

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,) ORDER APPROVING INTERIM
Rapid City, South Dakota,) RATE REFUND PLAN
seeking approval of a general)
rate increase.) Entered: May 11, 2021

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 ("Application") with the Nebraska Public Service Commission ("Commission"), seeking a general rate increase. The Nebraska Public Advocate ("PA"), the Public Alliance for Community Energy ("ACE"), the Nebraska Municipal Power Pool ("NMPP"), and the International Brotherhood of Electrical Workers Local 244 ("IBEW") formally intervened in this docket. Heartland Natural Gas ("HNG") intervened informally.

As permitted by Neb. Rev. Stat. § 66-1838(10)(b), Black Hills instituted interim rates in the amount of the requested increase, effective September 1, 2020. The parties then entered into a Stipulation resolving the issues in this matter. Following hearing, an order in this matter was entered on January 26, 2021, approving the Stipulation.

Pursuant to that order, Black Hills submitted an Interim Rate Refund Plan ("Refund Plan") to the Commission on April 1, 2021. The PA submitted a Review of the Refund Plan ("Review") on April 23, 2021. No other party to this matter submitted objections to the Refund Plan. Black Hills submitted a response to the Review on April 29, 2021.

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

The Refund Plan submitted by Black Hills proposes a method of refunding customers for the amount overcollected through interim rates between September 1, 2020, and February 28, 2021. Black Hills provided estimates of its refund calculations, to be finalized following the Commission's approval of the Refund Plan. Under its Refund Plan, Black Hills estimates it will refund to customers a total of \$7.3 million. Additionally, the Refund Plan will include a refund related to Black Hills' HEAT Program, an additional credit due to the Tax Cuts and Jobs Act, and final true-ups from the Farm

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Tap surcharge, the Pipeline Replacement Program, and the System Surcharge and Integrity Rider. The amount to be refunded also includes interest on the total amount of overcollection of interim rates, calculated at the state's judgment interest rate.

Black Hills proposes to provide this refund to customers as a one-time bill credit to its current residential, commercial, and Energy Options customers. Black Hills states that customers no longer receiving service will be issued a refund check if a forwarding address is known, and Black Hills will undertake other commercially reasonable actions to locate the customer. Any undistributed funds will be held for twelve (12) months for customers who cannot be located. Black Hills proposes that after that time, any remaining funds will be credited back to all residential customers through the Gas Cost Adjustment ("GCA"). Black Hills further proposes that any returned checks will be remitted per the Nebraska escheat process to the State Treasurer as unclaimed property. Once the refund is complete, Black Hills will provide the Commission with a report of the final refund amount.

Following Black Hills' submission of its Refund Plan, the PA submitted a Review of the Refund Plan. In the Review, the PA generally states that the Refund Plan is reasonable, but suggests two modifications. The PA first suggests that undistributed refunds for customers who cannot be located should be held for 12 months and credited to all GCA customers, rather than only residential GCA customers. The PA further suggests that the notice of the refund to be included with customer bills should be modified to be more specific. The PA included specific preferred language in the Review.

In Black Hills' Response to the PA Review of Interim Refund Plan, Black Hills accepted the recommendations of the PA, with a minor modification to the customer notice based upon the requirements of Black Hills' billing system. Black Hills had no other objection to the PA's recommendations. The PA had no objections to the slight language change of the customer notice to accommodate the billing system.

Upon review of the submitted Refund Plan, the Review of the PA, and Black Hills' Response to the Review, the Commission finds that the Refund Plan is reasonable and should be adopted, with modifications proposed by the PA and as agreed upon by Black Hills.

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As described in the Refund Plan, the final amount to be refunded was not available at the time of filing. Therefore, it will be required that Black Hills file an updated Exhibit 1 incorporating its February billing cycle to the Commission no later than June 1, 2021.

The Commission further finds that Black Hills shall submit to the Commission a report on or before July 1, 2022, regarding the final disposition of the refund. Such report shall include 1) the total amount refunded to customers; 2) the total amount being held for unlocatable customers that will be returned through the GCA mechanism; 3) the total number of customers that received a refund and the number of customers that did not receive a refund due to amount, unlocatable status, or escheatment to the State of Nebraska; and 4) a description of the steps taken by Black Hills to provide the outstanding refunds to customers. The filing may be made electronically to psc.naturalgas@nebraska.gov, with a copy to all other parties to this docket.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Interim Rate Refund Plan submitted by Black Hills Nebraska Gas, LLC, d/b/a Black Hills Energy in this matter shall be approved, subject to the modifications agreed upon between the Applicant and the Public Advocate as set forth in the filings described above.

IT IS FURTHER ORDERED that the deadlines and filing requirements set forth above shall hereby be adopted.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 11th day of May, 2021.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Rod Johnson
Cystal Swader
Mary Keddin
Tim Schram

David Watson
Chair

ATTEST:
Michael Hyl
Executive Director