

NEBRASKA · GAS UTILITIES · CAPITAL BRIEFING

Nebraska's gas system is consolidating, aging, and facing volatile winters at once. Your capital plan is where that gets reconciled.

An investor-owned leader and a challenger are merging into a \$15 billion utility, while Omaha's publicly owned MUD sets its own course — all of them maintaining thousands of miles of pipe against price shocks and a slowly shifting demand curve. Every one of those forces moves the projects on your list. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

304,429¹	244,399²	8,658 mi¹	\$15.4B³
Black Hills Energy natural gas customers in Nebraska — the largest state-regulated gas utility in the state (year-end 2024).	Gas customers at Omaha's Metropolitan Utilities District, the 5th-largest publicly owned gas utility in the U.S.	Miles of natural gas distribution main Black Hills operates in Nebraska — pipe that must be inspected, maintained, and replaced.	Value of the Black Hills–NorthWestern merger reshaping who owns Nebraska's regulated gas system.

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THE NEBRASKA LANDSCAPE

Four forces are moving your project list at once

None of these waits for your next budget cycle, and none of them acts alone. Together they mean the capital plan you approved last year may already be the wrong plan.

SYSTEM INTEGRITY & AGING PIPE

Thousands of miles of pipe, all on a replacement clock

Black Hills Energy alone maintains roughly 8,658 miles of natural gas distribution main and 1,313 miles of intrastate transmission pipeline across Nebraska.¹ Metropolitan Utilities District has delivered gas in Omaha since 1918 — a system that old carries legacy pipe that has to be found, prioritized, and replaced.²

PHMSA's distribution-integrity rules require every operator to identify and mitigate the highest-risk pipe first.³ and Nebraska recovers that work through the System Safety and Integrity Rider between rate cases.⁵ Every mile you accelerate competes with every other mile for the same crews and capital.

DECARBONIZATION & THROUGHPUT

Milder pressure here — but the long-horizon math still moves

Nebraska has not adopted a building-electrification mandate, a gas-hookup ban, or a formal “future of gas” docket, so the near-term decarbonization pressure is lighter than in California or New York.⁶ But the demand curve still bends: the state's gas system serves roughly 560,000 residential customers⁷ and efficiency, heat pumps, and building codes slowly erode throughput per customer.

When a 20-to-30-year main-replacement program is sized against a demand curve that may flatten, the stranded-asset question becomes a capital-planning question: how much to invest, how fast, and over what recovery horizon.

SUPPLY & PRICE VOLATILITY

One cold snap can reprice the whole supply portfolio

Winter Storm Uri in February 2021 drove wholesale gas prices to record highs across the central U.S.; Nebraska LDCs recover those incremental costs from customers through cost-recovery mechanisms outside base rates.⁸ The volatility is not theoretical — Nebraska's average residential gas price swung from \$13.10 per thousand cubic feet in 2023 to \$10.63 in 2024.⁹

Nebraska imports nearly all of its gas by interstate pipeline, so design-day planning, storage, and peaking capacity are permanent line items in the capital plan.

CAPITAL RECOVERY & REGULATION

A merger is redrawing who sets the rules

The Nebraska Public Service Commission regulates the rates of jurisdictional gas utilities under the State Natural Gas Regulation Act; Black Hills Energy and NorthWestern Energy both file rate cases and annual System Safety and Integrity Rider updates there.^{6,5} Black Hills settled its most recent Nebraska rate case in December 2025; NorthWestern's 2024 case was approved in mid-2025.⁵

The biggest variable is structural: Black Hills and NorthWestern are combining into a roughly \$15.4 billion utility, a deal the PSC cleared in 2026.^{3,5} Consolidation reshuffles capital priorities across state lines — while Omaha's publicly owned MUD sets its own rates entirely, outside the PSC.²

WHO DELIVERS NEBRASKA'S GAS

Two regulated investor-owned LDCs and a large publicly owned system

Nebraska's gas is carried by PSC-regulated investor-owned utilities and by Omaha's Metropolitan Utilities District — one of the largest publicly owned gas systems in the country. The pressures are shared; the accountability path differs.

Investor-owned gas LDCs

Rates & capital recovery regulated by the Nebraska PSC

Black Hills Energy ~304,000 customers · largest state-regulated LDC¹

NorthWestern Energy ~43,000 customers · 4 Nebraska communities¹⁰

SourceGas (legacy) Now Black Hills; acquired 2015 for \$1.89B¹¹

Black Hills and NorthWestern are merging into a ~\$15.4 billion combined utility, consolidating the state's two largest regulated gas LDCs.³

Public & municipal gas systems

Self-governed — not PSC rate-regulated

Metropolitan Utilities District (MUD) 244,399 gas customers · Omaha metro²

MUD governance Seven-member elected board · sets its own rates²

Municipal gas systems A handful of small city-owned LDCs statewide

MUD serves more than 600,000 people across its gas and water systems and has delivered gas in Omaha since 1918 — public capital decisions made in front of customer-owners²

Every capital dollar has to be defensible

Whether you answer to the Public Service Commission or an elected board, the question is the same: why this project, why now, why at this cost?

Nebraska Public Service Commission (PSC) regulates the rates and safety of jurisdictional gas utilities under the State Natural Gas Regulation Act; Black Hills Energy and NorthWestern Energy are its two largest jurisdictional LDCs.⁶¹²

System Safety and Integrity Rider (SSIR) lets jurisdictional LDCs recover eligible pipeline-replacement and safety investment between full rate cases; Black Hills files an annual SSIR update with the PSC under the Commission's Chapter 9 natural gas rules⁵¹³

Recent rate cases: Black Hills' 2025 Nebraska rate case (Docket NG-124) settled in December 2025, and NorthWestern's 2024 case (NG-122) was approved in June 2025.⁵

The Black Hills–NorthWestern merger (~\$15.4B) cleared the Nebraska PSC in 2026 (Docket NG-128), consolidating the state's two largest regulated gas utilities.³⁵

MUD is self-governed: Omaha's Metropolitan Utilities District sets its own gas rates through a seven-member elected board and is not rate-regulated by the PSC.²

In Nebraska, the surcharge does most of the heavy lifting

Nebraska has little dedicated federal gas money, so the capital story here is about rate-based recovery and public financing — and about whether your plan can absorb the timing.

SSIR surcharge recovery: Nebraska's System Safety and Integrity Rider is the primary vehicle for recovering accelerated main-replacement and safety capital between rate cases.⁵

Rate-base growth via the PSC: Black Hills and NorthWestern fund Nebraska system investment through PSC-approved base rates and riders; Black Hills runs that capital engine across 1.37 million utility customers in eight states.¹⁴

Merger capital: the ~\$15.4 billion Black Hills–NorthWestern combination is explicitly framed around funding infrastructure investment and demand growth.³

MUD self-funds: as a public corporation, MUD finances gas-system capital through its own revenue bonds and rates rather than PSC-authorized returns.²

Federal safety grants: PHMSA's Natural Gas Distribution Infrastructure Safety & Modernization program funds pipe replacement for municipal and community-owned systems — a channel MUD's public status could tap.⁴

NEBRASKA GAS, IN BRIEF

Questions Nebraska gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

Who are Nebraska's largest natural gas utilities?

Black Hills Energy is the largest, with about 304,429 Nebraska gas customers, followed by Omaha's publicly owned Metropolitan Utilities District at 244,399 customers and NorthWestern Energy with roughly 43,000 in four communities¹²¹⁰

Who regulates natural gas rates in Nebraska?

The Nebraska Public Service Commission regulates the rates of jurisdictional gas utilities such as Black Hills Energy and NorthWestern Energy under the State Natural Gas Regulation Act. Omaha's Metropolitan Utilities District is publicly owned and sets its own rates through an elected board⁶¹²²

What is the System Safety and Integrity Rider (SSIR)?

The SSIR is Nebraska's infrastructure-replacement surcharge: it lets PSC-regulated LDCs recover eligible pipeline-replacement and safety investment between full rate cases, and Black Hills files an annual SSIR update with the Commission⁵

What's happening with the Black Hills–NorthWestern merger?

Black Hills and NorthWestern announced an all-stock combination in 2025 valued at about \$15.4 billion, and the Nebraska PSC approved the settlement in 2026 — consolidating the state's two largest regulated gas utilities³⁵

How exposed is Nebraska to gas price spikes like Winter Storm Uri?

Highly — Uri (February 2021) sent wholesale prices to records, and Nebraska LDCs recover those costs through mechanisms outside base rates. Residential prices still swing year to year, from \$13.10 per Mcf in 2023 to \$10.63 in 2024⁸⁹

How does Invizion help Nebraska gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a merger, an SSIR update, a rate-case outcome, or a cold-snap gas-cost recovery reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the PSC or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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