

Direct Testimony
Kimberly F. Nooney

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-_____

**Direct Testimony of Kimberly F. Nooney
on Behalf of Black Hills Corporation
in Support of the Joint Application**

October 27, 2025

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I. WITNESS INFORMATION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kimberly F. Nooney and my business address is 7001 Mt. Rushmore Rd., Rapid City, South Dakota, 57702.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Senior Vice President and Chief Financial Officer (“CFO”) of Black Hills Corporation (“Black Hills”). I am testifying on behalf of Black Hills in support of the joint application requesting approval of the merger.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE, QUALIFICATIONS, AND EDUCATIONAL BACKGROUND.

A. I have worked for the Black Hills enterprise for almost 30 years, holding a variety of management and technical roles within internal audit, corporate development, accounting, financial planning and analysis, financial systems, and treasury. I have also had the opportunity to work on a number of prior acquisitions and integrations during my tenure at Black Hills. I have been Senior Vice President and CFO since April 1, 2023. Prior to that I held the dual role of Vice President Corporate Controller and Vice President Treasurer for the organization between 2018 and 2023. I hold a Bachelor of Science in Business Administration with an emphasis in Accounting from the University of South Dakota.

Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS SENIOR VICE PRESIDENT AND CFO OF BLACK HILLS.

A. As a member of the senior leadership team, I am ultimately responsible for the enterprise financial activities of Black Hills and all its subsidiaries, which includes leading and overseeing the following functions: accounting, accounts payable, treasury, financial

1 planning and analysis, financial and Securities and Exchange Commission reporting, tax,
2 investor relations, internal audit, insurance, enterprise risk management, and corporate
3 development.

4 **Q. WILL YOUR POSITION AND RESPONSIBILITIES CHANGE FOLLOWING**
5 **THE MERGER THAT IS THE SUBJECT OF THIS JOINT APPLICATION?**

6 A. Yes. I will become the Chief Integration Officer for the merged company following the
7 closure of the merger. In that role, I will coordinate cross-company teams to ensure the
8 merger is implemented thoughtfully, transparently, and with a focus on enhancing customer
9 value.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE SOUTH DAKOTA PUBLIC**
11 **UTILITIES COMMISSION (“COMMISSION”)?**

12 A. No.

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

14 A. I provide an overview of how we expect to manage the integration planning and
15 implementation process to: (1) support our companies’ shared values, (2) maintain our
16 shared focus on employees and service to customers and communities, and (3) ensure the
17 merger is not likely to result in significant adverse impacts to South Dakota customers. I
18 explain the analytical process we will apply to developing and implementing our
19 integration plan, in addition to the estimated timeline to complete the implementation of
20 our integration efforts.

1 **Q. DO YOU AGREE WITH MR. BIRD'S AND MS. JONES' DESCRIPTIONS AS TO**
2 **THE KEY LONG-TERM VALUE PROPOSITIONS AND THE MERGED**
3 **COMPANY'S COMMITMENT TO COST-EFFECTIVE OPERATIONS**
4 **UNDERTAKEN WITH A FOCUS ON ENERGY AFFORDABILITY AND LONG-**
5 **TERM VALUE FOR CUSTOMERS?**

6 A. Yes, I agree with their statements. Moreover, as Chief Integration Officer, it will be my
7 responsibility to ensure that integration activities are consistent with our shared focus on
8 customer value, stability through scale, and the value of communities and local presence.

9 **Q. WHY, FROM YOUR BLACK HILLS' PERSPECTIVE AND THAT OF THE**
10 **INCOMING CHIEF INTEGRATION OFFICER, IS THIS TRANSACTION IN**
11 **THE PUBLIC INTEREST?**

12 A. This merger is in the public interest because it combines two experienced utility operators
13 who have been successfully delivering safe, reliable service to their customers for over 100
14 years. This collective experience will give us the opportunity to leverage the knowledge
15 and capabilities of our combined teams to evaluate and implement best practices from each
16 of the two companies. We will be able to collectively enhance and streamline processes,
17 procedures and systems, provide professional development and growth to our employee
18 teams, and deliver benefits over time to customers through our optimization efforts as a
19 stronger, combined company. As the other executive leaders explain in their respective
20 direct testimonies, this combination is a natural fit and will create meaningful scale so we
21 can better withstand volatile market conditions and bring long-term value to our customers.

II. OVERVIEW OF BLACK HILLS' INTEGRATION HISTORY

1 **Q. HAS BLACK HILLS SUCCESSFULLY INTEGRATED OTHER UTILITIES IN**
2 **THE PAST?**

3 A. Yes, Black Hills has successfully completed several past utility integrations. Examples of
4 past major integrations include Cheyenne Light, Fuel and Power Company ("Cheyenne
5 Light") in 2005, Aquila, Inc. ("Aquila") in 2008, and SourceGas Holdings, LLC
6 ("SourceGas") in 2016. We achieved success in these acquisitions by following a
7 structured, phased approach to integration. This approach included using an Integration
8 Management Office ("IMO") framework, acknowledging each company's cultural
9 strengths, utilizing employee expertise and best practices from both organizations, and
10 strategically identifying and implementing optimization opportunities to provide long-term
11 value for our customers.

12 **Q. DESCRIBE YOUR INVOLVEMENT IN THE CHEYENNE LIGHT, AQUILA, AND**
13 **SOURCEGAS INTEGRATION EFFORTS.**

14 A. I was heavily involved in all three integration efforts. I served as the financial integration
15 lead during the Cheyenne Light acquisition. For the Aquila acquisition, I was responsible
16 for the successful implementation of key financial and HR systems. Finally, in the
17 SourceGas acquisition, I was responsible for financing the acquisition and supporting the
18 financial integration activities.

III. THE MERGER INTEGRATION PLAN

19 **Q. PLEASE ELABORATE ON YOUR ROLE IN LEADING THE INTEGRATION**
20 **PLANNING EFFORTS FOR THIS MERGER.**

21 A. As Chief Integration Officer, I will lead and coordinate cross-company teams to ensure the
22 merger is implemented consistent with the key long-term values and objectives outlined by

1 Mr. Bird, Ms. Jones, and Ms. Lail in their respective direct testimonies. More specifically,
2 I will oversee integration planning and implementation efforts across all functions of the
3 combined company including, but not limited to, operations, customer support, finance, IT,
4 legal, HR, communications, and change management. Throughout this process, I will serve
5 as the primary point person for ensuring the merger delivers on our key long-term values
6 and objectives.

7 **Q. HOW WOULD YOU DESCRIBE THE JOINT APPLICANTS’¹ PHILOSOPHY ON**
8 **THE INTEGRATION PROCESS?**

9 A. Ultimately, our integration approach will align with our core values, integration objectives,
10 and long-term strategy. This means developing an integration plan that stays true to our
11 shared commitment of providing customer value through safe, reliable, and cost-effective
12 service. To align with this philosophy, our integration strategy will be informed through
13 these primary perspectives:

14 • **Opportunity and Risk Analysis:** This aspect of the strategy will use data
15 to identify risks and opportunities to ensure that the integration process aligns with our
16 shared core values. Our joint integration planning and implementation efforts will include
17 consideration for cultural alignment, business continuity, risk mitigation, safety
18 commitments, and financial impact. We will consider, from the bottom up, how to integrate
19 in a manner that reaffirms our core values, takes advantage of new opportunities that the
20 merger will bring, and allows us to successfully navigate known and emerging risks.

21 • **Cost Optimization Analysis:** In combination with the opportunity and risk
22 analysis, this aspect of the strategy uses data to help us identify areas where we can reduce

¹ Joint Applicants are NorthWestern Energy Public Service Corporation d/b/a NorthWestern Energy (“NorthWestern”), Black Hills, and NorthWestern Energy Group, Inc.

1 duplication, leverage purchasing power, streamline processes and services, and enhance
2 systems in ways that directly benefit customers and drive long-term value. This prong
3 begins with identifying potential optimization opportunities, followed by additional
4 analysis to determine which best practices we can pursue in a manner that aligns with our
5 shared goals, including maintaining or improving safe, reliable, and cost-effective service
6 for our customers.

7 **Q. WHAT ARE THE TAKEAWAYS FROM THE CHEYENNE LIGHT, AQUILA, AND**
8 **SOURCEGAS TRANSACTIONS THAT WILL HELP INFORM THIS**
9 **INTEGRATION PROCESS?**

10 A. In Black Hills' experience, the keys to successful integration include a persistent focus on
11 customers, employees, safety, and reliability. When we integrated Cheyenne Light, Aquila,
12 and SourceGas, we ensured a smooth transition by maintaining local operational presence
13 to maintain reliability and meet ongoing customer needs. To minimize employee
14 distractions and maintain a continued focus on safety, we prioritized change management
15 and consistent, transparent communications throughout the integration planning and
16 implementation activities. These experiences will help shape our approach and give us a
17 clear roadmap to integrate the companies in a way that delivers value to customers and
18 maintains our focus on safety for all stakeholders. To ensure success, our staged approach
19 will include the following phases: (1) Plan, (2) Implement, and (3) Optimize, which I
20 discuss in more detail below.

1 **Q. HAVE YOU ALREADY DEVELOPED A FORMAL INTEGRATION PLAN FOR**
2 **THE MERGER?**

3 A. No. At this point, we are still in the preliminary stages of developing our comprehensive
4 integration plan. Preparing a comprehensive integration plan will take many months of
5 collaboration with team members across functional areas of both NorthWestern Group² and
6 Black Hills. At a high level, however, our implementation strategy will unfold over the
7 three general stages I just mentioned:



10 **Q. PLEASE DESCRIBE THE THREE STAGES OF THE IMPLEMENTATION**
11 **STRATEGY.**

12 A. Each stage can be summarized as follows:

13 1. **Plan:** During the regulatory approvals process across all three states, our
14 two companies will simultaneously: (1) maintain business continuity as separate operating
15 entities as we have historically, and (2) jointly work to design and stand-up a governance
16 framework for the integration, complete integration planning, and prepare for
17 implementation post-regulatory approvals and transaction close. The Planning stage will
18 include: establishing an IMO Steering Committee, and functional working groups that have
19 defined roles and responsibilities; aligning on integration goals and objectives; developing
20 an issue resolution process; identifying best business practices and optimization
21 opportunities; and, creating detailed short- and long-term integration plans to be
22 implemented post-regulatory approvals and transaction close. During this stage, we will

² NorthWestern Group is the parent company of NorthWestern, the South Dakota operating utility.

1 jointly ensure we continue to serve our customers with safe, reliable, cost-effective energy
2 service, demonstrate unified leadership and visible presence to employees, and identify
3 best business practices that will drive long-term value for our customers and other
4 stakeholders.

5 2. **Implement:** Once the merger is approved and closed, we will begin the
6 Implementation stage, where we will implement the integration plans that were designed
7 during the Planning stage. Implementation will be based upon best business practices from
8 both companies (*e.g.*, processes, procedures, and systems) while meeting regulatory
9 requirements and minimizing risks to stakeholders. Implementing our “Day 1” operating
10 plans will involve ensuring that we maintain business continuity with no impact to
11 reliability or customer experience standards that our customers benefit from today. The
12 Implementation stage may take multiple years to successfully complete.

13 3. **Optimize:** During the Optimization stage, we will continue to leverage our
14 expertise and shared talents to evaluate the implemented changes to ensure they are
15 meeting customers’ needs and achieving our integration goals. This stage gives us the
16 opportunity to make refinements to optimize systems and processes and continue to create
17 value for stakeholders, including customers, over time.

18 **Q. DO YOU PLAN TO SEEK ANY OUTSIDE EXPERTISE IN EXECUTING THIS**
19 **MULTI-STAGED PROCESS?**

20 A. Yes. We expect to engage an independent, experienced third-party integration consulting
21 firm well-versed in integration planning and implementation to assist us with designing a
22 governance framework, identifying best practices, and optimization opportunities. This

will likely encompass processes, systems, communication and change management, developing Day 1 operating and integration plans, and supporting implementation efforts.

Q. PLEASE ELABORATE ON HOW YOU ENVISION THE INTERNAL INTEGRATION TEAMS BEING STRUCTURED.

A. There will be an IMO Steering Committee comprised of executive leadership from both NorthWestern Group and Black Hills. This IMO Steering Committee will be responsible for providing strategic leadership, oversight, and final decision-making for merger and integration activities.

There will also be working groups representing core operating functions (*e.g.*, HR, operations, customer service, finance, and IT) comprised of leaders and subject matter experts from both NorthWestern Group and Black Hills, as well as the consulting expert. These functional working groups will be responsible for developing and executing detailed integration plans for their respective areas of expertise. Examples of functional working groups and activities include:

- Procurement and Supply Chain (*e.g.*, contracting, materials procurement and management, vendor relationships);
- Customer Solutions (*e.g.*, call centers, billing and collections, customer information systems);
- Human Resources (*e.g.*, employment, benefits, payroll, workforce practices, culture integration);
- Accounting and Finance (*e.g.*, accounts payable, tax, treasury, budgeting, financial systems);
- Operations (*e.g.*, engineering, facilities, fleet, safety, plant operations, reliability);
- Information Technology (*e.g.*, utility systems, financial systems, human resource systems, voice technology, cybersecurity); and,
- Communication (*e.g.*, community engagement, internal and external communications).

1 **Q. EARLIER YOU MENTIONED OPPORTUNITY AND RISK ANALYSIS, CAN**
2 **YOU DESCRIBE HOW THIS WILL FIT INTO THE INTEGRATION PROCESS?**

3 A. Our opportunity and risk analysis will include considerations such as cultural alignment,
4 business continuity, risk mitigation, safety commitments, and financial impact. During the
5 Planning stage, we will identify potential risks early, plan mitigation strategies, and be
6 prepared to pivot and adapt as needed. We will do this in close collaboration with
7 employees and leadership from Black Hills and NorthWestern Group, including our
8 respective teams in South Dakota.

9 **Q. APPROXIMATELY HOW LONG WILL THE INTEGRATION PROCESS TAKE**
10 **TO COMPLETE?**

11 A. Based on prior experience, I expect the overall integration process will take multiple years.
12 As I mentioned previously, we will begin to execute the integration plans after approval
13 and transaction close. During all stages of integration, we will ensure no disruption of
14 service to customers and ultimately expect to create benefits for customers, employees, and
15 stakeholders.

16 **Q. HOW WILL THE INTEGRATION PROCESS BE EVALUATED?**

17 A. We will monitor operating metrics—including customer satisfaction, reliability, employee
18 engagement, regulatory compliance and financial performance—and will be prepared to
19 make adjustments, just as we do today.

20 **Q. HOW WILL THE INTEGRATION STRATEGY YOU HAVE DESCRIBED**
21 **STRENGTHEN THE OPERATIONAL CAPABILITIES OF BOTH COMPANIES?**

22 A. This merger of equals will strengthen our combined operations by leveraging and
23 optimizing shared resources, deepening workforce expertise, and allowing the merged

1 company to leverage the growth, financing, and optimization opportunities provided by
2 scale. The integration strategy outlined above will allow us to carefully assess shared
3 strengths and best practices, taking the best aspects of both companies and applying them
4 across the combined company. The integration process will result in improved capabilities
5 and more efficient practices that will benefit our customers in the long-term. The staged
6 approach to integration will maintain safe, reliable, and cost-effective service for all
7 customers while we analyze options and work toward the final integration design. Our past
8 experiences with Cheyenne Light, Aquila, and SourceGas transactions demonstrate that
9 integration can make operating companies stronger by aligning and improving practices,
10 enhancing reliability, and improving customer service.

11 **Q. HOW WILL THE INTEGRATION PROCESS IMPACT SOUTH DAKOTA**
12 **OPERATIONS AND CUSTOMERS?**

13 A. Black Hills Power³ and NorthWestern electric and gas operations will continue as they
14 exist today immediately after the merger. While our service territories are complementary,
15 they do not overlap. The electric transmission systems of NorthWestern and Black Hills
16 Power are not interconnected today. We will, however, look for the types of operational
17 efficiencies described throughout my testimony, including simplification and
18 standardization of processes and procedures that can bring about efficiencies and customer
19 value.

³ Black Hills' South Dakota regulated utility is Black Hills Power Inc. ("Black Hills Power").

1 **Q. HOW WILL YOU ENSURE THAT CUSTOMER VALUE AND SERVICE**
2 **RELIABILITY IN SOUTH DAKOTA REMAIN FOCAL POINTS THROUGHOUT**
3 **THE INTEGRATION PROCESS?**

4 A. Before, during, and after integration, safety, reliability, and cost-effectiveness will guide
5 every decision we make. During the Planning stage of the integration process, we will
6 design Day 1 operating plans to ensure we maintain business continuity with no impact to
7 reliability or customer experience standards that our customers benefit from today. During
8 the next two stages, we will carefully consider each action we take so that it does not
9 negatively impact reliability or other aspects of the customer experience.

10 **Q. FROM YOUR PERSPECTIVE AS THE FUTURE CHIEF INTEGRATION**
11 **OFFICER OF THE MERGED ENTITY, HOW DO YOU ANTICIPATE THE**
12 **MERGER WILL IMPACT SOUTH DAKOTA EMPLOYEES AND**
13 **COMMUNITIES?**

14 A. As Mr. Bird explains, our focus on community, including a continued commitment to
15 charitable giving, will continue. In addition, post-merger, there will continue to be a strong
16 operational presence in South Dakota and our South Dakota employees will remain a
17 central part of that presence. Further, employees will continue to have the tools,
18 technologies, and level of support necessary to do their jobs, and through the integration
19 process, we will look for ways to do those jobs more efficiently. For example, the
20 integration process will explore new capabilities, such as advanced customer platforms,
21 more resilient supply chains, improved operating processes, and greater resources for
22 infrastructure investment.

1 **Q. IS COST A CONSIDERATION IN DEVELOPING AND IMPLEMENTING AN**
2 **INTEGRATION PLAN?**

3 A. Yes, of course it is. In developing and implementing our integration plan, we will take a
4 disciplined approach to costs and cost management. This means identifying opportunities
5 to reduce duplication and redundancy, improving processes and systems, and streamlining
6 services, all while maintaining service quality for customers and improving our employees'
7 work experience. Our approach to cost is driven by creating long-term value for customers
8 rather than a pure bottom-line approach. Identifying areas where we can use our enhanced
9 scale to improve our negotiating power and modernize existing systems and practices will
10 be a core consideration.

11 **Q. WHAT SPECIFIC AREAS WILL THE INTEGRATION TEAM FOCUS ON?**

12 A. Initially, we will identify opportunities to leverage our combined purchasing power for
13 materials and services as we negotiate maturing contracts, eliminate duplicative costs
14 inherent in combining two companies (*e.g.*, financial reporting and audit services, tax fees,
15 and insurance). We will also work to standardize less complex policies, procedures,
16 business processes and systems, with lower implementation risk to provide efficiencies to
17 stakeholders and customers. Next, we will focus on more complex business processes and
18 systems integration activities, such as customer solutions and support, employment
19 benefits and practices, operations, billing, and critical operation systems. As part of the
20 Planning stage, we will identify a detailed list of the complex activities and design the
21 short- and long-term integration and implementation plans to ensure we maintain business
22 continuity and mitigate risk for stakeholders and customers.

IV. CONCLUSION

1 **Q. IN SUMMARY, WHY IS THE INTEGRATION PROCESS YOU’VE DESCRIBED**
2 **REASONABLE?**

3 A. This merger provides scale that will position our combined company to invest more
4 prudently and cost-effectively for South Dakota customers—better than either company
5 could alone. From an integration planning perspective, our integration process will drive
6 value through stability and scale. As a merger of two experienced utilities, we will
7 approach our integration process with thoughtfulness, respect for South Dakota values, and
8 a customer-centric approach. The integration plan will ensure customers maintain
9 continuity in receiving safe and reliable service, strong resiliency, and the long-term
10 benefits of being part of a stronger company.

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

12 A. Yes.

VERIFICATION

This Direct Testimony of Kimberly F. Nooney is true and accurate to the best of my knowledge, information, and belief.

/s/ Kimberly F. Nooney
Kimberly F. Nooney