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## STAFF MEMORANDUM

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**TO:** COMMISSIONERS AND ADVISORS  
**FROM:** PATRICK STEFFENSEN AND AMANDA REISS  
**RE:** Docket GE26-001 - In the Matter of the Application of NorthWestern Energy Public Service Corporation for Approval of an Order Authorizing It to Issue Up to \$500 Million of Securities Including \$305 Million of Replacement Securities  
**DATE:** May 13, 2026

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Commission Staff (Staff) submits this memorandum regarding its recommendations for Docket GE26-001.

### **BACKGROUND**

On April 20, 2026, NorthWestern Energy Public Service Corporation (NorthWestern) filed with the Commission an application for an order authorizing it to issue up to \$300 million in secured debt securities and up to \$200 million in unsecured debt securities. NorthWestern states it intends to issue securities for the purpose of supporting its state-regulated capital expenditures and acquisitions of state-regulated assets; the refunding and repayment of its outstanding obligations, including replacement of debt that expires in 2026; and for other general corporate purposes. NorthWestern further states that the filing is not related to the pending merger<sup>1</sup> and is required regardless of the existence of the merger.

Pursuant to SDCL § 49-34A-29, a public utility receiving more than 25% of its gross revenue in this state and which nonresident public utility is exempt from the jurisdiction of the Federal Energy Regulatory Commission (FERC) in the issuance of its securities needs an order from the Commission authorizing the issuance of any security, or assumption of any obligation or liability as a guarantor, endorser, surety, or otherwise, in respect of any security of another person. Since NorthWestern receives more than 25% of its gross revenue in South Dakota and is exempt from the jurisdiction of FERC in the issuance of its securities, it requests such approval from the Commission.

NorthWestern's standalone unsecured revolving credit facility was established on January 1, 2024 and is currently sized at \$150 million with the option of increasing the size to \$200 million at any time, if the need arises. NorthWestern plans to increase the size of this facility to \$200 million by the end of 2026 to support capital expenditure plans for 2026 and going forward, primarily related to the Aberdeen Expedited Resource Adequacy Study (ERAS) project<sup>2</sup>. The request in this docket simply continues the \$200 million approved in GE23-002 and covers NorthWestern's existing credit facility.

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<sup>1</sup> See Docket GE25-001.

<sup>2</sup> See Docket EL25-038. NorthWestern anticipates constructing, owning, and operating a natural gas energy conversion facility just north of its existing Siebrecht substation. The facility will contain three Solar Titan 350 simple-cycle combustion turbines, each with a nameplate capacity of 43.7 megawatts ("MW"), for a total nameplate capacity of approximately 131.2 MW.

NorthWestern is also seeking approval to issue up to \$300 million of secured debt securities. This will consist of \$105 million<sup>3</sup> to replace existing debt that expires in 2026, \$160 million to finance anticipated capital projects through 2028, primarily related to the Aberdeen ERAS project, and the remaining \$35 million to allow for flexibility to term out short-term debt in the event the market conditions are advantageous for incremental secured debt financing.

NorthWestern states that the merger is not expected to have any impact on NorthWestern's financing needs, credit ratings, or capital plans. In Docket GE25-001, NorthWestern requests flexibility to join Black Hills Corporation's utility money pooling and to use parent debt financing if management determines this form of financing would provide a lower cost option for NorthWestern.

### **STAFF'S ANALYSIS**

Staff reviewed the Company's filing to ensure it met the requirements of applicable statutes and to evaluate the impact the debt issuance could have on NorthWestern's customers.

Pursuant to SDCL § 49-34A-32, the Commission shall make an order under § 49-34A-29 only if it finds that an issue or assumption is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and is reasonably necessary or appropriate for such purposes. The Company states in its application it intends to issue securities for the purpose of supporting its state-regulated capital expenditures and acquisitions of state-regulated assets; the refunding and repayment of its outstanding obligations, including replacement of debt that expires in 2026; and for other general corporate purposes.

The actual impact this proposed issuance will have on customer rates will be determined as part of future rate case filings. Staff's rate of return witness will analyze the Company's capital structure and debt costs to ensure the rate of return allowed is in the public interest.

### **RECOMMENDATION**

Staff recommends the Commission authorize NorthWestern to issue up to \$300 million in secured debt securities and up to \$200 million in unsecured debt securities, with the conditions that Commission authorization does not constitute the Commission's determination of any utility ratemaking issues and that the issuance of securities does not mean that the Commission is in any way prohibited at some future date from finding NorthWestern's capital structure in need of adjustment.

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<sup>3</sup> Consists of \$60 million due June 15, 2026 and \$45 million due September 30, 2026.