

NORTHWESTERN AND BLACK HILLS
GE25-001

GENERAL OBJECTIONS AND DEFINITIONS

Joint Applicants object to any and all Data Requests, including the instructions and definitions accompanying such data requests to the extent:

- (1) they conflict with, are inconsistent with, or lack any basis in the Commission's Rules of Practice and Procedure or the South Dakota Rules of Civil Procedure;
- (2) they seek information subject to the attorney-client privilege and/or the attorney work product privilege or that compliance with the terms of any instruction, definition, or data request would require disclosure of information protected by the attorney-client privilege and/or the attorney work product privilege;
- (3) that compliance with the terms of any instruction, definition, or discovery request would require a legal opinion, legal analysis, or legal conclusion;
- (4) they are excessively broad, lack temporal reference, or are unduly burdensome and that compliance with the terms of any instruction, definition, or data request would require that a special study, which has not been conducted, be performed to produce such information;
- (5) they seek to solicit draft documents not in a final form; and,
- (6) that compliance with the terms of any instruction, definition, or data request would require the production of information or documents that are not relevant to this proceeding, and to the extent the instruction, definition or data request is not reasonably calculated to lead to the discovery of admissible evidence in this proceeding.

Definitions, Representations, and Disclaimers: The following Definitions, Representations, and Disclaimers shall apply with respect to the Joint Applicants' responses to any and all Data Requests:

- Joint Applicants means NorthWestern Energy Public Service Corporation ("NorthWestern"), NorthWestern Energy Group, Inc. and Black Hills Corporation ("Black Hills").
- Joint Applicants interpret "communications" to mean written documents including letters, memorandums, reports, presentations, studies, and agreements..
- Intervenors shall maintain the responses in the form they are provided and may not manipulate or extract information from any data request response in any way; specifically, intervenors may not input any responses or data received as part of a response into any Artificial Intelligence (AI) tool, program, or platform.
- With respect to any non-public forward looking financial information, information submitted to or received from ratings agencies (such as S & P, Moody's or Fitch) on a non-public basis, and/or confidential "trade secret" information. Joint Applicants hereby advise any authorized intervenors, as the recipients of these documents and information, that receipt of the documents and information may deem the recipient an "insider" for purposes of insider trading laws. Such individuals are hereby advised that they are subject to and bound by any and all applicable laws concerning insider trading.

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All responses by Joint Applicants to this set of Data Requests are provided subject to and without waiving the foregoing General Objections and Definitions, Representations, and Disclaimers. Joint Applicants also hereby incorporate their General Objections, Representations, and Definitions into their responses to each future discovery set from intervenor(s).

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REQUEST DATE : 11/14/25
RESPONSE DATE : 12/11/25
REQUESTING PARTY: South Dakota Public Utilities Commission Staff
SUBJECT: Ring-Fencing Adequacy and Additional Protections

Staff Request No. 1.9:

Provide any internal audits, regulatory compliance reviews, or third-party examinations of affiliate transactions, cost allocations, or ring-fencing compliance performed within the past five years. Include findings, recommendations, and management responses.

Response to Staff Request No. 1.9:

Objection: Please see Joint Applicants' general objections and definitions.

NorthWestern:

Within the past five years, NorthWestern has filed and completed general rate reviews in each of its utility jurisdictions, including Montana, Nebraska and South Dakota. As part of each general rate review filing, NorthWestern has described its cost allocation methodologies and responded to all related data requests made by Commission staff and intervenors. Any ring fencing, CAM reviews, or affiliate transaction regulatory reviews in rate reviews in other states are not reasonably calculated to lead to admissible evidence and should be considered subject to objection.

The FERC Division of Audits and Accounting completed an audit of NorthWestern on May 20, 2022 (Docket No. FA20-7-000). The audit covered the period January 1, 2018 to October 31, 2021 and evaluated NorthWestern's compliance with FERC accounting and reporting requirements. As identified in the FERC audit report page 15, testing included "examining support for and testing the application of corporate and associated company methodologies for allocating and recording shared service costs among state jurisdictions, and billing and accounting for non-power goods and services among associated companies". FERC's audit report did not include any adverse findings regarding NorthWestern's cost-allocation methodologies or affiliate transactions. Please see Attachments 1.9a and 1.9b for FERC's audit report and NorthWestern's response and implementation of this audit, respectively.

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As part of Docket GE22-002, where NorthWestern sought approval to reorganize into a holding company structure, the adequacy of ring-fencing measures was addressed.

NorthWestern has not had any other regulatory compliance reviews of its affiliate transactions, cost allocations, or ring-fencing compliance.

NorthWestern has not conducted any internal audits directly related to affiliate transactions, cost allocations, or ring-fencing compliance during the past five years.

NorthWestern has not retained a third-party for the purpose of examining NorthWestern's affiliate transactions, cost allocations, or ring-fencing compliance within the past five years.

Black Hills:

Black Hills internal audit function has not issued any internal audit reports for Black Hills Power in relation to affiliate transactions, cost allocations, or ring-fencing compliance within the past five years. However, as part of our annual financial internal controls review process, Black Hills internal audit function conducts testing of certain financial controls including cost allocation controls. Please see Confidential Attachment Staff 1.9d - BH IC Test-Allocations, which shows that the cost allocation control was determined effective for 2020, 2021, 2022, 2023 and 2024. Please also see Confidential Attachments Staff 1.39 (i) through (m) IC-Financial Reporting, which represent the reports associated with financial internal controls testing for the same years.

Black Hills Corporation has multiple regulated utilities across eight state jurisdictions, which are subject to regulatory oversight by each state. State rate reviews and other regulatory proceedings for Black Hills' operating companies occur vis-a-vis public proceedings within applicable jurisdictions. Any ring fencing, CAM reviews, or affiliate transaction regulatory reviews for regulated utilities other than Black Hills Power are not reasonably calculated to lead to admissible evidence and should be considered subject to objection.

Black Hills Power has not retained a third-party for the purpose of examining Black Hills Power affiliate transactions, cost allocations, or ring-fencing performed within the past five years.

Respondent:

Tom Stevens (Black Hills) / Emilie Ng and Jeff Berzina (NorthWestern)

Attachments:

- Attachment Staff 1.9a – NorthWestern FA20-7-000 NorthWestern Corporation Final Audit Report

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- Attachment Staff 1.9b – NorthWestern FERC Audit Implementation Plan 04-23
- Confidential Attachment Staff 1.9c - BH IC Test-Allocations

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REQUEST DATE : 11/14/25
RESPONSE DATE : 12/11/25
REQUESTING PARTY: South Dakota Public Utilities Commission Staff
SUBJECT: Capital Investment and Maintenance of Utility Service

Staff Request No. 1.39:

Provide a list of any Commission, FERC, or internal audit reviews conducted in the past five years related to capital planning, budgeting, or reliability investment performance for the South Dakota utilities, along with findings and management responses.

Response to Staff Request No. 1.39:

Specific Objection: In addition to the Joint Applicant’s general objections, Joint Applicants object to this data request to the extent it seeks to solicit public information that is equally available to Staff. Additionally, Joint Applicants object to the term “reliability investment performance” as it is unclear what this means and is therefore vague and ambiguous. Without waiving said objection, and specifically reserving same, please see the following.

NorthWestern:

As part of our annual internal controls review process, we conduct testing of budgeting and capital planning controls as they pertain to compliance with the approval process, review, and reporting. There was no material deficiencies identified from these reviews. See Confidential Attachment Nos. 1.39a through 1.39g.

Neither the SDPUC or FERC have audited our capital planning or budgeting processes.

Black Hills:

Black Hills internal audit function has not issued any internal audit reports for Black Hills Power in relation to capital planning or budgeting within the past five years. However, as part of our annual financial internal controls review process, Black Hills internal audit function conducts testing of certain financial controls including budgeting. Please see Confidential Attachments Staff 1.39h - BH IC Test-Budgeting, which shows that budgeting controls were determined effective for 2020, 2021, 2022, 2023 and 2024. Please also see Confidential Attachments Staff

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1.39 (i) through (m) IC-Financial Reporting, which represent the reports associated with financial internal controls testing for the same years.

Black Hills Power has not had any SDPUC or FERC audits on capital planning or budgeting.

Respondent:

Tom Stevens (Black Hills) and Crystal Lail (NorthWestern)

Attachments:

- Confidential Attachment Staff 1.39a – NorthWestern Internal Audit Report 12-31-20 Final
- Confidential Attachment Staff 1.39b – NorthWestern Internal Audit Report 12-31-21 Final
- Confidential Attachment Staff 1.39c – NorthWestern Internal Audit Report 12-31-21 Findings
- Confidential Attachment Staff 1.39d – NorthWestern Internal Audit Report 12-31-22 Final
- Confidential Attachment Staff 1.39e – NorthWestern Internal Audit Report 12-31-23 Final
- Confidential Attachment Staff 1.39f – NorthWestern Internal Audit Report 12-31-23 Findings
- Confidential Attachment Staff 1.39g – NorthWestern Internal Audit Report 12-31-24 Final
- Confidential Attachment Staff 1.39h – BH IC Test - Budgeting
- Confidential Attachment Staff 1.39i – BH 2020 IC-Financial Reporting
- Confidential Attachment Staff 1.39j – BH 2021 IC-Financial Reporting
- Confidential Attachment Staff 1.39k – BH 2022 IC-Financial Reporting
- Confidential Attachment Staff 1.39l – BH 2023 IC-Financial Reporting
- Confidential Attachment Staff 1.39m – BH 2024 IC-Financial Reporting

CERTIFICATE OF SERVICE

I certify that on this 11th day of December, 2025, the foregoing document was served by electronic mail on the following:

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Brittany Mehlhaff
Eric Paulson
Patrick Steffensen
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