

Rebuttal Testimony
Bleau J. LaFave

Before the South Dakota Public Utilities Commission
State of South Dakota

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

Docket No. GE25-001

**Rebuttal Testimony of Bleau J. LaFave
on Behalf of NorthWestern Energy Public Service Corporation
and NorthWestern Energy Group, Inc.
in Support of the Joint Application**

June 5, 2026

TABLE OF CONTENTS

I. WITNESS INFORMATION1

II. PURPOSE OF TESTIMONY2

III. RESPONSE TO CONDITIONS PROPOSED BY LIUNA.....3

IV. CONCLUSION.....9

I. WITNESS INFORMATION

1 **Q. PLEASE IDENTIFY YOURSELF, YOUR EMPLOYER, AND YOUR JOB TITLE.**

2 A. My name is Bleau J. LaFave. I am the Vice President of Planning, Development, and Asset
3 Management for NorthWestern Energy Public Service Corporation d/b/a NorthWestern
4 Energy (“NorthWestern”).

5 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND EMPLOYMENT**
6 **EXPERIENCE.**

7 A. I have been in my current position since 2023. I am responsible for long-term planning,
8 asset and business development, and asset management of distribution, transmission, and
9 supply assets. I originally joined NorthWestern as a Project Engineer in 1994. Since
10 then, I have served in many operational and administrative functions of increasing
11 responsibilities addressing matters such as operations management, procurement,
12 logistics, contracts, fleet, facilities, utility engineering, project development, supply
13 development, planning, acquisitions, and customer service. I hold a Bachelor of Science
14 degree in Mechanical Engineering.

15 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

16 A. I am testifying on behalf of NorthWestern and NorthWestern Energy Group, Inc. in support
17 of the Joint Application requesting approval of the merger.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE SOUTH DAKOTA PUBLIC**
19 **UTILITY COMMISSION (“COMMISSION”)?**

20 A. Yes. I was a witness in NorthWestern’s last two electric rate reviews filed with the
21 Commission in Docket No. EL14-106 and EL23-016 and a contested Qualifying Facility
22 docket involving Oak Tree Energy LLC in Docket No. EL11-006.

II. PURPOSE OF TESTIMONY

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my rebuttal testimony is to respond to the testimony, recommendations,
4 and conditions proposed by South Dakota Laborers Local 620, The Great Plains Laborers’
5 District Council, and the Laborers’ International Union of North America (collectively
6 “LIUNA”) for NorthWestern. I also reinforce NorthWestern’s commitment to maintaining
7 local operations, preserving workforce stability, and continuing NorthWestern’s reliability
8 and service performance in South Dakota post-merger. NorthWestern will continue to rely
9 upon their successful past experiences and processes described later in my testimony and
10 to act prudently when contracting for outside services.

11 **Q. PLEASE SUMMARIZE THE KEY POINTS OF YOUR REBUTTAL.**

12 A. I agree with LIUNA on a foundational point: safety and reliability are paramount, and a
13 trained, qualified workforce—whether employees or contractors—matters to safe
14 execution of high-hazard work. However, LIUNA’s testimony makes unsubstantiated
15 claims about current workforce practices and attempts to broaden the standard for approval
16 by the Commission and impose conditions that could set policy for South Dakota that is
17 currently not supported by state law or within the jurisdiction of the Commission.

III. RESPONSE TO CONDITIONS PROPOSED BY LIUNA

18 **Q. WHAT CONCERNS DOES LIUNA RAISE IN ITS TESTIMONY?**

19 A. Randall L. Harris, testifying on behalf of LIUNA, evaluates the proposed merger from the
20 perspective of the construction workforce that builds and maintains utility infrastructure in
21 South Dakota, concluding that while LIUNA does not oppose the merger outright, its

1 support is conditional on enforceable workforce, safety, and contracting commitments. He
2 explains that contractors are central to system safety and reliability, yet the Joint Applicants
3 do not track contractor wages, training, or local hiring, nor include workforce standards in
4 procurement decisions, and have not analyzed merger impacts on construction labor. Mr.
5 Harris asserts that merger-driven cost pressures could erode labor standards, increase
6 reliance on lower-qualified or non-local workers, and jeopardize safety and service quality,
7 particularly given major ongoing and planned capital projects in the state. He recommends
8 that the Commission condition approval of the merger on certain requirements outlined in
9 his testimony, claiming that with such conditions, the merger could be consistent with the
10 public interest, but without them it would not adequately protect South Dakota's
11 construction workforce or utility customers.

12 **Q. DO YOU AGREE WITH LIUNA'S CONCERNS?**

13 A. No, I strongly disagree with LIUNA's characterization that merger-related decisions will
14 impact safety and reliability, including existing major projects currently undertaken by
15 NorthWestern. As the Commission knows, NorthWestern is a fully regulated public utility
16 subject to the Commission's jurisdiction. As a fully regulated public utility, NorthWestern
17 has an obligation to provide safe and reliable service to customers. Recognizing this
18 paramount obligation, NorthWestern makes significant investments to ensure that this
19 high-quality level of service is met and will continue to be met in the future. Joint
20 Applicants' commitment to post-merger investment in South Dakota to meet the obligation
21 to safely and reliably serve customers is further supported through the terms of the
22 settlement agreement with Commission Staff.

1 Interestingly, LIUNA does not testify that NorthWestern’s current level of service
2 to South Dakota customers is unsafe or unreliable but is criticizing NorthWestern’s existing
3 contracting practices and suggesting changes LIUNA believes “are most directly tied to
4 long-term safety and reliability outcomes—a gap that warrants closer attention.”¹ It would
5 appear that LIUNA is attempting to tie unsubstantiated concerns with the merger to justify
6 changes to contracting practices in South Dakota. This attempt is outside the
7 Commission’s merger standard.

8 **Q. WHY IS LIUNA’S POSITIONS OUTSIDE THE COMMISSION’S STANDARD**
9 **FOR APPROVAL?**

10 A. While not a lawyer, I understand that South Dakota statute (SDCL § 49-34A-36) requires
11 the Commission to approve the merger unless it finds that there is a likelihood of significant
12 adverse impact to South Dakota customers. In reviewing Mr. Harris’s testimony, LIUNA
13 does not claim that there is a likelihood of significant adverse impact to South Dakota
14 customers. In fact, he makes no claims about impacts to customers at all but is focused on
15 alleged impacts to contractors working in South Dakota. Instead of addressing the
16 “likelihood of significant adverse impact” standard, Mr. Harris focuses on “public interest”
17 and claims that for the merger to be consistent with “public interest” the Commission
18 should condition the approval with the conditions of workforce, safety, and contracting
19 commitments proposed in his testimony.

¹ Direct Testimony of Randall L. Harris (“Harris Direct Testimony”) at pp. 17-18.

1 **Q. WHAT IS LIUNA’S CORE “PUBLIC INTEREST” FRAMING?**

2 A. LIUNA frames the merger “public interest” analysis around the proposition that (1) skilled
3 labor is an input to infrastructure quality and therefore reliability, (2) contractor workforce
4 standards influence safety outcomes, and (3) local hiring and local economic effects should
5 factor into whether the transaction is “consistent with the public interest.” LIUNA then
6 argues that because contractors perform significant portions of certain utility construction
7 work and because the Joint Applicants do not track certain labor metrics, the Commission
8 should impose LIUNA’s recommended workforce/contracting conditions as a prerequisite
9 to approval.

10 Nowhere in South Dakota statutes or Commission administrative rules are public
11 utilities required to track the outside contract labor metrics referred to by Mr. Harris.
12 Additionally, there is no Commission decision that defines the “public interest” standard
13 to include these types of metrics. Thus, LIUNA’s suggestion that there is an issue related
14 to contractor procurement practices which need corrective action with affirmative
15 conditions is unwarranted.

16 **Q. IS IT REASONABLE TO SAY THAT WORKFORCE QUALITY CAN AFFECT**
17 **SAFETY?**

18 A. As a general proposition, yes, workforce training and qualifications can influence the safe
19 execution of infrastructure work. However, again, LIUNA fails to show that
20 NorthWestern’s current contracting procurement practices are resulting in unsafe
21 infrastructure work in South Dakota or that post-merger if those practices continue, it will
22 result in unsafe and unreliable service to South Dakota customers. While NorthWestern
23 may not track certain contractors’ performance metrics, NorthWestern nevertheless

1 requires all individuals working on its system to be qualified, including contractors. See
2 NorthWestern's response, including attachments, to LIUNA Request Nos. 1.3 – 1.6
3 attached as Exhibit RLH-3 to the Harris Direct Testimony. Additional conditions that add
4 procurement constraints and administrative burden while limiting flexibility in contracting
5 must be justified as necessary to prevent a merger-caused likelihood of significant adverse
6 customer impacts. Otherwise, imposing unjustified conditions risks creating cost and
7 complexity post-merger with no identifiable benefit to customers.

8 **Q. HOW SHOULD THE COMMISSION ACCOUNT FOR SAFETY AND**
9 **RELIABILITY IN THIS DOCKET?**

10 A. The Commission should focus on customer outcomes, such as impacts on rates and quality
11 and continuity of service and whether the merger is likely to cause significant adverse
12 impacts in those areas for customers. As Ms. Crystal Lail explains in her settlement
13 testimony, Joint Applicants have adequately addressed any potential impacts to customers
14 through their direct case and the additional provisions agreed to with Commission Staff in
15 the Settlement Stipulation filed in this docket. The Commission can also rely on its existing
16 safety and operational compliance frameworks without converting the merger into a
17 detailed labor/procurement practices mandate or set state workforce policies that are
18 outside the statutory obligations of the Commission in its review of the merger.

19 **Q. PLEASE EXPAND ON THE CONCERNS ABOUT SETTING STATE POLICY.**

20 A. LIUNA is asking the Commission to impose requirements on Joint Applicants, which do
21 not exist in South Dakota law or Commission precedent or practice. Imposing this as legal
22 condition without the Joint Applicants' agreement would establish a new state policy
23 regarding utility contracting, which is not supported by the record in this case, authorized

1 by law, or required to avoid a likelihood of significant adverse impact to South Dakota
2 customers.

3 **Q. MR. HARRIS’S TESTIMONY NOTES THAT LIUNA’S PROPOSED**
4 **CONDITIONS IN THIS CASE ARE SIMILAR TO THOSE AGREED TO IN**
5 **MONTANA AND NEBRASKA AND THEREFORE SHOULD BE ADOPTED IN**
6 **SOUTH DAKOTA FOR CONSISTENCY.² DO YOU AGREE?**

7 A. No. In Montana and Nebraska, Joint Applicants negotiated with the LIUNA intervenors
8 in those dockets to address certain provisions as a compromised settlement to resolve
9 contested issues in those dockets and were designed to assure continuation of existing
10 contracting and utility practices in each of those states. Some of LIUNA’s proposals in
11 this case do not reflect current practices and are not necessary to ensure maintenance of
12 effective contracting or utility operations in South Dakota.

13 I also disagree with Mr. Harris’s testimony at page 11 that “[w]hatever standards
14 govern how NorthWestern’s and Black Hills Power’s contractors are bid, qualified,
15 supervised, and reported in Nebraska and Montana after the merger will inevitably
16 influence—and most efficiently can simply be applied to—their South Dakota work.”
17 Montana, Nebraska, and South Dakota’s contracting environments are different and as
18 such, NorthWestern has different operations and procurement practices in all three states.
19 One state’s operational standards or practices should not be “simply applied to” the other,
20 especially if there is no justifiable operational purpose to do so. More importantly, LIUNA
21 makes no indication as to why their proposed conditions are required to prevent substantial
22 (or any) likelihood of significant adverse impact to South Dakota customers.

² Harris Direct Testimony at pp. 11 and 33.

1 **Q. MR. HARRIS NOTES THAT NORTHWESTERN CURRENTLY HAS TWO**
2 **CAPITAL PROJECTS IN SOUTH DAKOTA THAT HE CLAIMS “ARE**
3 **SQUARELY WITHIN THE SCOPE OF THIS DOCKET.”³ DO YOU AGREE?**

4 A. No. Mr. Harris asserts at page 25 of his direct testimony that “a generation-project
5 provision tailored to South Dakota record” is justified because of specific capital projects
6 like NorthWestern’s Aberdeen Generating Station replacement project (“AGS 1”). He also
7 references NorthWestern’s Aberdeen Unit 3 generation project (“Aberdeen 3”) that
8 NorthWestern has undertaken so we may participate in the Southwest Power Pool (“SPP”)
9 Expedited Resource Adequacy Study (“ERAS”). Both projects are outside of the scope of
10 this proposed merger as each was contemplated well before the merger was announced.
11 The merger, in and of itself, has no impact on these two generation projects as the merger
12 does not impact either project’s need or their respective construction timelines.

13 Currently, AGS 1 is under construction with a scheduled project completion of
14 December 2026. Additionally, NorthWestern issued an Engineering, Procurement, and
15 Construction RFP for Aberdeen 3 and is expected to select the winning contractor in early
16 fourth quarter of 2026. This project is well underway in NorthWestern’s construction
17 planning process while AGS 1 is nearly complete. Therefore, if the Commission were to
18 agree with LIUNA and impose their requested conditions, those conditions would not apply
19 to AGS 1. Also, the Commission should not allow those conditions to interfere with
20 NorthWestern’s progress in Aberdeen 3. The Aberdeen 3 project has a time sensitive
21 completion date required by the SPP as part of its ERAS process. The imposition of any
22 unnecessary construction conditions could interfere with NorthWestern’s ability to meet

³ Harris Direct Testimony at pp. 19-20.

1 SPP ERAS requirements, and are not justified under the Commission’s statutory
2 jurisdiction in the review of this merger nor should they be applied to projects initiated and
3 contemplated outside of the decision to merge.

4 **Q. DO YOU HAVE ANY ADDITIONAL CONCERNS ABOUT LIUNA’S PROPOSED**
5 **CONDITIONS?**

6 A. Yes. LIUNA’s proposed conditions are vague in some cases. Mr. Harris notes on page 26
7 of his testimony that “[f]or purposes of these recommended conditions, “electric and
8 natural gas infrastructure” means natural gas transition and distribution facilities and
9 ancillary structures, generating facilities and ancillary structures, but excludes transmission
10 and distribution facilities for electricity.” First, it is unclear what is meant by “ancillary
11 structures” as used in this definition, but more importantly, the defined term “electric and
12 natural gas infrastructure” is then not used in any of the conditions. Instead, in certain
13 provisions, the term “infrastructure projects” is used. Thus, it is unclear what projects
14 would be included in the provisions that use the undefined term “infrastructure project”.

IV. CONCLUSION

15 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

16 A. While LIUNA identifies important topics—like training, safety, and reliability—it has
17 failed to demonstrate any causal connection between these topics and the merger by
18 showing how those topics fit within the Commission’s requirement to approve the merger
19 unless the transaction is likely to cause significant adverse impacts to South Dakota
20 customers. In fact, LIUNA makes no showing that Commission-imposed conditions are
21 necessary to protect customers from any impact due to the merger and instead focuses its
22 concerns on outside contractors without any evidence that there will be impacts to them.

1 The Commission should reject imposing conditions that are not agreed to by all parties to
2 avoid the appearance that the Commission is setting new state policy.

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

4 A. Yes.

VERIFICATION

This Rebuttal Testimony of Bleau J. LaFave is true and accurate to the best of my knowledge, information, and belief.

/s/ Bleau J. LaFave

Bleau J. LaFave