

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Black Hills	)	Application No. NG-112.4
Nebraska Gas, LLC d/b/a Black	)	
Hills Energy, Rapid City,	)	
South Dakota, seeking approval	)	ORDER APPROVING
of a 2025 Systems Safety and	)	2025 SSIR CHARGE
Integrity Rider.	)	
	)	
	)	Entered: December 17, 2024

BY THE COMMISSION:

On August 1, 2024, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy ("Black Hills" or "Applicant") filed an application with the Nebraska Public Service Commission ("Commission") seeking approval of a 2025 Systems Safety and Integrity Rider. A petition for Formal Intervention was filed by the Nebraska Public Advocate ("PA") on August 7, 2024, and her intervention was approved by the Commission on August 9, 2024. 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, 2025, for Rate Areas One, Two, Three, and Five. The adjusted 2025 SSIR charges will apply to rate schedules applicable to all Black Hills Jurisdictional Residential, Commercial, and Energy Options customers. If approved by the Commission, the monthly SSIR charge for Residential customers will be \$5.28 and the monthly charge for both Commercial and Energy Options customers will be \$16.56.<sup>1</sup>

Black Hills identified various projects in multiple SSIR categories, totaling \$39,008,880, and provided background, classifications under the SSIR Tariff, objective criteria analyzed, project descriptions, and specific projects in each category. Each of the SSIR projects proposed are estimated to be in service and used and useful by December 31, 2025.

Notice of the application was published in The Daily Record on August 5, 2024. A hearing was held on November 6, 2024. Mr. Douglas J. Law, associate general counsel for Black Hills, appeared on behalf of Black Hills; Ms. Chris Dibbern appeared in her

<sup>1</sup> See NG-112.4, Hearing Exhibit #5 at 1.

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capacity as the Public Advocate; and Mr. Jonathan Smith and Ms. Nichole Mulcahy appeared on behalf of Commission staff.

### EVIDENCE

During the hearing, Black Hills called Mr. Kevin Jarosz, Vice President of Operations for Nebraska and Iowa at Black Hills, to testify regarding Black Hills' 2025 SSIR application and its response to the Public Advocate's Report ("PA Report"). Mr. Jarosz began his testimony by describing the standard procedure Black Hills implements when considering projects for the SSIR. He stated that in January through July of the prior year, Black Hills identifies SSIR projects to be completed and prepares estimated budgets for those projects. Black Hills reviews property and system data to identify higher risk safety projects to include in the 2025 SSIR application.<sup>2</sup> Mr. Jarosz stated that Section 4 of the application sets forth the 2025 SSIR project list and narrative. In addition, Section 3 of the 2025 SSIR application sets forth the 2025 alternate SSIR project list and narrative.<sup>3</sup> Mr. Jarosz closed his testimony by thanking the PA and her team for its thorough investigation and stated that the PA's Report recommended approval of the 2025 SSIR application as it did not identify any significant issues regarding any of the proposed projects.<sup>4</sup>

Following Mr. Jarosz's testimony, Ms. Chris Dibbern presented the findings of the PA Report. Ms. Dibbern stated that during its investigation, the PA's consultants presented various technical questions to Black Hills regarding its 2025 SSIR application, and that those questions were ultimately resolved through the discovery process. However, Ms. Dibbern offered one recommendation in her testimony, recommending that the Commission approve Black Hills' request to modify the SSIR tariff to allow flexibility to swap amounts by SSIR category.<sup>5</sup> Following Ms. Dibbern's comments, the hearing was adjourned.

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<sup>2</sup> *Hearing Transcript* at 12:19-13:14

<sup>3</sup> *Id.* at 13:22-14:10

<sup>4</sup> *Id.* at 14:11-15:2

<sup>5</sup> *Id.* at 18:19-21:23

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

Pursuant to the State Natural Gas Regulation Act, Neb. Rev. Stat. § 66-1804(a), 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>6</sup>

In Black Hills' 2023 SSIR application, Black Hills sought to assign capital spending at a project category level. This proposed change would allow Black Hills to shift funding to alternate projects within the same project category, in the event the original project was unable to be completed. The Commission approved this change on December 13, 2022, in its order approving Black Hills' 2023 SSIR application.<sup>7</sup> The following year, in its 2024 SSIR application, Black Hills sought further flexibility to not only shift funding to alternate projects within the same SSIR project category, but to extend that flexibility across different SSIR project categories. This request maintained that in any use of an alternate project, the project still must be reviewed by the PA and approved by the Commission and the company must remain within the total SSIR amount approved by the Commission in the application. The Commission approved the additional requested adjustments in its order approving the 2024 SSIR application on December 12, 2023.<sup>8</sup> Both changes sought were for the purpose of streamlining the reconciliation process and increasing the efficiency within the SSIR program. The Commission found these

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<sup>6</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).

<sup>7</sup> See Application No. NG-112.2, *In the Matter of the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota, seeking approval of a 2023 Systems Safety and Integrity Rider*, Order Granting Application (December 13, 2022).

<sup>8</sup> See Application No. NG-112.3, *In the Matter of the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota, seeking approval of a 2024 Systems Safety and Integrity Rider*, Order Granting Application (December 12, 2023).

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adjustments to be a reasonable plan to promote efficiency within the SSIR program while at the same time maintaining appropriate oversight. Therefore, all future SSIR applications, including Black Hills' current 2025 SSIR Application, include a list of alternate projects, which are reviewed by the PA, and approved by the Commission.

In the PA Report of Black Hills' 2025 SSIR application and in her testimony at the hearing, the PA requested that the Commission approve Black Hills' request to modify the SSIR tariff to reflect the above changes. In Black Hill's response to the PA Report, it agreed with the PA's recommendation, and has incorporated the recommended change into tariff sheet No. 127.<sup>9</sup> The Commission finds the PA's recommendation to be reasonable and in the public interest and should therefore be adopted.

Based upon the PA's review and report and the parties' agreement on the record, the Commission finds that the proposed SSIR projects, including the projects included on the alternate list, and the corresponding calculations of the SSIR charges as set forth in this order are appropriate and that Black Hills' 2025 SSIR application should be approved. Furthermore, Black Hills shall comply with all the requirements set forth in the SSIR program, including the filing of an annual reconciliation.

Finally, The Commission finds that the revised tariff sheet No. 78 and 127, including both redlined and clean versions, attached to this order for review and incorporated by reference, should be approved, effective January 1, 2025. Black Hills shall comply with all requirements set forth in the SSIR program, this order, and all approved tariff sheets.

### 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 2025 Systems Safety and Integrity Rider, be, and is hereby, approved.

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<sup>9</sup> See NG-112.4, Hearing Exhibit #10 at 2.

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IT IS FURTHER ORDERED that Black Hills Energy, Nebraska Gas tariff revised sheet No. 78 and 127, including both a redlined and clean version attached to this order and incorporated by reference, be, and are hereby approved, with an effective date of January 1, 2025.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 17th day of December, 2024.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Eric M. Hamler*  
*[Signature]*  
*Tim Schram*  
*Kevin Stocker*

*[Signature]*  
Chair

ATTEST:

*Thomas W. Golden*  
Executive Director

**RATE SCHEDULES AND OTHER CHARGES**  
**SCHEDULE OF RATES**

Rate Areas 1, 2, & 3:

Type of Charge	Billing Unit	Base	SSIR	HEAT	Line Locates	Gas Cost
Residential		1/	2/	3/	4/	
Customer Charge	Per Month	\$15.45	\$5.28	\$0.29		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000				5/
Commercial						
Customer Charge	Per Month	\$28.43	\$16.56	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/
Commercial – EO						
Customer Charge	Per Month	\$28.43	\$16.56	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/

Rate Area 5

Type of Charge	Billing Unit	Base 1/	SSIR 2/	HEAT 3/	GSCA 6/	Gas Cost
Residential						
Customer Charge	Per Month	\$15.45	\$5.28	\$0.29		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000			\$0.00000	7/
Commercial						
Customer Charge	Per Month	\$28.43	\$16.56	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000			\$0.00000	7/
Agricultural Seasonal Service						
Minimum Volumetric Charge	Per Therm	\$0.00100	--	--	\$0.00000	7/
Maximum Volumetric Charge	Per Therm	\$0.50000	--	--	\$0.00000	7/

- 1/ Base rates as set for on Sheet Nos. 79, 80, and 82
- 2/ System Safety and Integrity Rider set forth on Sheet Nos. 127-131
- 3/ High Efficiency Assistance Tool set forth on Sheet No. 132 – added to Customer Charge on bills
- 4/ Line Locates Surcharge as set forth on Sheet No. 133
- 5/ Gas Cost rates for Rate Areas 1-3 as set forth on Sheet Nos. 95 and 96
- 6/ Gas Supply Cost Adjustment as set forth on Sheet No. 123
- 7/ Gas Cost rates for Rate Area 5 (Supplier Commodity Charge) is the applicable rate agreed to by the Customer and its Supplier in the Choice Gas Program. See Sheet Nos. 97-107

**RATE SCHEDULES AND OTHER CHARGES**  
**SCHEDULE OF RATES**

Rate Areas 1, 2, & 3:

Type of Charge	Billing Unit	Base	SSIR	HEAT	Line Locates	Gas Cost
<b>Residential</b>		1/	2/	3/	4/	
Customer Charge	Per Month	\$15.45	<del>\$3.78</del> <u>5.28</u>	\$0.29		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000				5/
<b>Commercial</b>						
Customer Charge	Per Month	\$28.43	<del>\$11.35</del> <u>16.56</u>	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/
<b>Commercial – EO</b>						
Customer Charge	Per Month	\$28.43	<del>\$11.35</del> <u>16.56</u>	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/

Rate Area 5

Type of Charge	Billing Unit	Base	SSIR	HEAT	GSCA	Gas Cost
<b>Residential</b>		1/	2/	3/	6/	
Customer Charge	Per Month	\$15.45	<del>\$3.78</del> <u>5.28</u>	\$0.29		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000			\$0.00000	7/
<b>Commercial</b>						
Customer Charge	Per Month	\$28.43	<del>\$11.35</del> <u>16.56</u>	\$0.29		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000			\$0.00000	7/
<b>Agricultural Seasonal Service</b>						
Minimum Volumetric Charge	Per Therm	\$0.00100	--	--	\$0.00000	7/

**Black Hills Nebraska Gas, LLC**

**d/b/a Black Hills Energy**

Nebraska Natural Gas Tariff

Filed with the Nebraska Public Service Commission

Maximum Volumetric Charge	Per Therm	\$0.50000	--	--	\$0.00000	7/
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1/ Base rates as set for on Sheet Nos. 79, 80, and 82

2/ System Safety and Integrity Rider set forth on Sheet Nos. 127-131

3/ High Efficiency Assistance Tool set forth on Sheet No. 132 – added to Customer Charge on bills

4/ Line Locates Surcharge as set forth on Sheet No. 133

5/ Gas Cost rates for Rate Areas 1-3 as set forth on Sheet Nos. 95 and 96

6/ Gas Supply Cost Adjustment as set forth on Sheet No. 123

7/ Gas Cost rates for Rate Area 5 (Supplier Commodity Charge) is the applicable rate agreed to by the Customer and its Supplier in the Choice Gas Program. See Sheet Nos. 97-107

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DATE OF ISSUE: ~~June-August 28~~1, 2024

EFFECTIVE DATE: ~~July-January 1~~1, 20254

ISSUED BY: Brooke Bassell-Herman, Director Regulatory