

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEBRASKA**

In the Matter of Black Hills Nebraska Gas, LLC)
d/b/a Black Hills Energy, Rapid City, South Dakota) Application No. NG-112.4
seeking approval of a 2025 Systems Safety and)
Integrity Rider.)

**RESPONSE OF BLACK HILLS NEBRASKA GAS, LLC
TO THE NEBRASKA PUBLIC ADVOCATE’S
REVIEW OF 2025 ANNUAL SURVEILLANCE REPORT**

In accordance with the Black Hills Nebraska Gas, LLC, d/b/a Black Hills Energy, ("Black Hills Energy" or the "Company") Tariff Sheet No. 128, Black Hills Energy hereby files this Response to the Public Advocate report titled "Review of 2025 Annual Surveillance Report" ("Report"), prepared by Blue Ridge Consulting Services, Inc. and filed with the Commission by the Nebraska Public Advocate in this docket on May 1, 2026.

Black Hills Energy Response:

Blue Ridge Consulting and the Public Advocate conducted a thorough examination of several different areas of investigation regarding Black Hills Energy’s 2025 SSIR Annual Surveillance Report. Black Hills Energy appreciates the thorough investigation, review, and analysis conducted by the Public Advocate and Blue Ridge Consulting.

Black Hills Energy responds to two of the following recommendations as set forth in the report:

Blue Ridge Consulting Recommendation #1:

As discussed in the Direct Testimony of Donna H. Mullinax in Docket No. NG-124, Blue Ridge continues to recommend the following regarding the treatment of Alternative Projects in the approved Tariff.

“While the Commission authorized transferring spend within categories in NG-112.3, Blue Ridge found that the Commission has not specifically approved cross-category budget

flexibility and that flexibility is not reflected in the approved SSIR Tariff.” Aug 15, 2025, Direct Testimony of Donna H Mullinax on page 60, lines 13-15.

Black Hills Energy Response:

Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy Nebraska Natural Gas Tariff under Annual Application and Annual Surveillance Filings, filed Forth Revised Sheet No.127 on October 28, 2024, effective January 1, 2025.

“Should circumstances arise which prohibit the Company’s planned spending on a Project, the Company may transfer funds to another Project previously approved, within the same category or in a different category.” Jan 1, 2025, Nebraska Natural Gas Tariff Forth Revised Sheet No. 127.

“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. 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. Both changes sought were for the purpose of streamlining the reconciliation process and increasing the efficiency within the SSIR program. The Commission found these 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. The Commission finds the PA’s recommendation to be reasonable and in the public interest and should therefore be adopted.” Dec 17, 2024, Order Approving 2025 SSIR Charge on pages 3 & 4.

Blue Ridge Consulting Recommendation #2:

Blue Ridge includes information from Section K of the SSIR Narrative in NG-112.4 that describes facility relocation projects. Blue Ridge indicates that the Company did not provide estimated cost for this potential work and it was not provided supplemental information as indicated in Section K.

Black Hills Energy Response:

In Section K of the SSIR Narrative in NG-112.4, the Company indicates that: "...through a subsequent filing, the Company will provide updates of its facility relocation projects in connection with state or municipal infrastructure projects and will seek to recover the Eligible System Safety and Integrity Costs associated with those projects that occurred." This surveillance filing is the "subsequent filing." The Company has historically used the surveillance filing to provide the update. In addition, there are no estimated costs in the 2025 SSIR rate by design. When the Company submits the SSIR filings in August each year, exact facility relocation projects are unknown. And even if known, changes and cancellations could arise, so the Company did not include any cost estimate in the 2025 SSIR rate. Instead, once the facility relocations are known and completed, the Company includes actual costs in the annual surveillance filing (the "subsequent filing" to provide an update on the relocation projects), and then Company will recover those costs in the reconciliation of the 2025 SSIR costs in the following year. Facility Relocation costs have historically been handled this way.

In conclusion, there is one last item to reference. In the Blue Ridge Review of 2025 Annual Surveillance Report on page 6 a screenshot of the Annual Application and Annual Surveillance Filings in the tariff is provided. The source is listed as BHE Tariff, Third Revised Sheet No. 127, Effective Date January 1, 2023. The screenshot and source captured in the Blue Ridge Review of

2025 Annual Surveillance Report on page 6 is incorrect. An updated screenshot should be provided, and can be found in the Black Hills Energy Nebraska Natural Gas Tariff, Fourth Revised Sheet No. 127, Effective Date January 1, 2025.

Black Hills Energy's responses herein address and satisfy the recommendations set forth in the Public Advocate's Report. Thus, Black Hills Energy contends that the 2025 SSIR Application and reconciliation and surveillance are completed and should be closed.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing Response of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy to the Report of the Nebraska Public Advocate was served electronically on May 12, 2026, upon the following:

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