

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application    ) Application No. NG-78.7  
of Black Hills Gas Distribution,    )  
LLC d/b/a Black Hills Energy for    )  
authority to adjust the System    ) ORDER APPROVING APPLICATION  
Safety and Integrity charges        )  
(2020).                                )  
  )  
  ) Entered: January 22, 2020

BY THE COMMISSION:

On October 1, 2019, Black Hills Distribution LLC, d/b/a Black Hills Energy ("Black Hills") of Denver, Colorado, filed an application with the Nebraska Public Service Commission ("Commission") seeking an order authorizing it to adjust the System Safety and Integrity Rider ("SSIR") Charge beginning in February of 2020.<sup>1</sup> A petition for Formal Intervention was filed by the Nebraska Public Advocate ("PA") on October 9, 2019.

Following discussion with the parties, a hearing officer order was issued on November 5, 2019, granting the intervention of the PA and setting the procedural schedule for this docket. Pursuant to the scheduling order, the parties engaged in discovery, and a hearing was held.

E V I D E N C E

On December 17, 2019, a hearing was held in the above-captioned matter. Douglas J. Law appeared on behalf of Black Hills. William Austin appeared on behalf of the Public Advocate. Dillon Keiffer-Johnson and Nichole Mulcahy appeared on behalf of Commission staff. Exhibits numbered 1 - 9 were offered and accepted, including the written report of the PA's consultant,

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<sup>1</sup> Subsequent to the filing of the above-captioned docket, Black Hills Gas Distribution, LLC, and Black Hills/Nebraska Gas Utility Company, LLC, received Commission approval to consolidate its Nebraska tariffs, assets, liabilities, and operations and rename the consolidated entity. See Commission Docket No. NG-100, *In the Matter of the Joint Application of Black Hills Gas Distribution, LLC, and Black Hills/Nebraska Gas Utility Company, LLC, Rapid City, South Dakota, seeking approval to consolidate the Nebraska tariffs, assets, liabilities, and operations of the two companies, and to rename the consolidated entity Black Hills Nebraska Gas, LLC.*, Order Granting Application (October 29, 2019).

Blue Ridge Consulting Services, Inc., and a Joint Stipulation reached by the parties in this matter.

Black Hills presented the oral testimony of Tyler Frost, Regulatory and Finance Manager in Nebraska for Black Hills Gas Distribution, LLC. Mr. Frost began his testimony clarifying the affect Docket No. NG-100 would have on the tariff filing in this proceeding.<sup>2</sup> He stated that the tariff page filed with the original application would be superseded by the new consolidated tariff approved in Docket No. NG-100 to be effective January 1, 2020. Therefore, Black Hills proposed to file a compliance tariff page after January 1, 2020, to revise the tariff page filed in Docket No. NG-100 to reflect the changes to the SSIR proposed in this docket.

Mr. Frost described the proposed SSIR changes, which amount to a reduction in SSIR charges for each customer class as follows:

<u>Customer Class</u>	<u>Previous SSIR Charge</u>	<u>New SSIR Charge</u>
Residential	\$4.15	\$3.65
Small Commercial	\$8.82	\$7.76
Large Commercial	\$60.86	\$53.54

Mr. Frost further testified regarding the interplay of the SSIR change with the upcoming application of Black Hills for a general rate review, estimated to be filed in the spring of 2020. Mr. Frost explained that the projects the SSIR covers were not included in the calculation for the base rates that are in effect today. However, when Black Hills makes its general rate review filing, the SSIR investments will be included in the new base rates and will be included in the interim rates to be effective 90 days after filing. Thus, the changes in the SSIR covered in this docket will be in effect from February 1, 2020 through the interim rates becoming effective sometime around August, 2020.

Following Mr. Frost's direct testimony, the Public Advocate, the Commission, and Commission staff were afforded an opportunity for cross-examination. No other witnesses were called on behalf of Black Hills.

The Public Advocate presented his review of the application and described the background of the SSIR dockets generally. The PA noted that he had no concerns with the application. No witnesses

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<sup>2</sup> Id.

were called on behalf of the PA. Following the PA's statement, the hearing was adjourned.

#### F I N D I N G S     A N D     O P I N I O N

Pursuant to the State Natural Gas Regulation Act, Neb. Rev. Stat. § 66-1801 et seq., the Commission has "full power, authority, and jurisdiction to regulate natural gas public utilities and may do all things necessary and convenient for the exercise of such power, authority, and jurisdiction." Neb. Rev. Stat. § 66-1804(1). The Act further provides that these powers are to be "liberally construed." Neb. Rev. Stat. § 66-1804(2). The Commission's powers, authority, and jurisdiction, including with regard to general rate filings and rate principles, are further outlined in state regulations at 291 Neb. Admin. Code, Chapter 9, Sections 4 and 5.

The Commission has reviewed the evidence presented in this matter and finds that the parties to the above-captioned docket are in agreement that the Commission should enter an order authorizing the SSIR tariff revisions reflected in the Fortieth Revised Sheet No. 7, entered into the record in this matter as Exhibit No. 4.

Based upon the parties' stipulated agreement and the Public Advocate's review and report, the Commission hereby finds that the proposal set forth in the Joint Stipulation is appropriate and reasonable, and that it is in the best interests of both the parties and of Nebraska ratepayers that the SSIR Charge be modified as described in the tariff revisions set forth in Exhibit No. 4.

The Commission further finds that Black Hills shall file a conforming tariff after January 1, 2020, reflecting the approved SSIR rates that revises the SSIR tariff sheet contained in the new tariff approved in Docket No. NG-100. The compliance tariff shall have an effective date of February 1, 2020.

Black Hills shall continue to comply with the requirements previously set forth in NG-0078, including the filing of quarterly surveillance filings, unless or until Black Hills files an application for a general rate review with the Nebraska Public Service Commission and the corresponding interim rates become effective.

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O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application of Black Hills Distribution LLC, d/b/a Black Hills Energy in this matter be approved, consistent with the terms of the Joint Stipulation reached between the Public Advocate and Black Hills Gas Distribution, LLC d/b/a Black Hills Energy in this matter.

IT IS FURTHER ORDERED that the rates contained in Black Hills Energy, Nebraska Gas Tariff, Fortieth Revised Sheet No. 7, attached to the Joint Stipulation, are hereby approved.

IT IS FURTHER ORDERED that Black Hills Energy shall file a conforming tariff sheet with the Commission with the SSIR rates as approved above, revising its consolidated tariff effective January 1, 2020, prior to February 1, 2020.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 22nd day of January, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Crystal Knudsen*  
*Donna W. [unclear]*  
*Tim [unclear]*

*Mary Riddick*

Chair

ATTEST:

*Phil S. [unclear]*

Executive Director