

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. NG-109
of Black Hills Nebraska Gas,)
LLC, d/b/a Black Hills Energy,)
Rapid City, South Dakota,) ORDER DENYING MOTION FOR AN
seeking approval of a general) INTERIM RATE SURCHARGE
rate increase.)
)
) Entered: July 28, 2020

BY THE COMMISSION:

On June 1, 2020, Black Hills Nebraska Gas, LLC, d/b/a Black Hills Energy ("Black Hills" or "Applicant") filed an application seeking a general rate increase ("Application"). Concurrently with its Application, Black Hills filed a "Motion to Defer Collection and for an Interim Rate Surcharge" ("Motion"). In this Motion, Black Hills proposes to defer its collection of interim rate revenues pursuant to Neb. Rev. Stat. § 66-1838(10)(b) during the pendency of this rate application, and to recover the full amount of revenue that it would have collected, including carrying costs, through a customer surcharge mechanism to be collected over the twelve months following the conclusion of this Application. Black Hills further requests that the parties to this proceeding agree to the collection of the interim rate surcharge, and that all parties to the proceeding waive all rights of rehearing or appeal of the collection of the interim rate surcharge.

On July 17, 2020, the Public Advocate filed a Response to the Motion stating that he has "no strong feelings one way or the other as to whether or not the proposed regulatory asset is established and recovered." No other parties to this proceeding filed a response to the Motion.

To the extent this Motion seeks the Commission's approval for Black Hills to defer collection of interim rates, the motion is moot. A jurisdictional utility's collection of interim rates, or the deferral of such collection, is wholly within the discretion of the utility under Neb. Rev. Stat. § 66-1838(10)(b). Black Hills may, therefore, choose to collect interim rates or defer their collection as it sees fit.

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The second request contained in the Motion is for the Commission to allow Black Hills to recover uncollected interim rates through a customer surcharge mechanism, to be collected over the twelve months following the conclusion of this Application. As proposed, the amount to be collected through the surcharge would include carrying costs. These carrying costs would be calculated at the company's Weighted Average Cost of Capital, 7.06%. The Commission notes that the Motion contains no supporting estimates of the revenue to be collected through this surcharge, or of the impact this surcharge would have upon customers when collected.

Upon review of the Motion, the Commission finds that Black Hills' request to collect deferred interim rates through a customer surcharge should be denied. The Commission will not approve, in this instance, the creation of an interest-bearing account based upon revenues that a jurisdictional utility chose, at its own discretion, not to collect.

Black Hills states that approval of this Motion is in the public interest "by allowing BH Nebraska Gas the authority to defer the collection and impact of interim rates during the pendency of this proceeding if the above-referenced circumstances warrant that action." However, Black Hills already has the authority to defer collection of interim rates. Moreover, while Black Hills states that it seeks to shield customers from the impacts of the rate increase in the short term, the Commission is concerned that Black Hills' proposal would result in an additional surcharge applied to ratepayers at the same time that underlying rates would increase, and that this change would occur in winter, when heating bills are already high. Black Hills has not provided sufficient information for the Commission to conclude that the proposal is in the public interest; therefore, this motion, to the extent it seeks approval of the creation of an interim rate surcharge, must be denied.

O R D E R

IT IS THEREFORE ORDERED that the motion filed by Black Hills Nebraska Gas, LLC, for an interim rate surcharge is denied.

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ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 28th day of July, 2020.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Rock Johnson
Crystal Hender
Tim Schram
Dee Watson

Mary Kadden
Chair

ATTEST:

Michael S. Hyatt
Executive Director