

# SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

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## BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Black Hills                    ) Application No. NG-112.1  
Nebraska Gas, LLC d/b/a Black                )  
Hills Energy, Rapid City, South            ) ORDER APPROVING 2022 SSIR  
Dakota, seeking approval of a             ) CHARGE  
2022 Systems Safety and                    )  
Integrity Rider.                             ) Entered: December 14, 2021

### BY THE COMMISSION:

On August 2, 2021, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota ("Black Hills" or "Applicant") filed an application with the Nebraska Public Service Commission ("Commission") seeking approval of a 2022 Systems Safety and Integrity Rider. A petition for Formal Intervention was filed by the Nebraska Public Advocate ("Public Advocate" or "PA") on August 10, 2021, and his intervention was approved by the Commission on August 12, 2021. No other parties have intervened in this docket.

In its application, Black Hills seeks to adjust the System Safety and Integrity Rider ("SSIR") Charge to be effective on January 1, 2022 for Rate Areas One, Two, Three, and Five. The adjusted 2022 SSIR Charges will apply to rate schedules applicable to all Black Hills Jurisdictional Residential, Commercial, and Energy Options customers. Each of the SSIR projects will be in service and used and useful by December 31, 2022.

Black Hills identified 12 types of projects, totaling \$54,528,161, and provided background, classifications under the SSIR Tariff, objective criteria analyzed, project descriptions, and specific projects. If approved by the Commission, the monthly SSIR Charge for Residential customers will be \$2.07 and the monthly charge for both Commercial and Energy Options customers will be \$6.25.<sup>1</sup>

Notice of the Application was published in *The Daily Record* on August 5, 2021. A hearing was held on November 17, 2021. Mr. Douglas J. Law, associate general counsel for Black Hills, appeared on behalf of Black Hills; Mr. William Austin appeared on behalf of the Public Advocate; and Mr. Jonathan Smith and Ms. Nichole Mulcahy appeared on behalf of Commission staff.

During the hearing, the following exhibits from Black Hills were accepted into the record: 2022 SSIR Application Narrative and Cover Letter, 2022 SSIR Application Model, and 2022 Nebraska SSIR

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<sup>1</sup> See NG-112.1, Hearing Exhibit #1 at 1.

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Response to the PA Report. The following Exhibits from the Public Advocate were accepted into the record: Examination of the System Safety and Integrity Rider of Black Hills and Supplement to the Examination of the System Safety and Integrity Rider of Black Hills (Collectively referred to as the "PA Report").

## E V I D E N C E

After performing an examination and analysis of all the information, the Public Advocate recommended, in the PA Report, that Black Hills proposed SSIR revenue requirements and estimated SSIR Charges be approved.<sup>2</sup>

During the hearing, Black Hills called Mr. Tyler Frost and Mr. Kevin Jarosz to testify regarding Black Hills' SSIR application and the PA Report. During Black Hills' testimony, Mr. Frost gave a broad overview of the 77 projects proposed by Black Hills to be included in the SSIR programs for 2022. Mr. Frost began his testimony describing projects involving the replacement of bare steel, top-of-ground, and obsolete pipe, these projects would replace pipe covering 112 miles. He further testified regarding obsolete meter replacements, where Black Hills plans to replace over 4,000 such meters. Mr. Frost also testified regarding Town Border Station ("TBS") projects and obsolete infrastructure projects. These projects include chart replacement projects and the replacement of Electronic Reading Transmitters ("ERTs"). Next, Mr. Frost testified regarding Black Hills' MEGA-Rule projects. The MEGA-Rule is a new federal requirement that requires operators to update incomplete records and ensure that those records are TBC compliant (traceable, verifiable, and complete). Mr. Frost concluded his testimony with a narrative description of Black Hills' Data Infrastructure Improvement Program ("DIIP").<sup>3</sup> At the conclusion of their testimony, Mr. Frost and Mr. Jarosz both agreed with the ultimate recommendation of the Public Advocate, requesting the Commission approve the 2022 SSIR application with SSIR charges to become effective January 1, 2022.<sup>4</sup>

The Public Advocate then offered comments regarding the contents of the PA Report. He stated that both the PA and his consultants reviewed the 77 projects that comprised the submittal

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<sup>2</sup> See NG-112.1, Hearing Exhibit #2 at 2.

<sup>3</sup> Transcript 16:24-18:14.

<sup>4</sup> Transcript 15:1-37:18.

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by Black Hills for the SSIR application, concluding most of those projects fell within the class of projects typically included in SSIR requests.<sup>5</sup> The Public Advocate went on to testify that after reviewing all the figures, the PA and his consultants felt that everything was reasonable and met the risk factors that they were looking for.<sup>6</sup> The Public Advocate referenced the 2022 SSIR DIIP projects, which are a new category of projects included in the SSIR from the NG-109 proceeding. NG-109 concluded that there were significant safety aspects to the DIIP, and it was therefore included in the SSIR program. As such, the Public Advocate found the DIIP projects' inclusion in the 2022 SSIR acceptable.<sup>7</sup>

## FINDINGS AND OPINION

Pursuant to the State Natural Gas Regulation Act, *Neb. Rev. Stat. § 66-1804(a)* (2004 Cum. Supp.), 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." The Legislature expressly intended that the powers granted to the Commission by the Act be "liberally construed."<sup>8</sup>

Based upon the Public Advocate's review and report and the parties' agreement on the record, the Commission finds that the proposed SSIR Charges set forth in the Application are appropriate and that the Application should be approved.

Black Hills shall comply with all the requirements set forth in the SSIR program, including the filing of an annual reconciliation.

Finally, tariff sheets No. 78, No. 127, No. 128, No. 129, No. 129.1, No. 130, and No. 131, including both redlined and clean versions, are attached to this order for review and incorporated by reference. The Commission finds the revised tariff sheets should be approved, effective January 1, 2022.

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<sup>5</sup> Transcript 38:17-20.

<sup>6</sup> Transcript 40:24-41:2.

<sup>7</sup> Transcript 41:3-14.

<sup>8</sup> "The State Natural Gas Regulation Act and all grants of power, authority, and jurisdiction in the act made to the commission shall be liberally construed, and all incidental powers necessary to carry into effect the provisions of the act are expressly granted to and conferred upon the commission." *Neb. Rev. Stat. §66-1804(b)*.

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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 Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota, seeking approval of a 2022 Systems Safety and Integrity Rider, be approved.

IT IS FURTHER ORDERED that Black Hills Energy, Nebraska Gas Tariff, Revised Sheets No. 78, No. 127, No. 128, No. 129, No. 129.1, No. 130, and No. 131, including both redlined and clean versions attached to this order and incorporated by reference, be, and are hereby approved, with an effective date of January 1, 2021.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 14<sup>th</sup> day of December, 2021.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Rob Johnson*  
*Crystal Broader*  
*Mary Kiddy*  
*Tim Schram*

*Don Wassenaar*  
Chair

ATTEST:

*Shanice Khutson*  
Deputy Director