

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE JOINT )  
APPLICATION OF SOURCEGAS )  
DISTRIBUTION LLC, SOURCEGAS LLC, )  
SOURCEGAS HOLDINGS LLC, AND )  
BLACK HILLS UTILITY HOLDINGS, INC. )  
FOR ALL NECESSARY )  
AUTHORIZATIONS AND APPROVALS )  
FOR BLACK HILLS UTILITY HOLDINGS, )  
INC. TO ACQUIRE SOURCEGAS )  
HOLDINGS LLC. )**

**DOCKET NO. NG-0084**

**DIRECT TESTIMONY OF  
ANDREW ROSS,  
NEBRASKA MUNICIPAL POWER POOL (“NMPP”)**

**INDEX**

<b><u>SECTION</u></b>	<b><u>PAGE</u></b>
I. INTRODUCTION.....	3
II. PURPOSE OF TESTIMONY.....	4
III. BACKGROUND INFORMATION REGARDING NMPP.....	5
IV. IMPACT OF TRANSACTION ON NMPP .....	6

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Andrew Ross. My business address is 8377 Glynoaks Drive, Lincoln, NE  
4 68516.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by the Nebraska Municipal Power Pool and assigned as the Director of  
7 Retail Utility Services and Member Relations (“Director”) for the Nebraska Municipal  
8 Power Pool (“NMPP”).

9 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF NMPP?**

10 A. As the Director of Retail Utility Services and Member Relations, I am responsible for  
11 managing all operations, finances, goals and objectives of NMPP. I am also responsible  
12 for effectively communicating with the NMPP Board of Directors which consists of  
13 sixteen (16) members with full control and management of the affairs and property of the  
14 corporation subject only to the provisions of the NMPP Articles of Incorporation and  
15 Bylaws.

16 **Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND  
17 QUALIFICATIONS.**

18 A. I became Director of Retail Utility Services and Member Relations of NMPP in 2015  
19 after starting with NMPP in 2008. During my time at NMPP my responsibilities have  
20 included the development and presentation of financial plans and cost of service and rate  
21 design studies; performing economic analysis on energy efficiency programs; consulting  
22 on generation air permits and compliance; reporting for the U.S. Energy Information

1 Administration; load resource planning and financial analysis for both wholesale and  
2 retail operations; organizing and procuring wholesale power supply agreements and new  
3 load; leading communication efforts between utility, city staff, governing bodies, and the  
4 public; and overseeing NMPP staff and operations to provide existing and new services  
5 to grow the member footprint and influence. Before joining NMPP, I worked for the  
6 Nebraska Public Power District as a transmission and distribution engineer and designed  
7 and managed substation projects.

8 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

9 A. I am testifying on behalf of NMPP.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED OR FILED TESTIMONY BEFORE THE**  
11 **COMMISSION OR COMMISSIONS IN OTHER JURISDICTIONS**

12 No.

13 **II. PURPOSE OF TESTIMONY**

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. It is not my intent to oppose the acquisition of SourceGas by Black Hills Utility Holdings  
16 (BHUH). In my opinion, natural gas customers in Nebraska would be well served by  
17 Black Hills. The purpose of my testimony is to explain the relationship between NMPP  
18 and the Public Alliance for Community Energy (“ACE”), to convey the significance of  
19 the Nebraska Choice Gas Program to municipal members of ACE and NMPP, and to  
20 advocate on behalf of the municipalities in Nebraska who are currently served by either  
21 SourceGas or Black Hills.

22 **Q. ARE YOU PROVIDING ANY EXHIBITS TO YOUR TESTIMONY?**

23 A. No.

1 **III. BACKGROUND INFORMATION REGARDING NMPP**

2 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF NMPP'S OPERATIONS.**

3 A. NMPP is a non-profit corporation that provides utility-related services to nearly 200  
4 member municipalities in Midwestern states including 148 municipalities in Nebraska.  
5 NMPP is headquartered in Lincoln, Nebraska, and was formed with the purpose of  
6 promoting the common good and general welfare on behalf of its members. NMPP  
7 assists its members in the delivery of essential municipal utility services to enhance the  
8 quality of life for the citizens in NMPP member communities.

9  
10 NMPP is dedicated to enhancing local control, ensuring economic stability, and guarding  
11 public ownership. NMPP advocates on utility-related matters for municipalities in  
12 regions served by Black Hills and SourceGas.

13 **Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN NMPP AND ACE, AND**  
14 **THE ROLE NMPP PLAYED IN THE FORMATION OF ACE.**

15 A. NMPP was formed in 1975 by 19 communities working together to achieve bargaining  
16 strength in the power industry. Since then, NMPP has grown substantially and is now  
17 part of a coalition of four entities referred to by the trade name NMPP Energy. This  
18 coalition of entities provides energy-related services to member and nonmember  
19 participants while sharing facilities and management personnel. None of the  
20 organizations included in NMPP Energy are responsible for the obligations, liabilities or  
21 debts of any of the other organizations. ACE is the retail natural gas supply organization  
22 of NMPP Energy.

1 In 1998, ACE was formed from a core group of NMPP members who wanted a degree of  
2 local control in the delivery of natural gas to customers in their communities. Those 31  
3 charter members created ACE as a Nebraska interlocal agency to represent their mutual  
4 interests related to the acquisition, management, distribution and sale of energy. Today,  
5 ACE is owned by 72 Nebraska municipalities and one public power district. As a  
6 prerequisite to membership in ACE, municipalities must first be members of NMPP.  
7

#### 8 **IV. IMPACT OF TRANSACTION ON NMPP**

9 **Q. ARE YOU GENERALLY FAMILIAR WITH THE TRANSACTION THAT IS**  
10 **BEFORE THE COMMISSION IN THE APPLICATION?**

11 A. Yes.

12 **Q. PLEASE DESCRIBE THE OVERALL IMPACT YOU EXPECT BLACK HILLS**  
13 **UTILITY HOLDINGS, INC'S ACQUISITION OF SOURCEGAS HOLDINGS TO**  
14 **HAVE ON NMPP'S OPERATIONS.**

15 This transaction will not have a direct impact on NMPP. However, if approved, this  
16 transaction will change control of SourceGas Distribution LLC and its parent company to  
17 Black Hills Utility Holdings, Inc. ("BHUH") which would then operate under Neb. Rev.  
18 Stat. §66-1806 as a jurisdictional utility with tariffs and rate schedules governing the  
19 Nebraska Choice Gas Program ("NCGP") currently administered by SourceGas  
20 Distribution LLC. As stated in the BHUH response to Request No. ACE-8 of this docket,  
21 BHUH will not include a NCGP in conjunction with its proposed Cost of Service Gas  
22 ("COSG") program (see filing NG-0086) if approved. Although this filing includes the  
23 implementation of the COSG program only in existing Black Hills territories, Black

1 Hills' investor materials indicate future intent to expand this program to existing  
2 SourceGas territories if this acquisition is approved. In my opinion, discontinuation of  
3 the NCGP and the elimination of the competitive natural gas marketplace has a high  
4 potential to result in increased costs and decreased pricing options to natural gas  
5 ratepayers in territories served by NMPP. In addition, because membership in NMPP is a  
6 prerequisite to joining ACE, future elimination of the NCGP would cause harm to  
7 membership numbers of ACE, and thereby NMPP.

8 **Q. WHAT IS YOUR RECOMMENDATION?**

9 A. My recommendation is that the Commission approve this transaction contingent upon the  
10 stipulation that the NCGP, as authorized in Neb. Rev. Stat. §66-1851<sup>1</sup> be continued  
11 without change to these applicable tariffs in order that natural gas consumers in the  
12 territories being acquired are assured of having the same opportunity to choose a supplier  
13 as they do today.  
14

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<sup>1</sup> **Neb. Rev. Stat. §66-1851. Jurisdictional utility; customer choice or other programs; how treated.**

(1) Notwithstanding any other provisions in the State Natural Gas Regulation Act, a jurisdictional utility may file with the commission rates and one or more rate schedules and other charges, and rules and regulations pertaining thereto, that enable the utility to provide service to ratepayers under customer choice and other programs offered by a utility to unbundle one or more elements of the service provided by the utility.

(2) The commission shall not eliminate or modify the terms of any customer choice or other unbundling programs in existence on May 31, 2003, or as thereafter modified by a filing made by the jurisdictional utility, except as permitted by the act after complaint or the commission's own motion and hearing. In any rate determination made under the act, the commission shall not penalize the utility for any action prudently taken or decision prudently made under its approved bundling program, by imputing revenue at maximum rates or otherwise.

(3) The commission may not modify the provisions of a program under this section except upon complaint or the commission's own motion, wherein the commission finds, after hearing, that one or more aspects of the program are unduly preferential, unjustly discriminatory, or not just and reasonable.

1           Upon review of §66-1851, Customer Choice and other programs were recognized as an  
2           unbundled service to ratepayers. As stated in the Act, the Commission shall not eliminate  
3           or modify the terms of any Customer Choice or other unbundling program in existence as  
4           of May 31, 2003, except under certain circumstances.

5   **Q.    DOES THAT CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

6   **A.    Yes, thank you.**

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HOLDINGS LLC )

DOCKET NO. NG-0084

STATE OF NEBRASKA )  
COUNTY OF LANCASTER )

Affidavit Adopting  
Direct Testimony

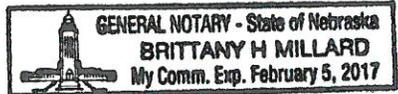
Andrew Ross being first duly sworn on oath, states that he is the Andrew Ross whose Direct Testimony in the above-captioned proceeding accompanies this Affidavit.

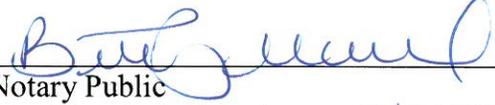
Andrew Ross further states that such Direct Testimony is a true and accurate statement of his answers to the questions contained therein, and that he does adopt those answers as his sworn Testimony in this proceeding.

  
\_\_\_\_\_  
Andrew Ross

On this 5<sup>th</sup> day of Nov, November, 2015, before me, the undersigned, a Notary Public commissioned and qualified for in said County, personally came Andrew Ross, to me known to be the identical person whose names are affixed to the foregoing Testimony and acknowledged the execution thereof to be his voluntary act and deed.

WITNESS my hand and Notary Seal the day and year last above written.



  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 2/5/17

**CERTIFICATE OF SERVICE**

On this 5<sup>th</sup> day of November, 2015, a true and correct copy of the foregoing Testimony was mailed by United States Mail, First Class, postage prepaid to:

Beth Ackland  
Public Alliance for Community Energy  
Director of Retail Gas Services  
8377 Glynoaks Drive  
Lincoln, NE 68516

Nichole Mulcahy  
Nebraska Public Service Commission  
Director-Natural Gas Department  
1200 N Street, Suite 300  
Lincoln, NE 68508

Rose Price  
Nebraska Public Service Commission  
Consumer Affairs Advocate  
1200 N Street, Suite 300  
Lincoln, NE 68508

William Austin  
Nebraska Public Service Commission  
Public Advocate  
1200 N Street, Suite 300  
Lincoln, NE 68508

Timothy Knapp  
SourceGas Distribution  
Vice President & General Counsel  
600 12<sup>th</sup> Street, Suite 300  
Golden, CO 80401

Eric W. Nelsen  
SourceGas Distribution  
Deputy General Counsel – Regulatory Law  
600 12<sup>th</sup> Street, Suite 300  
Golden, CO 80401

Mr. Russell A. Westerhold  
Mr. Stephen M. Bruckner  
Fraser Stryker Law Offices  
500 Energy Plaza  
409 South 17th Street  
Omaha, NE 68102

Douglas J. Law  
Black Hills Corp.  
Senior Corporate Counsel  
1102 E. 1<sup>st</sup> Street  
Papillion, NE 68046

Brian Iverson  
Black Hills Corp.  
Sr. Vice President Regulatory and  
Assistant General Counsel  
625 Ninth Street  
Rapid City, SD 57701

Patrick J. Joyce  
Black Hills Corp.  
Senior Managing Corporate Counsel  
1102 E. 1<sup>st</sup> Street  
Papillion, NE 68046

Thorvald A. Nelson  
Holland & Hart LLP  
6830 South Fiddlers Green Circle, Suite 500  
Greenwood Village, CO 80111

Jeff Pursley  
Nebraska Public Service Commission  
Executive Director  
1200 N Street, Suite 300  
Lincoln, NE 68508

  
\_\_\_\_\_  
Chris M. Dibbern, #17286