

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE 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 A MERGER

**DOCKET NO. GE25-001**

**PREPARED DIRECT TESTIMONY OF RANDALL L. HARRIS**

**ON BEHALF OF**

**SOUTH DAKOTA LABORERS LOCAL 620,**

**THE GREAT PLAINS LABORERS' DISTRICT COUNCIL,**

**AND**

**THE LABORERS' INTERNATIONAL UNION OF NORTH AMERICA**

May 15, 2026

## **I. INTRODUCTION AND QUALIFICATIONS**

**Q.** Please state your name and business address.

**A.** My name is Randall L. Harris. My business address is 1 North Old State Capitol Plaza, Suite 525, Springfield, Illinois 62701.

**Q.** By whom are you employed and in what capacity?

**A.** I am an International Representative for the Laborers' International Union of North America ("LIUNA") and serve as the Chief of Staff for LIUNA's Midwest Region. The Midwest Region is one of nine regions in LIUNA representing tens of thousands of construction laborers in ten states, including South Dakota. I also serve as the Director of the Midwest Laborers-Employer Cooperation and Education Trust, more commonly referred to as Midwest LECET. I have served as Director for over fifteen years.

**Q.** On whose behalf are you submitting testimony in this proceeding?

**A.** I am submitting testimony on behalf of the South Dakota Laborers Local 620 ("Local 620"), the Great Plains Laborers' District Council ("GPLDC"), and the Laborers' International Union of North America ("LIUNA"). I will sometimes refer to these three Intervenors collectively in this testimony as the "LIUNA Intervenors" or simply as "LIUNA."

**Q.** Please explain who the Intervenors are.

**A.** Local 620 is the LIUNA-affiliated local union for the State of South Dakota. It maintains its principal office at 606 N. Kiwanis Avenue, Sioux Falls, South Dakota, and represents members performing craft work statewide. Great Plains Laborers' District Council is the

LIUNA District Council with jurisdiction over Illinois, South Dakota, Iowa, and Nebraska. LIUNA is the international parent of GPLDC and Local 620, representing approximately 540,000 members across North America.

**Q.** Please describe your professional background.

**A.** I have worked for LIUNA since 2004. Prior to my employment with LIUNA, I spent approximately eight years as a field laborer working on a wide variety of construction projects, including pipeline, heavy and highway, and building work. After my time in the field, I moved into staff and leadership positions with LIUNA, eventually being appointed to lead Midwest LECET, and then International Representative and Chief of Staff for the Region. I hold a Bachelor of Science degree in History from Illinois State University.

**Q.** Please describe your role at LIUNA.

**A.** My work includes industry advocacy, market development, contractor relations, recruiting and training of skilled craft labor, and engagement with public and private project owners on workforce, safety, and quality issues. In my role I work closely with LIUNA local unions, signatory contractors, utilities, and policymakers across the Midwest Region, including Local 620 and its members in South Dakota as well as other states where the Joint Applicants operate.

**Q.** Have you previously testified before the South Dakota Public Utilities Commission?

**A.** Yes. I previously submitted prepared direct testimony on behalf of GPLDC in Docket No. HP22-001 concerning the Summit Carbon Solutions pipeline application and in

Docket No. HP22-002 concerning the Navigator pipeline application. I appeared before the Commission in the Navigator proceedings.

**Q.** What is the purpose of your testimony in this proceeding?

**A.** The purpose of my testimony is to address, from the perspective of the construction workforce that can build, maintain, and replace the gas and electric infrastructure serving South Dakota customers, the proposed merger of NorthWestern Energy Public Service Corporation (“NorthWestern”), Black Hills Corporation (“Black Hills”), and NorthWestern Energy Group, Inc. (the “Joint Applicants”), through which NorthWestern Energy Group will become a direct subsidiary of Black Hills (to be renamed Bright Horizon Energy Corporation). Specifically, my testimony:

- Identifies the LIUNA Intervenors and the work that LIUNA-trained Laborers have performed on NorthWestern’s and Black Hills Power’s South Dakota systems and on related infrastructure in the region;
- Addresses the relevant standard for Commission review of the proposed merger and explains why workforce, safety, and contracting commitments are necessary to support a finding that the transaction is consistent with the public interest;
- Discusses the SD-specific data responses and supporting attachments provided by the Joint Applicants, which show that contractors perform a substantial share of NorthWestern’s gas distribution work in South Dakota and significant portions of both utilities’ electric work, and that neither utility’s formal vendor selection or contractor safety framework treats workforce qualifications, training investment,

or local employment as a criterion in bid evaluation, and that neither utility tracks contractor wages, benefits, training expenditures, or local-hire metrics;

- Highlights the major capital projects on the South Dakota systems whose construction may overlap with the post-merger integration period, including the Black Hills Power Lange II generating station near Rapid City and NorthWestern's Aberdeen-area generation expansions;
- Recommends, in the form of conditions of approval, the workforce, safety, and contracting commitments that LIUNA respectfully submits the Commission should require as part of any order approving the proposed merger.

**Q.** Have you reviewed the Joint Application and the supporting direct testimony filed in this docket?

**A.** Yes. I have reviewed the Joint Application; the prepared direct testimony filed by Joint Applicant witnesses Brian B. Bird, Christopher L. Lail, Mark M. Jones, Kelly N. Nooney, and Tim D. Stevens; the Joint Applicants' responses to LIUNA's First Set of Data Requests and the supporting attachments produced therewith; and the Settlement Stipulation filed jointly by the Joint Applicants and Commission Staff on April 29, 2026 ("Staff Stipulation"). I have also reviewed publicly filed materials from the parallel proceedings before the Nebraska Public Service Commission (Application No. NG-128) and the Montana Public Service Commission (Docket No. 2025.10.078), including LIUNA's prepared testimony in those dockets and the Stipulation and Settlement Agreements reached between LIUNA and the Joint Applicants in Montana and Nebraska.

**Q.** Are you sponsoring any exhibits with your testimony?

A. Yes. I am sponsoring the following exhibits:

- Exhibit RH-1: The Stipulation and Settlement Agreement between LIUNA and the Joint Applicants from the Montana proceeding, Montana PSC Docket No. 2025.10.078;
- Exhibit RH-2: The Stipulation and Settlement Agreement between LIUNA and the Joint Applicants from the Nebraska proceeding, Nebraska PSC Docket No. NG-128; and
- Exhibit RH-3: The Joint Applicants' Responses to LIUNA's First Set of Data Requests, dated February 2, 2026 (relevant excerpts), together with relevant supporting attachments produced therewith.

## **II. LIUNA, GPLDC, LOCAL 620, AND THE LIUNA SKILLED CRAFT WORKFORCE**

Q. Please describe LIUNA generally.

A. LIUNA is a labor union that represents and trains workers in construction and other industries throughout the United States and Canada. LIUNA has approximately 540,000 members across North America. LIUNA-affiliated local unions, district councils, and labor-management trusts represent and train craft laborers who perform a wide variety of work, including natural gas pipeline construction, gas distribution, undergrounding of electric transmission and distribution facilities, power plant construction and maintenance, environmental remediation, land restoration, building construction, and heavy and highway construction.

Q. Please describe the role of LIUNA in pipeline and gas distribution construction in particular.

- A.** LIUNA is the leading source of skilled craft labor for pipeline construction in North America. LIUNA-signatory contractors and LIUNA-represented Laborers built much of the country's major interstate pipeline infrastructure, including projects such as the Keystone Pipeline (constructed approximately 2008-2009 with LIUNA labor), the Dakota Access Pipeline (2016-2017), and the Line 3 Replacement Project in Canada, North Dakota, Minnesota and Wisconsin (2020-2021). Since 2014, LIUNA members have performed more than 130 million craft hours on transmission pipeline projects and more than 88 million hours on natural gas distribution projects across the United States. LIUNA members build, maintain, and replace gas mains, services, distribution lines, and associated facilities across most major utility systems. Since 2022, Local 620 members have worked approximately 150,000 hours on mainline and distribution pipeline projects. In addition to projects by the Joint Applicants, Local 620 members have worked on projects for the major local distribution companies and transmission operators in the region, including Xcel Energy, MidAmerican Energy, Alliant Energy, MDU Resources, Energy Transfer, Kinder Morgan, Northern Natural Gas, and TC Energy.
- Q.** Please describe the role of LIUNA in electric utility construction, including renewable energy projects, and in gas-fired generation.
- A.** Laborers also perform a wide range of work on electric utility projects, including substation civil construction, transmission line foundations and structures, underground duct bank and conduit installation, vegetation management, traffic control, restoration, storm response. We also construct and maintain solar, wind, coal, and nuclear facilities. On utility-scale solar projects, for example, LIUNA members perform site preparation, excavation, vegetation management, dust control, and stormwater pollution prevention,

as well as the installation of solar panel foundations, panel racking systems, structural concrete work, and site restoration. On gas- and diesel-fired generation projects — the type of project that includes Black Hills Power’s Lange II reciprocating internal combustion engine facility under construction near Rapid City and NorthWestern’s planned Aberdeen-area generation additions — LIUNA members perform site civil work, foundations, structural concrete, mechanical assist, piping, fuel-gas yard construction, environmental controls, and balance-of-plant tasks.

**Q.** How does LIUNA train the workers who perform this utility work?

**A.** LIUNA invests, on average, more than \$100 million per year in apprenticeship and journey-level training across North America, with no taxpayer dollars and at no cost to project owners. LIUNA training is delivered through a national network of training centers and certified instructors. Our training programs are aligned with industry-standard frameworks, including:

- Training to prepare our members for Operator Qualification (“OQ”) certification under the federal Pipeline Safety Act and 49 C.F.R. Part 192;
- Plastic joining and fusion qualifications;
- Damage prevention;
- OSHA construction safety training;
- Confined space, trenching and excavation, and traffic control;
- Specialty welding, hazardous waste, and environmental remediation training; and

Gas distribution-specific safety and quality programs developed in partnership with the National Pipe Line Agreement (“NPLA”), the Pipe Line Contractors Association (“PLCA”), and the National Distribution Agreement (“NDA”) signatory employers.

**Q.** How does LIUNA-funded training compare to the contractor training investments that the Joint Applicants make in South Dakota?

**A.** LIUNA’s privately funded training apparatus stands in sharp contrast to the level of training investment the Joint Applicants report on their South Dakota systems. In response to LIUNA Data Request No. 1.27, NorthWestern reported in-house gas training and certification expenditures ranging from \$384,266 in 2021 to \$679,284 in 2025, but expressly stated that it “does not train contractor employees.” Black Hills likewise confirmed that it “does not train contractors,” and that “[t]he third-party contractor is responsible for all training and qualifications of employees supporting work activities on behalf of Black Hills.” In other words, despite relying on contractors to perform a significant share of construction work — and despite imposing detailed construction, safety, and Operator Qualification standards on those contractors — the Joint Applicants invest nothing in training the workforce that actually builds many of their construction projects. That cost, and the responsibility for developing a skilled and qualified construction workforce, is borne entirely by the contractors and, through privately funded programs like LIUNA’s.

**Q.** Please describe Local 620 and its members’ work in South Dakota.

**A.** South Dakota Laborers Local 620 is the LIUNA-affiliated local union with jurisdiction over the State of South Dakota. Local 620’s principal office is located at 606 N. Kiwanis Avenue, Sioux Falls, South Dakota. Local 620 services signatory contractors and

members performing craft work on public and private construction projects throughout South Dakota, dispatches trained Laborers to job sites, and maintains training and qualification records for LIUNA members performing covered work in this state.

**Q.** Have Local 620 members performed any utility-infrastructure work for NorthWestern or Black Hills Power in or near South Dakota in recent years?

**A.** Yes. As described in the LIUNA Intervenors' Petition to Intervene filed November 14, 2025, Local 620 members performed work on NorthWestern natural gas pipeline projects in eastern South Dakota during 2023 through 2025, including projects in Hamlin County, Deuel County, and Grant County. Local 620 members and other LIUNA members have also performed natural gas pipeline work on Black Hills Power's gas facilities in South Dakota during the past two years. In addition, LIUNA members from outside Local 620 have performed substantial work on NorthWestern's system in Montana (including at Colstrip) and on Black Hills natural gas pipeline projects in adjacent states (Colorado, Nebraska, and Iowa). LIUNA-trained Laborers across the Great Plains Laborers' District Council jurisdiction are available, qualified, and ready to perform NorthWestern's and Black Hills Power's contracted gas and generation construction in South Dakota.

**Q.** Why is the relatively limited current LIUNA work footprint in South Dakota relevant to this docket?

**A.** It is relevant for two reasons. First, although LIUNA members presently perform only a portion of NorthWestern's and Black Hills Power's construction in South Dakota, that work has been growing as NorthWestern's eastern South Dakota gas system and Black Hills Power's generation fleet expand. The South Dakota construction workforce that LIUNA represents and trains has a direct interest in how that work will be procured,

qualified, and supervised after the merger. Second, the contracting practices, procurement decisions, training requirements, and workforce standards of the post-merger company will not stop at a state line. Whatever standards govern how NorthWestern's and Black Hills Power's contractors are bid, qualified, supervised, and reported on in Nebraska and Montana after the merger will inevitably influence — and most efficiently can simply be applied to — their South Dakota work. The South Dakota construction workforce should not be left with weaker protections than the workforce in Joint Applicants' adjacent jurisdictions.

### **III. THE COMMISSION'S STANDARD OF REVIEW AND LIUNA'S POSITION**

- Q.** What is your understanding of the standard of review applied by the South Dakota Public Utilities Commission to this proposed transaction?
- A.** Although I am not a lawyer, my understanding, based on review of the Joint Application and the Joint Applicants' testimony in this docket, is that the Commission considers whether the proposed merger is consistent with the public interest, will not adversely affect the rates, terms, conditions, or quality of utility service provided to South Dakota customers, and will preserve the financial integrity and operational capability of the affected utilities to continue providing safe and reliable service. The Joint Applicants themselves describe the transaction as one that will provide a “no harm” outcome for South Dakota customers and continued service “by the same local employees.”
- Q.** Does LIUNA oppose the merger?
- A.** No. LIUNA does not oppose the merger outright. LIUNA's support, however, is conditional. The LIUNA Intervenors stated in their Petition that their support for the

transaction is “. . . dependent upon whether they receive, by way of the Commission’s order or by other legally enforceable means, assurances that the emerging company and its post-merger affiliates and subsidiaries . . .” will continue to engage union contractors signatory to LIUNA collective bargaining agreements on bid lists, continue to invest in the safety, integrity, and growth of its South Dakota systems, and adopt reasonable workforce, training, and local-hire considerations as part of its third-party contracting bid evaluation process.

**Q.** Does LIUNA take a position on whether, applied correctly, the standard is satisfied here on the present record?

**A.** On the current record, the Joint Applicants have not yet carried their burden of demonstrating that the proposed merger is consistent with the public interest with respect to the construction, maintenance, and reliability of the workforce. The Joint Applicants concede in their data responses that they are still in the early stages of integration planning and that they have not made determinations about how procurement, contracting, training, or workforce practices will be structured post-merger. The Joint Applicants and LIUNA have had discussions about post-merger work force practices, but as of the filing of this testimony, no consensus has been reached.

The Settlement Stipulation that the Joint Applicants and Commission Staff filed on April 29, 2026 expressly reserves Staff’s right to review and object to any subsequent settlement between the Joint Applicants and the LIUNA Intervenors and does not address the workforce, safety, and contracting concerns LIUNA raises in this proceeding.

To support a finding that the merger is consistent with the public interest, LIUNA respectfully submits that the Commission should condition approval on the workforce,

safety, and contracting commitments described in Section VI below — either through approval of an executed LIUNA agreement with the Joint Applicants, or, if no such agreement is executed prior to hearing, through Commission-imposed conditions of approval.

#### **IV. THE ROLE OF CONTRACTORS IN SOUTH DAKOTA UTILITY**

##### **CONSTRUCTION**

- Q.** Please briefly describe the South Dakota service footprints of NorthWestern and Black Hills Power.
- A.** NorthWestern provides regulated electric and natural gas distribution service in eastern South Dakota, including communities such as Yankton, Mitchell, Huron, and Aberdeen, with approximately 65,000 electric customers and approximately 50,000 natural gas customers. Black Hills Power, Inc. (“Black Hills Power”) provides regulated electric service to approximately 64,000 customers in western South Dakota, including the Rapid City area. As confirmed in the Joint Applicants’ responses to LIUNA Data Request Nos. 1.1 and 1.25, Black Hills Power does not provide regulated natural gas distribution or open-access transportation services to the public in South Dakota; the few natural gas lines that Black Hills Power owns in South Dakota subject to 49 C.F.R. Part 192 are used solely to provide natural gas to its own electric generation facilities. As a result, the regulated public natural gas distribution work covered by this docket in South Dakota is primarily NorthWestern’s system. Commission jurisdiction over and regulation of Black Hills South Dakota gas transmission system as currently configured is through the

Commission's energy transmission facility siting responsibilities and Pipeline Safety program.

- Q.** What does the record in this case show about the use of outside contractors by NorthWestern and Black Hills Power in South Dakota?
- A.** The Joint Applicants' responses to LIUNA's First Set of Data Requests confirm that both NorthWestern and Black Hills Power rely heavily on outside construction contractors to perform their gas and electric infrastructure work in South Dakota.
- Q.** Please describe the categories of work each Applicant contracts out in South Dakota.
- A.** In response to LIUNA Data Request No. 1.1, NorthWestern identified that it uses outside contractors in South Dakota for excavation and trenching, directional boring, engineering, utility locating, pole inspection, vegetation management, traffic control, pavement removal and restoration, fencing, plumbing, right-of-way and permitting work, OQ and weld certification reviews, and similar gas and electric construction and maintenance functions. Black Hills Power identified that it uses contractors for equipment maintenance, substation construction and maintenance, electric transmission and distribution construction (both overhead and underground), line locates, emergency and storm response, trenching and boring, engineering and GIS work, and aerial patrols. New gas-fired generation construction for both companies is performed almost entirely by outside contractors and their subcontractors.
- Q.** What share of NorthWestern's gas distribution construction in South Dakota is performed by outside contractors?

A. In response to LIUNA Data Request No. 1.14, NorthWestern reported gas distribution capital expenditures in South Dakota for 2021 through 2025, broken out between in-house labor and outside contractors. Outside contractors performed the substantial majority of that work each year. NorthWestern's reported outside contractor expenditures on gas distribution in South Dakota were approximately \$3.04 million in 2021, \$4.26 million in 2022, \$5.09 million in 2023, \$3.53 million in 2024, and \$2.77 million in 2025, while in-house gas distribution expenditures ranged from approximately \$1.31 million to \$1.91 million per year over the same period. By dollars, outside contractors performed roughly two-thirds of NorthWestern's gas distribution work in this state over the last five years.

Q. What about gas distribution construction miles?

A. NorthWestern's response to LIUNA Data Request No. 1.12 reports new and replaced gas distribution mileage installed in South Dakota of 28.16 miles in 2021, 23.07 miles in 2022, 26.31 miles in 2023, and 57.01 miles in 2024. Mileage data in 2025 was not reported. The 2024 figure is more than double the 2021-2023 average and reflects the kind of growing build-out of gas distribution infrastructure in eastern South Dakota that the Commission and customers have a strong interest in seeing performed safely and to the highest standards. With respect to gas transmission, NorthWestern's response to LIUNA Data Request No. 1.13 confirms that there were no new gas transmission miles installed during 2021-2025, and replacement work was limited to small segments.

Q. What about electric distribution and transmission work?

A. NorthWestern reported in response to LIUNA Data Request Nos. 1.15, 1.16, and 1.17 that it owns and operates approximately 2,386 miles of electric distribution and 1,349

miles of electric transmission in South Dakota. NorthWestern's outside contractor expenditures on electric distribution in South Dakota ranged from approximately \$2.3 million to \$3.8 million per year during 2021-2025, and outside contractor expenditures on electric transmission ranged from approximately \$1.3 million to \$4.1 million per year over the same period. Contractor expenditures comprised approximately 42 percent of total electric distribution and 64 percent of total electric transmission expenditures at NorthWestern. Black Hills Power reported in response to those same data requests that it constructed or replaced electric distribution miles ranging from approximately 37.58 to 113.55 per year over 2021-2025 and added 9 miles of electric transmission in 2021 and 65 miles in 2022. The Joint Applicants also produced expenditure data for outside contractor and in-house labor on Black Hills Power's South Dakota electric system on a confidential basis [BEGIN CONFIDENTIAL] This segment of the answer involves information Black Hills Power designated confidential in discovery. The confidential segment of the answer is filed separately under seal. [END CONFIDENTIAL].

- Q.** How many in-house employees do the Joint Applicants assign to gas and electric construction and maintenance work in South Dakota?
- A.** In response to LIUNA Data Request No. 1.18, NorthWestern reported between 38 and 43 full-time-equivalent employees assigned to electric distribution work in South Dakota in each year from 2021 through 2025, and between 16 and 27 full-time-equivalent employees assigned to natural gas distribution work in South Dakota over the same period. Black Hills Power reported between 45 and 47 full-time-equivalent employees assigned to electric distribution work in South Dakota in each year from 2021 through 2025, and confirmed that it has no employees performing natural gas distribution work in

the state. Neither Applicant tracks contractor full-time equivalents or hours, so the construction workforce that actually executes the bulk of this work in South Dakota is not visible to the Joint Applicants or the Commission.

**Q.** Do the Joint Applicants count contractor employees as “local employees”?

**A.** No. In response to LIUNA Data Request No. 1.19, the Joint Applicants confirmed that when they state in their application materials and supporting testimony that South Dakota customers will continue to be served “by the same local employees,” they are referring only to direct employees of NorthWestern and of Black Hills Corporation and Black Hills Power. They expressly stated that “[c]ontractors are not employees, so they are not included in the common usage of the term ‘local employees.’” That admission is important because, as discussed above, contractors perform the majority of the actual gas and electric construction work in South Dakota.

**Q.** Does either utility's formal vendor-selection framework include workforce qualifications, training investment, or local hire as evaluation criteria when it awards contracts?

**A.** Based on the materials produced in response to LIUNA Data Request No. 1.1 — NorthWestern's Contracting Policy and Vendor Selection Policy (Attachments 1.1a and 1.1b) and Black Hills' Strategic Sourcing Contracts Procedure (Confidential Attachment 1.1c) — these factors do not appear in either utility's procurement framework as bid evaluation criteria. NorthWestern's form Master Services Agreement (Attachment 1.3b) likewise contains the conventional commercial terms one would expect — insurance, indemnification, and safety — but does not consider minimum training investment or local employment prioritization for contractors. The Joint Applicants' existing procurement architecture thus appears silent on the workforce factors LIUNA believes

are most directly tied to long-term safety and reliability outcomes — a gap that warrants closer attention in light of the planned post-merger integration of procurement systems.

**Q.** Do NorthWestern's safety policies address contractor workforce training?

**A.** NorthWestern's Contractor Safety Section (Attachment 1.3c) addresses contractor safety primarily within the context of work already being performed under an existing contract. It places responsibility for training and qualification of contractor employees on the contractor itself, but it does not appear to require NorthWestern to evaluate the level of training a contractor provides, and training investment does not appear to function as a contractor selection criterion.

**Q.** What do the Joint Applicants' construction standards suggest about the technical demands of the contractor work at issue?

**A.** A. The technical construction standards produced by both utilities — NorthWestern's Gas Distribution Construction Standards (Attachment 1.3a) and Transmission Line Construction Standards and Specifications (Attachments 1.6a and 1.6b), together with Black Hills Power's Transmission Design Criteria and Specifications for Overhead Transmission Lines (Confidential Attachments 1.6c and 1.6d) — reflect work that is highly specified, regulated, and safety-critical. Those standards presuppose a trained and qualified workforce. Yet neither utility's procurement framework sets a training investment floor or other labor standards as part of the contract award. The recommended conditions described in Section VI of my testimony, below, are designed to close that gap on both sides.

**Q.** Why does this matter for the Commission's review?

A. It matters because the safety, reliability, and quality of the utility service that South Dakota customers receive depends as much on the construction workforce as it does on the operating workforce. A gas main, electric distribution circuit, substation, or generating unit built and maintained by an under-trained, under-paid, or transient workforce poses risks to public safety, system reliability, and ultimately to rates. South Dakota ratepayers pay for that work whether it is performed by the utility's own employees or by contractor crews on the utility's system. Conditions of approval that look only at the operating workforce — and ignore the contractor workforce that performs most of the construction — will not capture the actual public-interest impacts of this transaction on the systems serving South Dakota.

**V. SOUTH DAKOTA CAPITAL PROJECTS AND WORKFORCE CONCERNS WITH  
THE MERGER**

- Q. Are there particular South Dakota capital projects whose construction will overlap with the post-merger integration period?
- A. Yes. At the corporate level, the Joint Applicants are forecasting a combined \$7.9 billion of capital investment over the next five years (\$3.21 billion at NorthWestern and \$4.7 billion at Black Hills). This amount includes \$332 million for generation build in South Dakota for NorthWestern.<sup>1</sup> Although the Joint Applicants have not specified the total capital investment for South Dakota, according to third-party project tracking databases, there are at least three major projects proposed or underway in the state:

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<sup>1</sup> NorthWestern Energy Group, Inc. “Annual Meeting of Shareholders Presentation,” April 30, 2026 and Black Hills Corporation, “Annual Meeting of Shareholders Presentation,” April 29, 2026.

- Black Hills Power Lange II RICE Generation Addition. The Lange II project is a 99 MW reciprocating internal combustion engine addition to Black Hills Power’s existing Lange Power Station near Rapid City. The project costs approximately \$280 million and is scheduled to be operational in the second half of 2026.
- NorthWestern Aberdeen Units 3 and 4. This project consists of two new natural gas-fired generation units at the Aberdeen site in eastern South Dakota, totaling approximately 29 MW, scheduled to come online in 2026.
- NorthWestern Aberdeen Plant 2. NorthWestern’s planned 131.2 MW natural gas-fired generation addition at the Aberdeen site will cost approximately \$300 million with a planned commercial operation date in the second quarter of 2030.

These projects collectively represent more than half a billion dollars of contracted construction work on the South Dakota systems. The standards governing how projects are bid, qualified, supervised, and reported on are squarely within the scope of this docket.

**Q.** What is LIUNA’s overarching concern with the proposed merger?

**A.** LIUNA’s overarching concern is that the synergies, scale, and “greater purchasing power” the Joint Applicants tout as benefits of the merger create real downward pressure on construction labor standards if the merger is not carefully conditioned. The Joint Applicants’ own merger materials disclose anticipated company-wide labor cost savings on the order of approximately \$36 million. Mergers of this size and stated synergy magnitude typically generate pressure to consolidate vendor lists, renegotiate contractor agreements, push more work to lowest-price bidders, and standardize procurement

practices across the combined footprint. Without appropriate conditions, those pressures can translate into work being shifted to less qualified, lower-wage, lower-trained, or transient out-of-state contractor crews; reductions in apprenticeship and on-the-job training; and erosion of the South Dakota construction workforce that is qualified and available to build the utility infrastructure in this state. The Joint Applicants' own data responses confirm that they have not committed to protect against these outcomes.

**Q.** Have the Joint Applicants committed to maintain existing wage, benefit, training, or safety standards for contractor employees performing work on their South Dakota systems post-merger?

**A.** Not in their initial filings or data responses. In response to LIUNA Data Request Nos. 1.24 and 1.35, the Joint Applicants stated that they are “not willing to make commitments which may impact their ability to contract efficiently to preserve safety, reliability, and cost-effective service” and that “Wages and benefit decisions are determined by the contractors and not specified by Joint Applicants either individually or collectively.” They specifically declined to commit that post-merger procurement initiatives and the use of “enhanced scale” and “greater purchasing power” would not result in (a) reduction of existing wage or fringe benefit levels for contractor employees, (b) a shift to lower-wage or less-qualified contractors that affects safety or service quality, or (c) modifications to existing contract terms reducing compensation or benefits below current levels.

**Q.** Do the Joint Applicants currently track contractor wages, benefits, hours, training expenditures, or local hiring metrics in South Dakota?

**A.** No. In response to LIUNA Data Request Nos. 1.18, 1.21, 1.22, 1.27, and 1.30 through 1.33, the Joint Applicants confirmed that:

- Neither NorthWestern nor Black Hills Power tracks wage or benefit information for contractor employees performing work on their South Dakota systems;
- Neither sets minimum wage or benefit requirements for their contractors;
- Neither tracks contractor full-time-equivalent counts or hours;
- Neither has reporting available to estimate the percentage of capital, maintenance, or reliability work performed by contractors versus in-house crews;
- Neither has any current or planned initiatives to recruit, train, or retain local South Dakota residents specifically for the jobs created by gas, electric, or generation infrastructure investments;
- Neither has any corporate policies, procurement criteria, contract award provisions, or programmatic goals related to local hiring of South Dakota residents and communities for construction work; and
- Neither has any South Dakota-specific workforce development plans, workforce capacity assessments, or staffing studies to ensure sufficient skilled personnel will be available to execute forecasted capital, maintenance, and reliability programs over the next five years.

**Q.** Have the Joint Applicants conducted any merger-specific analysis of contracting and procurement impacts in South Dakota?

**A.** No. In response to LIUNA Data Request Nos. 1.7, 1.11, 1.28, 1.34, 1.36, and 1.38, the Joint Applicants confirmed that they:

- Are still in the “initial phases of integration planning” and have not yet made determinations about how procurement processes or contracting policies will be structured post-merger;
- Have not conducted any studies or analyses quantifying merger-driven benefits to South Dakota with respect to construction work volume, timing, geographic distribution, use of shared contractor crews, availability and stability of local construction employment, access to utility-funded training, or use of local contractors and workers;
- Have not identified “best practices” in contractor training and qualification that they intend to share, standardize, or expand across the combined company; and
- Have not analyzed which construction, maintenance, or traffic control contractors currently perform work for both NorthWestern and Black Hills Power.

**Q.** Have the Joint Applicants ever proposed or accepted workforce, training, or local-hire conditions of the type LIUNA is requesting before any state regulator?

**A.** Their data responses initially said no. In response to LIUNA Data Request No. 1.37, the Joint Applicants stated that they have not previously proposed contractor workforce conditions of the type at issue here to any state regulator, including in South Dakota, Nebraska, or Montana. Subsequent events have, however, materially changed the record. After the Joint Applicants served that response, LIUNA and the Joint Applicants reached and executed the Stipulation and Settlement Agreement in the Montana proceeding, Montana PSC Docket No. 2025.10.078 (Exhibit RH-1), and the Stipulation and Settlement Agreement in the Nebraska proceeding, Nebraska PSC Docket No. NG-128

(Exhibit RH-2). Each of those settlement agreements includes substantive contractor workforce, training, local-hire, and reporting commitments substantially similar to the recommended conditions in Section VI of this testimony. In other words, by the time of this filing the Joint Applicants have themselves agreed, in two adjacent state proceedings on essentially the same operational facts, that contractor workforce conditions of this type are workable, reasonable, and consistent with safe and cost-effective utility operations. Their prior position in DR 1.37 has been overtaken by their own executed settlement commitments — and refusing to extend those commitments to South Dakota on the present record would leave South Dakota customers and the South Dakota construction workforce with materially weaker public interest protections than their counterparts in Nebraska and Montana for no record-supported reason.

## **VI. SETTLEMENT POSTURE AND RECOMMENDED CONDITIONS OF APPROVAL**

- Q.** Please describe the posture of this docket as of the filing of this testimony.
- A.** On April 29, 2026, the Joint Applicants and the Commission Staff filed the Joint Motion for Approval of Settlement Stipulation and the accompanying Settlement Stipulation. The Staff Stipulation resolves issues between the Joint Applicants and Staff (covering, for example, most-favored nations on merger costs, ring fencing and dividend restrictions, cost-allocation manual filings, and similar matters) but does not address the workforce, safety, and contracting concerns raised by the LIUNA Intervenors. The Staff Stipulation expressly reserves Staff’s right to review and object to a settlement stipulation between the Joint Applicants and the LIUNA Intervenors. The Joint Applicants and LIUNA have discussed, in parallel, the terms of an agreement on the workforce, safety, and contracting issues, but have not come to agreement.

**Q.** Why are you presenting recommended conditions of approval if discussions are ongoing?

**A.** The Commission's scheduling order requires written direct testimony be filed by May 15 as a prerequisite to offering testimony at the evidentiary hearing, and LIUNA must preserve its ability to support a fully conditioned approval of the merger should the parties not reach an agreement by the date set for hearing. Second, the substance of the conditions LIUNA is asking the Commission to impose is, as a practical matter, the essence of what LIUNA would require of the Joint Applicants by agreement. Whether implemented by agreement or as a Commission-imposed set of conditions, the substantive workforce, safety, and contracting commitments need to be in place in order for the merger to be consistent with the public interest from the perspective of the South Dakota construction workforce. The recommended conditions below reflect the framework that has emerged through the analogous Stipulation and Settlement Agreements that LIUNA executed with the Joint Applicants in Montana and Nebraska.

**Q.** Please explain how the conditions you are recommending differ from the Montana and Nebraska Settlements, and why.

**A.** The conditions below are tailored to South Dakota and take into account the differences between the companies' systems in Nebraska and Montana and South Dakota. First, Black Hills Power's South Dakota footprint is electric and gas-to-its-own-generation, not public natural gas distribution; in Montana and Nebraska the companies' utility businesses are different than South Dakota. Second, the South Dakota record, unlike Nebraska, contains a specific pipeline of major capital projects, including Aberdeen Plant 2, whose construction will overlap with the post-merger integration period and which justify a generation-project provision tailored to the South Dakota record. Third, the

South Dakota record contains a full set of procurement, contractor safety, and construction standards attachments on both sides of the proposed combined company that together confirm both the existing gap in the Joint Applicants' procurement architecture and the administrative readiness of both utilities' existing systems to operationalize the recommended conditions without disruption.

**Q.** What conditions does LIUNA recommend the Commission impose on any approval of the proposed transaction?

**A.** LIUNA respectfully recommends that the Commission condition any approval of the proposed transaction on the following workforce, safety, and contracting commitments. For purposes of these recommended conditions, "electric and natural gas infrastructure" means natural gas transmission and distribution facilities and ancillary structures, generating facilities and ancillary structures, but excludes transmission and distribution facilities for electricity.

**(a) Continued Prudent Contracting and LIUNA-Signatory Contractors on Bid Lists.**

NorthWestern and Black Hills Power shall continue their existing prudent contracting practices, including, to the extent known, maintaining union contractors that are signatories to LIUNA collective bargaining agreements on their respective bid lists and invitations to bid issued post-merger close for electric and natural gas infrastructure projects in South Dakota, including the repair and maintenance thereof. The employment of union members shall not disqualify contractors from bidding on or being awarded contracts for work on NorthWestern's or Black Hills Power's electric and natural gas infrastructure projects in South Dakota covered by this provision.

**(b) Continued Investment in Safety and System Growth.** The merged company shall continue to make prudent investments in the safety and growth of NorthWestern's and Black Hills Power's South Dakota electric and natural gas infrastructure systems, and in capital investment generally, subject to applicable state and federal law and regulations and Commission rules.

**(c) Considerations in Third-Party Contract Bid Evaluation.** To the extent that NorthWestern and Black Hills Power contract for outside services, and to the extent permitted by South Dakota law or regulation, the merged company shall include the following considerations as part of NorthWestern's and Black Hills Power's third-party contract bid evaluation process for South Dakota work covered by this provision:

**(1) Operator Qualification and Training.** Contractors selected by NorthWestern or Black Hills Power in South Dakota that are awarded a service agreement to perform natural gas pipeline projects shall maintain an operator qualification program consistent with applicable federal pipeline and state safety regulations and/or NorthWestern's and Black Hills Power's existing Operator Qualification requirements. NorthWestern and Black Hills Power shall require the contracted vendor, as part of contract award for natural gas pipeline projects, to inform and to certify to NorthWestern and/or Black Hills Power as to the qualifications of the contractor's personnel dispatched to perform covered work.

**(2) Prudent Contracting.** NorthWestern and Black Hills Power shall follow their respective existing practices of comprehensive bid evaluation, in which price is one factor among several, including safety record, workforce qualifications, training program participation, and demonstrated performance on comparable work. This

commitment reflects NorthWestern's and Black Hills Power's current approaches and ensures that they are maintained post-merger as procurement functions are integrated.

**(3) Local Hire and Reporting.** NorthWestern and Black Hills Power shall implement a local hiring contracting preference in their contract labor procurement processes for infrastructure projects, which recognizes and assigns a value or benefit to bidders that employ a higher percentage of South Dakota residents. NorthWestern and Black Hills Power shall retain discretion about how to implement the preference, as part of an overall evaluation or selection criteria. The preference shall not be imposed as a mandatory hiring requirement, minimum condition of contracting, or quota. NorthWestern and Black Hills Power shall request contractors to provide an annual report of the percentage of South Dakota residents employed on NorthWestern and Black Hills Power projects covered by this provision.

**(4) Contractor Certification of Workforce Standards.** For natural gas project contracts larger than \$1 million and new power generation projects over \$50 million, NorthWestern and Black Hills Power shall require, as a condition of contract award, that contractors certify that their employees and subcontractors performing covered work are compensated at levels consistent with applicable market conditions for comparable utility construction work in the community in which the work is being performed. "Consistent with applicable market conditions" means compensation levels that are consistent with at least one of the following: (i) collectively bargained rates for similar work; (ii) publicly available industry compensation data; or (iii) compensation practices of contractors performing comparable utility construction work in the community.

**(5) Workforce Training and Apprenticeship Standard.** In evaluating contractor bids for infrastructure projects covered by this provision, NorthWestern and Black Hills Power shall give positive consideration to bidders that utilize apprenticeship programs or demonstrate equivalent workforce training and development.

**(6) Reasonable Reliance, Reporting, and Sunset.**

**(i)** NorthWestern and Black Hills Power may rely in good faith on contractor annual reports and certifications required under subsections (3) and (4), absent actual knowledge of material non-compliance, and shall not be required to independently audit contractor records or otherwise assume responsibility for direct enforcement of contractor practices under those subsections.

**(ii)** NorthWestern and Black Hills Power shall maintain the reporting and certification records received from contractors pursuant to subsections (3) and (4). LIUNA representatives may request copies of the reports and certification records from NorthWestern and Black Hills Power, subject to applicable confidentiality conditions. In addition, LIUNA's South Dakota representatives may, on an annual basis, request a meeting with the merged entity to discuss contractor reporting.

**(iii)** The requirements set forth in subsections (3), (4), and (5) shall terminate on December 31, 2030.

**Q.** Why are these specific commitments necessary in light of the existing regulatory framework and the Staff Stipulation?

**A.** These conditions fill the gap between what existing federal and state law and the Staff Stipulation already require and what merger approval should require to be consistent with

the public interest from the perspective of the construction workforce. Existing federal law (for example, 49 C.F.R. Part 192) and South Dakota state law set minimum operational and safety floors for gas and electric utility work; they do not, in general, address how a utility's contractor workforce will be qualified, paid, recruited, or reported on. The Staff Stipulation addresses important matters — ring fencing, cost allocation, and similar regulatory protections — but does not address the workforce, safety, and contracting issues central to LIUNA. The Joint Applicants' own data responses confirm that, on every one of these issues — wages and benefits of contractor employees, contractor training expenditures, contractor full-time-equivalents and hours, local hire of South Dakota residents, post-merger procurement and contracting practices, and merger-specific impact analyses — there is essentially no record.

The work at issue in this docket is not ordinary construction. Natural gas pipeline construction and maintenance pose well-recognized risks both to the workers performing the work and to the public served by the utility. Working with natural gas is dangerous: a pipeline rupture or puncture during installation, repair, or replacement can cause accidental ignition or explosion, and even absent ignition the high pressure in transmission and distribution lines can cause life-threatening damage if the pipe fails. Trenching and excavation — the means by which most of NorthWestern's gas distribution work in eastern South Dakota is performed — has long been designated by the federal Occupational Safety and Health Administration as among the most hazardous operations in construction, with cave-ins posing the greatest risk to worker safety and causing the large majority of trench-related fatalities each year. Trenches must be shielded, shored, or boxed in, ladders must be installed, and laborers must hand-dig

within two feet of existing transmission lines. Trench collapses can kill or seriously injure a laborer in a matter of minutes, and the consequences of deploying inadequately trained or inexperienced laborers on this work are severe and often irreversible.

New gas-fired generation construction — the type of work that the Lange II RICE addition, Aberdeen Units 3 and 4, and Aberdeen Plant 2 will involve — carries an analogous concentration of high-hazard activities: work at height, in confined spaces, around energized equipment, near high-temperature surfaces and pressurized systems, alongside heavy cranes and rigging, and in close coordination with multiple other trades. Empirical research on the construction industry consistently links the use of a well-trained, apprenticeship-based workforce with materially lower rates of serious injuries, fatalities, and OSHA violations, and conversely associates inadequately trained labor with a higher incidence of preventable incidents and project failures on large, high-hazard projects.

Local hire and contractor retention also matter. A laborer who lives in the community where the work is being performed has a personal stake in the quality and durability of the infrastructure that is being built, is far less likely to leave the project mid-stream for work closer to home, and can be deployed for follow-up or emergency work on short notice — all of which reduce turnover, preserve institutional knowledge, and improve project outcomes. By contrast, a transient out-of-state contractor workforce that does not return to a project from year to year cannot develop the deep familiarity with NorthWestern's and Black Hills Power's specific worksites, equipment configurations, and operational practices that experience shows directly reduces the risk of miscommunication, error, and rework. The local-hire preference and annual reporting

commitments in subsection (c)(3) are designed to capture those well-documented benefits in the post-merger procurement process without imposing a quota or mandatory hiring requirement. NorthWestern itself has acknowledged the magnitude of these benefits on major generation projects. In its October 31, 2025 Notice of Intent for the Aberdeen Plant gas conversion project, NorthWestern represented to the Commission that approximately \$100 million of the project cost will be spent on “resident workers and local materials,” with additional secondary benefits flowing from construction workers “living and spending in the community” during the (at least) two-year construction period — commitments that can only be realized if the contractors NorthWestern selects to perform the work actually hire South Dakota residents, which is precisely what the local-hire preference in subsection (c)(3) is designed to ensure.<sup>2</sup>

Wage and workforce-standards commitments are the third component. The only floor on the wages or fringe benefits paid to contractor employees performing the gas, electric, or generation construction at issue in this docket is the state’s minimum wage of \$11.85/hour. The Joint Applicants’ own merger materials disclose anticipated company-wide labor cost savings of approximately \$36 million, and the Joint Applicants confirmed in response to LIUNA Data Request Nos. 1.24 and 1.35 that they are unwilling to commit that the use of “enhanced scale” and “greater purchasing power” post-merger will not produce reductions in existing wage or fringe benefit levels for contractor employees, shifts to lower-wage or less-qualified contractors, or modifications to existing contract terms reducing compensation or benefits. In this environment, the lowest-bidder pressures that mergers of this scale typically generate translate directly into pressure on

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<sup>2</sup> EL25-038, NorthWestern Energy, Notice of Intent, October 31, 2025.

the wages, benefits, and training investments of the contractor workforce that performs most of this safety-sensitive work. The contractor certification commitment in subsection (c)(4), keyed to collectively bargained rates, publicly available industry compensation data, or comparable community compensation practices, is calibrated to keep that downward pressure from translating into the kind of compromised contractor workforce that the empirical record links to higher injury, lower retention, and lower quality.

Finally, the recommended conditions are not novel. They closely track the substantive commitments that the Joint Applicants have already accepted in the parallel Montana Stipulation and Settlement Agreement (Exhibit RH-1) and the Nebraska Joint Stipulation and Agreement of Settlement (Exhibit RH-2). The Nebraska settlement also includes a “favored nations” provision under which the Joint Applicants will extend to LIUNA Local 1140 in Nebraska any more favorable contractor commitments they make in this docket or in Montana, which underscores that the Joint Applicants and LIUNA are negotiating an integrated, multi-jurisdictional framework. Adopting equivalent conditions in South Dakota will, on essentially the same operational facts, give South Dakota customers and the South Dakota construction workforce the same level of safety, training, local-hire, and wage-standards protection that the Joint Applicants have already agreed are appropriate for the customers and workforces in their adjacent jurisdictions — without dictating utility business decisions or limiting the Joint Applicants’ ability to contract efficiently to preserve safety, reliability, and cost-effective service.

**Q.** Are these recommended conditions consistent with the Joint Applicants’ own representations to other state regulators and to the LIUNA Intervenors in this docket?

- A. Yes. Each of the conditions LIUNA recommends here is substantively consistent with provisions that the Joint Applicants have agreed to in the parallel Montana proceeding (Exhibit RH-1) or Nebraska proceeding ((Exhibit RH-2). The Joint Applicants have therefore already accepted, on essentially the same operational facts, that commitments of this kind are workable, will not interfere with their ability to operate, and are appropriate as part of the regulatory framework approving this transaction. Adopting equivalent conditions in South Dakota will provide consistent treatment for the customers and construction workforces of NorthWestern’s and Black Hills Power’s systems across the combined company’s footprint.

## **VII. CONCLUSION**

- Q. Please summarize your testimony and recommendation.
- A. The men and women who actually build, maintain, and replace NorthWestern’s and Black Hills Power’s gas and generation infrastructure in South Dakota — the contractor workforce — are largely invisible in the Joint Applicants’ case. The Joint Applicants do not currently track contractor wages, benefits, hours, training expenditures, or local hiring; they do not count contractors as “local employees”; they have not conducted any merger-specific analysis of how procurement and contracting will change post-merger; and they originally declined, in their data responses, to commit to protect against the kinds of downward pressure that mergers of this scale typically generate on construction labor standards. At the same time, the data responses, the supporting attachments, and project lists confirm that contractors perform the substantial majority of NorthWestern’s gas distribution work in South Dakota and the entirety of the major new generation

construction — Lange II, Aberdeen Units 3 and 4, and Aberdeen Plant 2 — whose execution is underway or will overlap with the post-merger integration period.

In light of those facts, and consistent with the framework that has emerged through the analogous Stipulation and Settlement Agreements the Joint Applicants previously executed with LIUNA in Montana and Nebraska, the LIUNA Intervenors respectfully recommend that the Commission condition any approval of the proposed transaction on the workforce, safety, and contracting commitments described in Section VI of my testimony. With those conditions — implemented through an executed LIUNA stipulation or as Commission-imposed conditions of approval — LIUNA does not oppose the merger. Without them, the Commission cannot, on this record, find that the proposed transaction is consistent with the public interest with respect to the construction workforce that delivers safe and reliable utility service in South Dakota.

**Q.** Does this conclude your prepared direct testimony?

**A.** Yes, it does.

#### Verification

The foregoing direct testimony is true and accurate to the best of my knowledge, information and belief.

/s/ Randall L. Harris

May 15, 2026