific Objections: In addition to Joint Applicants' general objections, Joint Applicants object to all subparts to the extent that they seeks to solicit information about a non-Joint Applicant, BH Nebraska Gas. With respect to subparts (d) and (e), Joint Applicants are not seeking to recover transaction costs and therefore object to these requests to the extent they seek to solicit information that is irrelevant and outside the scope of this proceeding. Joint Applicants further object to the form of the request to the extent it insinuates that the merger docket will create a successor entity for BH Nebraska Gas. Without waiving or limiting their objections, the Joint Applicants respond as follows: Joint Response:

-
- a. PricewaterhouseCoopers Advisory Service LLC ("PwC") has been selected as the integration planning consultant. The scope of work for the Integration Planning phase was executed on December 12, 2025 by NorthWestern and on December 15, 2025 by PwC. Please see Confidential Attachment PA 2.48a. Since Joint Applicants would need to make a separate request for Transition Costs, as described in the testimony of Crystal Lail at pages 24-25, Joint Applicants object to providing the information on the grounds of relevance. No costs have been allocated to BH Nebraska Gas. objections in relation to the remainder of the request. See response to (d) and the specific objections. Please see Confidential Attachment PA 2.48b – Joint Modified Request for Proposal Overview 10-2025. This represents the RFP as distributed to an identified group of vendors. This process is referred to as a "Modified RFP" and was used to determine the selected firm. Please see the general objections regarding overbreadth. Subject to the objection and without waiving the same, please see Confidential Attachment PA 2.48. For additional publicly available information, please refer to PwC's website: <https://www.pwc.com/us/en.html>. Please also see subpart (f).
 - b.
 - c.
 - d.
 - e.
 - f.

g.

ATTACHMENT(S):

- Confidential Attachment PA 2.48a – PwC Scope of Work
- Confidential Attachment PA 2.48b – Joint Modified Request for Proposal Overview
10-2025
- Confidential Attachment PA 2.48c – PwC Staffing

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-51

DATE OF REQUEST: December 1, 2025
DATE RESPONSE DUE: December 11, 2025
REQUESTOR: Public Advocate
DATE RESPONDED: December 16, 2025
SUBJECT: Rate Rebalancing or Increases

REQUEST:

PA-51. Rate Rebalancing or Increases The direct testimony of witness Bird (3:17-18) states the Company is not seeking to change rates (3:17-18), “Customer rates will not increase as a result of the merger” (18:18), “customers should have long-term rate stability from the merger” (20:13-14), “affordable energy” is an emphasis (2:22), and the Company will provide “just and reasonable rates” (19:13). Please address the following:

- a. Please explain if BH Nebraska Gas (and the post-merger successor) rates for customers will increase as a result of the merger (also given that witness Nooney states that full integration of the merger could take several years), and explain the related amount and percent of rate increase by date (month/year) by customer rate group.
Explain if the Company plans to rebalance and increase customer rates of BH Nebraska Gas (and the post-merger successor) to match or exceed the greater levels of customer rates of NorthWestern gas operations in Nebraska (and explain if any offsetting rate reductions for NorthWestern gas operation in Nebraska will be implemented as part of any rate rebalance). Explain when any such rate rebalancing or rate increase will take place and show the related schedule for proposed rate changes by date (month/year) by customer rate group – and provide copies of supporting documentation showing planned or potential customer rate increases.
- b. Although witness Bird states that customer rates will not increase “as a result of the merger”, please answer part (a) and (b) above as it relates to all proposed rate increases or decreases for BH Nebraska Gas and its post-merger successor that “are not a result of the merger.” Explain how the Company identifies and differentiates between rate increases that “are a result
- c.

- of the merger” versus rate increases that “are not a result of the merger.” Provide the Company’s best estimate of when it would propose to increase customer rates of BH Nebraska Gas and its post-merger successor, and provide all supporting documentation addressing the timing and amounts of potential rate increases (including the amount and percent of rate increases by customer rate group). Regarding (a), (b) and (c) above, show the related impact on operating revenues on an annualized basis (for each impacted calendar year) from any planned or proposed future rate increases by customer rate group. Please explain the testimony of witness Bird’s that “...customers should have long-term rate stability from the merger...” (20:13- 14), and provide a detailed explanation of the term “rate stability” and “long-term”. Explain if “rate stability” means no rate increases for the long-term or if it means that rate increases could still take place in the short-term but the rate increases would be deemed as reasonable and affordable by the Company. Explain if “long-term” means 1, 2, 3, or more years and provide the specific time frame, and explain if it is intended to be longer than periods between historical rate cases of BH Nebraska Gas.
- d.
 - e.
 - f.

RESPONSE:

Specific Objections: In addition to Joint Applicants’ general objections, Joint Applicants object to all subparts to the extent that they seek to solicit information about a non-Joint Applicant, BH Nebraska Gas. Joint Applicants further object to the form of the request as it insinuates that BH Nebraska Gas is the merging party or that there will be a post-merger successor to BH Nebraska Gas as a result of this merger docket. Finally, the Joint Applicants object that the request calls for speculation. Without waiving or limiting their objections, the Joint Applicants respond as follows:

Black Hills:

-
- a-f. Pre-and post-merger rates (tariffs) for BH Nebraska Gas customers will not increase or decrease through this merger docket. BH Nebraska Gas customers will continue to pay the same rates (tariffs) approved in the most currently completed rate review with final rates effective January 1, 2026. Customers will continue to pay those rates until the next rate review is filed. At this time, there are no estimates of amounts, percentages, or customer group impacts on rates or a date certain for any future rate review.

With specific regard to subpart (b) and (c), the Joint Applicants are still developing a comprehensive integration plan regarding a decision on if BH Nebraska Gas and NorthWestern should be combined and the impact combining would have on the tariffs, rates and revenues of either operating company. . Following any affirmative decision to combine BH Nebraska Gas and NorthWestern and consolidate rates we would seek a decision from the Commission for such tariff and rate changes similar to past practices. As part of that proceeding the information requested in (b) and (c) would be provided as necessary.

With specific regard to subpart (d), Joint Applicants state that the terms stability and long-term are commonly understood, and the term long-term was not intended to identify any specific periodicity between rate reviews. Instead, it was intended to convey that customers should benefit from the opportunities presented by scale of the merger as compared to a stand-alone plan. The identified phrases should be considered in context of the entirety of Mr. Bird's testimony including his identification of the benefits that scale provides.

NorthWestern:

Currently, NorthWestern does not have any legal rights to make decisions related to BH Nebraska Gas. Therefore, this data request does not appear applicable to NorthWestern. To the extent this data request is asking about NorthWestern's Nebraska customers, NorthWestern answers as follows:

NorthWestern confirms that its pre- and post-merger rates (tariffs) for its Nebraska natural gas customers will not increase or decrease as a result of the merger. Post merger and until a future rate review, NorthWestern's Nebraska customers will continue to pay the same rates (tariffs) they pay today. Any future changes to rates will occur only when authorized by the Nebraska Public Service Commission . NorthWestern has no current proposals or schedules for rate reviews. Therefore, there are no estimates of amounts, percentages, or customer group impacts at this time.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-61

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 18, 2026
SUBJECT: Affiliate Allocations to Black Hills and NorthWestern
Affiliates.

REQUEST:

PA-61. Affiliate Allocations to Black Hills and NorthWestern Affiliates. The direct testimony of witness Lail states (22:4-17) that NorthWestern Corporation provides shared operating and administrative services to NorthWestern and other NorthWestern Group companies via an “Intercompany Services Agreement” with related cost allocation rules. Regarding Black Hills, witness Lail states (22:18- 23:22) that BHC is a registered holding company, and its subsidiary Black Hills Service Company, LLC (“BHSC”) provides corporate support functions and distributes costs to BHC’s subsidiaries via a Cost Allocation Manual (“CAM”). Witness Lail states the existing cost allocation methods for each of NorthWestern and BH will remain in place in part because the cost allocation methods are similar – but this process will continue to be evaluated and any proposed changes to the allocation method process filed with the Commission through the regulatory process after the merger closes. Finally, the direct testimony of witness Jones states (10:9 – 11:12) that BHC has long employed a shared services model through BLSC with centralized services such as finance, human resources, information technology and others, which are delivered through a corporate service company and then allocated to BHC’s subsidiary companies. In addition, witness Jones states that shared costs are indirectly allocated via the Cost Allocation Manual (“CAM”). Please address the following regarding the top-down allocation of shared/indirect costs via Intercompany Services Agreements, CAM, and other means from parent company/service companies to each of: 1) Black Hills Nebraska Gas and 2) NorthWestern Gas Nebraska:

- a. For each of the parent/holding companies of Black Hills Nebraska Gas and NorthWestern Nebraska gas operations provide the related total parent company costs that are first allocated to related service companies (such as allocations to BHSC prior to any allocation to Black Hills Nebraska Gas and other affiliates) and for allocation to any service companies of NorthWestern (prior to any allocation to NorthWestern Nebraska gas operations). Show the amount of each type of cost or cost pool (and the related percent of each type of cost

or cost pool) that is allocated from the parent/holding companies to service companies (and other affiliates), and identify the remaining costs of the parent/holding companies that are not allocated to any entities and are retained in the parent/holding companies. Provide this information for the most recent four-year calendar period 2022, 2023, 2024, 2025 year-to-date (“YTD”), and estimated/projected amounts post-merger. For each of the service companies of Black Hills and Northwestern, provide the amount of cost by function (i.e., finance, human, resource, information technology, etc.) and type of cost (payroll, rent, etc.), along with the percent of these costs, that is allocated to

b. each affiliate, including Black Hills Nebraska Gas and NorthWestern Nebraska gas operations. If copcentage allocated direct from Northwestern parent/holding companies to NorthWestern Nebraska gas operations and other NorthWestern affiliates (instead of passing through a service company), then provide this same information – such as the amount of cost by function and type (and percentage of costs) allocated to NorthWestern Nebraska gas operations and other NorthWestern affiliates. Provide this information for the most recent four-year calendar period 2022, 2023, 2024, 2025 YTD, estimated/projected amounts post-merger. Identify the amount and type of all “transition” and “transaction” costs that have been allocated by type of cost category or cost pool.

c. Regarding (b) above, provide the amount of costs allocated to Black Hills Nebraska Gas and NorthWestern Nebraska gas operations by account number (and account description) for each of the periods 2022 to 2025 YTD, and for estimated/projected amounts post-merger. Explain if amounts are allocated only to “expense” accounts or explain if some amounts are also allocated to “capital” accounts, and explain how amounts allocated to capital accounts are calculated and provide supporting documentation.

d. Regarding (a) and (b) above, explain the reasons for changes in the amount and percent of costs allocated from parent/holding companies to service companies, and the amount and percent of costs allocated from service companies to each of the respective affiliates (including Black Hills Nebraska Gas and NorthWestern Nebraska gas operations) for each of the related periods 2022 to 2025 YTD, and estimated/projected amounts post-merger. Provide supporting documentation and calculations. For example, explain if the change in allocated costs is due to an increase in total parent/holding company costs subject to allocation, a change in allocation methods or factors, a change in total number of affiliates

- subject to receiving an allocation (via sale or acquisition of companies), changes due to one-time or nonrecurring costs, etc. Regarding (b) above, for each affiliate of both the parent/holding company and the service companies of Black Hills and NorthWestern, identify and describe the operations of each affiliate that receives an allocation of costs and identify and describe the operations of each affiliate that does not receive an allocation of few or no costs (and explain why certain affiliates receive an allocation of few or no costs). Provide this information for the most recent four-year calendar period 2022, 2023, 2024, 2025 YTD, and estimated/projected amounts post-merger. Identify the amount and type of all “transition” and “transaction” costs that have been allocated by type of cost category or cost pool. Regarding (a) to (e) above, provide a citation of all types of costs (and cost pools) to the same specific costs (and the type of allocation methods used for allocating such costs) in the respective CAMs, Intercompany Services Agreements, and shared service model. Regarding (a) to (e) above, reconcile all allocated amounts to the amounts in the shared services model cited in the direct testimony of witness Jones for each of the related periods 2022 to 2025, and estimated/projected amounts post-merger. Regarding (b) above, for each type of allocation factor (Massachusetts Method, Modified Massachusetts Method, etc.) used to allocate costs (and/or cost pools) from parent/companies and service companies to affiliates (including Black Hills Nebraska Gas and NorthWestern Nebraska gas operations) provide the allocation factor percentage (the percent of costs/cost pools allocated) used to allocate costs/cost pools to each affiliate for each of the periods 2022 to 2025, and estimated/projected amounts post-merger. Explain the reason for the change in allocation factor percentage for each affiliate for each period/year and estimated/projected periods post-merger. Regarding (h) above, provide the amounts and underlying
- e.
- f.
- g.
- h.
- i.
- supporting documentation for both the numerators and denominators used in each allocation factor method that is used to allocate costs to Black Hills Nebraska Gas and NorthWestern Nebraska gas operations for each of the periods 2022 to 2025, and for estimated/projected periods post-merger. For example, if the numerator used in the allocation factor is the specific payroll costs of Black Hills Nebraska Gas, then provide this amount of payroll costs, along with supporting documentation (Annual Reports,

- individual company financial reports, etc.) for these payroll costs. If the denominator is the total payroll costs for all affiliates (subject to receiving an allocation of costs), then provide the amount of total payroll costs, along with related supporting documentation (Annual Reports, individual company financial reports, etc.). Regarding (i) above, explain if the numerators and denominator inputs used in the allocation factors are based on data that lags by one year (or explain the lag period). For example, for costs allocated in 2024, are the allocation factor inputs based on 12 month data for 2023 or explain if monthly allocation factor allocations are trued-up from month-to-month to actual amounts for the same period.
- j.

RESPONSE:

~~Specific Objections~~ Applicants' general objections and definitions, Joint Applicants further object that this request is vague, ambiguous and overly broad in scope. Joint Applicants further object to the extent the request seeks information and descriptions of affiliates and subsidiaries of the Joint Applicants that are outside the jurisdiction of the Nebraska Public Service Commission. Finally, Joint Applicants further object to the extent the request is duplicative or prior requests.

Without waiving or limiting its objections, Joint Applicants respond as follows:

Black Hills:

- a. Black Hills Service Company does not receive allocations from Black Hills Corporation or any intermediate holding company.
- b. Please see response to subpart a. Please also see Attachment PA 5.61a – BH Nebraska Gas Allocations, which provides a summary of charges allocated to Black Hills Nebraska Gas by function (see tab “BHSC Alloc by Function”). A breakdown by specific department is available on the tab “Allocated by Dept.” A breakdown of allocated cost by type is also provided on the tab “Allocated by Cost.” Although there are percentages provided on these tabs, it should be noted that the department and cost type alone do not establish the percentage allocated, and it is the individual allocation step itself that notes the percentage. This percentage by allocation type is provided on the tab “Allocation rates.” The factors that determine the percentage may include department, operating unit, account, as well as resource (cost type). Unallocated Black Hills Service Company costs that are directly charged to Black Hills Nebraska Gas are noted on the tab “BHSC Direct.” These are shown by both department and cost type. There are no percentages utilized for direct charges as they are direct assigned.

Consistent with the testimony cited in the response, the methodology or methodologies for allocating costs post-merger have not yet been developed;

consequently, no estimate is available. Finally, no merger transition or transaction costs have been allocated to BH Nebraska Gas.

- c. The Black Hills Service Company allocated costs by account are provided on the Attachment PA 5.61a – BH Nebraska Gas Allocations on the tab “Allocation by Acct.” Both income statement and balance sheet accounts are noted. The allocation methodology does not differ between income statement or balance sheet. Each allocation step is determined by department, operating unit, account, and resource.
- d. Please see response to subpart a. In general, an allocation percentage will change from year to year due primarily to the timing of when the factors are pulled. BHC pulls the factors once per year to use for the forthcoming year. These factors are not revisited unless there would be a material change to the allocation rates by doing so. Examples of where an allocation rate may change mid-year include the sale or discontinuation of a subsidiary, the addition of a new subsidiary, or the correction of a rate. In the years 2022-2025, no material changes were made to allocation rates from any of these factors. Please note that changes in allocations by BHSC to BH Nebraska are not passed through in rates until a rate review.

Consistent with the testimony cited in the response, the methodology or methodologies for allocating costs post-merger have not yet been developed; consequently, no estimate is available.

- e. There are instances when affiliates are excluded from allocations. For example, some affiliates may be excluded from a particular allocation step due to the nature of the allocation. For example, a non-regulated affiliate may be excluded from an allocation where a department that supports only utilities is being allocated. A full listing of the BHSC departments and the BU groups they allocate to are listed in the appendix in the CAM. These are available in any year of the CAM. Departments are subject to change from year to year as departments re-organize, new departments are added, or departments are no longer used.
- f. Objection, this is vague and ambiguous in its reference to the statement “provide a citation of all types of costs (and cost pools) to the same specific costs.” If it is intended to request the potential types of allocations, the request is duplicative and seeks information previously provided to the public advocate in this proceeding. Please see Attachment PA 2.21 – BH 2025 BHSC Cost Allocation Manual
- g. Black Hills specifically objects that this request is vague, ambiguous and because it misconstrues the cited testimony. In her testimony, Ms. Jones is referring to a way centralized services are provided, through a “shared service model,” she is not referring to a financial model. Please see Jones testimony at page 10-11. Subject to the objections and without waiving those objections, please see the BHSC CAM provided in response to PA 2.21 and the documents attached to this request to the extent they are responsive to the question. For the same reasons

previously explained in these responses, there are no known estimates of post-merger allocations.

- h. Please refer to the CAM provided in response to PA 2.21, all prior responses to this data request, and all documents attached to this PA 5.61.
- i. Please see Confidential Attachments PA 5.61c-f for 2022 – 2025 BHSC Allocation Factors.
- j. The allocation factors are pulled for either balance ended (balance sheet and non-financial factors such as headcount) or 12 months ended 9/30 (income statement) of the prior year for the current year allocations. For example, for the 2025 factors, the factors would have been pulled as of 9/30/2024. This allows the rates to be calculated and reviewed prior to implementation. An exception is made if there are material changes from the period ended 9/30 to 12/31.

NorthWestern:

- a. Please see Attachment PA 5.61g - NorthWestern Parent Company Costs and Allocations for costs incurred at the parent holding company, NorthWestern Energy Group, Inc. (“NorthWestern Group”). Costs identified begin in October 2023, which is when the reorganization occurred creating a holding company structure with NorthWestern Group as the parent. NorthWestern has not developed estimates for post-merger amounts.

- b. NorthWestern objects to producing 2022 on the grounds as this data is not readily available and is overly burdensome to produce. For 2022, there are approximately 2.2 million rows of data in our accounting database that would need to be analyzed. NorthWestern had recently compiled the data requested in this data request for discovery in a Montana docket. Without waiving this objection as to the monthly

~~data~~ however: NorthWestern provides the following

Please see Attachment PA 5.61h - NorthWestern Allocated A&G for allocated Administrative and General costs identified by function and FERC account for 2023 through September 30, 2025. Estimates of post-merger amounts have not been developed. No incremental merger-related “transition” or “transaction” costs have been allocated to NorthWestern Nebraska gas operations.

- c. See the response to subpart b, including objection concerning 2022. Additionally, A&G labor is capitalized to construction projects by identifying the portion of administrative activities that directly support construction-related work. Employees who do not charge their time directly to capital projects are required to perform time studies to determine the percentage of their activities tied to construction. This percentage is applied to each employee’s loaded labor rate to calculate the labor component of the overhead capitalization rate. In addition to labor, certain Business Technology expenses, such as PC leases and maintenance agreements, are allocated

to capital based on the proportion of capitalized labor to total company labor. This methodology complies with Federal Energy Regulatory Commission (“FERC”) guidelines, ensuring only costs with a definite relation to construction are capitalized, and is applied consistently across all jurisdictions. FERC Account 922 “Administrative expenses transferred – Credit” is used to track the amount of A&G costs capitalized each year. Below is the total amount of capitalized A&G to NorthWestern Nebraska Gas from 2023-2025.

Year	Capitalized A&G to NE Gas
2023	\$ 397,680.81
2024	\$ 410,528.95
2025	\$ 463,500.79

- d. Please see the table below for a comparison of historical allocation percentages of shared A&G costs among the entities of NorthWestern Group. In July 2025, NorthWestern Corporation completed its acquisition of natural gas utility operations in Great Falls and Cut Bank, Montana. At that time, NorthWestern updated its existing allocation factors to reflect the addition of those operations and an allocation of costs to each, reducing cost allocation to other jurisdictions. Earlier variances in allocation percentages have been minor, simply reflecting annual updates to amounts utilized in the allocation factors based on actual books of each jurisdiction.

NorthWestern Energy Utility Administration Allocation Study Yearly Comparisons					
	2025 July - Dec	2025 Jan- Jun	2024	2023	2022
Montana-MTU	78.90%	80.00%	79.00%	79.00%	79.00%
SD-NPS	13.23%	13.00%	14.00%	14.00%	14.00%
NE-NPS	2.71%	3.00%	3.00%	3.00%	3.00%
Colstrip Unit 4-CU4	3.79%	4.00%	4.00%	4.00%	4.00%
Montana-GFG	1.21%	n/a	n/a	n/a	n/a
Montana-CBG	0.15%	n/a	n/a	n/a	n/a
	100.00%	100.00%	100.00%	100.00%	100.00%

- e. NorthWestern has not developed estimates for post-merger allocations. Documents supporting these allocations can be found in the Direct Testimony of Jeffrey Berzina in Commission NG-122. Please see NorthWestern’s CAM provided as Attachment PA 2.65 – NorthWestern CAM. The CAM describes the operations and entities comprising the NorthWestern organization and its allocation methodologies, including identified de minimus non-regulated operations that cover a portion of the A&G costs through management fee.

Consistent with the testimony cited in the data request, the methodology or methodologies for allocating costs post-merger have not yet been developed; consequently, no estimate is available. Finally, no incremental merger-related transition or transaction costs have been allocated to NorthWestern Nebraska Gas.

- f. NorthWestern objects to this data request as it is vague and ambiguous in its reference to the statement “provide a citation of all types of costs (and cost pools) to the same specific costs.” If it is intended to request the potential types of allocations, the request is duplicative and seeks information previously provided to the Public Advocate in this proceeding. Please see Attachment PA 2.65 – NorthWestern CAM. NorthWestern has not developed estimates for post-merger amounts.
- g. NorthWestern specifically objects that this request is vague, ambiguous and because it misconstrues the cited testimony. In her testimony, Ms. Jones is referring to a way centralized services are provided, through a “shared service model,” she is not referring to a financial model. Please see Ms. Jones’ testimony at page 10-11.

Subject to the objections and without waiving those objections, please see Attachment PA 2.65 - NorthWestern CAM provided in response to PA 2.65 and the documents attached to this request to the extent they are responsive to the question. For the same reasons previously explained in these responses, there are no known estimates of post-merger allocations.

- h. Please refer to the response to subpart d above, as well as Attachment PA 2.65 - NorthWestern CAM provided in response to PA 2.65. Consistent with the testimony cited in the data request, the methodology or methodologies for allocating costs post-merger have not yet been developed; consequently, no estimate is available.
- i. Please see Confidential Attachment PA 5.61i through Confidential Attachment 5.61j. for NorthWestern’s 2022-2025 Admin Allocation
- j. Inputs utilized in the annually updated allocation factors are based on balances as of and for the 12-month period ending August 31 of the year prior to the year the allocations are effective, i.e. August 2023 data to calculate percentages to be utilized during the 2024 calendar year.

ATTACHMENT(S):

- Confidential Attachment PA 5.61a – BH Nebraska Gas Allocations
- Confidential Attachment PA 5.61b – BH BHSC Allocation Factors 2022

- Confidential Attachment PA 5.61c – BH BHSC Allocation Factors 2023
- Confidential Attachment PA 5.61d – BH BHSC Allocation Factors 2024
- Confidential Attachment PA 5.61e – BH BHSC Allocation Factors 2025
- Attachment PA 5.61f - NorthWestern Parent Company Costs and Allocations
- Attachment PA 5.61g – NorthWestern Allocated A&G
- Confidential Attachment PA 5.61h - NorthWestern 2022 Admin Allocation Study
- Confidential Attachment PA 5.61i –NorthWestern 2023 Admin Allocation Study
- Confidential Attachment PA 5.61j –NorthWestern 2024 Admin Allocation Study
- Confidential Attachment PA 5.61k –NorthWestern 2025Admin Allocation Study
- Confidential Attachment PA 5.61l –NorthWestern 2025 Admin Allocation Study with EWest

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-67

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT: Customer Billing Systems and Other Software.

REQUEST:
PA-67. Customer Billing Systems and Other Software.

Address the following regarding the differences between customer billing systems (and other types of major operating software/technology) between Black Hills Nebraska Gas and NorthWestern Nebraska gas operations:

- a. Explain the specific type of customer billing system (“CBS”) software used by each of Black Hills Nebraska Gas and NorthWestern Nebraska gas operations (including the vendor name/brand, etc.).
- b. Regarding (a) above for each entity, provide the date the current CBS system was installed/operable and the installed capitalized cost, the related amortization period (the number of operating years of the system and related amortization rate), the number of remaining years to be amortized, and the unamortized capitalized cost (and net book value) at December 31, 2024 (and the monthly amortization expense).
- c. Explain whether the CBS of Black Hills Nebraska Gas or NorthWestern Nebraska gas operations will be used going forward post-merger, and explain if this is part of the integration planning (and provide copies of integration or related planning documentation regarding this matter).
- d. Explain and provide the estimated amount of costs to write-off regarding any unamortized CBS systems of Black Hills Nebraska Gas or NorthWestern Nebraska gas operations, and provide calculations regarding the write-off amounts.
- e. Regarding (d) above, explain if Black Hills Nebraska Gas or NorthWestern Nebraska gas operations (and/or their successor post-merger companies) will request recovery of any write-off for CBS

in future post-merger rate cases, and explain why or why not (and identify the estimated amount requested for recovery).

- f. Regarding (d) and (e) above, explain if JAs consider the write-off of these CBS costs to be Transition costs, and explain why or why not.
- g. Regarding (a) to (f) above, provide this same information for all major (with original capitalized costs of \$250,000 or more per individual software or type of technology) other software changes/upgrades and other technology changes that will result from the merger of NorthWestern and Black Hills.
- h. For each of Black Hills Nebraska Gas and NorthWestern Nebraska gas operations, provide the gross and net (net of accumulated amortization) Intangibles capital account balance, along with the amount of the Software intangibles included in this balance, for each of the calendar years 2022 to 2025 YTD, and explain the reasons for the change in the account from year-to-year.

RESPONSE:

Specific Objection

: In addition to Joint Applicant's general objections and definitions, Joint Applicants object that the request is vague, ambiguous, and overly broad to the extent it refers to "other types of major operating software/technology," and does not provide any definition or criteria for "major operating software/technology." Without waiving or limiting their objections, Joint Applicants respond as follows:

Joint Response:

- a. Joint Applicants are still developing a comprehensive integration plan and anticipate that software systems including the customer information systems ("CIS") will be assessed during the integration plan development and integration process with input and decision-making from senior management, integration leads, and subject matter experts of both companies considering the impact on all stakeholders, including customers. At this time, no decision has been made on what CIS will be used going forward post-merger.
- b. Because Joint Applicants are still in the initial phase of integration planning, and have not yet moved to implementation, no decision has been on what CIS will be used post-merger. Joint Applicants do not have any estimated write-offs, or calculations of estimated write-offs or proposed accounting treatments to provide.
- c. Write offs may be considered as transition costs depending on the system and circumstances. As noted in the testimony of Crystal Lail at page 25, the Joint Applicants may request Commission authorization to defer and recover any

Transition Costs in a future proceeding provided that demonstrated Merger savings exceed the requested recovery of Transition Costs. Because Joint Applicants are still in the initial phase of integration planning, have not yet moved to implementation, and have not made a decision on what CIS will be used going forward, Joint Applicants do not have any estimated write-offs to or calculations of estimated write-offs to provide.

- d. See the response to subpart c.
- e. See the responses to subparts c and d.
- f. See response to subpart e.
- g. The Joint Applicants are still developing a comprehensive integration plan and major software systems will be assessed during the integration plan development and integration process with input and decision-making from senior management, integration leads, and subject matter experts of both companies considering the impact on all stakeholders, including customers. At this time no decisions have been made on major software systems with original capitalized costs of over \$250,000 or other potential technology changes post-merger. In light of the foregoing, the type of information requested in (a) through (f) is not available for these technologies. : Black Hills uses a customer information system referred to internally as CIS+. The

Black Hills

- a. CIS+ system is used to generate customer billings.
Black Hills acquired CIS+ through the acquisition of Aquila Inc. in 2008. Black Hills owns the source code for CIS+ and now operates the system internally. The technology layers behind CIS+ are currently licensed from Software AG. CIS+ is a Customer Information System that retains and processes customer information and performs billing, receivables, credit & collections, service/trouble order processing, meter reading management, rates, adjustments, deposits, budgets, and financials.
- b. The CIS+ system was acquired in the Aquila Inc. acquisition with an installed capitalized cost of \$55.26 million. As of December 2024, there is \$3.34 million in gross plant and \$1.23M in accumulated depreciation, which results in a net book value (NBV) of \$2.11M. Of the \$55.26 million, \$51.92 million of installed capitalized costs have been fully depreciated and retired. The remaining \$3.34 million of NBV is depreciating over a 10-year period based upon when the capitalized component went into service. The earliest in-service date of the remaining NBV is 2019. The depreciation recorded in December 2024 was \$26,371.

- h. The below table represents BHSC and NEGAS allocated intangible software gross plant and net plant for years ended 2022, 2023, 2024 and through November 2025.

	Gross Plant	Reserve	Net Plant
2022 BHSC Software Intangible	2,706,174.89	(1,245,155.75)	1,461,019.14
NEGAS allocated portion	475,231.76	(199,100.01)	276,131.75
2023 BHSC Software Intangibles*	19,606,751.81	(3,130,772.04)	1,461,019.14
NEGAS allocated portion	3,089,419.64	(537,994.75)	276,131.75
2024 BHSC Software Intangibles**	27,703,158.22	(6,404,425.83)	16,475,979.77
NEGAS allocated portion	4,434,945.71	(1,059,804.20)	2,551,424.89
November 2025 BHSC Software Intangible***	29,985,435.02	(10,277,878.73)	21,298,732.39
NEGAS allocation portion	4,744,240.12	(1,660,718.99)	3,375,141.51

* Primarily driven by implementation of field service solution (FSO NextGen)

** Primarily driven by implementation of ServiceNow, Azure and Asset Investment Solution and related licenses

*** Primarily driven by implementation of Oracle EPM, Copperleaf licenses and FSO NextGen enhancements

Changes in account balances are due to normal course of business and additional Cloud Computing Agreements which are amortized over the life of the contract. No changes have been made as a direct result of the merger announcement.

NorthWestern:

- a. NorthWestern operates a hosted customer information/billing system provided by Vertex called eCIS+. The original system dates back to the late 1990s, but has undergone numerous upgrades. NorthWestern's current system has been in place since September 2013 with version release upgrades occurring periodically to remain current.
- b. See NorthWestern's response to subpart a, above and Attachment PA 5.67a – NorthWestern Nebraska Customer Billing System Costs and Amortization.
- h. See the table below for the original costs, accumulated amortization, and net book value and Nebraska's share of thereof for intangible software for 2022 through 2025.

NorthWestern Public Service Corporation Original Cost	Accumulated Amortization	Net Book Value	NEGas share	
\$ 13,138,904.00	\$ 5,106,784.00	\$ 8,032,120.00	\$ 1,365,460.40	2022 Intangible Software
\$ 9,848,334.86	\$ 4,187,654.27	\$ 5,660,680.59	\$ 1,018,922.51	2023 Intangible Software
\$ 9,929,259.94	\$ 4,621,670.40	\$ 5,307,589.54	\$ 902,290.22	2024 Intangible Software
\$ 10,172,332.00	\$ 4,728,460.00	\$ 5,443,872.00	\$ 925,458.24	2025 Intangible Software

ATTACHMENT(S):

- Attachment PA 5.67 – NorthWestern Nebraska Customer Billing System Costs and Amortization.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-71

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT: Absence of Specific Documentation to Support Merger.

REQUEST:

PA-71. Absence of Specific Documentation to Support Merger. The direct testimony of most witnesses in this proceeding support a common position that the proposed merger will not have an adverse impact on post-merger BH Nebraska Gas (or the successor company) operations, customers, rates, and staffing levels. The various witnesses state the merger will help control and reduce costs, provide operational efficiency, improve scale, provide rate stability and affordability (with no rate increases), provide long-term value for customers – and conclude the merger is prudent and in the public interest. The direct testimony of witness Nooney (5:1 – 15:2) states that an Integration Plan for the merger will be prepared to address planning and implementation efforts across all functions of the combined company, although the JAs December 16, 2025, response to PA-53 states that an Integration Plan has not been created yet. Although numerous JA witnesses make general statements about the benefit of the merger (and that it does not adversely impact customers or operations), the witnesses do not provide any specific studies or supporting documentation and calculations to support the claimed merger benefits. In addition, the JAs December 16, 2025, response to PA data requests includes various objections to providing Black Hills Nebraska Gas specific information to support the merger benefits – relying on an argument that Black Hills Nebraska Gas is not a party to this proceeding. Please address the following:

- a. Explain all reasons why Black Hills Nebraska Gas was not made a party to this merger proceeding, and cite to all precedent in previous Nebraska proceedings (and merger proceedings in other jurisdiction) wherein it was accepted that the impacted regulated jurisdictional utility was not made a party to the merger proceedings. Explain if the JAs treatment of excluding Black Hills Nebraska Gas from this proceeding is unique, or not unique, regarding precedent for other merger proceedings in Nebraska and other jurisdictions – and explain why this unique treatment is justified in this proceeding. Explain if it is JAs position that it is not providing the PA with specific supporting documentation regarding merger benefits
- b.

- because the Company has not yet performed the due diligence to determine the specific amount or type of merger benefits for BHC, NorthWestern, Black Hills Nebraska Gas, and NorthWestern Nebraska gas operations – or explain why this information has otherwise not been provided, or explain when such information will be provided. Explain how JA meets the burden of proof for Neb. Rev. Stat. §66- 1828 that a merger must not adversely affect the utility ability to serve its ratepayers, if the company with ratepayers in this proceeding (Black Hills Nebraska Gas) is not a party to this proceeding. Please identify all of the “ratepayers” of the various JA entities that are a party to this proceeding which have ratepayers, and which are not ratepayers of Black Hills Nebraska Gas. If the JA is unable or unwilling to provide specific supporting documentation identifying the specific amount of merger saving and merger costs (and net merger savings or costs) in this proceeding, and the merger subsequently produces costs that exceeds the benefits. Explain if it would be reasonable for the Commission to deny recovery in rates of all merger costs that exceed merger benefits in future rate cases, explain why or why not.
- c.
 - d.

RESPONSE:

~~Specific Objections~~ Applicant’s general objections and definitions, Joint Applicants object as to form as the request is testimonial in nature, and to the extent the requests misconstrue or misstate the Joint Applicants’ Direct Testimony or Application. Without waiving or limiting their objections, or agreeing to the form of the question, Joint Applicants respond as follows:
Joint Response:

-
- a. The request seeks to solicit a legal conclusion or analysis. See response to PA 2.7 and the Joint Applicants’ Application generally as well as at pages 2-3 and Footnote 1, which state that “BH Nebraska Gas is not a Joint Applicant in this matter because the Merger will not change the ownership or control of BH Nebraska Gas, as shown in Exhibits MMJ-1 and MMJ-2 to the testimony of Marne M. Jones. BH Nebraska Gas recognizes the continued jurisdiction by the Commission of BH Nebraska Gas rates, tariffs, and conditions of service in other jurisdictional matters.” Joint Applicants do not believe its position on this issue is unique but is controlled by Nebraska law, including but not limited to, the Commission’s precedent regarding change of control in Commission Application No NG-0084 (SourceGas/Black Hills Utility Holdings).

- b. Joint Applicants reiterate their objections in that this request seeks to solicit a legal conclusion or analysis. Joint Applicants further object to sub-part b as it ignores the merger standard used by the Commission; namely a determination of whether the merger will adversely affect utility service. See Joint Applicants' response to PA 5-71a. above. The Joint Application and supporting testimony filed by the Joint Applicants in this case is consistent with prior applications and testimony filed with the Commission in cases related to Neb. Rev. Stat. 66-1828. Subject to these objections and without waiving them, the request does not articulate Joint Applicants position nor is it an accurate reflection of the facts in this case. Please see Joint Applicants' Application generally, and specifically at pages 2-3, 7, 10, and 12. In addition, please see the totality of the testimony provided and all prior discovery requests and responses in this case. Joint Applicants have fully answered any questions concerning benefits or explained sufficiently why such benefits have yet to be determined. The circumstances of a merger are much different than those from an acquisition where there may be an acquisition premium or debt costs that must be recovered. As explained in the Direct Testimony of Crystal Lail at page 3, this transaction is a stock-for-stock, tax-free exchange. There is no transaction debt being used to finance the Merger, and no exchange of cash (or other consideration) paid to or received by either company. As such, drivers to provide benefits in excess of those acquisition costs are not required. Joint Applicants reiterate their objections to this request as it seeks to solicit a legal conclusion or analysis. Please see the Joint Applicants' Application generally and at pages 2-3, 10, and 12 for their legal analysis and position. See also the Joint Response to part a, above. It is for the Commission to decide whether the legal standards have been met. Please see the testimony that has been submitted in this docket as well as responses to the following discovery responses: PA 2.8, PA 2.9, PA 2.12, PA 2.14, PA 2.16, PA 2.22 (providing 6 years of BH Nebraska Operating Metrics over objection); PA 2.29 (providing 6 years of reports and notices for BH Nebraska Gas and NorthWestern filed with DOT over objection); PA 2.30 (providing 4 years of reports and notices filed on behalf of BH Nebraska Gas and NorthWestern with the Nebraska State Fire Marshall); PA 2.31, PA 2.33, PA 2.34, PA 2.35, PA 2.36, PA 2.37, PA 2.38, PA 2.40, PA 2.41, PA 2.43, PA 2.45, 2.47, 2.49, 2.50, 2.51, PA 5.61, PA 5.62, 5.63, PA 5.64, PA 5.65, PA 5.66, PA 5.67, PA 5.68, PA 5.69 and PA 5.70, PA 5.73, PA 5.74, PA 5.75, PA 5.81, PA 5.83, PA 5.86, PA 5.90, PA 5.91 PA 5.93, PA 5.94, PA 5.95, PA 5.97, PA 5.100 and PA 5.101. As can be seen in many of these requests, information relating specifically to BH Nebraska gas has been provided subject to preserved objections. See Joint Applicants' response to PA 5-71a. and b. above. Both companies will serve customers post- merger in the same manner as they do today. Consequently, there will be no adverse impacts to the utilities' ability to serve customers. NorthWestern and BH Nebraska Gas both have customers in Nebraska. Joint Applicants reiterate their objection to this request as it seeks to solicit a legal conclusion or analysis. Please see the Joint Applicants' Application generally and
- c.

d.

at pages 2-3, 10, and 12 for their legal analysis and position. Additionally, Joint Applicants object to the characterization that they have failed to produce documentation to support specific merger costs in this proceeding. As it relates to merger savings, please see the direct testimony of Crystal Lail at pages 24-25 wherein she explains that transaction costs will not be sought for recovery and further explains that Joint Applicants may request Commission authorization to defer and recover any Transition Costs in a future proceeding provided that Joint Applicants can demonstrate Merger savings exceed the requested recovery of Transition Costs. Joint Applicants would anticipate that the Commission apply the appropriate Nebraska legal / administrative standard of review in these future proceedings and the Public Advocate will have all of its rights and arguments to participate in those future proceedings.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-73

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT:

REQUEST:

PA-73. Direct Testimony of witness Bird, page 10, line 4, where it states “we will be able to reduce costs in ways that we cannot do alone”.

- a. Provide documents which show specifically what costs Joint Applicants will be able to reduce assuming the merger is approved.
- b. Please state why Joint Applicants are unable to reduce these costs today.
- c. Provide documents which show estimates of these reduced costs for each of the Joint Applicants on a total company basis.
- d. Provide documents which show estimates of these reduced costs for each of the Joint Applicants for Nebraska gas operations.

RESPONSE:

Joint Response
_____:

- a. At this initial stage of integration planning, Joint Applicants cannot provide specific reduced costs or an itemization of specific savings. This is the type of work that will happen over the course of months and even years. However, witnesses in this case have, through their direct testimony, explained the areas where there are opportunities for cost savings. For instance, see the direct testimony of Brian Bird at page 10, starting at line 5. There he explains that post-merger the companies “will identify best practices to improve our services in a cost-effective manner.” He further explains that scale will “enable us to have influence with vendors that the larger utilities enjoy today, which will in turn allow us to procure goods and services at lower costs than we can attain today.” Starting at line 8, he explains “we will be able to combine our financial positions to have more flexibility in how we finance our business and should lead

to lower costs ultimately.” Later, on page 11, Mr. Bird explains that the merger will “enhance financial strength and our ability to access cost-effective capital. Finally, at page 17, Mr. Bird explains, that “scale also provides us with more purchasing power with vendors resulting in quicker procurement response time and lower prices for the goods and services that flow through to customer rates.” Other witnesses also speak to the opportunities for reduced costs. For example, on page 25, Ms. Lail explains “as a larger entity the utilities will be able to leverage supplier relationships to optimize pricing and mitigate supply chain issues.” Similarly, she explains the larger combined entity will have the opportunity to spread fixed operating expenses over a greater base of employees and customers. Two examples are as follows: post-merger, the combined entity will not need two Chief Executive Officers (“CEO”) or two separate boards of directors. The Joint Applicants anticipate that other duplicate executive positions will be identified and addressed in due course after the close of the merger. Additional explanation can be found in the testimony of Ms. Nooney at page 6. She explains that the Joint Applicants will use data to help identify areas where duplication can be reduced, purchasing power of a larger company can be leveraged and processes and services can be streamlined in a way that benefits customers and drives long term value. This is the type of analysis that will occur during integration planning and will occur while each utility continues to deliver safe, reliable, and cost-effective service to customers. Finally, it is important to understand that the standard for approving this merger is not “net benefits” instead the legal standard is whether the merger will adversely affect the utility’s ability to provide service. For reasons stated above and explained throughout the Joint Applicants’ testimony, it is increased scale that provides the opportunity for benefits. As explained by Mr. Bird at page 15 “a merger of the two companies creates a larger single company that can take advantage of size.” Similarly, at page 17, Mr. Bird explains that the merger represents “a doubling of scale.” Additionally, both companies must continue to provide safe and reliable service to their customers today as separate companies until the merger closes. As such, Joint Applicants will continue to incur necessary costs associated with providing these services, which post-merger may be able to be reduced or eliminated due to the reasons stated in the Joint Applicants’ testimonies. No such documents exist. Joint Applicants are still developing a comprehensive integration plan and will be assessing areas for cost savings during the integration plan development and integration implementation with input and decision-making from senior management, integration leads, and subject matter experts of both companies considering the impact on all stakeholders, including customers.

b.

c.

- d. No such documents exist. Joint Applicants are still developing a comprehensive integration plan and will be assessing areas for cost savings during the integration plan development and integration implementation with input and decision-making from senior management, integration leads, and subject matter experts of both companies considering the impact on all stakeholders, including customers.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-74

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT:

REQUEST:

PA-74. Direct testimony of witness Bird, page 10, line 5, where it states “we will identify best practices to improve our service”.

a. Identify and describe each function or area where each Joint Applicant believes it may not have already identified and implemented best practices to improve service.

b. Provide documents which show areas where Joint Applicants believe based on each party’s due diligence that best practices can be identified to improve service.

RESPONSE:

Joint Response
_____:

- a. The Joint Applicants provide safe and reliable service today to customers utilizing best practices in the utility industry and are continually researching and identifying ways and opportunities to improve service. Joint Applicants will evaluate each other’s practices to determine if improvement to service can be accomplished post-merger. Joint Applicants have yet to complete this work and are still developing a comprehensive integration plan. An analysis of best practices to improve service will be assessed during the integration plan development with input and decision-making from senior management, integration leads, and subject matter experts of both companies considering the impact on all stakeholders, including customers. At this time, no specific areas for best practices have been identified or implemented. See response to subpart a. No documents exist today that identify specific areas where best practices can be identified to improve service.
- b.

ATTACHMENT(S):
None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-78

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT:

REQUEST:

PA-78. Direct testimony of witness Bird, page 20, line 9, where it states “this merger will result in rate stability for customers over the long term as compared to Northwestern’s stand-alone plan.”

- a. Provide documents which show the comparison of Northwestern’s stand-alone plan to the “rate stability for customers over the long term” from the merger. Referring to line 13, provide documents which show the expected dollar value of “the efficiencies and resulting savings achieved from the merger” by year
- b.

1. For each of the Joint Applicants on a total company basis,
and
2. For each of the Nebraska operating companies.

RESPONSE:

Joint Response

_____:

- a. The testimony of Mr. Bird (p.20, lines. 9–14) states that benefits of scale and efficiencies are expected from the merger compared to NorthWestern’s stand-alone plan. Rate stability is intended to convey that customers should benefit from the combined larger scale and efficiencies over time, rather than experience volatility associated with a smaller-scale operation. At this time, Joint Applicants have not prepared a formal side-by-side comparison document of NorthWestern’s stand-alone plan versus the merged entity’s projected rate stability. Joint Applicants are still developing a comprehensive integration plan, including identification of efficiencies and resulting savings. No final estimates by year are available at this time for either total company or Nebraska-specific operations.
- b.

Please also see the response to PA 5.73. As stated in response to PA 2.51, any future rate adjustments or consolidation of tariffs will occur only after Commission review and approval in a separate proceeding.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-98

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT:

REQUEST:

PA-98. Direct testimony of witness Lail (page 2, line 7) and witness Nooney (page 2, line 7) where it references “enterprise risk management”. Provide each company’s ERM risk matrix and supporting discussion.

RESPONSE:

Joint Response: Specific Objection: In addition to Joint Applicants’ general objections and definitions, Joint Applicants object to this data request as is unlikely to lead to the discovery of admissible evidence that is relevant to this docket.

Notwithstanding and without waiving said objections, Joint Applicants respond as follows:

Black Hills:

Black Hills’ ERM program uses a tiered hierarchy to provide a structured, holistic view of risk across the company. Risks are organized into seven categories (e.g., operational, technology, political and regulatory) and mapped to 32 enterprise level risks. Each enterprise risk is supported by a risk register containing more granular risk statements, which may align with multiple enterprise risks. Risk register items are evaluated annually by risk owners across dimensions such as likelihood and impact, with additional consideration for velocity. Please see Highly Confidential Attachment PA 5.98a - BH ERM.

NorthWestern:

See Highly Confidential Attachment PA 5.98b – NorthWestern ERM. This depicts the then-current assessment of the top priority risks that is updated quarterly. Insight and context into the top priority risks are provided to the NorthWestern Energy Group Board of Directors’ Audit Committee meeting and other various agenda items at the board committees.

ATTACHMENT(S):

- Highly Confidential Attachment PA 5.98a – BH ERM
- Highly Confidential Attachment PA 5.98b – NorthWestern ERM

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-103

DATE OF REQUEST: January 15, 2026 January 26, 2026 Public
DATE RESPONSE DUE: Advocate January 26, 2026 Merger
REQUESTOR: Commitments in All Jurisdictions (Ongoing
DATE RESPONDED: Request)
SUBJECT:

REQUEST:

PA-103. Please address merger commitments that JAs have volunteered or agreed to in all jurisdictions where merger applications have been filed (including Nebraska, South Dakota, and Montana). Merger commitments in this data request are defined as concessions, benefits, or commitments that the JAs have volunteered or negotiated, regarding issues such as specific rate refunds, rate freezes, stay-out provision (not filing a rate case for a certain number of years), amount or types of capital investment, contributions to low-income programs, contributions to charitable causes, maintaining certain employee levels, agreeing to certain employee reduction levels, and other similar matters that may be beneficial to the interests of various parties to the merger proceeding. Please address the following:

- a. Please identify all merger commitments or conditions (or similar type offerings or agreements) that JAs have volunteered or agreed to in all merger-filing jurisdictions (Nebraska, South Dakota, and Montana), including commitments/conditions reflected in filed applications, responses to data requests, negotiations with various parties to the proceedings, or via other means. Provide a copy of all commitments/conditions and supporting documentation and calculations and explain the trade-off of various issues or matters among parties that resulted in the related merger commitment/condition.
- b. Regarding (a) above, explain why merger commitments/conditions were set forth by JAs in the initial merger application or related testimony in some jurisdictions (or why different merger commitments/conditions were different among the various jurisdictions) but not in other (or all) jurisdictions.
- c. Explain why JAs believe it is reasonable or necessary (or not reasonable or necessary) to have the same merger commitments/conditions in each jurisdiction.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-103

- d. Regarding (a) above, provide this updated information on a regular ongoing basis regarding the ongoing status in each jurisdiction, including merger settlement discussions.

RESPONSE:

Specific Objections In addition to Joint Applicants' general objections, Joint Applicants object to subpart (a) through (d) to the extent they seek to solicit information that is not relevant nor likely to lead to discovery of admissible information in this docket and for information related to operating companies and/or jurisdictions outside this Commission's regulatory oversight. Joint Applicants further object to producing information that calls for legal conclusion, attorney work product, and information that is publicly available to the Public Advocate.

Subject to, and without waiving their objections, Joint Applicants state the following:

Joint Response:

- a. To date, the only regulatory commitment made in Joint Applicants' three state merger dockets (Nebraska, South Dakota, and Montana) is to maintain existing financial ring fencing in Montana. Please see Joint Applicants' publicly filed testimony and applications in Montana (Docket No. 2025.10.078).
- b.-c. Joint Applicants agreed in their Montana Joint Application and testimony to maintain the existing financial ring-fencing provisions as they were recently adopted via a contested settlement in NorthWestern's holding company re-structuring docket. Adoption of the ring-fencing provisions in place in Montana could lead to unintended impacts to customers in other jurisdictions as they are unlikely to receive certain benefits from the merger, like advantages of money-pooling for NorthWestern.

The Joint Applicants clarify that they oppose any recommendation to impose "the same, or substantially the same, ring-fencing provisions" from the Montana Public Service Commission ("MPSC") to their rate-regulated Nebraska or South Dakota utilities. The ring-fencing provisions imposed by the MPSC were a result of settlement in a contested docket. The safeguards in place today in Nebraska adequately protect customers and any additional limitations should be separately considered based on the needs of customers in a particular jurisdiction rather than aligned to another jurisdiction.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-103

- d. The Joint Applicants will adhere to the Procedural Schedule regarding the production of documents established by the Nebraska Commission's December 9, 2025, Order Setting Procedural Schedule and Notice of Hearing.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

DATE OF REQUEST: January 15, 2026
DATE RESPONSE DUE: January 26, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 26, 2026 BHC
SUBJECT: Regulatory Status

REQUEST:

PA-108. The direct testimony of JA witness Jones (7:3-5) states under Nebraska Law, BH Nebraska Gas is considered a regulated utility under section 66-1802(10). Also, the Joint Application (at page 2) cites to three sections of the Act which allow the requested merger to be approved, and this includes Section 66-1816 (no jurisdictional utility shall purchase or acquire any stock, bonds or other debt of a competing utility without commission authorization) Section 66-1821 (merger must be consistent with public interest), and 66-1828 (cannot adversely affect the utility's ability to serve its ratepayers). Also, JA witness Stevens states (3:17-23) BHC is the parent holding company of multiple gas and electric utilities including BH Nebraska Gas, a utility such that BHC does not have any operating assets and does not generate any cash flow (to support credit metric assessments on its own). However, neither the Application nor various JA witness testimony in this proceeding appears to address how or if BHC is regulated by the Commission. Please address the following:

- a. Explain if Joint Applicants believe the Commission also regulates BHC under section 66-1802(10) as a public utility (or as another type of entity), in addition to BH Nebraska Gas, and explain how (and for which issues/matters) BHC is subject to regulation under this statute and provide related supporting documentation. In addition, cite to all other applicable statutes under which BHC is regulated by the Commission (and explain for which issues/matters). Regarding (a) above, provide examples of citations to various other dockets and proceedings filed with the Commission in recent years by BHC (and with other parent companies and/or affiliates) that also excluded BH Nebraska Gas as a party to the proceeding. Please identify the requested relief or actions and explain why BHC was a party to the proceeding and why BH Nebraska Gas was excluded as a party to the related proceeding – and cite to any related applicable statutes regarding the matters. Regarding (a) and (b) above, if JAs do not believe BHC is regulated by the Commission then provide a citation to related statutes and
- b.
- c.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

- provides supporting documentation for this position - and also explain why BHC is a party asking for Commission approval regarding the merger. Regarding (a) and (b) above, if it is JAs opinion the Commission also regulates BHC, then explain why the most recent rate case in Application No. NG-124 was filed only in the name of BH Nebraska Gas and did not reference BHC. Explain how BHC believes it was authorized to implement rate increases for a public utility it owns, in a proceeding in which it was not a party. Regarding (d) above, explain if it is JAs opinion that it is the rates of the customers of BH Nebraska Gas that are regulated by the Commission (and because BHC does not have any specific customers or related rates) this is why BHC was not a party to the rate case. Also, address if this explains why BHC is not regulated by the Commission. If BHC does not have any assets or cash flow as stated by witness Stevens, and without any related customers or revenues, explain how BHC can assert in this proceeding that the merger does not
- d.
- e.
- f.

utility's ability to effect its rate payers when BHC is not the utility (and does not have assets, customers or revenues), and when BH Nebraska Gas is the utility with the related assets, customers and revenues but BH Nebraska Gas is not a party to the proceeding.

RESPONSE:

~~Specific Objections~~ Joint Applicants' general objections and definitions, Joint Applicants object to the extent the Public Advocate's requests are repetitive of prior discovery requests, call for speculation, seek to solicit information publicly available to the Public Advocate, and to the extent they seek to solicit a legal conclusion, opinion, or analysis. In addition, Joint Applicants object to these requests on grounds they are argumentative, testimonial in nature, and constitute improper discovery. Joint Applicants further object to all subparts to the extent that they seek to solicit information about a non-Joint Applicant, BH Nebraska Gas. Finally, Joint Applicants object to the form of the questions on grounds they misconstrue or insinuate that BH Nebraska Gas is the merging entity or that the merger docket itself will result in a successor company for BH Nebraska Gas. Subject to, and without waiving their objections, Joint Applicants state the following:

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

Joint Response

- a. The Joint Applicants have complied with the applicable statutes and Commission regulations governing this proceeding. At the outset, it may be helpful to explain and clarify the Merger Agreement, the legal mechanics of the proposed merger, the companies that are party to this proceeding, and the rationale for each of those companies being a party to this proceeding. Please refer to Exhibits MMJ-1 and MMJ-2 for pre- and post-merger company organizational charts. On August 18, 2025, Black Hills Corporation (“BHC”) and NorthWestern Energy Group, Inc. (“NorthWestern Group”) executed a merger agreement (the “Merger Agreement”), under which River Merger Sub, Inc., a newly-formed subsidiary of BHC, would merge with NorthWestern Group. Both BHC and NorthWestern Group are holding companies that directly or indirectly own utility operating companies, along with other subsidiaries. Because the proposed merger occurs at the subsidiary level of BHC and at the parent company level for NorthWestern Group (i.e., the merger is between River Merger Sub, Inc. and NorthWestern Group), it involves a legal change in control for NorthWestern Group subsidiaries, but does not for BHC subsidiaries, other than River Merger Sub, Inc (which is not a regulated entity in any state). One of NorthWestern Group’s subsidiaries is NorthWestern Energy Public Service Corporation (“NorthWestern”); NorthWestern Group is immediate parent company of NorthWestern. NorthWestern is a natural gas utility operating in Nebraska, regulated by the Nebraska PSC. Because NorthWestern is a subsidiary of NorthWestern Group, the merger involves an upstream change of control for NorthWestern. The parties to this proceeding are BHC, NorthWestern Group, and NorthWestern. NorthWestern is a party to this proceeding, because it is public utility regulated by the Nebraska PSC, and is requesting approval of a change in its upstream ownership (i.e.: a change in control). Neither BHC nor NorthWestern Group are individually regulated by the Nebraska Commission, but both legal entities are parties to this proceeding because they are parties to the Merger Agreement, which involves a proposed merger that affects the upstream ownership of NorthWestern, a Nebraska regulated utility, and are therefore interested parties. Black Hills Nebraska Gas, LLC (“BH Nebraska Gas”) is an indirect subsidiary of BHC (separate and apart from River Merger Sub, Inc.). The proposed merger does not affect the ownership of BH Nebraska Gas (i.e. there is no change in control for

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

BH Nebraska Gas). Because the merger does not involve BH Nebraska Gas's past, present, or future ownership, it is not a party to this proceeding. Further, regarding BH Nebraska Gas, see response to PA 2.7 and the Joint Applicants' Application generally as well as at pages 2-3 and Footnote 1, which state that "BH Nebraska Gas is not a Joint Applicant in this matter because the Merger will not change the ownership or control of BH Nebraska Gas, as shown in Exhibits MMJ-1 and MMJ-2 to the testimony of Marne M. Jones. BH Nebraska Gas recognizes the continued jurisdiction by the Commission of BH Nebraska Gas rates, tariffs, and conditions of service in other jurisdictional matters." Joint Applicants do not believe its position on this issue is unique but is controlled by Nebraska law, including but not limited to, the Commission's precedent regarding change of control in Commission Application No. NG-0084 (Source Gas/Black Hills Utility Holdings). : In 2008, when Black Hills Corporation acquired the assets of Aquila pursuant to the Nebraska Public Service Commission's approval in Commission Application No. NG-0044, Black Hills Corporation provided an explanation of its corporate holding company organization structure. BHC has often acknowledged to the Commission that BHC is not the operating natural gas legal entity directly providing natural gas services in the State of Nebraska. However, as the ultimate parent company of BH Nebraska Gas, BHC is the legal entity in the Black Hills corporate family that obtains debt financing and is authorized by the Securities and Exchange Commission to issue equity. BHC issues and assigns a portion of the debt and equity it may acquire to BH Nebraska Gas and BHC's other regulated and unregulated natural gas and electric subsidiaries. The State Natural Gas Regulation Act does not require BHC to seek Commission approval to issue equities. Commission approval is only required for debt as required under Neb. Rev. Stat. § 66-1827. The Commission reviews whether the corporate equity and debt financing assigned from BHC to BH Nebraska Gas is prudent and whether the cost of that financing should be recovered under "just and reasonable" rates determined by the Commission pursuant to Neb. Rev. Stat. § 66- 1838 and other applicable provisions within the Act. The Commission's most recent review of the BH Nebraska Gas debt/equity cost and structure was approved in Commission Application No. NG-124. The Public Advocate was a party to that proceeding. As approved by the Commission in Commission Application No. NG-100, Black Hills Nebraska Gas, LLC, is the legal entity certificated as a Jurisdictional Utility under the State Natural Gas Regulation Act ("Act"). BH Nebraska Gas conducts

Black Hills

a.-f.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

its regulated natural gas business subject to various provisions of the Act under tariffs approved by the Nebraska Public Service Commission. It is important to note that not all BH Nebraska Gas business activities are regulated under the Act. For example, BH Nebraska Gas provides appliance repairs services under the tradename of ServiceGuard™ pursuant to Neb. Rev. Stat. 66-1819. In addition, BH Nebraska Gas provides natural gas service to High Volume customers and to Interruptible and Agricultural customers pursuant to Neb. Rev. Stat. 66-1810. Cheyenne Light, Fuel and Power Company (“CLFP”) has obtained an electric transmission lines siting permit from the Commission. The Act does not require CLFP to be an applicant as the provisions of the Act do not require such Commission approval by CLFP because of the merger transaction. To be clear, if the Act does require Commission approval for a business activity or action, BHC, then BH Nebraska Gas or any other subsidiary of BH Nebraska Gas complies with the applicable statute or Commission regulation. Black Hills Service Company (“BHSC”) is the legal entity that provides BH Nebraska Gas with shared resources such as gas supply, tax, accounting, regulatory, legal and other functional area employees to provide BH Nebraska Gas with subject

~~BHSC employees~~ BHSC employees support to BH Nebraska Gas subject to a Service Agreement between BHSC and BH Nebraska Gas. The direct and allocated costs of BHSC are assigned by BHSC to BH Nebraska Gas under a Cost Allocation Manual (“CAM”). The current CAM of BHSC used to allocate costs from BHSC to BH Nebraska Gas was presented to the Public Advocate and the Commission for review in the most recent rate proceeding of BH Nebraska Gas in Commission Application No. NG-124.

BHSC also obtains the natural gas provided to customers of BH Nebraska Gas and passes those costs onto BH Nebraska Gas, which obtains approval of the recovery of that natural gas pursuant to Neb. Rev. Stat. §66-1854. BH Nebraska Gas filed Gas Cost Recovery tariff updates pursuant to Neb. Rev. Stat. §66-1808 and Neb. Rev. Stat. 66-1854. The Commission is aware of the relationship between BHC as a financing entity, BHSC as a “Shared Resource Affiliate” support entity under 291 Neb. Admin. Code, Ch. 9. Rule 001.01A1, and BH Nebraska Gas as a Jurisdictional Utility.

The Public Advocate of Nebraska was a Party to all the above-cited proceedings and participated over many years in the development of Commission rules, regulations, and orders issued by the Commission.

As the BHC corporate family of legal entities was reviewed and considered to determine whether the Act required it to become an applicant for this proceeding, the Joint Applicants correctly determined that the provisions of the Act do not require BH Nebraska Gas to be a party in this proceeding. The simple reason that

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

BH Nebraska is not a party in this proceeding because there is no change of control of BH Nebraska Gas. As recognized in many proceedings before the Commission over two decades, BH Nebraska Gas nor any of its predecessors-in-interest, issued stock or obtained debt in its own name as a Jurisdictional Utility in Nebraska. BHC takes that action. In addition, BH Nebraska Gas is not transferring its certification to another legal entity. The rates, tariffs, terms, and conditions of service of BH Nebraska Gas, including its name and d/b/a Black Hills Energy will remain the same after the approval of the merger as exists before the merger. The reorganization or change of control under review in this proceeding will NOT adversely affect the ability of BH Nebraska Gas, as the BHC Operational Jurisdictional Utility, to serve its ratepayers. BH Nebraska Gas has acknowledged that if it takes an action in the future that invokes Commission review and approval, then it will seek that required approval. In this proceeding, BH Nebraska Gas provides information to further demonstrate and support the Joint Application, Direct Testimony and Exhibits that address the five factors analyzed by the Commission in several similar transaction proceedings

over the past twenty years.¹

As shown in Neb. Rev. Stats. §66-1828, "...the change of control occurs due to a

change in the ownership of a majority of the voting capital stock of a jurisdictional utility...." In this case, that entity would be BHC and not BH Nebraska Gas or BHC or BHU or CLF or any other Black Hills subsidiary.

BH

66-1828d. Reorganization or change of control; approval

(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.

(2) For purposes of this section, reorganization or change of control means any transaction which, regardless of the means by which it is accomplished, results in a change in the ownership of a majority of the voting capital stock of a jurisdictional utility and does not include a mortgage or pledge transaction entered into to secure a bona fide borrowing by the party granting the mortgage or making the pledge

¹ Those factors are as follows: Management, Local Commitments, Impact on Rates and Services, Investment and Planned Long-Term Ownership, and Stability. See, e.g. Commission Application Nos. NG-0036, Commission Application No. NG-0039, Commission Application No. NG-0044, and Commission Application No. NG-084.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-108

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-114

DATE OF REQUEST: January 15,
DATE RESPONSE DUE: 2026 January
REQUESTOR: 26, 2026 Public
DATE RESPONDED: Advocate
SUBJECT: January 26,
2026 Risks of
REQUEST: Merger

PA-114. The JAs response to PA5.98 includes Highly Confidential attachments that disclose merger enterprise risks separately for Black Hills and NorthWestern (based on the testimony of witnesses Lail and Nooney addressing “enterprise risk management”). Also, the publicly available September 15, 2025, BHC Form 8-K filed with the SEC discloses a significant number of potential risks related to the merger. Address the following:

- a. Regarding the enterprise risk matrix provided in the Highly Confidential Attachments to the response of PA5.98 for both Black Hills and NorthWestern, identify which of these risks will impact BH Nebraska Gas, and which risks will not impact BH Nebraska Gas, and explain the reasons why certain risks will impact BH Nebraska Gas and why other risks will not. Regarding (a) above regarding risks disclosed in PA5.98, please quantify the impact of the various merger risks upon BH Nebraska Gas and provide supporting documentation and calculations.
- b. Regarding (a) and (b) above regarding risk disclosed in PA5.98, please quantify the impact of the various merger risks upon Black Hills and NorthWestern and provide supporting documentation and calculations.
- c. Please explain why the list of risks disclosed at the September 15, 2025, BHC Form 8-K for BHC do not correspond with to the list of risks for BH that are disclosed at the Highly Confidential Attachments provided in response to PA5.98. Explain why these lists of risks differ or provide a reconciliation of such risks between the two documents.
- d. Explain which list of risks is most accurate and should be relied upon by parties to this proceeding. Explain why the list of risks at the Highly Confidential Attachments to the response of PA5.98 are treated as “Highly Confidential” by the JAs, but the list of risks included at BHC’s September 15, 2025, Form 8-K filed with the SEC are publicly available. Explain which
- e.

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-114

specific risks should be considered Highly Confidential, Confidential, and public information.

RESPONSE:

Specific Objections In addition to Joint Applicants' general objections and definitions, Joint Applicants object to subparts (a) and (b) to the extent they seek discovery from BH Nebraska Gas as it is not an Applicant in this proceeding. Joint applicants object to subpart (c) on the grounds that it is repetitive of prior discovery requests, and the PA is already in possession of the requested information. Joint Applicants further object that the request misstates and misconstrues the nature of the information provided in PA 5.98, and to the extent the requests are argumentative and misstate or misconstrue the Joint Applicants' Application or testimony.

Subject to, and without waiving their objections, Joint Applicants state the following:

Joint Response:

- d-e. Joint Applicants specifically object that the requests misstate and misconstrues the nature of the information provided in PA 5.98. The information provided by NorthWestern and Black Hills in PA 5.98 represents current state, business as usual ERM risk matrices. Those documents are not related to merger activities. By way of comparison, information referenced in the 8K is specific to merger-related risks and were determined appropriate for inclusion in the 8K in collaboration with counsel. Joint Applicants object to requests for attorney-client information relating to what should or should not be included in SEC regulated documentation and disclosures.

The highly confidential materials in the PA 5.98 attachments contain internal enterprise risk management context, including nonpublic considerations and proprietary and/or competitively sensitive information. Public disclosure of such information could financially or competitively harm Joint Applicants and their customers, reveal non-public information, trigger SEC reporting violations, or increase security/cyber exposure if made public. For these reasons, the materials are designated highly confidential.

NorthWestern:

- a. Not applicable.
- b. Not applicable.
- c. NorthWestern specifically objects that the requests misstate and misconstrues the nature of the information provided in PA 5.98. The information provided by NorthWestern and Black Hills in PA 5.98 represents current state, business as usual

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-114

ERM risk matrices. NorthWestern has not conducted analysis to determine what merger-related risks, if any, could specifically impact its Nebraska operations. :
Joint Applicants specifically object that the requests misstates and misconstrues
Black Hills the nature of the information provided in PA 5.98. The information provided by
NorthWestern and Black Hills in PA 5.98 represents current state, business as
usual ERM risk matrices. As described in PA 5.98, Black Hills' ERM current
a-c. business as usual framework is organized into a tiered hierarchy that includes
seven categories and 32 enterprise risks. Each enterprise risk is supported by a
risk register containing more granular risk statements, which may align with
multiple enterprise risks. Risk register items are evaluated annually by risk owners
across dimensions such as likelihood and impact, with additional consideration for
velocity. Today, Black Hills does not conduct this exercise on an operating
company by operating company level; as such there is no assessment specific to
BH Nebraska Gas.

ATTACHMENT(S):

None

**JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. 9**

DATE OF REQUEST: December 17, 2025
DATE RESPONSE DUE: January 9, 2026
REQUESTOR: Commission Staff
WITNESS: Nooney
DATE RESPONDED: January 14, 2026
SUPPLEMENTAL DATE: January 30, 2026

REQUEST:

Staff-9. Please provide all analyses and any documents generated by BHNE, its parents or affiliates, or its consultants of potential synergies, savings or other benefits associated with the merger.

RESPONSE:

Specific Objection: In addition to the Joint Applicants' general objections and definitions, Joint Applicants object to this discovery request to the extent it is overly broad and unduly burdensome and on grounds the request is vague and ambiguous, specifically with respect to the phrase "potential synergies, savings or other benefits associated with the merger." Joint Applicants further object on grounds the request is not reasonably calculated to lead to the production of admissible evidence as it seeks to solicit information related to a non-applicant, Black Hills Nebraska Gas. Finally, Joint Applicants reiterate their General Objection to providing information that is subject to attorney-client privilege or the attorney work product doctrine.

Without waiving or limiting their objections, Joint Applicants respond as follows:

Black Hills:

Please see Highly Confidential Attachment Staff 1.9. Please also see Highly Confidential Attachments to PA 2.8.

The Joint Applicants are still developing a comprehensive integration plan and many, if not all, of the topics discussed in this sub-part, will need to be assessed during integration planning process with input from senior management, integration leads, and subject matter experts of both companies. Consequently, Black Hills does not have detailed documentation, calculations, or forecast of merger-related cost savings, cost reduction, operational efficiencies and improved scale in the fashion requested for the noted periods. It is important to understand that, as explained in the Direct Testimony of Crystal Lail at page 3, this transaction is a stock-for-stock, tax-free exchange. There is no transaction debt being used to finance the Merger, and no exchange of cash paid to or received by either company. In light of foregoing, the parties

did not develop a detailed analysis on the merger-related cost savings, cost reduction, and/or operational efficiencies to offset acquisition costs before entering the merger agreement. Instead, as explained by the witnesses, the value of this merger is increased scale, which brings with it the opportunity to achieve future benefits.

ATTACHMENT(S):

- Highly Confidential Attachment Staff 1.9 – BH Goldman Sachs Presentations

SUPPLEMENTAL RESPONSE:

Black Hills:

Since responding to the original request, Black Hills has identified additional documents responsive to this response. Please see Supplemental Highly Confidential Attachment Staff 1.9 – Goldman Sachs Presentations

SUPPLEMENTAL ATTACHMENT(S):

- Highly Conf Supp Attach Staff 1.9a – BH Goldman Sachs Presentation 04-22-25
- Highly Conf Supp Attach Staff 1.9b – BH Goldman Sachs Presentation 05-14-25
- Highly Conf Supp Attach Staff 1.9c – BH Goldman Sachs Presentation 06-09-25
- Highly Conf Supp Attach Staff 1.9d – BH Goldman Sachs Presentation 06-20-25
- Highly Conf Supp Attach Staff 1.9e – BH Goldman Sachs Presentation 06-23-25
- Highly Conf Supp Attach Staff 1.9f – BH Goldman Sachs Presentation 07-01-25

JOINT APPLICANTS MERGER APPLICATION NO. NG-128 RESPONSE TO PUBLIC
ADVOCATE DATA REQUEST NO. 27

DATE OF REQUEST: December 17, 2025
DATE RESPONSE DUE: January 9, 2026
REQUESTOR: Commission Staff Bird / Jones
WITNESS: January 9, 2026
DATE RESPONDED:

REQUEST:

Staff-27. Please refer to Joint Application, page 7, which states, “As illustrated, the Merger Parties’ Nebraska utility subsidiaries—BH Nebraska Gas and NorthWestern—will remain unchanged in structure and operation.”

- a. Are the Applicants committing to leaving the “structure and operation” of BHNE and NW “unchanged” for any period of time as part of the Application? If the answer to (a) is not affirmative, please provide Applicants’ expected timeframe for leaving the structure and operation of BHNE and NW unchanged.
- b.

RESPONSE:

Specific Objection: Applicants’ general objections and definitions, Joint Applicants further object on grounds the request is not reasonably calculated to lead to the production of admissible evidence as it seeks to solicit information related to a non-applicant, Black Hills Nebraska Gas.

Without waiving or limiting their objections, Joint Applicants respond as follows:

Joint Response:

- a. The Joint Applicants have not committed to a timeframe for which the structure and operation of BHNG and NorthWestern will remain unchanged as part of this application. The language was intended to reflect the status of the Parties as a result of the merger docket and before any other regulatory filings.
- b. The Joint Applicants are still developing a comprehensive integration plan and the topic discussed in this data request will be assessed during the integration plan development with input and decision-making from senior management, integration leads, and subject matter experts of both companies with consideration of all stakeholders, including customers.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. 30
December 17, 2025

DATE OF REQUEST: January 9, 2026
DATE RESPONSE DUE: Commission Staff
REQUESTOR: Lail / Jones
WITNESS: January 9, 2026
DATE RESPONDED:

REQUEST:

Staff-30. PleaserefertoJoint Application, pages12-13.

- a. Are the Applicants committing to freeze rates for NW for any period of time?
Are the Applicants committing to freeze rates for BHNE for any period of time?
- b.

RESPONSE:

~~Specific to Joint Applicants' general objections and definitions, Joint Applicants further object on grounds the request is not reasonably calculated to lead to the production of admissible evidence as it seeks to solicit information related to a non-applicant, Black Hills Nebraska Gas.~~

Without waiving or limiting their objections, Joint Applicants respond as follows:

Joint Response:

-
- a. No. The Joint Applicants have not committed to any freeze in rates for any period of time.
No. The Joint Applicants have not committed to any freeze in rates for any period of time.
 - b.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO COMMISSION STAFF
DATA REQUEST NO. 31

DATE OF REQUEST: December 22, 2025
DATE RESPONSE DUE: January 15, 2026
REQUESTOR: Commission Staff
WITNESS: Lail/Nooney
DATE RESPONDED: January 15, 2026

REQUEST:

Staff-31. Please refer to Lail Direct ,page 25 lines 1-8.

- a. Please define “demonstrated Merger savings.”
- b. Please provide all categories of “Merger savings” currently anticipated by Applicants.
- c. How will Applicants demonstrate Merger savings?
- d. Are Applicants committing to only requesting recovery of “Transition Costs” in a future rate case, and when requesting recovery, conditioning its request on demonstrated savings to customers that meet or exceed the requested cost recovery? If not, please clarify.

RESPONSE:

Joint Response:

- a. Joint Applicants have not proposed a specific definition for “merger savings.” Generally this refers to merger-related efficiencies or cost avoidances that are attributable to the combination of the companies.
- b. While the Joint Applicants have not yet identified all such categories, at this stage, merger-related savings may include: (1) shared services and administrative efficiencies, (2) capital market and financing efficiencies, (3) sourcing, supply chain, and procurement efficiencies, (4) operational efficiencies, and (5) systems and process efficiencies.
- c. The Joint Applicants will demonstrate merger savings and efficiencies through rate review proceedings that occur after merger close where costs, cost drivers, and allocation methodologies are reviewed.

d. Please see response to Staff 2.22c.

ATTACHMENT(S):

None

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO COMMISSION STAFF
DATA REQUEST NO. 36

DATE OF REQUEST: December 22, 2025
DATE RESPONSE DUE: January 15, 2026
REQUESTOR: Commission Staff
WITNESS: Nooney
DATE RESPONDED: January 15, 2026

REQUEST:

Staff-36. PleaserefertoExhibitBBB-1,ArticleIII.Pleaseprovidethe“BlackHills DisclosureLetter.”

RESPONSE:

Black Hills:

Please see Highly Confidential Attachment Staff 2.36 – Black Hills Disclosure Letter.

ATTACHMENT(S):

- Highly Confidential Attachment Staff 2.36 – Black Hills Disclosure Letter

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO COMMISSION STAFF
DATA REQUEST NO. 38

DATE OF REQUEST: December 22, 2025
DATE RESPONSE DUE: January 15, 2026
REQUESTOR: Commission Staff
WITNESS: Lail
DATE RESPONDED: January 15, 2026

REQUEST:

Staff-38. PleaserefertoExhibitBBB-1,sectionIV.Pleaseprovidethe“NorthWestern DisclosureLetter.”

RESPONSE:

NorthWestern:

See Highly Confidential Attachment Staff 2.38.

ATTACHMENT(S):

Highly Confidential Attachment Staff 2.38 – NorthWestern Disclosure Letter

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-36

DATE OF REQUEST: December 1, 2025
DATE RESPONSE DUE: December 19, 2025
REQUESTOR: Public Advocate
DATE RESPONDED: December 19, 2025
SUBJECT: Impact of Proposed Merger

REQUEST:

PA-36. Impact of Proposed Merger.

The direct testimony of most witnesses in this proceeding support a common position that the proposed merger will not have an adverse impact on post-merger BH Nebraska Gas (or the successor company) operations, customers, rates, and staffing levels. The various witnesses state the merger will help control and reduce costs, provide operational efficiency, improve scale, provide rate stability and affordability (with no rate increases), provide long-term value for customers – and conclude the merger is prudent and in the public interest. The direct testimony of witness Nooney (5:1 – 15:2) states that an Integration Plan for the merger will be prepared to address planning and implementation efforts across all functions of the combined company, including operations, customer support, finance, IT, legal, HR, communications and change management – to ensure that long-term values and objectives are met. However, witness Nooney also states the Integration Plan is in the preliminary stages which will take many months to complete, and overall integration efforts will take multiple years. Although all witnesses make general statements about the benefits of the merger, the application and witnesses do not provide any specific internal or external studies, calculations, analysis, or other documentation to support the various general conclusions about the merger benefits. Please provide the following information as requested:

- a. Provide a copy of all studies, analysis, reports, forecasts, planning information, Board of Director minutes, business and strategy plans, Integration Plan drafts (and other Integration plan periodic status reports and related documents), along with all other supporting documentation addressing the impact of the merger on BH Nebraska Gas and its post-merger successor company (and all related affiliates) as prepared by BH Nebraska Gas, Black Hills Corporation, NorthWestern Energy Group, Inc., NorthWestern Energy Public Service Corporation, and all other parent/holding companies and other affiliates (along with related information prepared by outside entities and consultants). In all cases, show total impacts of the merger by the related impacted entity, and show all

related allocations and direct assignment of amounts to BH Nebraska Gas operations and its post-merger successor company, including all allocations and assignment of costs between Black Hills Nebraska gas and electric operations/entities.

- b. Regarding (a) above, for BH Nebraska Gas (and the successor post-merger entity) provide the actual pre-merger expenses (for calendar years 2023 and 2024) and related actual and/or forecasted post-merger expenses (for calendar years 2025, 2026 and other forecasted periods) by account number (and account description), and identify the amount of the change from pre to post-merger along with the relates reasons for the changes in operating expenses (and provide supporting documentation and calculations). These “expenses” to be addressed should include operating expenses, depreciation expense, other taxes, and income taxes.
- c. Provide information in the same format as (b) above for the same periods regarding pre and post-merger amounts and impacts upon BH Nebraska Gas (and the successor post-merger entity) for gas plant in service, construction work in progress, accumulated depreciation, accumulated deferred income taxes, other deferred accounts and all other asset, liability, and capital accounts for the balance sheet (provide amounts and impact by account number and account description).
- d. Provide information in the same format as (b) above for the same periods, along with all supporting documentation and calculations regarding all witnesses general claims of merger-related cost savings, cost reduction, operational efficiencies and improved scale, and show these cost savings and efficiencies by account number (and account description) for pre and post-merger for BH Nebraska Gas (and show all calculations of amounts allocated to BH Nebraska Gas by allocation factors).
- e. Provide all supporting documentation and related calculation regarding all witnesses general claims that there will no negative impact on customers from the merger, and that the merger will provide rate stability and affordability.
- f. Provide information in the same format as (b) above for the same periods regarding pre and post-merger amounts and impacts upon BH Nebraska Gas (and the successor post-merger entity) regarding the amount of: (i) Transaction costs; and (ii) Transition costs (provide amounts by account number and account description) as addressed in the direct testimony of witness Lail (24:1 – 25:8). Explain how Transaction costs and Transition costs are recorded on

the books depending upon whether these amounts will be sought for recovery.

- g. Provide information in the same format as (b) above for the same periods regarding pre and post-merger amounts and impacts upon BH Nebraska Gas (and the successor post-merger entity) regarding the amount of operating revenues (by account number and account description).
- h. Provide information in the same format as (b) above for the same periods regarding pre and post-merger headcount numbers and impacts upon BH Nebraska Gas (and the successor post-merger entity), and address the change in the number of union, management, and executive employees (and any other employee categories) by department. Identify and explain all force reduction plans that were implemented to reduce or reorganize the number of employees.
- i. Provide information in the same format as (b) above for the same periods regarding pre and post-merger payroll expenses and impacts upon BH Nebraska Gas (and the successor post-merger entity), and show the amount and change in pre and post-merger payroll expenses by salaries/wages, short-term incentives, long-term incentives, benefits, and all other payroll-type costs (provide amounts and impact by account number and account description). Identify and explain all force reduction plans and impacts on payroll costs, which were implemented to reduce or reorganize the number of employees.
- j. Provide information in the same format as (b) above for the same periods regarding pre and post-merger parent company/service company affiliate expenses allocated to BH Nebraska Gas (and the successor post-merger entity), and show the amount and change in pre and post-merger allocated expenses by department/function (such as corporate costs, legal costs, treasury costs, etc.).

RESPONSE:

Specific Objection:

In addition to Joint Applicants' general objections, Joint Applicants object to the form of the preamble of the question as it is testimonial in nature, and to the extent the preamble misconstrues or misstates the Joint Applicants' testimony or positions or insinuates that it is BH Nebraska Gas that is merging or that the merger itself will result in a successor company for BH Nebraska Gas. Joint Applicants object to the extent the requests call for speculation. Joint Applicants further object to the extent that the requests seek information related to entities that are not under the jurisdiction of the Commission; and to the extent the requests seek information from BH Nebraska Gas as it is not an Applicant in this proceeding.

Finally, Black Hills objects to producing pre-merger expenses for 2023 and 2024, as they are not reasonably calculated to lead to admissible evidence and therefore, are not relevant.

Without waiving or limiting their objections, the Joint Applicants respond as follows:

Joint Applicants:

The Joint Applicants are still developing a comprehensive integration plan and the topics discussed in this data request will be assessed during the integration plan development with input and decision-making from senior management, integration leads, and subject matter experts of both companies. Furthermore, much of the information sought in these requests is appropriately evaluated as part of a general rate review proceeding, such as the recently completed general rate review for BH Nebraska Gas, where much of this information was made available to the Public Advocate. Subsequent rate cases filed and litigated after the close of the merger will similarly provide the appropriate forum for which much of the requested information can be evaluated.

Black Hills:

- a. At this time, Black Hills does not have the types of documents referred to in the request; namely analyses, studies, reports etc., identifying or specifying merger impacts on BH Nebraska Gas. As noted in Joint Applicants' direct case, Black Hills Nebraska Gas will continue operations after the merger. Rates paid by BH Nebraska Gas customers will not change as a result of this merger, and any recovery of allocated changes to BH Nebraska Gas will have to be reviewed and approved in the appropriate future regulatory proceeding. To date, the merger has not resulted in any new or additional allocation or assignment of costs to BH Nebraska Gas.
- b. See specific objection related to pre-merger expenses for 2023 and 2024. Furthermore, BH Nebraska Gas just completed a general rate review with a test year ending December 31, 2025, and Public Advocate actively participated in that proceeding and has access to that information. BH Nebraska Gas 2025 expenses have not changed as a result of the merger announcement. Black Hills detailed forecast for 2025 or 2026 post-merger expenses have not changed as a direct result of the merger. The merger is currently under regulatory review and cannot close until receipt of those reviews.
- c. See response to subpart (b).
- d. The Joint Applicants are still developing a comprehensive integration plan and many, if not all, of the topics discussed in this sub-part, will need to be assessed during integration planning process with input from senior management, integration leads, and subject matter experts of both companies. Consequently, Black Hills does not have detailed documentation, calculations, or forecast of merger-related cost savings, cost reduction, operational efficiencies, and improved scale in the fashion requested for the noted periods. It is important to understand that, as explained in the Direct Testimony of Crystal Lailat page 3, this transaction a stock-for-stock, tax-free exchange. There is no transaction debt being used to

finance the Merger, and no exchange of cash (or other consideration) paid to or received by either company. In light of foregoing, the parties did not need to develop a detailed analysis on of merger-related cost savings, cost reduction, and/or operational efficiencies to offset acquisition costs before entering the merger agreement. Instead, as explained by the witnesses, the value of this merger is increased scale, which brings with it the opportunity for future benefits.

- e. There is no specific supporting calculations at this stage in the integration planning process. In further response to this request, please refer to the totality of testimony, exhibits and data responses provided in this case, including specifically the Direct Testimony of Crystal Lail at pp. 24-25, including but not limited to a commitment not to seek recovery of transaction costs from customers and only to seek transition costs if the merger savings exceed the requested recovery of transition costs. In addition, as noted in other data responses, customer rates will not change in this merger docket. Any rate changes will be reviewed and approved through the appropriate future regulatory proceedings.
- f. Black Hills does not have detailed forward looking forecasts of all post-merger Transaction costs and Transition costs.

Please see response to PA 2.47a for current Transaction costs to date. None of these Transaction costs have been allocated to BH Nebraska Gas.

In addition, please see PA 2.36a and the summary below for an explanation of how transaction and transition costs will be tracked:

Accounting Procedure:

When employees enter their daily time in PeopleSoft HCM, Black Hills' integrated human resources management system, they are to enter the appropriate work order and the number of hours for which they spent on the activity. The applicable work order will then reflect the employees' costs for the time coded to the respective work order.

For external costs, the work order can be included during the coding process, and external costs will be reflected on the work order.

Transaction Costs

Order Nos:

Black Hills - 99730148 O&M-BHE_NWE Merger-Transaction Cost
NorthWestern – 117380 “Merger – Transaction”

Definition: These are costs directly related to executing the deal. They are incurred during the negotiation, due diligence, and closing phases (announcement to close) of the transaction.

2. Integration Costs

Order Nos: Black Hills - 10090977 O&M-BHE_NWE Merger-Integration Cost NorthWestern – 117404 – “Merger – Integration”

Definition: These are costs directly related to combining the operations, systems, and cultures of the merging entities.

3. Cost to Achieve (CTA)

Order Nos: Black Hills - 10090978 O&M-BHE_NWE Merger-Cost to Achieve NorthWestern – 117480 – “Merger – Cost to Achieve”

Definition: These costs include both integration costs and other one-time costs necessary to realize value creation or transformation goals post-merger.

Please see also the Direct Testimony of Crystal Lail at page 24-25 which provides an explanation of transaction and transition costs. She further explains that the Joint Applicants will not seek to recover Transaction Costs and explains that the Joint Applicants may request Commission authorization to defer and recover any Transition Costs in a future proceeding provided that demonstrated Merger savings exceed the requested recovery of Transition Costs.

- g. See prior objections for pre-merger revenues. In addition, for the same reasons explained in subpart (d) Black Hills does not have a forecast of post-merger BH Nebraska Gas operating revenues as a direct result of the merger. Finally, as noted in other data responses, customer rates will not change in this merger docket. Any rate changes will be reviewed through the appropriate future regulatory proceedings.
- h. No force reduction plans have been created or implemented to reduce or reorganize the number of employees. Please see Joint Applicants response to PA 2.33. Finally, please see subpart (d). i-j.
- i. Please refer to the testimony of Crystal Lail at page 23 discussing the fact that there are significant similarities between the cost-allocation processes of BHC and NorthWestern and that the Joint Applicants expect to evaluate this process as part of the integration planning discussed by Ms. Nooney. In light of the foregoing, Black Hills does not have detailed documentation, calculations, or forecast on these topics. Nevertheless, as noted in subpart (e) any rate impacts from changes to cost-allocation will be reviewed through the appropriate future regulatory proceedings.

North Western

- a. Not applicable to NorthWestern. Not
- b. applicable to NorthWestern. Not applicable to
- c. NorthWestern. See Black Hill's response to
- d. subpart d, above.
- e. See Black Hill's response to subpart e, above.
- f. See Black Hill's response to subpart f, above, for post-merger information. See also Confidential Attachment PA 2.36b – NorthWestern Internal Order Memo. Not applicable to NorthWestern
- g.
- h. See Black Hills' response to subpart h, above, for post-merger information.
- i.-j. See the Black Hills' response to subpart i.-j., above.

ATTACHMENT(S):

- Confidential Attachment PA 2.36a – BH Merger Work Order Email
- Confidential Attachment PA 2.36b – NorthWestern Internal Order Memo

JOINT APPLICANTS
MERGER APPLICATION NO. NG-128
RESPONSE TO PUBLIC ADVOCATE
DATA REQUEST NO. PA-78

DATE OF REQUEST: December 19, 2025
DATE RESPONSE DUE: January 7, 2026
REQUESTOR: Public Advocate
DATE RESPONDED: January 7, 2026
SUBJECT:

REQUEST:

PA-78. Direct testimony of witness Bird, page 20, line 9, where it states “this merger will result in rate stability for customers over the long term as compared to Northwestern’s stand-alone plan.”

- a. Provide documents which show the comparison of Northwestern’s stand-alone plan to the “rate stability for customers over the long term” from the merger. Referring to line 13, provide documents which show the expected dollar value of “the efficiencies and resulting savings achieved from the merger” by year
- b.

1. For each of the Joint Applicants on a total company basis,
and
2. For each of the Nebraska operating companies.

RESPONSE:

Joint Response
_____:

- a. The testimony of Mr. Bird (p.20, lines. 9–14) states that benefits of scale and efficiencies are expected from the merger compared to NorthWestern’s stand-alone plan. Rate stability is intended to convey that customers should benefit from the combined larger scale and efficiencies over time, rather than experience volatility associated with a smaller-scale operation.

At this time, Joint Applicants have not prepared a formal side-by-side comparison document of NorthWestern’s stand-alone plan versus the merged entity’s projected rate stability.

- b. Joint Applicants are still developing a comprehensive integration plan, including identification of efficiencies and resulting savings. No final estimates by year are available at this time for either total company or Nebraska-specific operations.

Please also see the response to PA 5.73. As stated in response to PA 2.51, any future rate adjustments or consolidation of tariffs will occur only after Commission review and approval in a separate proceeding.

ATTACHMENT(S):

None