

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

---

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) Application No. NG-0078.5  
of Black Hills Gas Distribution, )  
LLC d/b/a Black Hills Energy, )  
seeking an order to continue the ) ORDER APPROVING  
System Safety and Integrity ) STIPULATION  
Rider Charge (SSIR) and SSIR )  
Revenue. )  
 ) Entered: September 5, 2018

BY THE COMMISSION:

On June 1, 2018, Black Hills Gas 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 continue its current System Safety and Integrity Rider ("SSIR") Charge. A Petition for Formal Intervention was filed by the Nebraska Public Advocate on June 13, 2018.

Pursuant to a planning conference, the Commission issued a hearing officer order on July 19, 2018, which set the procedural schedule for this docket. This order required the Public Advocate to file a report with the Commission regarding his findings regarding this application. That filing was made on July 27, 2018. Following the filing of the Public Advocate's report, and in accordance with the Commission's scheduling order, the parties together filed a Joint Stipulation to Continue SSIR ("Stipulation") on July 16, 2018. As the parties were in agreement as to the continuation of the SSIR, no hearing was held.

E V I D E N C E

The Commission considered the application filed by Black Hills with attached exhibits, the report and recommendation filed by the Public Advocate, the Stipulation filed by both parties, and a revised tariff sheet filed as Exhibit 1 to the Stipulation. Each of these filings advocated for allowing Black Hills to continue its SSIR Charge beyond the scheduled expiration date of October 31, 2019. Generally, the basis given for this application was to allow Black Hills to defer the filing of a rate case until 2020 and prevent incurring unnecessary litigation expense.

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, based on the evidence submitted and the representations of the parties, finds the following:

1. Black Hills' current SSIR Charge and revenue collected under the SSIR Charge are scheduled to expire on October 31, 2019.
2. Black Hills is currently earning a rate of return that is lower than the level of return previously authorized by the Commission, to an extent that could justify the filing of a general rate case in the near future.
3. Black Hills currently consists of two entities, Black Hills Gas Distribution, LLC d/b/a Black Hills Energy, and Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy. Black Hills is considering consolidating the operations, tariffs and rate areas of the two entities and is currently planning to do so in the calendar year 2020.
4. If the SSIR Charge is allowed to expire in 2019, Black Hills would experience a significant drop in revenue and would be likely to file an application for a general rate case in 2019, before it is prepared to consolidate the two Black Hills entities into one.
5. If Black Hills files an application for a general rate case in 2019, and then files a second application for a general rate case in conjunction with an application for the consolidation in two entities in 2020, numerous issues would be litigated twice within a short period of time. This would incur unnecessary expense to the parties and could ultimately cause rates to be higher.

6. Exhibit 1 to the Joint Stipulation to Continue SSIR details the mechanism by which the extension of the SSIR Charge would go into effect. This exhibit consists of redlined and clean versions of the Black Hills Energy Nebraska Gas Tariff, and includes proposals for a Fifth Revised Sheet No. 1, Third Revised Sheet No. 11, Third Revised Sheet No. 13, Third Revised Sheet No. 14, and Fourth Revised Sheet No. 15.
7. Specifically, the proposed revision to Nebraska Gas Tariff Revised Sheet No. 15, paragraph 1.6, states that "The Company may continue to collect a System Safety and Integrity Rider Charge until (a) the effective date of interim rates after the Company files an application for a general rate proceeding and requests to consolidate its Black Hills/Nebraska Gas Utility Company, LLC and Black Hills Gas Distribution, LLC, (b) the effective date of interim rates if Black Hills Gas Distribution, LLC solely files an application for a general rate proceeding, or (c) December 31, 2020, whichever is earliest."
8. The Company agrees and understands the Company will not include any additional new projects in the calculation of the SSIR, but will simply extend the recovery period of the existing SSIR.
9. Black Hills and the Public Advocate have each reviewed the filings in this docket and are in agreement that Black Hills' SSIR Charge should be continued as described above.

Based upon the Public Advocate's review and report and the parties' stipulated agreement, the Commission hereby finds that the proposal set forth in the Joint Stipulation to Continue SSIR 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 extended as described in Exhibit 1 to the Stipulation.

The Commission further finds that the revised tariff sheet contained in Exhibit 1 to the Stipulation should be adopted and shall become effective on October 1, 2018.

Black Hills shall continue to comply with the requirements previously set forth in NG-0078, including the filing of quarterly surveillance filings and the filing of an annual reconciliation.

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. NG-0078.5

Page 4

Black Hills shall continue to communicate with and advise the Commission of its plans regarding any upcoming general rate application, as well as its plans regarding any future consolidation of the two Black Hills entities.

O R D E R

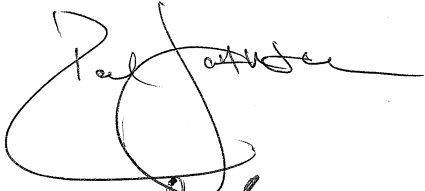
IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Joint Stipulation to Continue SSIR between the Public Advocate and Black Hills Gas Distribution, LLC d/b/a Black Hills Energy be approved and this application be granted consistent with the terms of the Stipulation.

IT IS FURTHER ORDERED that Black Hills Energy, Nebraska Gas Tariff, Revised Sheets Nos. 1, 11, 13, 14, and 15, attached to the Joint Stipulation to Continue SSIR, with effective dates of October 1, 2018, be, and are hereby, approved.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 5th day of September, 2018.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



//s//Frank E. Landis  
//s//Mary Ridder



Chair

ATTEST:



Executive Director