

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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

**REBUTTAL TESTIMONY OF KEVIN M. JAROSZ
ON BEHALF OF BLACK HILLS CORPORATION
IN SUPPORT OF THE JOINT APPLICATION**

March 24, 2026

TABLE OF CONTENTS

I. INTRODUCTION 1

II. PURPOSE OF TESTIMONY..... 1

III. THE MERGER SATISFIES THE STANDARDS APPLIED BY THE
NEBRASKA COMMISSION 4

IV. RESPONSE TO PROPOSED CONDITIONS REGARDING LABOR ISSUES.. 5

V. CONCLUSION..... 12

REBUTTAL TESTIMONY OF KEVIN M. JAROSZ

I. INTRODUCTION

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

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kevin M. Jarosz. My business address is 1731 Windhoek Drive, P.O. Box 83008, Lincoln, NE 68501-3008.

Q. ARE YOU THE SAME KEVIN M. JAROSZ WHO FILED DIRECT TESTIMONY IN THE ORIGINAL FILING OF THE APPLICATION IN DOCKET NG-128?

A. Yes, I am.

Q. HAS THERE BEEN ANY CHANGE TO YOUR EMPLOYMENT OR QUALIFICATION SINCE DIRECT TESTIMONY WAS SUBMITTED IN THIS DOCKET?

A. No.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Black Hills Corporation (“Black Hills” or “BHC”) in support of the Joint Application requesting approval of the merger.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to the testimony, recommendations, and conditions proposed by the Laborers’ International Union of North America Local 1140 (“LIUNA”). In my rebuttal testimony, I reinforce the Joint Applicants’ commitment to maintaining local operations, preserving workforce stability, and

1 continuing the reliability and service performance of Black Hills Nebraska Gas (“BH
2 Nebraska Gas”) in Nebraska post-merger.

3 **Q. WHY ARE THE JOINT APPLICANTS ONLY RESPONDING TO TESTIMONY**
4 **FROM LIUNA?**

5 A. On or about March 20, 2026, the Joint Applicants reached a settlement in principle with
6 the Public Advocate (“PA”), who is the other intervenor to this proceeding. As part of
7 that settlement to be filed with the Commission, , the Joint Applicants and PA agreed
8 that the Joint Applicants would not file testimony responding to the PA or its
9 consultants. I understand that the Commission will consider the Settlement Agreement
10 as part of its deliberations in this proceeding. The Joint Applicants could not reach a
11 settlement with LIUNA, accordingly, the Joint Applicants’ rebuttal testimony is limited
12 to responding to issues raised by LIUNA.

13 **Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY FILED BY LIUNA IN**
14 **THIS PROCEEDING?**

15 A. Yes, I have.

16 **Q. AFTER REVIEWING LIUNA’S TESTIMONY, CAN YOU IDENTIFY ANY**
17 **SPECIFIC AREAS WHERE THE JOINT APPLICANTS AND LIUNA ARE**
18 **ALIGNED?**

19 A. Yes. As Mr. Wenande affirms, the Joint Applicants and LIUNA agree that it is
20 important to develop and maintain a stable local workforce that is qualified and
21 available to provide the same safe, reliable and cost-effective service post-merger as it
22 does today. BH Nebraska Gas will continue to rely upon its successful past experiences

1 and processes described later in my testimony and to act prudently when contracting
2 for outside services.

3 **Q. PLEASE PROVIDE AN OVERVIEW OF THE KEY AREAS RELATED TO**
4 **LABOR WHERE INTERVENORS AND JOINT APPLICANTS DO NOT**
5 **AGREE.**

6 A. The Joint Applicants do not agree that certain proposed conditions – particularly those
7 that would impose prescriptive external workforce requirements in third-party outside
8 contracts– are necessary or appropriate in this merger proceeding. As I explain later in
9 my testimony, these types of conditions are not aligned with the regulatory framework
10 under Nebraska laws, rules, or practice and have no relationship to the standard under
11 which the Commission evaluates mergers. With respect to LIUNA’s testimony, while
12 Black Hills shares the objective of safe, reliable service and will continue to need the
13 flexibility and expertise that outside contractors can provide, the specific commitments
14 proposed are not necessary to ensure continued safe and reliable service, impede
15 flexibility, and could result in unnecessary increased costs for Nebraska customers.

16 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS WITH RESPECT TO**
17 **LIUNA.**

18 A. I recommend the Commission reject LIUNA’s recommendations in full for the reasons
19 set forth herein. I would further note that to the extent the Joint Applicants do not
20 address a recommendation from LIUNA, that should not be considered agreement or
21 waiver of the issue and we reserve our right to respond.

1 needs, workforce availability, and project-specific requirements. Second, as I explain
2 below, these conditions are not tied to any demonstrated harm or risk arising from the
3 merger. The record does not show that the utilities' current practices are insufficient or
4 that the merger will change those practices in a manner that would adversely affect
5 customers or the utilities' abilities to serve customers. Finally, imposing these types of
6 requirements could limit the Company's ability to manage costs prudently and
7 efficiently, which could ultimately run contrary to customers' interests.

8 **Q. PLEASE DESCRIBE BLACK HILLS' PHILOSOPHY REGARDING HOW IT**
9 **USES ITS CONTRACTED WORKFORCE.**

10 A. Black Hills agrees that maintaining a qualified, skilled, and well-trained workforce –
11 including both employees and contractors – is essential to providing safe, reliable, and
12 efficient utility service. BH Nebraska Gas uses outside contractors for the following
13 general categories of work: equipment maintenance and services, facility lawncare
14 maintenance, engineering and GIS support, construction on underground and above
15 ground facilities, traffic control contractors, and snow removal. BH Nebraska Gas
16 typically chooses to use an outside contractor in the following situations: (1) where an
17 area of expertise is necessary that the company does not maintain internally, (2) where
18 the service is one not typically accomplished by internal employees, or (3) when, due
19 to a particular project, additional external support is needed.

20 These decisions are driven by operational needs, safety considerations,
21 workforce availability, and cost-effectiveness, with the objective of making sure that
22 work is performed safely and efficiently for the benefit of customers. To retain the
23 most competitive and qualified external services, Requests for Proposals (“RFPs”) are

1 often used to hire outside contractors. This approach allows BH Nebraska Gas to
2 engage qualified local and regional contractors, while maintaining the flexibility that
3 BH Nebraska Gas needs to meet our evolving operational demands and system needs.

4 **Q. HOW DOES THIS PHILOSOPHY RELATE TO THE CONCERNS RAISED BY**
5 **LIUNA?**

6 A. Our philosophy is directly in line with the core concern raised by LIUNA – that utilities
7 should rely on qualified, capable contractors to support safe and reliable operations.
8 The current practices of BH Nebraska Gas already reflect that principle. At the same
9 time, however, utilities need to be able to retain flexibility in determining how best to
10 meet their natural gas system’s operational needs. Contractor selection depends on a
11 variety of factors, including safety, qualifications, experience, availability, and cost-
12 effectiveness. These considerations are evaluated on a project-specific basis and are not
13 appropriately governed by fixed commitments or mandates – especially commitments
14 that require BH Nebraska Gas to favor specific third-party vendors that employ union
15 members ahead of other competitive and qualified vendors.⁴

16 **Q. DOES LIUNA IDENTIFY ANY DEFICIENCIES IN THE CURRENT USE OF**
17 **CONTRACTORS OR WORKFORCE PRACTICES OF BH NEBRASKA GAS**
18 **THAT WOULD WARRANT THESE TYPES OF COMMITMENTS?**

19 A. No. LIUNA does not identify any existing deficiencies in BH Nebraska Gas’ workforce
20 practices, contractor usage, or service performance that would justify imposing new
21 conditions. Absent any such showing, these types of prescriptive requirements are not
22 necessary to ensure that the Company continues to provide safe, reliable and cost-

⁴ Notably, even LIUNA’s witness concedes that their agreements only require 50 percent of their workforce to be locally-sourced.

1 effective service under Nebraska law and regulatory standards. Accordingly, the
2 conditions proposed by LIUNA are not necessary to satisfy the Commission’s “no
3 adverse impact to the utility’s ability to serve its customers” standard for approval of
4 the merger.

5 In addition, BH Nebraska Gas has a long history of investing in its gas
6 distribution system to enhance customer growth and public safety. BH Nebraska Gas
7 also has significant experience based upon many years of maintaining a qualified
8 workforce. I personally have been in the utility operations for almost 40 years. I started
9 my career as a Service Technician and now am in a leadership role as the Vice President
10 of Operation for Nebraska and Iowa for Black Hills.

11 BH Nebraska Gas can rely on many experienced employees within Black Hills
12 and NorthWestern after the merger. Beyond that experience, BH Nebraska Gas can
13 find further support and guidance when needed by hiring outside contractors. To that
14 end, BH Nebraska Gas can – and will – continue use its sound judgment to determine
15 the right mix of skills to complete a construction project or otherwise manage its
16 ongoing utility operations without a CBA. The merger between the Joint Applicants,
17 as proposed in this proceeding, will not adversely affect the ability of BH Nebraska
18 Gas to continue to serve its customers. Our well-established safe, reliable, and efficient
19 service to its customers, its employees, and to the public will continue after the merger
20 is approved by the Commission and the transaction is closed by the Joint Applicants.

1 **Q. WILL BH NEBRASKA GAS CONTINUE TO USE THIRD-PARTY**
2 **CONTRACTORS AFTER THE MERGER CLOSES?**

3 A. Yes. After the merger closes, BH Nebraska Gas anticipates that it will continue to use
4 outside contractors and, most likely, for the same categories of work as it does today.
5 Though Joint Applicants cannot definitively state that BH Nebraska Gas will
6 indefinitely continue to employ the exact same procurement processes they employ
7 today, we remain committed to hiring qualified vendors, who meet contracting
8 requirements, and offer competitive pricing to ensure quality of work as well as safe,
9 reliable and cost-effective service to customers. As such, I anticipate BH Nebraska
10 Gas will continue using RFPs and master service agreements, to the extent feasible and
11 practical, to ensure that its natural gas service is safe, reliable and cost-effective. In
12 addition, both entities will continue to employ practices and implement requirements
13 that ensure only qualified contactors, with appropriate certifications (as required for a
14 specific task) are utilized. Finally, I would add that both BH Nebraska Gas and
15 NorthWestern currently utilize a supplier portal to capture prequalification information
16 and forms for third-party contractors. Post-closing, BH Nebraska Gas and
17 NorthWestern will continue to properly document pertinent labor information, such as
18 annual OSHA and insurance documentation.

1 **Q. MR. KAMINSKI ALSO RECOMMENDS THE JOINT APPLICANTS ADOPT**
2 **“BASELINE PROTECTIONS FOR CONTRACTED-OUT CONSTRUCTION**
3 **EMPLOYEES INCLUDING HIRING GOALS.”⁵ HOW DO YOU RESPOND?**

4 A. This recommendation is not necessary to satisfy the Commission’s standard for
5 evaluating the merger, which focuses on whether the transaction will adversely affect
6 the utility’s ability to provide reasonably adequate and sufficient service. Importantly,
7 Mr. Kaminski only speaks in generalities and does not provide specific terms for the
8 type of agreement he proposes.

9 Among other things, Mr. Kaminski generally remarks that these agreements
10 typically contain commitments that set local employment targets and minimum wage
11 and benefit levels in outside contractors’ employment relationships with their own
12 employees. Here, not only do the Joint Applicants disagree that mandating minimum
13 labor commitments in outside contractor arrangements as a condition of merger
14 approval is justified under the Commission’s merger standard or under the facts at
15 hand, but doing so could diminish market competitiveness across vendors, and in turn,
16 harm customers through higher costs that are passed onto them. As a rate-regulated
17 utility, our obligation lies with our customers and operating reasonably and prudently
18 on their behalf – not on behalf of third-party contractors. In sum, wage and benefit
19 matters are more appropriately determined by third-party contractors and the
20 employment agreements they negotiate with their employees.

⁵ Direct Testimony of Ron Kaminski at p. 14.

1 **Q. LIUNA CLAIMS THAT A COMMUNITY BENEFITS AGREEMENT**
2 **PROVIDES GREATER TRANSPARENCY AND PREDICTABILITY OF**
3 **LABOR COSTS, BUT DO THEY EXPLIAN HOW?**

4 A. No, and there is no real detail as to what an alleged agreement of this nature would
5 entail. Nor is any analysis provided on how such an agreement would impact service
6 levels or total project costs – including labor costs – to customers in the various
7 Nebraska communities served.

8 **Q. LIUNA FAULTS THE JOINT APPLICANTS FOR REFUSING TO COMMIT**
9 **THAT THEY WILL NOT LEVERAGE INCREASED PURCHASING POWER**
10 **TO REDUCE OUTSIDE CONTRACTOR COSTS, WOULD IT BE**
11 **REASONABLE TO MAKE THIS COMMITMENT?**

12 A. No it would not. A utility’s obligation is to provide safe, reliable, and cost-effective
13 services to customers. If there is an opportunity to leverage scale to reduce costs while
14 still maintaining the same safe, reliable service, the prudent choice is to do just that.
15 This does not mean, however, as insinuated by the LIUNA witness that a decision of
16 this nature would be made in a vacuum without considering things like the contractor’s
17 workforce qualifications, safety record, and demonstrated performance on comparable
18 work.

19 **Q. DOES BH NEBRASKA GAS VALUE ITS OUTSIDE CONTRACTOR**
20 **REALATIONSHIPS?**

21 A. Yes. BH Nebraska Gas has long worked with contractors operating in Nebraska and
22 surrounding regions and values those relationships. Black Hills remains committed to

1 responsible external contracting that benefits our communities and customers after the
2 merger.

3 **V. CONCLUSION**

4 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

5 A. In summary, nothing in the record demonstrates that the proposed merger will
6 adversely affect the ability of BH Nebraska Gas (or either utility) to provide the same
7 safe and reliable natural gas service to its Nebraska customers that it does today. BH
8 Nebraska Gas has a long history of experience in successfully managing its natural gas
9 system. It can rely on that experience and knowledge to continue to operate its natural
10 gas system in a safe, efficient, and reliable manner. As I have explained, BH Nebraska
11 Gas will continue to maintain the workforce and contractor relationships necessary to
12 support safe and reliable operations. BH Nebraska Gas will continue to obtain
13 contracted services by applying prudent contracting practices. The additional
14 conditions proposed by LIUNA are not necessary to ensure service quality and are not
15 appropriate merger conditions. Accordingly, I recommend that the Commission reject
16 LIUNA's proposals in full. Accordingly, the Joint Applicants respectfully request that
17 the Commission approve the merger application in this proceeding because the
18 proposed merger will not adversely affect the ability of BH Nebraska Gas to service its
19 customers.

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 A. Yes.

VERIFICATION

This Rebuttal Testimony of Kevin M. Jarosz is true and accurate to the best of my knowledge, information, and belief.

/s/ Kevin M. Jarosz

Kevin M. Jarosz