BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF BLACK HILLS NEBRASKA GAS, LLC D/B/A/ BLACK HILLS ENERGY SEEKING APPROVAL OF A 2027 SYSTEM, SAFETY & INTEGRITY RIDER	))))))	Application No. NG-133

NOTICE OF FILING OF PUBLIC ADVOCATE'S EXAMINATION OF THE SSIR RIDER FOR THE 2027 PROGRAM YEAR

The Public Advocate, Intervenor in the above-referenced proceeding, does hereby give notice of filing her *"Examination of the System Safety & Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, for the 2027 Program Year* prepared by Blue Ridge Consulting Services on behalf of the Public Advocate and dated October 15, 2026. Eight copies of the Examination, plus an electronic copy in PDF and Microsoft Word format, are being submitted herewith in accordance with 291NAC9-004.12. Electronic and/or hard copies are being provided, as appropriate, in accordance with the service list.

Dated this 15th day of October 2026.

NEBRASKA PUBLIC ADVOCATE

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of "Public Advocate's Examination of SSIR Rider for the 2027 Program Year" was served electronically on this 15th day of October 2026:

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Before the Nebraska Public Service Commission
Docket No. NG-133

Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2027 Program Year

on behalf of the Nebraska Public Advocate

October 19, 2026

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DISCLAIMERS

In the context of this report, Blue Ridge Consulting Services, Inc. ("Blue Ridge") intends the words *audit* and *examination* as they are commonly understood in the utility regulatory environment: as a regulatory review, a field investigation, or a means of determining the appropriateness of a financial presentation for regulatory purposes. The word *audit*, for example, is not intended in its precise accounting sense as an examination and verification of booked numbers and related source documents for financial reporting purposes. Neither is the term *audit* in this case an analysis of financial statement presentation in accordance with the standards established by the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Standards Board (FASB). The reader should distinguish regulatory reviews, such as those that this report's authoring firm, Blue Ridge Consulting Services, Inc. ("Blue Ridge") performs, from financial audits performed by independent certified public accountants.

This document and the opinions, analyses, evaluations, and recommendations are for the sole use and benefit of the contracting parties. Blue Ridge intends no third-party beneficiaries, and therefore, assumes no liability whatsoever to third parties for any defect, deficiency, error, or omission in any statement contained in or in any way related to this document or the services provided.

Blue Ridge prepared this report based in part on information not within its control. While Blue Ridge believes the information provided herein is reliable, the firm does not guarantee the accuracy of the information it has relied upon.

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ORGANIZATION OF BLUE RIDGE'S REPORT

Blue Ridge organized this report according to the following major sections: Executive Summary; Overview of Investigation; and Observations, Findings, and Recommendations. The report also contains appendices. The Executive Summary provides summaries of the subject utility's application requests, Blue Ridge's findings and recommendations on those requests, and the effects of the recommendations.

The Overview of Investigation provides the background, purpose of the project, project scope, and information reviewed.

The Observations, Findings, and Recommendations section documents Blue Ridge's analysis and conclusions regarding the components that comprise the System Safety and Integrity Rider (SSIR) Charge. In that section, Blue Ridge addresses the eight evaluation questions identified in the Overview related to the purpose of the project:

1. Are the Company's processes and controls sufficient so as not to adversely affect the costs of the System Safety and Integrity Recovery Charge?
2. Does the application provide the information required by Commission orders and specified in the SSIR Tariff?
3. Are the System Safety and Integrity projects eligible for recovery?
4. Is the revenue requirement associated with the Eligible System Safety and Integrity Costs requested by Black Hills Energy in compliance with Commission orders and as specified in the SSIR Tariff?
5. Is the System Safety and Integrity Rider Charge calculated in compliance with Commission orders and as specified in the SSIR Tariff?
6. Is the amount and timing of the System Safety and Integrity Rider Charge request within the limits established by the Commission?
7. What is the appropriate level of recovery of the System Safety and Integrity Rider Charge?
8. Did the Company timely file the annual surveillance filings with the required information in compliance with Commission orders?

The appendices include the background information reviewed, abbreviations and acronyms, data requests and information provided, and Blue Ridge's workpapers.

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EXECUTIVE SUMMARY

On July 31, 2026, Black Hills Nebraska Gas, LLC, d/b/a Black Hills Energy (hereinafter referred to as "Black Hills Energy," "BHE," or "Company"), filed an application with the Nebraska Public Service Commission ("Commission") seeking approval of a 2027 System Safety & Integrity Rider with an effective date of January 1, 2027, for Rate Areas One, Two, Three, and Five. The Company proposes the adjusted 2027 SSIR charges to apply to rate schedules applicable to all BHE jurisdictional Residential, Small Commercial, and Large Commercial customers.

The Company's proposed SSIR charge covers the incremental annual revenue requirement impact of costs incurred by the Company with respect to SSIR Projects as defined on Tariff Sheets Nos. 127 through 131. These eligible projects were not included in the rate base calculation in the rate review for Nebraska assets in Commission Application No. NG-124. Each of the SSIR Projects is currently scheduled to be in service and used and useful by December 31, 2027.

Blue Ridge reviewed the 22 SSIR projects, 16 alternative projects, and three DIIP O&M projects and found them not unreasonable.

The Company seeks approval of the jurisdictional revenue requirements of $5,851,618 attributable to jurisdictional total capital projects (2027) of $38,657,201 and the jurisdictional portion of 2027 Data Infrastructure Improvement Program (DIIP) costs recoverable through the SSIR, totaling $2,105,084. The Company's application included the 2025 true-up of $7,047, resulting in a total requested amount (to be collected in 2027) of $7,963,750.

Blue Ridge reviewed the Company's SSIR revenue requirements and found a minor error in the calculation of the 13-month average ADIT. After correcting the error, the total requested amount (to be collected in 2027) is $7,964,395. The following table compares the Company's as-filed SSIR rate for 2027 and Blue Ridge's recommended SSIR rate for 2027.

Table 1: 2027 SSIR Rate—Company Proposed and Blue Ridge's Recommended

	Residential	Small Commercial	Large Commercial
As Filed SSIR rate for 2027	$ 1.82	$ 3.09	$ 16.08
Recommended SSIR rate for 2027	$ 1.82	$ 3.10	$ 16.08

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OVERVIEW OF INVESTIGATION

BACKGROUND

On May 1, 2014, SourceGas Distribution LLC, Golden, Colorado ("SourceGas") filed an application with the Commission seeking approval to put an SSIR Tariff and charge into effect. The application requested to adjust the Customer Charge applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service—Non-Seasonal Service) to recover certain system safety and integrity costs outside the context of a general rate case.

On October 28, 2014, the Commission approved the SSIR with certain modifications and conditions. Following technical conferences and motions to reconsider, the SSIR was ultimately approved under these provisions:

1. SourceGas must not file a general rate case prior to January 1, 2016.
2. A general rate case application pursuant to §66-1838 must be filed at least every sixty (60) months.
3. Future applications shall be filed no later than October 1 to allow for a more formalized review process and in order for a surcharge to be effective by February 1 of the following year.
4. All future SSIR filings will be made in the present docket.
5. SourceGas should file the final reconciliation calculations on or before October 1 annually.
6. Reconciliation calculations should include interest on any overcollection or under-collection of SSIR revenue.
7. SourceGas must file quarterly surveillance filings within sixty (60) days of the end of each quarter. Such filing shall include calculations of the rate base separated into regular and SSIR components, the realized rates of return on the rate base components, along with supporting calculations. Additionally, the filing should include an update regarding the status of the SSIR project costs, in-service dates, and expected schedule over the ensuing duration of the SSIR.
8. No limit on the SSIR charge was implemented at this time. However, the Commission may impose a limit should the Commission find that the requested surcharge is of such a magnitude as to not be in the best interest of the ratepayers.
9. SourceGas may file an SSIR application for 2015 costs on or before November 20, 2014, with an implementation date of February 1, 2015. The filing will require a more limited review to ensure that the projects and associated costs are eligible and that the calculations are accurate.

On February 12, 2016, Black Hills Energy acquired SourceGas. BHE applied for renewal of the existing SSIR.

On January 26, 2021, in Docket NG-109, the Commission entered an order approving a general rate increase for BHE and approved a stipulation reached between BHE and the Public Advocate renewing the SSIR for a period of five years. The Stipulation included the following language related to the SSIR.

> 37. **SSIR Renewal, Modification, and Statewide Expansion.**
>
> The Parties agree that (1) the System Safety and Integrity Rider ("SSIR") mechanism should be renewed for a period of five years, (2) the SSIR mechanism is expanded to cover safety infrastructure projects throughout all of the BH Nebraska Gas rate areas, (3) the Parties will continue to work collaboratively prior to the

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> December 10th Technical Conference and continue collaborating prior to BH Nebraska Gas filing its 2022 SSIR application on drafting tariff language, SSIR application and audit requirements, and supporting SSIR projects based on measurable criteria that improve safety and mitigate risk, (4) modify the SSIR's definition of eligible projects, categories, and criteria as will be agreed upon between the Parties subject to further agreed-upon refinement of the SSIR requirements over the next month and continue the collaboration prior to BH Nebraska Gas filing its 2022 SSIR Application, and (5) unless otherwise permitted by the Commission, the cost of installation or replacement of natural gas pipeline intended primarily to facilitate customer growth requirements, whether for identified or expected customers, will not be eligible for recovery under the SSIR tariff and other similar riders that permit the recovery of investment in capital investment projects that focus on customer safety.
>
> The Parties agree that BH Nebraska Gas may include within the 2021 SSIR Projects the cost of those projects identified in Hearing Exhibit No. BH-JB- 2 (Mr. Bennett's Direct Testimony Exhibit No. JLB-5 -2021 SSIR Application), with the exception of the four reliability pipeline looping projects identified by the Public Advocate in the Answer testimony of Charles Fijnvandraat. The Parties agree that the cost of the Data Integrity Improvement Program ("DIIP") may be recovered through the SSIR Charge.
>
> The Parties agree to develop mutually acceptable criteria to more accurately define shallow pipe and obsolete pipe replacements and to establish a defensible basis and measurable criteria to demonstrate which, if any, reliability projects should be SSIR eligible. The Parties commit to finalizing the necessary criteria prior to the filing of the BH Nebraska Gas 2022 SSIR Application.[1]

The SSIR Tariff was updated to reflect the Commission's order following the rate case. Effective March 1, 2021, the tariff was modified to reflect the mutually acceptable criteria to more accurately define shallow pipe and obsolete pipe replacements and to establish a defensible basis and measurable criteria to demonstrate which, if any, reliability projects should be SSIR eligible.[2]

On December 13, 2022, the Commission approved changes to the SSIR Program. In previous applications Black Hills requested approval of capital spending at an individual project level. The Company requested the Commission approve capital spending at a project category level. Black Hills would still provide the Commission with detailed project descriptions and costs for each project contained within each category; however, if Black Hills were unable to finish a project, the requested budget category adjustment would allow Black Hills to shift funding to an alternate project within the same project category. All alternate projects would be filed with the initial SSIR Application, reviewed by the PA, and approved by the Commission. [3]

On December 9, 2025, the Commission approved a Joint Stipulation and Agreement that resolved all issues in the Company's general rate case (Case No. NG-124). The Joint Stipulation and Agreement included the following language regarding the SSIR.

---

[1] NG-109 Joint Stipulation and Agreement of Settlement between Black Hills Nebraska, LLC d/b/a Blue Hills Energy and the Public Advocate of Nebraska (October 28, 2020), pages 15–16.
[2] BHE SSIR Tariff, Second Revised Sheet Nos. 129 and 129.1 (March 1, 2021).
[3] NG-112.2 Order Approving 2023 SSIR Charge (December 13, 2022), pages 2–3.

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59. SSIR Renewal and Approval of 2026 SSIR Projects

> The Parties agree that the System Safety and Integrity Rider ("SSIR") mechanism is renewed for a period of five years. The Parties further agree that BH Nebraska Gas may include within the 2026 SSIR Projects the cost of those projects identified in Hearing Exhibit No. BHTVB-2 (Ms. Tatyana Bannan's Direct Testimony Exhibit No. TVB-2-2026 SSIR Application). The Parties agree that BH Nebraska Gas may continue to recover the DIIP expense through the SSIR Charge through December 31, 2025. The updated SSIR model that reflects the WACC, depreciation rates, and CCOSS allocations from this Settlement Agreement is attached as Exhibit C.[4]

The Commission addressed the SSIR in its Order Approving the Settlement Agreements:[5]

> D. System Safety and Integrity Rider
>
> With regard to the SSIR, the parties agree that the SSIR mechanism should be renewed for a period of five years and that the proposed 2026 SSIR Projects identified in the Application should be approved. [PA Settlement Agreement at 22] Mr. Aldridge, along with the PA's experts, issued a strong endorsement of the SSIR program at the hearing. [Hearing Transcript at 119:9–14] The Commission also finds the renewal of the SSIR program to be in the public interst [*sic*]. The SSIR program was intended to encourage Black Hills to invest in infrastructure and allow reasonable, prudent investments for infrastructure to be recouped in a more timely fashion and it has successfully achieved that goal.
>
> The Commission has reviewed the parties' agreement as to the SSIR and finds it is just and reasonable and should be adopted.

The SSIR Tariff also requires the Public Advocate to conduct an examination of the Annual Application. The Public Advocate chose Blue Ridge to support the examination.

PURPOSE OF PROJECT

The purpose of the project is to comply with the assessment language of the tariff:

> The Public Advocate shall conduct an examination of the Annual Application. The Public Advocate shall cause an examination to be made of the Annual Application to confirm that the under lying actual and projected Eligible System Safety and Integrity Costs ("SSIR revenue requirement") are in accordance with this SSIR Tariff and to confirm proper calculation of the SSIR True-Up Amount and the Deferred SSIR Balance. The Commission shall require a report regarding such examination to be prepared and filed by the Public Advocate with the Commission in accordance with the procedural schedule established after the Annual Application is filed. No other revenue requirement or rate making issue shall be examined in consideration of the

[4] NG-124 Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC D/B/A Black Hills Energy and the Public Advocate of Nebraska (October 7, 2025), page 22.
[5] NG-124 Order Approving Settlement Agreements (December 9, 2025), page 8.

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Annual Application unless the consideration of such affects the determination of the validity of the System Safety and Integrity Rider Charge.[6]

Part of the review is to confirm that the underlying actual and projected Eligible System Safety and Integrity Costs ("SSIR revenue requirement") are in accordance with the SSIR Tariff and to confirm proper calculation of the SSIR True-Up Amount and the Deferred SSIR Balance. Therefore, this examination answers these specific evaluation questions:

1. *Are the Company's processes and controls sufficient so as not to adversely affect the costs of the System Safety and Integrity Recovery Charge?*

   This task focuses on gaining an understanding of the Company's processes and controls that affect the plant balances and expense categories within the SSIR. The goal is to determine whether those cost controls are adequate and not unreasonable in their effect on the underlying costs and calculation of the proposed SSIR cost recovery charge rates and rate schedules.

2. *Does the application provide the information required by Commission orders and specified in the SSIR Tariff?*

   This task evaluates whether BHE's annual application was filed by August 1 and provides the required information, specifically these items identified in the tariff:

   - Pertinent information and supporting data related to Eligible System Safety and Integrity Costs, including, at a minimum, Project description and scope, Project costs and projected in-service dates for the Projects budgeted to be completed in the upcoming calendar year. 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. A list of alternate SSIR Projects will be included in the Annual Application. Such transfer of funds will be communicated to the Public Advocate and Commission for review via the annual surveillance filing.
   - Details of the Project costs incurred during the previous calendar year including an explanation of how the Project costs were managed and any deviations between budgeted and actual costs, actual or projected in-service dates, and the expected schedule for completion of the previous calendar year's projects.
   - The calculation of the SSIR True-Up Amount, if any.
   - The calculation of the Deferred SSIR Balance, if any.[7]

   In addition, during this task, Blue Ridge evaluates the requirement that as part of its analysis, the Company shall identify and describe the proposed SSIR projects that are for high-risk gas infrastructure by providing its risk assessment for each such project, including, if applicable, the probability of failure, the consequences of failure for the SSIR project, and how the Company prioritized the SSIR project for which it seeks recovery.[8]

[6] BHE SSIR Tariff, Fourth Revised Sheet No. 127, B (January 1, 2025).
[7] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, i–iv (January 1, 2025).
[8] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, C (January 1, 2023).

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3. *Are the System Safety and Integrity projects eligible for recovery?*

This task evaluates each of the Projects that BHE has included within its application against Commission orders and the SSIR Tariff to determine eligibility for recovery through the SSIR. Specific transactional testing criteria will be established to validate eligibility of the project and its associated costs.

The specific criteria for eligibility as an SSIR project are set out in the SSIR Tariff at Fourth Revised Sheet Nos. 129–129.1 and generally include projects involving the Company's Transportation Integrity Management Program and the Company's Distribution Integrity Management Program as well as compliance with PHMSA rules and regulations and facility relocations required by entities possessing the power of eminent domain.

The SSIR Tariff further states that projects eligible for recovery under the SSIR Tariff generally include these types:[9]

i. Replacement of Bare Steel Distribution Mains
ii. Replacement of High-Risk Transmission Pipelines
iii. Replacement of Service Lines
iv. Installation of Barricades to Protect At-Risk Meter, Regulator, and Valve settings
v. Cathodic Protection and Corrosion Prevention
vi. Town Border Station Upgrades or Replacements
vii. Top of Ground, Shallow (less than three feet cover and posing risk) and Exposed Pipe
viii. At-Risk Meter Relocations and Inside Meter Relocations with Replacement of Meter as part of a capital activity
ix. Obsolete Infrastructure (e.g., PVC Pipe posing risk or the removal of which provides ancillary benefits supported by risk model analysis and results)
x. Required Facility Relocations
xi. Data Infrastructure Improvement Program

The SSIR Tariff further provides that the Company shall use three distinct risk models corresponding to the TIMP, DIMP, and the At-Risk Meter Relocation (ARMR) Program. All three models shall use objective and external factors and provide scores that correlate to proactive analysis of system risk.

In addition to the risk models, the Company shall consider other criteria, such as the availability of internal and external crews; project management constraints; local economic development plans; customer inconvenience and impact; other specific regulatory requirements; threat assessment; corrosion control analysis; pipeline vintage; pipeline material; pipeline design and class location; pipeline configuration and segmentation; pipeline system constraints; pipeline replacement history; population density; pipeline maintenance and internal inspection history; pipeline pigability; existence and reliability of pipeline asset and testing records; pipeline leakage and other incident history; subject-matter-expert knowledge; project timeframe; weather and climate constraints on the construction season; permitting constraints; probability of pipeline testing failures and dewatering constraints; service outage management; and pipeline source of supply and availability of alternate gas supply.

[9] BHE SSIR Tariff, Second Revised Sheet No. 129.1, Definitions, C (January 1, 2023).

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As part of the analysis, the Company shall identify and describe the proposed SSIR projects that are for high-risk gas infrastructure by providing its risk assessment for each such SSIR project, including, if applicable, the probability of failure, the consequences of failure for the SSIR project, and how the Company prioritized the SSIR project for which it seeks recovery.[10]

4. *Is the revenue requirement associated with the Eligible System Safety and Integrity Costs requested by BHE in compliance with Commission orders and as specified in the SSIR Tariff?*

   This task reviews the components and calculations used by BHE to determine its revenue requirement associated with recovery of the Eligible System Safety and Integrity Costs for compliance with Commission orders and the SSIR Tariff.

   Specifically, the SSIR Tariff states that Eligible System Safety and Integrity Costs means (1) a return, at a percentage equal to the Company's currently authorized weighted average cost of capital grossed up for taxes, on the projected increase in the jurisdictional component of the month ending net plant in-service balances associated with the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect, exclusive of all plant in-service included in the determination of the revenue requirement approved in the Company's last general rate case; (2) the plant-related ownership costs associated with such incremental plant investment, including depreciation, accumulated deferred income taxes, and all taxes including income taxes and property taxes; and (3) the projected jurisdictional component of the operation and maintenance expenses related to the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect.[11]

   The return and income taxes and plant-related costs associated with improvements or upgrades to facilities, made at the discretion of the Company to extend service or for future growth that is not specifically required by statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.[12]

5. *Is the System Safety and Integrity Rider Charge calculated in compliance with Commission orders and as specified in the SSIR Tariff?*

   This task reviews the components and calculations of the System Safety and Integrity Rider Charge to determine whether they comply with Commission orders and as specified in the SSIR Tariff.

   Specifically, the System Safety and Integrity Rider Charge shall be equal to the Eligible System Safety and Integrity Costs, plus or minus the SSIR True-Up Amount, plus or minus the Deferred SSIR Balance, multiplied by the customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case, divided by the applicable number of bills for the particular customer class, as follows:

[10] BHE SSIR Tariff, Second Revised Sheet Nos. 129.1 and 130, Definitions, C (January 1, 2023).
[11] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).
[12] BHE SSIR Tariff, Third Revised Sheet No. 128–Fourth Revised Sheet No. 129, Definitions, B (January 1, 2023).

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System Safety and Integrity Rider Charge = ((A ± B ± C) * D) / E

Where:

A = Eligible System and Safety and Integrity Costs
B = SSIR True-Up Amount
C = Deferred SSIR Balance
D = Customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case
E = Applicable number of bills for the particular customer class[13]

The SSIR True-Up Amount shall be equal to the difference, positive or negative, between the Eligible System Safety and Integrity Costs as projected for a particular calendar year and the actual Eligible System Safety and Integrity Costs incurred by the Company for that particular calendar year, plus monthly interest calculated on that difference at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.[14]

The Deferred SSIR Balance shall be equal to the balance, positive or negative, of SSIR revenues at the end of a particular calendar year less the Eligible System Safety and Integrity Costs as projected by the Company for that particular calendar year, plus monthly interest calculated on that balance at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.[15]

The calculated rate shall be an adjustment to the Customer Charge applicable to the Company's Jurisdictional Residential, Commercial, and Commercial—EO customers.[16]

The calculated rate shall be a separate line item applicable to the Company's Jurisdictional Residential, Commercial, and Commercial-EO customers.[17]

Whenever the Company implements changes in base rates as a result of a final Commission order in a general rate case setting new rates based on approved revenue requirements, the Company shall simultaneously adjust the SSIR to remove all costs that have been included in base rates.[18]

6. *Is the amount and timing of the System Safety and Integrity Rider Charge request within the limits established by the Commission?*

This task compares the amount and timing of BHE's System Safety and Integrity Rider Charge request to the limits established by the Commission.

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[13] BHE SSIR Tariff, Second Revised, Sheet No. 130–Fourth Revised, Sheet No. 131, Section "SSIR Adjustment Calculation," A (August 1, 2025).
[14] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, D (January 1, 2023).
[15] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, Item A (January 1, 2023).
[16] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment Calculation," B (January 1, 2025).
[17] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment with Changes in Base Rates, (January 1, 2025).
[18] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment with Changes in Base Rates, (January 1, 2025).

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Each proposed revision in the System Safety and Integrity Rider Charge shall be accomplished by filing an application on or around August 1 of each year to take effect on the following January 1 (the "Annual Application").[19]

The Company shall not make effective any revision to the System Safety and Integrity Rider Charge that includes the addition of new SSIR Projects not previously recovered through the SSIR Charge if the Company has not had a general rate proceeding decided or dismissed by issuance of a Commission order within sixty months immediately preceding the date upon which the revision to the System Safety and Integrity Rider Charge otherwise would take effect..[20]

The Company shall continue to make annual revisions to the SSIR Charge to reflect appropriate true-ups and adjustments to the calculations, consistent with the other provisions contained in the System Safety and Integrity Rider Tariff, for each year that the Company is allowed to collect the SSIR Charge.[21]

7. *What is the appropriate level of recovery of the System Safety and Integrity Rider Charge?*

   This task accumulates Blue Ridge's recommended adjustments and provides a revised level of recovery for the Commission's consideration, if necessary.

8. *Did the Company timely file the annual surveillance filing with the required information in compliance with Commission orders?*

   This task confirms that BHE timely filed the annual surveillance filings with the required information.

   Specifically, BHE must file an annual surveillance filing within ninety (90) days of the end of the calendar year. The filings shall include calculations of the rate base separated into regular and SSIR components, the realized rates of return on the rate base components and supporting calculations. Additionally, the filing shall include an update regarding the status of the previous calendar year's SSIR project costs, actual or projected in-service dates, and if any remain uncompleted at the time of submittal of the annual surveillance filing, the expected schedule for completion.[22]

Blue Ridge uses the phrase "not unreasonable" instead of "reasonable" for our conclusions to reflect a deliberate and nuanced distinction. While "reasonable" implies a definitive endorsement based on full knowledge of all relevant facts and circumstances, "not unreasonable" acknowledges the limits of our review and the possibility of factors outside the scope of our analysis. This phrasing communicates that, based on the specific information we evaluated, the Company's action appears justifiable, but it stops short of asserting a comprehensive conclusion that presumes perfect knowledge. This approach aligns with our commitment to provide a fair and impartial assessment within the boundaries of our review

[19] BHE SSIR Tariff, Fourth Revised, Sheet No. 127, Section "Annual Application and Quarterly Surveillance Filings," A. (January 1, 2025).
[20] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment with Changes in Base Rates, (January 1, 2025).
[21] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment with Changes in Base Rates, (January 1, 2025).
[22]BHE SSIR Tariff, Third Revised, Sheet No. 128, Item D (January 1, 2023).

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PROJECT SCOPE

The project scope includes the application filed by Black Hills Energy on July 21, 2026: *Re: In the Matter of the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy seeking approval of a 2027 System Safety & Integrity Rider Charge.*

INFORMATION REVIEWED

Blue Ridge reviewed the following information and has included electronic copies within Appendix A:

1. State Natural Gas Regulation Act §§ 66-1810, 66-1825, and 66-1838
2. Nebraska Administrative Code Title 291, Chapter 9—Nebraska Public Service Commission
3. Application No. NG-109 [Last General Rate Case and 2021 SSIR Projects]
   a. Hearing Exhibit No. BH-JB- 2 (Mr. Bennett's Direct Testimony Exhibit No. JLB-5-2021 SSIR Application)
   b. Public Advocate Answer Testimony of Charles Fijnvandraat, page 10 [excluded four reliability pipeline looping projects]

Table 2: NG-109 Excluded Reliability Pipeline Looping Projects[23]

Line No.	Project #	Project Name	Criteria	Project Category / Account Allocator	In Service Date	Total Company Project Amount
87	FP.10063929	10063929-Giles to Valaretta Drive (system loop)	Reliability	Loops	21-Aug	$127,760
88	FP.10064514	10064514-Hwy 31 & Giles DRS (system loop/bolster)	Reliability	Loops	21-Aug	$120,000
89	FP.10072085	10072085-Columbus Capacity Loop	Reliability	Loops	21-Aug	$40,600
90	FP.10072131	10072131-David City Capacity Loop	Reliability	Loops	21-Aug	$121,000

   c. Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 28, 2020)
   d. Order Approving Stipulation and Settlement Agreement (January 26, 2021)
4. Application NG 112.1 (2022 SSIR Projects)
   a. BHE-1 Black Hills 2022 SSIR Application
   b. BHE-2 Black Hills 2022 SSIR Application Model
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2022 Program Year (October 29, 2021)
   d. BHE-3 2022 Black Hill's response to Public Advocates Report
   e. Blue Ridge's 11/3/2021 Supplement to Report Filed on 10/29/2021, ERT Issue Update
   f. Order Approving 2022 SSIR Charge (December 14, 2021)
5. Application No. NG-112.2 (2023 SSIR Projects)
   a. Black Hills 2023 SSIR Application and Model
   b. Updated Exhibit 2-2023 SSIR Model (September 25, 2022)
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2023 Program Year (October 17, 2022)
   d. Black Hill's response to Public Advocates Report (October 28, 2022)

[23] NG-109, Exhibit JLB-5, page 70.

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e. Order Approving 2023 SSIR Charge (December 13, 2022)

6. Application No. NG-112.3 (2024 SSIR Projects)
   a. Black Hills 2024 SSIR Application with four Exhibits
   b. Exhibit 2-2024 SSIR Model
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2024 Program Year (October 16, 2023)
   d. Black Hill's response to Public Advocates Report (October 19, 2023) with revised exhibits
   e. Order Approving 2024 SSIR Charge (December 12, 2023)
7. Application No. NG-112.4 (2025 SSIR Projects)
   a. Black Hills 2025 SSIR Application with four Exhibits
   b. Exhibit 2-2025 SSIR Model
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2025 Program Year (October 18, 2024)
   d. Black Hill's response to Public Advocates Report (October 28, 2024)
   e. Order Approving 2025 SSIR Charge (December 17, 2024)
8. Application No. NG-124 (General Rate Case and 2026 SSIR Projects)
   a. Direct Exhibit TVB-2 SSIR Application
   b. Direct Exhibit TVB-2 SSIR Model
   c. Public Advocate's report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2026 Program Year (August 15, 2025)
   d. Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 7,2025)
   e. Order Approving Settlement Agreements (December 9, 2025)
9. Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Nebraska Natural Gas Tariff, as of August 1, 2026

Blue Ridge requested and was provided additional information during discovery. A list of the data requested is included as Appendix C. Electronic copies of the information obtained is also provided with this report.

OBSERVATIONS, FINDINGS, AND RECOMMENDATIONS

This section documents Blue Ridge's analysis regarding the System Safety and Integrity Rider and the evaluation questions identified under the Purpose of Project subsection:

1. Are the Company's processes and controls sufficient so as not to adversely affect the costs of the System Safety and Integrity Recovery Charge?
2. Does the application provide the information required by Commission orders and specified in the SSIR Tariff?
3. Are the System Safety and Integrity Projects eligible for recovery?
4. Is the revenue requirement associated with the Eligible System Safety and Integrity Costs requested by BHE in compliance with Commission orders and as specified in the SSIR Tariff?

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5. Is the System Safety and Integrity Rider Charge calculated in compliance with Commission orders and as specified in the SSIR Tariff?
6. Is the amount and timing of the System Safety and Integrity Rider Charge request within the limits established by the Commission?
7. What is the appropriate level of recovery of the System Safety and Integrity Rider Charge?
8. Did the Company timely file the annual surveillance filing with the required information in compliance with Commission orders?

1. PROCESSES AND CONTROLS

1. Are the Company's processes and controls sufficient so as to not adversely affect the costs of the System Safety and Integrity Recovery Charge?

This task focuses on gaining an understanding of the Company's processes and controls that affect the plant balances and expense categories within the SSIR. The goal is to determine whether those cost controls are adequate and not unreasonable in their effect on the underlying costs and calculation of the proposed SSIR cost recovery charge rates and rate schedules.

To address this task, Blue Ridge first reviewed the work performed in its examination documented in the several audit reports submitted under Docket NG-0078, which preceded and informed the NG-112 and NG-133 renewals. Blue Ridge also requested and received policies and procedures for the identification and categorization of SSIR projects as well as the development of the SSIR.[24] The Company confirmed that no updates were made in 2026 to policies and procedures for the identification and categorization of SSIR projects or for the development of the SSIR.[25]

The Company provided copies of the current DIMP and TIMP.[26] The DIMP Plan was updated to further document system knowledge activities, more accurately describe the existing threat identification process, and formalize risk model validation and acceptance procedures. The Company stated that the updates did not materially change the underlying DIMP risk assessment methodology used to identify, evaluate, and rank threats. An external audit of the DIMP program was conducted by the Colorado Public Utilities Commission in October 2025. The audit included review of the Company's DIMP procedures and records. The audit has been completed.[27] Blue Ridge found nothing that would impact the Nebraska SSIR.

Regarding the TIMP, The Company stated that no changes have been made to the TIMP plant since forecasting 2026 projects. An external TIMP program audit was conducted by the Colorado Public Utilities Commission (CPUC) in April 2026. This audit remains open and pending response from the CPUC.[28] Blue Ridge recommends that, upon completion, the CPUC TIMP audit be provided to Public Advocate when complete for review when the Company provides the annual surveillance filings that is due ninety (90) days from the end of the calendar year.

The SSIR Tariff states eligible projects must meet one of these criteria: (1) compliance with TIMP, (2) compliance with DIMP, (3) compliance with PHMSA regulations, and (4) facility relocations over

[24] BHE response to SSIR scope 2022 Data Request PA-18, SSIR scope 2023 Data Request PA-8 and SSIR scope 2024 Data Request PA-6.
[25] BHE response to NG-133 PA-1.
[26] BHE response to NG-133 PA-2 and PA-3.
[27] BHE response to NG-133 PA-2.
[28] BHE response to NG-133 PA-3.

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$20,000. The Company's Application includes additional language for SSIR Projects eligibility: "Projects to ensure gas is available, delivered and measured for our customers in all situations. In some cases, these projects will not replace any existing infrastructure and are required to maintain minimum pressure requirements on our distribution system to prevent loss of customers on a winter peak day. These projects include "Obsolete Infrastructure Projects," with examples such as Meter Install, Odorizer, and Valve projects."[29]

The SSIR Application is broken down into these categories:

1. Replacement of Bare Steel Distribution
2. Replacement of Transmission pipelines
3. Cathodic Protection and Corrosion Prevention
4. Town Border Stations
5. Top-of-Ground, Span, Shallow, and Exposed Pipe Replacement
6. Mega Rule Projects
7. Meter Relocations
8. Obsolete Infrastructure
9. Obsolete Pipe Replacement
10. Facility Relocations Projects
11. Data Infrastructure Improvement Program

The Company explained in a prior SSIR compliance audit that projects are evaluated for inclusion within each SSIR category based on overall programmatic risk mitigated via completion of each project. Once projects are programmatically identified, each project's maximum risk score is used to determine its priority of the project within the SSIR category. Other business constraints are also considered, such as availability/location of resources and scope of the project. As unforeseen constraints present themselves, the BHE planning teams assess impact of each constraint has on the project to determine whether adjustments to the project's scope or timeline are necessary and whether the project remains a prudent investment for the Company to make on behalf of its Nebraska customers.[30]

The Company stated "since the forecast of the 2026 SSIR Projects, no material changes have been made to the underlying methodologies used by the TIMP, DIMP, or ARMR risk models to assign risk scores. Projects are prioritized within their respective programs. The Company then evaluates program portfolios using its decision support analytics process and approved funding constraints. The resulting portfolios are evaluated using a portfolio-based approach intended to maximize overall system benefit while maintaining operationally achievable work plans. Risk scores are primarily used to prioritize projects within a program and are not directly compared across dissimilar asset types."[31]

During this year's review, the Company provided additional information on how the risk score and budget are determined initially and what criteria will be used to possibly adjust through the construction period to accommodate execution delays.

> Potential projects are initially identified through the Company's TIMP, DIMP, and ARMR programs using asset data, GIS information, operational records, inspection results, regulatory requirements, and subject matter expert knowledge. Each project

[29] NG-133 Application (July 31, 2025), page 2.
[30] BHE response to SSIR scope 2024 Data Request PA-8.
[31] BHE response to NG-133 PA-5.

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> is evaluated within its applicable program and assigned a risk score using the corresponding risk model. Projects are then prioritized within their respective programs and portfolios.
>
> Annual funding levels are established through the Company's planning and budgeting processes. Following approval of funding levels, candidate projects are evaluated using the Company's decision support analytics process, which considers risk reduction together with additional factors such as regulatory and compliance requirements, system reliability, customer and community impact, employee safety, project cost, resource availability, and operational constraints. The resulting portfolios are developed to maximize overall system benefit while maintaining operationally achievable work plans.
>
> Throughout the year, projects are periodically reviewed to evaluate schedule, permitting, contractor availability, material availability, resource constraints, and other execution considerations. If delays or other constraints arise, projects may be rescheduled, deferred, accelerated, or replaced with alternate projects, as appropriate and consistent with the Company's SSIR processes and applicable Commission approvals, to maintain execution of the approved portfolio and maximize overall value within approved funding levels.[32]

The Company's processes and controls were found to be adequate and not unreasonable.

2. REQUIRED INFORMATION

2. Does the application provide the information required by Commission orders and specified in the SSIR Tariff?

This task evaluates whether BHE's annual application was filed by August 1 and provides the required information.

Requirement: BHE filed its annual application on or before August 1.[33]

Blue Ridge found that the Application to change the SSIR charge was filed on July 31, 2026, which is on or before the required filing date of August 1.[34]

Requirement: The approved SSIR Tariff requires that the Annual Report include pertinent information and supporting data related to Eligible System Safety and Integrity Costs, including, at a minimum, Project description and scope, Project costs and projected in-service dates for the Projects budgeted to be completed in the upcoming calendar year.[35]

The Company's Application includes 25 projects (22 capital projects and three DIIP projects) for 2027. Blue Ridge found that the Company provided project descriptions, scope, and estimated project costs. The Company provided projected in-service dates for the 22 capital projects and 16 alternative capital projects with its application.

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[32] BHE response to NG-133 PA-5.
[33] BHE SSIR Tariff, Third Revised Sheet No. 127, A, i–iv (January 1, 2023).
[34] NG-133 SSIR Application (July 31, 2026).
[35] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, i (January 1, 2025).

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The DIIP projects are multi-year and will be continued from a prior year. Blue Ridge was informed during a prior Technical Session that the DIIP projects are expected to be complete by 2030 with a few million dollars spent each year.[36] The forecasted completion was modified to 2035. The Company provided the following information for the percent complete, estimated cost, and in-service dates for the DIIP projects. In-service dates were not changed from the NG-124.[37]

Table 3: DIIP Project Status and Projections[38]

Project	Estimated % Complete	Estimated Cost	In-Service Date	Revised In-Service?
Transmission/Gathering Traceable, Verifiable and Complete (TVC) Records***	89%	2024 $1,652,122 2025 $278,224 2027 $1,599,686	12/31/27	Yes
Gas Service Card Mapping	NA	NA*	12/31/34	No
Distribution Main & Service Centerline Survey	21% overall complete	2024 $100,000 2025 $1,400,905 2024 $100,000 2025 $1,400,905 2026 $1,920,000 2027 $624,245 2028-2034 $1,920,000	Annually through 2034	No
Distribution Attribute Improvement	18% overall complete	2024 $232,458 2025 $669,412 2026 $480,000 2027 $176,069 2028-2034 $480,000	Annually through 2034	No
GIS Pressure Systems	0%	TBD**	12/31/35	No
GIS Emergency Response Zone	0%	TBD**	12/31/35	No
GIS Cathodic Protection (CP) Zones	0%	TBD**	12/31/35	No
Bare Pipe Inspection (BPI) and Subject Matter Expert (SME) Pipeline Attribute	0%	TBD**	12/31/35	No
Document Management Migration****	0%	TBD**	12/31/35	Yes

*The Gas Service Cards Mapping Project was stopped as a stand-alone effort in 2023 and combined with the Distribution Main and Service Centerline Survey & Distribution Attribute Improvement project. This will result in a more efficient use of project dollars and resources.

**Requests for Proposals will be issued in future years to determine the cost for future projects.

***Transmission/Gathering Traceable, Verifiable and Complete (TVC) Records - This project previously estimated to be completed by 3/31/2025. Due to issues with vendor performance, this project required an RFP process to select a new vendor. A vendor has been selected, and this project will resume work in 2026.

****Document Management Migration - Previous in-service date was 12/31/2026. Due to larger internal efforts in document migration, the scope of this project will likely be impacted. The in-service date has been changed to 12/31/2035.

[36] Technical Session held on September 16, 2022.
[37] BHE response NG-133 PA 20.
[38] BHE response NG-133 PA 20.

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Requirement: 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. A list of alternate SSIR Projects will be included in the Annual Application. Such transfer of funds will be communicated to the Public Advocate and Commission for review via the annual surveillance filing.[39]

In addition to the 2027 SSIR Project list, the Company also provides a 2027 Alternate SSIR Project list. The Company provides narratives on the 16 alternate projects. Blue Ridge reviewed the alternate projects during project testing discussed in Section 3, Eligibility of Projects.

Requirement: The Annual Application shall include details of the Project costs incurred during the previous calendar year including an explanation of how the Project costs were managed and any deviations between budgeted and actual costs, actual or projected in-service dates, and the expected schedule for completion of the previous calendar year's projects.[40]

The Company's Application includes details of the project costs incurred during the previous calendar year (2025). The following table summarizes the budget vs actual project jurisdictional cost variance by project category.[41]

Table 4: 2025 SSIR Project Jurisdictional Cost Variances

	Total			Jurisdictional		
Project Category	Forecast	Actual	Variance	Forecast	Actual	Variance
Primary Project						
ARMR	$ 16,113,000	$ 16,364,938	$ 251,938	$ 15,327,717	$ 15,567,379	$ 239,662
Bare Steel	4,787,640	4,809,678	22,038	3,982,885	4,001,219	18,334
Charts	492,000	512,069	20,069	423,631	440,912	17,281
Meter Install	2,000,000	862,750	(1,137,250)	1,738,078	749,764	(988,314)
TIMP	1,235,000	950,615	(284,386)	689,947	531,072	(158,875)
PVC	5,758,000	3,518,231	(2,239,769)	4,790,138	2,926,852	(1,863,286)
Cathodic Protection	357,000	297,314	(59,686)	292,215	243,360	(48,855)
TOG/Shallow/Exposed	13,212,944	14,278,961	1,066,017	10,991,983	11,878,813	886,830
Town Border Stations	1,053,000	1,322,934	269,934	772,286	970,261	197,975
Total Primary Projects	$ 45,008,584	$ 42,917,488	$ (2,091,096)	$ 39,008,880	$ 37,309,632	$ (1,699,248)
Facility Relocations	$ -	$ 525,929	$ 525,929	$ -	$ 451,069	$ 451,069
Alternative Project						
ARMR	$ -	$ 38,115	$ 38,115	$ -	$ 36,257	$ 36,257
Bare Steel	-	2,447,410	2,447,410	-	2,036,025	2,036,025
Total Alternative Project	$ -	$ 2,485,525	$ 2,485,525	$ -	$ 2,072,282	$ 2,072,282
	$ 45,008,584	$ 45,928,942	$ 920,358	$ 39,008,880	$ 39,832,983	$ 824,103

The Company spent $920,358 ($824,103 Jurisdictional) more than it forecasted in its 2025 SSIR application. The Company's primary projects were *under* the forecasted amount by $2,091,096. The Company selected a Bar Steel project in Columbus (Osceola) from the Alternate list with the following description.[42]

[39] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, i (January 1, 2025).
[40] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, ii (January 1, 2025).
[41] NG-133 SSIR Application (July 1, 2026), Exhibit 3, analysis in WP Exhibit 3 – 2025 SSIR Project Details.
[42] NG 112.4 2025 SSIR Projects page 8.

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10) **10077445: Osceola, Nebraska - Bare Main Replacement**
This SSIR Project will consist of replacing an approximate 1,496 feet (.28 miles) of unprotected bare steel main that was installed in the 1930's in Osceola, NE. It will also involve the replacement of an approximate 2 service lines, each averaging 50 to 100 feet in length. The max score for this project is 1,478.9 based on the risk model. The estimated total capital cost of this SSIR Project is $145,000. The anticipated in-service date is November 30, 2025.

The actual spend for the Bare Steel–Columbus (Osceola) project was $2,447,410 or $2.3 million over the $145,000 forecast. The Company's explanation was that the "scope of the project increased once the work began." With the inclusion of the Facility Relocation actual costs of $529,929 ($451,069 Jurisdictional) the total variance was an overspend of $920,358.

The Company provided the following reasons for the 2025 SSIR Projects variances between forecasted and actual costs in its filing.[43] Blue Ridge identified several 2025 SSIR Projects with variances between projected and actual costs (highlighted projects in the following table) and sought additional information for the variances.

[43] NG-133 SSIR Application (July 1, 2026), Exhibit 3, analysis in WP Exhibit 3 – 2025 SSIR Project Details.

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Docket No. NG-133
Examination of the System Safety and Integrity Rider of Black Hills Energy for the 2027 Program Year

Table 5: 2025 SSIR Project Forecast vs. Actual Variance Explanations

#	Project Category	Work Order #	Project Name	Total Variance	Variance Explanations
1	ARMR	10088654	ARMR - Papillion (Plattsmouth) 247	$ 816,003	Additional main extensions required that weren't identified.
2	ARMR	10088641	ARMR - Lincoln (Lincoln) 1428	(1,254,012)	New contractor brought on in 2025, productivity ramp took a bit longer than anticipated.
3	ARMR	10088643	ARMR - McCook (McCook) 456	369,483	Completed more service replacements than planned.
4	ARMR	10088655	ARMR - Scotts Bluff (Scottsbluff) 456	320,464	Completed more service replacements than planned.
5	Bare Steel	10088656	Bare Steel Papillion (Ashland)	22,038	Minimal Variance.
6	Charts	10088800	Chart Replacements - Omaha	43,185	Minimal Variance.
7	Charts	10088801	Chart Replacements - Lincoln	13,949	Minimal Variance.
8	Charts	10088803	Chart Replacements - Scottsbluff	26,445	Minimal Variance.
9	Charts	10088802	Chart Replacements - Kearney	(63,510)	Estimate on equipment needed for adequate pressure monitoring was overstated.
10	Meter Install	10084783	Lincoln AMI	(1,137,250)	Estimate on the EMT equipment needed was overstated.
11	TIMP	10088625	Mega Rule - York SG (Replacement)	(284,386)	Field adjustments of installation methods, less bore and more trench.
12	PVC	10088617	PVC - York (SG) (Sutton 3)	(1,410,318)	Estimate included costs associated with part of project that was completed as 2024 SSIR alternative project.
13	PVC	10088618	PVC Sutton (Sutton 14)	(829,451)	Improved installation method saved costs, utilizing plowing method which installs pipe, wire and tape all at once.
14	Cathodic Protection	10088804	CP Remote Monitor Unit Installs - K	27,471	Minimal Variance.
15	Cathodic Protection	10088805	CP Remote Monitor Unit Installs - S	(87,157)	Estimate on remote monitoring units needed was overstated.
16	TOG/Shallow/Exposed	60240137	Shallow Main - Sutton (Harvard) 460-0040	148,504	More directional bore was required than estimated and ROW costs were higher than anticipated.
17	TOG/Shallow/Exposed	10083491	Span Replacement 35th and Superior	1,402,272	408 permitting costs and related depth requirements increased the cost of the original estimate.
18	Town Border Stations	60249646	TBS Replacement - Kearney (Arcadia)	53,039	Estimated cost was lower after receiving contractor bids.
19	Town Border Stations	10088875	TBS Replacement - Kearney (Shelton)	90,049	Increased cost is skid purchase and change order for deep tie-in and pressure changed.
20	Town Border Stations	10088626	TBS Replacement - Kearney (Farnam)	66,113	Increased cost to regrade site and add fill along with additional pipe replacement costs.
21	Town Border Stations	10088892	TBS Replacement - Sidney (Broadwater)	(12,308)	Minimal Variance.
22	Town Border Stations	60251358	TBS Replacement - Sidney (Lodgepole)	9,882	Minimal Variance.
23	Town Border Stations	10088627	TBS - Holdrege (Republican City)	63,158	Estimated cost was lower after receiving contractor bids.
24	TOG/Shallow/Exposed	10088619	TOG - Holdrege (Holdrege 3)	339,092	Estimate by 3rd party was done using HDPE (High-Density Polyethylene) prices instead of steel.
25	TOG/Shallow/Exposed	10088621	TOG - Sutton (Sundance Rd - 500-1850)	(142,141)	Estimate factored in a contractor crew, but utilized a Black Hills Energy crew.
26	TOG/Shallow/Exposed	10088620	TOG - Holdrege (Holdrege 5)	(681,710)	Improved installation methods and adjustment to alignment to save ROW costs and damages.
27	ARMR	10091100	ARMR - McCook (Indianola)	38,115	Alternative project, started later in the year.
28	Bare Steel	10090910 & 10090911	Bare Steel - Columbus (Osceola)	2,447,410	Alternative project, scope of the project increased once the work began.
29	Facility Relocations	60248676	Aurora 1st Project	325,324	Facility Relocations.
30	Facility Relocations	60255536	BHE Internal - 2101 Lincoln St, , B	90,479	Facility Relocations.
31	Facility Relocations	60260804	NDOT Project Hwy 281, , Red Cloud	58,647	Facility Relocations.
32	Facility Relocations	60254104	GMR City Street Project Howard Blvd	26,479	Facility Relocations.
33	Facility Relocations	60261432	Heritage Heights Storm Sewer	25,000	Facility Relocations.
				$ 920,358	

Hightlighted Projects with follow up through discovery

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Blue Ridge acknowledges that the actual costs of the 2025 SSIR Projects through August 31, 2025, and estimated plant through the end of the 2025 were included in the Company's general distribution rates in NG-124. However, Blue Ridge's request for additional information regarding the variances between projected and actual costs fulfilled the requirement to review compliance to the following Tariff requirement.

> The Annual Application shall include details of the Project costs incurred during the previous calendar year including an explanation of how the Project costs were managed and any deviations between budgeted and actual costs, actual or projected in-service dates, and the expected schedule for completion of the previous calendar year's projects.[44]

Blue Ridge found the Company additional explanations for the variance not unreasonable.

Requirement: The Annual Application shall include the calculation of the SSIR True-Up Amount, if any. [45]

Blue Ridge found that the Company's Application includes the calculation of the SSIR True-Up Amount from the 2025 projects.[46] The Company stated in its Application that the 2025 true up amounts are for DIIP expenses. All other SSIR costs have been included in base rates with Application No. NG-124. DIIP expenses are not included in the base rates.[47] See further discussion in Section 5 "System Safety and Integrity Rider Charge Calculation" for further information.

Requirement: The Annual Application shall include the Calculation of the Deferred SSIR Balance, if any. [48]

Blue Ridge found that the Company's Application includes the calculation of the Deferred SSIR.[49] The Company stated in its Application that the 2025 true up amounts are for DIIP expenses. All other SSIR costs have been included in base rates with Application No. NG-124. DIIP expenses are not included in the base rates.[50] See further discussion in Section 5 "System Safety and Integrity Rider Charge Calculation" for further information.

Requirement: As part of its analysis, the Company shall identify and describe the proposed SSIR projects that are for high-risk gas infrastructure by providing its risk assessment for each such project, including, if applicable, the probability of failure, the consequences of failure for the project, and how the Company prioritized the SSIR project for which it seeks recovery. [51]

Blue Ridge found, as part of our project testing discussed in the Eligibility of Projects section of this report, the Company provided the required information on the 22 projects included within the Company's Application or explained alternatives used to identify and rank the projects.

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[44] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, ii (January 1, 2025).
[45] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, iii (January 1, 2025).
[46] WP V&V Exhibit 2 – 2027 SSIR Model, tab B - True up Calculation.
[47] NG-133 SSIR Application, page 2.
[48] BHE SSIR Tariff, Fourth Revised Sheet No. 127, A, iv (January 1, 2025).
[49] WP V&V Exhibit 2 – 2027 SSIR Model, tab B - True up Calculation.
[50] NG-133 SSIR Application, page 2.
[51] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, C (January 1, 2023).

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3. ELIGIBILITY OF PROJECTS

3. Are the System Safety and Integrity Projects eligible for recovery?

This task evaluates each of the projects and, to the extent possible, the alternative projects included within BHE's application, against Commission orders and the SSIR Tariff to determine eligibility for recovery through the SSIR. Specific transactional testing criteria were established to validate eligibility of the projects and their associated costs. This section also summarizes testing completed to confirm specific requirements addressed in other sections, such as required information and the exclusion of betterments.

Requirement: As stated in the SSIR Tariff, Eligible System Safety and Integrity projects are one or more of the following:

1. TIMP: Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart O (Gas Transmission Pipeline Integrity Management), including Projects in accordance with the Company's transmission integrity management program (TIMP) and Projects in accordance with State enforcement of Subpart O and the Company's TIMP
2. DIMP: Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart P (Gas Distribution Pipeline Integrity Management), including Projects in accordance with the Company's distribution integrity management program (DIMP) and Projects in accordance with State enforcement of Subpart P and the Company's DIMP
3. PHMSA: Projects to comply with final rules and regulations of the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration that become effective on or after the filing date of the Application requesting approval of this SSIR
4. Relocations: Facility relocation projects with a per-Project total cost of $20,000 or more, exclusive of all costs that have been, are being, or will be reimbursed otherwise, that are required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, the State of Nebraska, a political subdivision of the State of Nebraska, or another entity having the power of eminent domain[52]

The SSIR Tariff further states that the following types of projects are generally eligible for recovery under the SSIR Tariff:

i. Replacement of Bare Steel Distribution Mains
ii. Replacement of High-Risk Transmission Pipelines
iii. Replacement of Service Lines
iv. Installation of Barricades to Protect At-Risk Meter, Regulator, and Valve settings
v. Cathodic Protection and Corrosion Prevention
vi. Town Boarder Station Upgrades or Replacements
vii. Top of Ground, Shallow (less than three feet cover and posing risk) and Exposed Pipe
viii. At-Risk Meter Relocations and Inside Meter Relocations with Replacement of Meter as part of a capital activity

[52] BHE SSIR Tariff, Fourth Revised Sheet Nos. 129 and 129.1, Definitions, C (January 1, 2023).

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ix. Obsolete Infrastructure (e.g., PVC Pipe posing risk or the removal of which provides ancillary benefits supported by risk model analysis and results)
x. Required Facility Relocations
xi. Data Infrastructure Improvement Program

The Company shall use three distinct risk models corresponding to the TIMP, DIMP, and the At-Risk Meter Relocation (ARMR) Program. All three models shall use objective and external factors and provide scores that correlate to proactive analysis of system risk.[53]

In addition to the risk models, the Company shall consider other criteria, such as the availability of internal and external crews; project management constraints; local economic development plans; customer inconvenience and impact; other specific regulatory requirements; threat assessment; corrosion control analysis; pipeline vintage; pipeline material; pipeline design and class location; pipeline configuration and segmentation; pipeline system constraints; pipeline replacement history; population density; pipeline maintenance and internal inspection history; pipeline piggability; existence and reliability of pipeline asset and testing records; pipeline leakage and other incident history; subject matter expert knowledge; project timeframe; weather and climate constraints on the construction season; permitting constraints; probability of pipeline testing failures and dewatering constraints; service outage management; and pipeline source of supply and availability of alternate gas supply.[54]

Description of Projects

The Company provided a narrative describing the 2027 SSIR projects. The Company identified 22 capital projects, totaling $43,409,054, and three active O&M DIIP projects, totaling $2,400,000. The filing provided background, classification under the SSIR Tariff, objective criteria analyzed, project description, and the specific projects. The following list includes type of project, number of projects, and total cost:[55]

[53] BHE SSIR Tariff, Second Revised Sheet Nos. 129 and 129.1, Definitions, C (January 1, 2023).
[54] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, C (January 1, 2023).
[55] WP V&V Exhibit 2 – 2027 SSIR Model, tab "Projects for Rpt."

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Table 6: Summary of 2027 Capital and O&M Proposed Projects

Criteria	Project Category	# of Projects	Forecast Total Company
Capital Projects			
DIMP	Bare Steel Replacement	5	$ 8,362,634
DIMP	Cathodic Protection & Corrosion Prevention	5	497,087
DIMP	Town Border Stations	4	1,085,900
DIMP	Top of Ground	2	9,776,319
DIMP	Meter Relocations	4	17,495,680
DIMP	Obsolete Pipe Replacement	2	6,191,434
Total Capital Projects		22	$ 43,409,054
O&M Projects			
DIIP			
Transmission/Gathering TVC Records NE		1	$ 1,599,686
Distribution Main & Service Centerline Survey NE		1	624,245
Distribution Attribute Improvement NE		1	176,069
Total O&M Projects		3	$ 2,400,000

A modified excerpt from the Company's filing listing the 2027 proposed primary capital SSIR projects by type is provided in the following table.[56]

[56] WP V&V Exhibit 2 – 2027 SSIR Model, tab "Projects for Rpt."

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Examination of the System Safety and Integrity Rider of Black Hills Energy for the 2027 Program Year

Table 7: 2027 Primary Capital SSIR Projects Sorted by Criteria and Category

Line #	Project #	Project Name	Criteria	Project Category/ Account Allocator	In Service Date	Total Company	Jurisctional	Non-Jurisdcitional
1	10077482	Bare Steel Replacement - Louisville	DIMP	Bare Steel Replacement	11/30/27	$ 2,592,761	$ 2,171,847	$ 420,914
2	10077482	Bare Steel Replacement - Hooper	DIMP	Bare Steel Replacement	11/30/27	2,471,204	2,070,023	401,181
3	10077442	Bare Steel Replacement - Sterling	DIMP	Bare Steel Replacement	11/30/27	1,414,009	1,184,454	229,555
4	10077461	Bare Steel Replacement - Lincoln	DIMP	Bare Steel Replacement	11/30/27	1,150,000	963,306	186,694
5	10077482	Bare Steel Replacement - Blair	DIMP	Bare Steel Replacement	11/30/27	734,660	615,394	119,266
						$ 8,362,634	$ 7,005,024	$ 1,357,610
6	10092875	Anode Bed Replacement (Road 15) - Bradshaw	DIMP	Cathodic Protection & Corrosion Prevention	11/30/27	$ 100,000	$ 81,890	$ 18,110
7	10092875	Anode Bed Replacement (Road 19) - Bradshaw	DIMP	Cathodic Protection & Corrosion Prevention	11/30/27	100,000	81,890	18,110
8	10092875	Anode Bed Replacement - Lebanon	DIMP	Cathodic Protection & Corrosion Prevention	11/30/27	100,000	81,890	18,110
9	10092875	Anode Bed Replacement - Ravenna	DIMP	Cathodic Protection & Corrosion Prevention	11/30/27	100,000	81,890	18,110
10	10092875	Anode Bed Replacement - Alliance	DIMP	Cathodic Protection & Corrosion Prevention	11/30/27	97,087	79,504	17,583
						$ 497,087	$ 407,064	$ 90,023
11	10077429	TBS Replacement - Osmond	DIMP	Town Border Stations	9/1/27	$ 280,000	$ 198,320	$ 81,680
12	10077455	TBS Replacement - Bertrand	DIMP	Town Border Stations	9/1/27	278,100	196,975	81,125
13	10077452	TBS Replacement - Oxford	DIMP	Town Border Stations	9/1/27	267,800	189,680	78,120
14	10077429	TBS Replacement - Ainsworth	DIMP	Town Border Stations	9/1/27	260,000	184,155	75,845
						$ 1,085,900	$ 769,130	$ 316,770
15	10077504	TOG Replacement (Sutton 19) - Adams County	DIMP	Top of Ground	11/30/27	$ 7,204,349	$ 6,019,398	$ 1,184,951
16	10077453	TOG Replacement (Kearney 4) - Buffalo County	DIMP	Top of Ground	11/30/27	2,571,970	2,148,940	423,030
						$ 9,776,319	$ 8,168,338	$ 1,607,981
17	10077462, 10077439, 10077450, 10077484	ARMR - 2027 Q1	DIMP	Meter Relocations	3/31/27	$ 1,696,587	$ 1,659,507	$ 37,080
18	10077462, 10077439, 10077450, 10077484	ARMR - 2027 Q2	DIMP	Meter Relocations	6/30/27	5,810,634	5,683,638	126,996
19	10077462, 10077439, 10077450, 10077484	ARMR - 2027 Q3	DIMP	Meter Relocations	9/30/27	6,840,532	6,691,026	149,506
20	10077462, 10077439, 10077450, 10077484	ARMR - 2027 Q4	DIMP	Meter Relocations	12/31/27	3,147,926	3,079,126	68,800
						$ 17,495,680	$ 17,113,297	$ 382,383
21	10077503	PVC Replacement (Sutton 5) - York, Hamilton, Polk Counties	DIMP	Obsolete Pipe Replacement	11/30/27	$ 2,754,220	$ 2,310,673	$ 443,547
22	10077451	PVC Replacement (Holdrege 17) - Harlan County	DIMP	Obsolete Pipe Replacement	11/30/27	3,437,214	2,883,675	553,539
						$ 6,191,434	$ 5,194,348	$ 997,086
Source: NG-133 2027 SSIR Projects - Application, Exhibit 2, Schedule K				Total		$ 43,409,054	$ 38,657,201	$ 4,751,853

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Alternative Projects

In addition to the 22 capital projects identified, the Company's Application includes 16 alternate SSIR projects. The Company stated that the 2027 Alternate SSIR Projects list is provided for Commission review and approval. The Alternate SSIR Projects are identified below.[57]

Table 8: 2027 Alternate Capital SSIR Projects

Line #	Project Name	Project Category/ Account Allocator	Total Company
1	Bare Steel Replacement - Grafton, Fairmont, Exeter, & Geneva, Nebraska	Bare Steel Replacement	$1,064,401
2	Anode Bed Replacement - Sidney, Nebraska	Cathodic Protection & Corrosion Prevention	$100,000
3	Anode Bed Replacement - Gurley, Nebraska	Cathodic Protection & Corrosion Prevention	$100,000
4	Anode Bed Replacement - McCook, Nebraska	Cathodic Protection & Corrosion Prevention	$100,000
5	Anode Bed Replacement - St. Paul, Nebraska	Cathodic Protection & Corrosion Prevention	$100,000
6	TBS Replacement - Bassett, Nebraska	Town Border Stations	$288,400
7	TBS Replacement - O'Neil, Nebraska	Town Border Stations	$288,400
8	TBS Replacement - Palmer, Nebraska	Town Border Stations	$278,100
9	TBS Replacement - Sargent, Nebraska	Town Border Stations	$270,000
10	TOG Replacement - Kearney, Nebraska	Top of Ground	$4,826,034
11	Span Replacement - Lincoln, Nebraska SW 4th St. & W South St.	Top of Ground	$1,922,800
12	Span Replacement - Lincoln, Nebraska W O St. & Sun Valley Blvd.	Top of Ground	$2,269,640
13	ARMR - Minden, Nebraska	Meter Relocations	$2,592,000
14	ARMR - Ravenna, Nebraska	Meter Relocations	$808,000
15	PVC Replacement (Sutton 6) - York County, Nebraska	Obsolete Pipe Replacement	$1,991,096
16	PVC Replacement (Sutton 21) - York County, Nebraska	Obsolete Pipe Replacement	$221,009

Source: NG-133 2027 SSIR Projects - Application, page 5

Blue Ridge reviewed the information provided for the alternate projects using the same criteria used for the 2026 proposed projects.

Project Testing

Each 2027 project and alternative project was evaluated based on objective criteria identified as T1 through T8 below. Blue Ridge summarizes its review findings regarding the criteria below each identified testing criterion.

T1 *Did each project include the project description and scope, costs, and in-service date required by the SSIR Tariff and Commission Orders?*

Blue Ridge found that the Company provided the project description, scope, costs, and estimated in-service dates required by the SSIR Tariff and Commission Orders. The actual information is expected to be provided in the annual surveillance filing that is due within ninety (90) days of the end of the calendar year, or March 31, 2028.

T2 *For the proposed projects that are for high-risk gas infrastructure, did the Company provide a risk assessment, including the probability of failure, the consequence of failure, and how Company prioritized the project for recovery?*

Blue Ridge reviewed the project descriptions to determine whether risk rankings were provided and can be evaluated once the projects are complete. We reviewed the Risk Ranking detail used for each project category and its individual projects. Blue Ridge sought additional information on specific projects and were able to understand the process of how the Company prioritizes

[57] NG-133 2027 SSIR Project Application Exhibit 2, page s 4–5 and V&V Exhibit 2 – 2027 SSIR Model, tab "Projects for Rpt".

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projects for inclusion in the SSIR and how the portfolio of investments is reviewed among the subject-matter experts. The process used is not unreasonable, and the process is auditable.

Blue Ridge concludes that the Company provided risk rankings for projects and alternative projects as objective criteria in the filing where appropriate and in accordance with the SSIR criteria.

T3 *Does the project description align with an approved eligible System Safety and Integrity project categories?*

As stated in the SSIR Tariff, Eligible System Safety and Integrity projects must meet one or more of these criteria:

1. TIMP: Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart O (Gas Transmission Pipeline Integrity Management), including Projects in accordance with the Company's transmission integrity management program (TIMP) and Projects in accordance with State enforcement of Subpart O and the Company's TIMP
2. DIMP: Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart P (Gas Distribution Pipeline Integrity Management), including Projects in accordance with the Company's distribution integrity management program (DIMP) and Projects in accordance with State enforcement of Subpart P and the Company's DIMP
3. PHMSA: Projects to comply with final rules and regulations of the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration that become effective on or after the filing date of the Application requesting approval of this SSIR
4. Relocations: Facility relocation projects with a per-Project total cost of $20,000 or more, exclusive of all costs that have been, are being, or will be reimbursed otherwise, that are required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, the State of Nebraska, a political subdivision of the State of Nebraska, or another entity having the power of eminent domain

The SSIR Tariff further states these types of projects are generally eligible for recovery under the SSIR Tariff:

i. Replacement of Bare Steel Distribution Mains
ii. Replacement of High-Risk Transmission Pipelines
iii. Replacement of Service Lines
iv. Installation of Barricades to Protect At-Risk Meter, Regulator, and Valve settings
v. Cathodic Protection and Corrosion Prevention
vi. Town Boarder Station Upgrades or Replacements
vii. Top of Ground, Shallow (less than three feet cover and posing risk) and Exposed Pipe
viii. At-Risk Meter Relocations and Inside Meter Relocations with Replacement of Meter as part of a capital activity
ix. Obsolete Infrastructure (e.g., PVC Pipe posing risk or the removal of which provides ancillary benefits supported by risk model analysis and results)
x. Required Facility Relocations

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xi. Data Infrastructure Improvement Program[58]

Blue Ridge found that all the projects within the 2027 SSIR Project list and Alternative Project list align with an approved eligible SSIR category and are consistent with prior SSIR type of projects.

Blue Ridge did not find anything in the DIIP project scope that is unusual, out of the ordinary, or abnormal for the Gas industry.

T4 *Did the Company properly exclude the cost of Betterments for projects that extended service or for future growth?*

The SSIR Tariff states that the return and income taxes and plant-related costs, associated with improvements or upgrades to facilities and made at the discretion of the Company to extend service for future growth that is not specifically required by statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.[59]

The capital projects did not contain any betterments.

T5 *Are the project estimates in sufficient detail, and do they include supporting documentation to support estimated costs?*

Blue Ridge found the Company's project estimates within each category, including those for the alternative projects, not unreasonable and have sufficient detail to support the estimated costs.

T6 *Should any of the projects, or work within the projects, have been classified as O&M expense in accordance with Title 18 of the Code of Federal Regulations (18 CFR)?*

Blue Ridge found that, except for the DIIP projects, the Company properly classified the projects, including the alternative projects, as capital. The DIIP projects are an incremental O&M expense, and Blue Ridge found the inclusion of DIIP costs as O&M expenses consistent with the approved SSIR Tariff.

T7 *Is there anything in the review that indicates the project or its estimated costs should not be included in the SSIR?*

Blue Ridge did not find anything that would indicate that the project or estimated costs should not be included in the SSIR.

T8 *Does the project satisfy all other criteria (such as the availability of internal and external crews; project management constraints; local economic development plans; customer inconvenience and impact; other specific regulatory requirements; threat assessment; corrosion control analysis; pipeline vintage; pipeline material; pipeline design and class location; pipeline configuration and segmentation; pipeline system constraints; pipeline replacement history; population density; pipeline maintenance and internal inspection history; pipeline piggability; existence and reliability of pipeline asset and testing records; pipeline leakage and other incident history; subject matter expert knowledge; project timeframe; weather and climate constraints on the construction season; permitting constraints; probability of pipeline testing failures and dewatering constraints; service outage management; and pipeline source of supply and availability of alternate gas supply)?*

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[58] BHE SSIR Tariff, Fourth Revised Sheet Nos. 129 and Second Revised Sheet Nos. 129.1 Definitions (January 1, 2023).
[59] BHE SSIR Tariff, Third Revised Sheet No. 128–Fourth Revised Sheet No. 129, Definitions, B (January 1, 2023).

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Blue Ridge found that information related to project estimates for 2027, including those for the alternative projects, contain sufficient detail as to reasons and bases for project selection.

4. REVENUE REQUIREMENT

4. Is the revenue requirement associated with the Eligible System Safety and Integrity Costs requested by BHE in compliance with Commission orders and as specified in the SSIR Tariff?

This task reviews the components included and the calculations used by BHE to determine its revenue requirement associated with recovery of the Eligible System Safety and Integrity Costs against what is required in Commission orders and the SSIR Tariff.

The SSIR Tariff states that Eligible System Safety and Integrity Costs means (1) a return, at a percentage equal to the Company's currently authorized weighted average cost of capital grossed up for taxes, on the projected increase in the jurisdictional component of the month ending net plant in-service balances associated with the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect, exclusive of all plant in service included in the determination of the revenue requirement approved in the Company's last general rate case; (2) the plant-related ownership costs associated with such incremental plant investment, including depreciation, accumulated deferred income taxes, and all taxes including income taxes and property taxes; and (3) the projected jurisdictional component of the operation and maintenance expenses related to the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect.[60]

In addition, the SSIR Tariff requires that the return and income taxes and plant-related costs associated with improvements or upgrades to facilities, made at the discretion of the Company to extend service or for future growth that is not specifically required by statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.[61]

The Company's Application proposed SSIR revenue calculation (prior to true-up amounts) follows.

[60] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).
[61] BHE SSIR Tariff, Third Revised Sheet No. 128– Third Revised Sheet No. 129, Definitions, B (January 1, 2023).

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Table 9: Company's Application Proposed Revenue Calculation as of December 31, 2027[62]

No.	Description	Amount
1	Gross Plant - 13 Month Average December 31, 2027	$ 49,949,757
2	Accumulated Depreciation - 13 Month Average December 31, 2027	(675,557)
3	ADIT Pro Rated (net of 190 and 282)	(693,857)
4	Total Rate Base	$ 48,580,343
5	Weighted Average Cost of Capital	7.29%
6	Return on Rate Base	$ 3,541,507
7	Income Tax Expense	$ 770,373
8	Depreciation Expense	1,205,075
9	Property Tax Expense	334,663
10	Total Operating Expense	$ 2,310,111
11	Revenue Requirement	$ 5,851,618
12	Plus: Incremental Data Integrity Improvement Project (DIIP) Expense	2,105,084
13	Revenue Requirement with DIIP Expense	$ 7,956,702
14	True-Up	
15	Prior Year Over/(Under) From Total Customer Bills	13,002
16	Prior Year Over/(Under) From Revenue Requirement	-
17	Data Integrity Improvement Project True Up	(5,954)
18	Revenue to be Collected in 2027	$ 7,963,750

Return

Return is what investors in the utility receive for the use of their money in the enterprise. The investment capital is a combination of debt and equity; thus, the return includes both interest on the debt and earnings on the equity. Return is expressed in dollars, while the rate of return is the percentage relationship that the return bears to the total investment. The rate of return includes the weighted cost of long-term debt and the allowed return on common equity. The rate of return is applied to the rate base to determine the earnings required.

Requirement: The SSIR Tariff states that the return is determined by applying a percentage equity to the Company's currently authorized weighted average cost of capital grossed up for taxes, on the projected increase in the jurisdictional component of the month ending net plant in-service balances associated with the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect, exclusive of all plant in-service included in the determination of the revenue requirement approved in the Company's last general rate case.[63]

The return is calculated by multiplying rate base, which is comprised of utility plant in service, accumulated deferred income taxes, and accumulated depreciation, by the rate of return. Each component is discussed below.

[62] WP V&V Exhibit 2 – 2027 SSIR Model, tab "Tbl for Rpt".
[63] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).

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Rate of Return

The rate of return includes the weighted cost of long-term debt and the allowed return on common equity. The Company's SSIR calculation uses the approved weighted average cost of capital from the prior rate case (NG-124) is as follows.

Table 10: Approved Weighted Average Cost of Capital Calculation (NG-124)[64]

Description	Capital Structure	Cost of Capital	Weighted Cost of Capital
Long-Term Debt	49.48%	4.67%	2.31%
Common Equity	50.52%	9.85%	4.98%
	100.00%		7.29%

Rate Base

Rate base is the investor-owned property and plant used in supplying utility service to the customer. Each component included in rate base is discussed below.

Utility Plant in Service: System Safety and Integrity Projects

In general, Utility Plant in Service represents the utility company's investment in production, transmission, and distribution facilities in buildings, vehicles, and general equipment needed to operate the utility's business. Specific guidelines are established and followed to provide consistency in classifying expenditures as capital or expense. Under traditional rate-of-return ratemaking, the net investment in utility plant is the major component of rate base.

Table 11: SSIR Gross Plant in Service Projected Balances as of December 31, 2027[65]

Description	TIMP	DIMP	PHSMA	Facility Relocate	Obsolete Infrastructure	Total
13-Month Average						
Jurisdictional	$ 660,849	$ 49,038,185	$ -	$ -	$ 250,723	$ 49,949,757
End of Period						
2026	$ 1,190,000	$ 43,673,430	$ -	$ -	$ 360,000	$ 45,223,430
2027	-	43,409,054	-	-	-	43,409,054
Total	$ 1,190,000	$ 87,082,484	$ -	$ -	$ 360,000	$ 88,632,484
Jurisdictional	$ 660,849	$ 77,630,014	$ -	$ -	$ 250,723	$ 78,541,586
% Jurisdictional	55.5%	89.1%	0.0%	0.0%	69.6%	88.6%

Blue Ridge found the Company's calculation of the 13-month average jurisdictional plant balance as of December 31, 2027, on Schedule D - Gross Plant not unreasonable. The information on Schedule D-Gross Plant is derived from Schedule K - Project Listing & Allocation. Schedule K systematically allocates total company plant additions by project criteria and category to jurisdiction and FERC account. Blue Ridge found that the jurisdictional allocation factors used are

[64] WP V&V Exhibit 2 – 2027 SSIR Model, Schedule J - Capital Structure.
[65] WP V&V Exhibit 2 – 2027 SSIR Model, tabs D - Gross Plant, K - Project Listing & Allocation, and Plant Pivot.

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approved in the most recent general rate case.[66] Blue Ridge verified the mathematical computations and confirmed the jurisdictional totals accurately carried forward to the Company's calculation of the 13-month average on Exhibit 2, Schedule D, and ultimately to the revenue requirement calculation on Schedule C.

Accumulated Depreciation

Accumulated depreciation represents the aggregate total past depreciation expenses accrued on plant in service adjusted for retirements and net salvage (including cost of removal). It is a reduction to rate base.

Table 12: Accumulated Depreciation (13-Month Average as of December 31, 2027)67

Description	TIMP	DIMP	PHMSA	Facility Relocate	Obsolete Infrastructure	Total
Gross Plant in Service	$ 660,849	$ 49,038,185	$ -	$ -	$ 250,723	$ 49,949,757
Accumulated Depreciation	(10,453)	(660,642)	-	-	(4,462)	(675,557)
Net Plant in Service	$ 650,396	$ 48,377,543	$ -	$ -	$ 246,261	$ 49,274,200

Schedule E computes monthly depreciation expense, based on a composite annual depreciation rate of 2.37 percent and is aggregated to calculated Accumulated Depreciation. The SSIR model uses a 13-month average Accumulated Depreciation to determine net plant. We reviewed the mathematical calculation for accuracy and found it not unreasonable.

Accumulated Deferred Income Tax

Income tax includes the total federal, state, and local tax owed to the taxing authorities on the operating income generated by the utility. There are instances when some items of income and/or expense are properly included in the book income of one period but on the income tax return for a different period. These timing differences for plant-related items are typically related to accelerated depreciation allowed for tax purposes that differ from the method used to calculate depreciation for book purposes. The income taxes associated with these timing differences are shown as accumulated deferred income tax (ADIT). Typically, ADIT reduces rate base.

Table 13: Company Proposed ADIT Net Projected 13-Month Average Balances as of December 31, 2027[68]

Description	TIMP	DIMP	PHMSA	Facility Relocate	Obsolete Infrastructure	Total
Account 282 Accelerated Depreciation	$ (9,080)	$ (674,127)	$ -	$ -	$ (3,323)	$ (686,529)
Account 190 Net Operating Losses (NOL)	(1,114)	(5,794)	-	0	(420)	(7,328)
ADIT, Net	$ (10,193)	$ (679,921)	$ -	$ 0	$ (3,743)	$ (693,857)

Schedule G presents the cumulative ending annual ADIT balances, while Schedule H calculates the 13-month average as of each measurement period. The Company's ADIT calculation reflects the generation of both deferred tax liabilities (DTL) and deferred tax assets

[66] WP V&V Exhibit 2 – 2027 SSIR Model, tabs Inputs and K – Project Listing & Allocation.
[67] WP V&V Exhibit 2 – 2027 SSIR Model, tab E - Accumulated Depreciation and table developed on tab C-Revenue Requirements.
[68] WP V&V Exhibit 2 – 2027 SSIR Model, tab H - ADIT Average Balances.

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(DTA) through December 31, 2027. To support the DTL ADIT (Account 282 Accelerated Depreciation), Schedules E and I compute the Company's book and tax depreciation, respectively. The results of each are carried forward to Schedule F wherein the book-tax difference and annual ADIT activity is determined.

Blue Ridge found the Company's calculation of the 13-month average Account 282 ADIT did not reference the 2027 combined tax rate. The Company provided a corrected SSIR model. As a result, the average ADIT balances was corrected as follows:

Table 14: Corrected 13-Month Average ADIT

Description	TIMP	DIMP	PHMSA	Facility Relocate	Obsolete Infrastructure	Total
As Filed	$ (10,193)	$ (679,921)	$ -	$ -	$ (3,743)	$ (693,857)
Corrected	(9,016)	(674,250)	-	-	(3,323)	$ (686,590)
Difference	$ 1,177	$ 5,671	$ -	$ -	$ 419	$ 7,267

The corrected 13-Month Average ADIT had a minor impact on the SSIR revenue requirement.

Blue Ridge found that the 13-month average ADIT calculation did not correctly account for leap years. While there is no impact to the 2027 SSIR, the Company provided a correct model to ensure that future filings appropriately reflect the effect of leap years.[69]

To support the DTA ADIT (Account 190 Net Operating Losses (NOL)), Schedule N computes the DTA activity that is attributable to forecasted net operating losses on the Company's tax return. We reviewed the calculations and found that not unreasonable.

Return

Return is what investors in the utility receive for the use of their money in the enterprise. It is calculated by applying rate of return to rate base.

Table 15: Company Proposed Return on Rate Base (After Tax) Calculation[70]

Description	TIMP	DIMP	PHMSA	Facility Relocate	Obsolete Infrastructure	Total
Gross Plant in Service	$ 660,849	$ 49,038,185	$ -	$ -	$ 250,723	$ 49,949,757
Accumulated Depreciation	(10,453)	(660,642)	-	-	(4,462)	(675,557)
ADIT, Net	(10,193)	(679,921)	-	-	(3,743)	(693,857)
Total Rate Base	$ 640,202	$ 47,697,622	$ -	$ -	$ 242,519	$ 48,580,343
Authorized Rate of Return	7.29%	7.29%	7.29%	7.29%	7.29%	7.29%
Return on Rate Base	$ 46,671	$ 3,477,157	$ -	$ -	$ 17,680	$ 3,541,507

Blue Ridge found the Company's computed return (as shown above) on an after-tax basis uses the Company's rate of return approved in the most recent general rate case (NG-124). Blue Ridge reviewed the calculation and found it non unreasonable.

[69] BHE response NG-133 PA 24.
[70] WP V&V Exhibit 2 – 2027 SSIR Model, tab C – Revenue Requirement.

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Plant-Related Ownership Costs

The SSIR Tariff states that the plant-related ownership costs associated with incremental plant investment, include depreciation, accumulated deferred income taxes, and all taxes, including income taxes and property taxes.[71]

Plant-related ownership costs are calculated from the monthly forecasted incremental increases to plant investment as projects are placed in-service.

Depreciation

Depreciation is the expense of using property and allocates a portion of the total cost of plant to one accounting period.

Blue Ridge found that the Company used a composite depreciation rate of 2.37%. This rate is consistent with what was approved in the Company's last general rate case (NG-124). Blue Ridge found that the depreciation rate was applied to the end of month gross plant balance on Schedule E with no exceptions.

Income Tax

The SSIR Tariff allows for the inclusion of all taxes, including income taxes and property taxes.[72] Income tax represents the total federal, state, and local tax owed to the taxing authorities on the operating income generated by the utility. The Company revenue requirement uses a composite income tax rate of 24.15 percent, which reflects the reduction in Nebraska corporate tax rate signed into law 2023 NE LB 754 on May 31, 2023. The law gradually reduced the state's corporate income tax rates from January 1, 2023, through tax years beginning on or after January 1, 2027. The current Nebraska corporate tax rate is 3.99 percent.

The following table shows the development of the Company's Composite Income Tax Rate.

Table 16: Development of Composite Income Tax Rate for Tax Year 2027[73]

Line #	Description	Calculation	Rate
1	State Tax Rate		3.99%
2	Federal Tax Rate		21.00%
3	State Tax Deduction	100%-Line 1	96.01%
4	Federal Effective Rate	Line 2 x Line 3	20.16%
5	Composite Tax Rate	Line 1 + Line 4	24.15%

Blue Ridge verified the calculations to derive taxable income and the composite income tax rate on Schedule F. Blue Ridge found the Company's computed current and deferred income tax expense for the 12 months ended December 31, 2027, not unreasonable.

Property Taxes

Property tax is the tax assessed on property by the local government. The tax is usually based on the value of property owned multiplied by the annual tax rate.

[71] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).
[72] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).
[73] WP V&V Exhibit 2 – 2027 SSIR Model, tab F – Tax Expense Calculation.

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Table 17: Property Tax Expense Calculation[74]

Description	TIMP	DIMP	PHMSA	Facility Relocate	Obsolete Infrastructure	Total
Gross Plant in Service	$ 660,849	$ 49,038,185	$ -	$ -	$ 250,723	$ 49,949,757
Property Tax Rate	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
Property Tax Expense	$ 4,428	$ 328,556	$ -	$ -	$ 1,680	$ 334,663

Blue Ridge found the Company property rate of 0.67% is consistent with the SSIR Model approved in the most recent rate case (NG-124). The property tax rate is applied to the average gross plant-in-service balance on Schedule C. Blue Ridge reviewed the calculation and found them not unreasonable.

Operation and Maintenance Expenses

The SSIR Tariff allows recovery of the projected jurisdictional component of the operation and maintenance expenses related to the projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect.[75]

In addition to the revenue requirement computed on Schedule C, the Company is proposing to include incremental O&M expense of $2,400,000 ($2,105,084 jurisdictional) for 2027 external Data Integrity Improvement Project (DIIP) costs. The 2027 SSIR revenue requirement reflects only the expenses projected in 2027 and does not include the prior years' costs.

The following table compares the DIIP costs for 2025 (forecasted and actual) and 2026–2027 (forecasted).

Table 18: DIIP External Costs 2025–2026[76]

	2025			2026			2026
Description	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast
Transmission/Gathering TVC Records NE	$ 347,247	$ 274,356	$ 72,891	$ 1,200,000	$ -	$ -	$ 1,599,686
Gas Service Card Mapping NE	-	-	-	-	-	-	-
Distribution Main & Service Centerline Survey NE	1,400,905	1,651,513	(250,608)	960,000	-	-	624,245
Distribution Attribute Improvement NE	600,388	416,317	184,071	240,000	-	-	176,069
GIS Pressure Systems NE	-	-	-	-	-	-	-
GIS Emergency Response Zones NE	-	-	-	-	-	-	-
GIS CP Zones NE	-	-	-	-	-	-	-
BPI and SME Pipeline Attribute Assessment NE	-	-	-	-	-	-	-
Document Management Migration NE	-	-	-	-	-	-	-
Total External Costs Recovered through SSIR	$ 2,348,540	$ 2,342,186	$ 6,354	$ 2,400,000	$ -	$ -	$ 2,400,000

Blue Ridge found the inclusion of DIIP costs as O&M expenses consistent with the approved SSIR Tariff.

[74] WP V&V Exhibit 2 – 2027 SSIR Model, tab 'C-Revenue Requirement.
[75] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, B (January 1, 2023).
[76] WP V&V Exhibit 2 – 2027 SSIR Model, tab M - DIIP Support.

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Betterments

Requirement: The SSIR Tariff states that the return and income taxes and plant-related costs associated with improvements or upgrades to facilities, made at the discretion of the Company to extend service for future growth that is not specifically required by statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.[77]

As discussed in Testing Step T4, Blue Ridge found that the Company did not include costs for projects that would extend service for future growth.

Revenue Requirement Calculation

Blue Ridge performed mathematical checks on the detailed revenue requirement schedules and verified that the amounts rolled forward correctly. After correcting the calculation of the average ADIT discussed earlier, the following table compares the Company's proposed and Blue Ridge's recommended SSIR revenue requirement, including the incremental DIIP expense.

[77] BHE SSIR Tariff, Third Revised Sheet No. 128– Fourth Revised Sheet No. 129, Definitions, B (January 1, 2025).

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Table 19: Comparison of Company's Proposed and Blue Ridge Recommended Revenue Calculation as of December 31, 2027[78]

Line No.	Description	As Filed	Corrected	Difference
1	Gross Plant - 13 Month Average December 31, 2027	$ 49,949,757	$ 49,949,757	$ -
2	Accumulated Depreciation - 13 Month Average December 31, 2027	(675,557)	(675,557)	-
3	ADIT Pro Rated (net of 190 and 282)	(693,857)	(686,590)	7,267
4	Total Rate Base	$ 48,580,343	$ 48,587,610	$ 7,267
5	Weighted Average Cost of Capital	7.29%	7.29%	0.00%
6	Return on Rate Base	$ 3,541,507	$ 3,542,037	$ 530
7	Income Tax Expense	$ 770,373	$ 770,489	$ 115
8	Depreciation Expense	1,205,075	1,205,075	-
9	Property Tax Expense	334,663	334,663	-
10	Total Operating Expense	$ 2,310,111	$ 2,310,227	$ 115
11	Revenue Requirement	$ 5,851,618	$ 5,852,263	$ 645
12	Plus: Incremental Data Integrity Improvement Project (DIIP) Expense	2,105,084	2,105,084	-
13	Revenue Requirement with DIIP Expense	$ 7,956,702	$ 7,957,347	$ 645
14	True-Up			
15	Prior Year Over/(Under) From Total Customer Bills	13,002	13,002	-
16	Prior Year Over/(Under) From Revenue Requirement	-	-	-
17	Data Integrity Improvement Project True Up	(5,954)	(5,954)	-
				-
18	Revenue to be Collected in 2027	$ 7,963,750	$ 7,964,395	$ 645

5. System Safety and Integrity Rider Charge Calculation

5. Is the System Safety and Integrity Rider Charge calculated in compliance with Commission orders and as specified in the SSIR Tariff?

This task reviews the components and calculations of the System Safety and Integrity Rider Charge to determine whether they comply with Commission orders and as specified in the SSIR Tariff.

Requirement: The System Safety and Integrity Rider Charge shall be equal to the Eligible System Safety and Integrity Costs, plus or minus the SSIR True-Up Amount, plus or minus the Deferred SSIR Balance, multiplied by the customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case, divided by the applicable number of bills for the particular customer class:

[78] WP V&V Exhibit 2 – 2027 SSIR Model, tab "Tbl for Rpt".

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System Safety and Integrity Rider Charge = ((A ± B ± C) * D) / E

Where:

A = Eligible System and Safety and Integrity Costs
B = SSIR True-Up Amount
C = Deferred SSIR Balance
D = Customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case
E = Applicable number of bills for the particular customer class[79]

Blue Ridge found that the Company's methodology to calculate the System Safety and Integrity Rider Charge is in accordance with the SSIR Tariff. The Company's Total SSIR Revenue Requirement, which includes the SSIR Revenue Requirement, Deferred SSIR Balance, and SSIR True-Up Amounts, are allocated to the customer classes using the jurisdictional utility classes of customer allocations approved in the most recent general rate case (NG-124).[80] The class-allocated SSIR Revenue Requirement was then allocated using the annual number of customer bills reflected in Company's general rate case with a 1.5% growth factor increase for Residential.[81]

Requirement: The SSIR True-Up Amount shall be equal to the difference, positive or negative, between the Eligible System Safety and Integrity Costs as projected for a particular calendar year and the actual Eligible System Safety and Integrity Costs incurred by the Company for that particular calendar year, plus monthly interest calculated on that difference at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.[82]

Requirement: The Deferred SSIR Balance shall be equal to the balance, positive or negative, of SSIR revenues at the end of a particular calendar year less the Eligible System Safety and Integrity Costs as projected by the Company for that particular calendar year, plus monthly interest calculated on that balance at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.[83]

The Company's true-up calculations reflected the following three components consistent with the methodology included in the Company's NG-109 application and the SSIR approved by the Commission and subsequently renewed in NG-124.[84] The Company stated in its Application that the 2025 true up amounts are for DIIP expenses. All other SSIR costs have been included in base rates with Application No. NG-124. DIIP expenses are not included in the base rates.[85] Blue Ridge

[79] BHE SSIR Tariff, Third Revised, Sheet Nos. 130–131, Section "SSIR Adjustment Calculation," A (January 1, 2023).
[80] WP V&V Exhibit 2 – 2027 SSIR Model, tab Inputs and L - Customer Class Split.
[81] WP V&V Exhibit 2 – 2027 SSIR Model, tab Bill Count and BHE Response to PA-21.
[82] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, D (January 1, 2023).
[83] BHE SSIR Tariff, Third Revised Sheet No. 128, Definitions, Item A (January 1, 2023).
[84] NG-109, Hearing Exhibit No. BH-JB- 2 (Mr. Bennett's Direct Testimony Exhibit No. JLB-5-2021 SSIR Application), Exhibit JLB-5, 2021, Exhibit 2, Table B, Order Approving Stipulation and Settlement Agreement (January 26, 2021), page 14 and Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC D/B/A Black Hills Energy and the Public Advocate of Nebraska (October 28, 2020), page 15, and NG-124 Joint Stipulation an Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 7, 2025), page 22 and Order Approving Settlement Agreements (December 9, 2025) page 8.
[85] NG-133 SSIR Application, page 2.

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found that the general rate case rolled in prior SSIR components and that no true up, with the exception of the DIIP expenses, is required.

Table 20: Company Proposed True Up Recovery[86]

Description	Residential	Small Commercial	Large Commercial	Total
Customer Bill True Up	$ 11,277	$ 1,486	$ 239	$ 13,002
Revenue Requirement True up	-	-	-	-
Data Improvement Project True Up	(4,389)	(834)	(732)	(5,954)
(Over) / Under Recovery	$ 6,888	$ 653	$ (493)	$ 7,047

The Tariff states the true ups should include "monthly interest calculated on that difference at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission."[87] The Company used the FERC August rate multiplied by 12 months. The FERC May 2026 monthly rate of interest of .0057 times 12 months or 6.84%.[88] Blue Ridge found the calculated not unreasonable.

Requirement: The calculated rate shall be an adjustment to the Customer Charge applicable to the Company's Jurisdictional Residential, Commercial, and Commercial—EO customers. The calculated rate shall be a separate line item applicable to the Company's Jurisdictional Residential, Commercial, and Commercial-EO customers[89]

Blue Ridge found the Company's proposed Customer Charge includes a separate component for the SSIR rate.[90]

Requirement: Whenever the Company implements changes in base rates as a result of a final Commission order in a general rate case setting new rates based on approved revenue requirements, the Company shall simultaneously adjust the SSIR to remove all costs that have been included in base rates.[91]

Blue Ridge found that this task is not applicable. The 2027 SSIR application is the second application since the most recent general rate case (NG-124). When the Company filed its 2026 SSIR application all SSIR costs that were included in the base rates were removed.

In conclusion, except for the calculation of average ADIT, Blue Ridge found that the System Safety and Integrity Rider Charge was calculated in compliance with Commission orders and as specified in the SSIR Tariff.

[86] WP V&V Exhibit 2 – 2027 SSIR Model, tab B-True up Calculation.
[87] BHE SSIR Tariff, Second Revised Sheet No. 130, Definitions, D (January 1, 2023).
[88] WP V&V Exhibit 2 – 2027 SSIR Model, tab B-True up Calculation.
[89] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section "SSIR Adjustment Calculation," B (January 1, 2025).
[90] NG-133 SSIR Application, Exhibits 4 Redlined and Clean Tariff Sheets.
[91] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section ""SSIR Adjustment with Changes in Base Rates, (January 1, 2025).

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6. AMOUNT AND TIMING OF REQUEST

6. Is the amount and timing of the System Safety and Integrity Rider Charge request within the limits established by the Commission?

This task compares the amount and timing of BHE's System Safety and Integrity Rider Charge request to the limits established by the Commission.

Requirement: Each proposed revision in the System Safety and Integrity Rider Charge shall be accomplished by filing an application on or around August 1 of each year to take effect on the following January 1 (the "Annual Application").[92]

Blue Ridge found that the Application to change the SSIR charge under review was filed timely on July 31, 2026.

Requirement: The Company shall not make effective any revision to the System Safety and Integrity Rider Charge that includes the addition of new SSIR Projects not previously recovered through the SSIR Charge if the Company has not had a general rate proceeding decided or dismissed by issuance of a Commission order within sixty months immediately preceding the date upon which the revision to the System Safety and Integrity Rider Charge otherwise would take effect.[93]

The Commission approved the Settlement in NG-124 that renewed the SSIR for a period of five years. The Order was issued on December 9, 2025.[94] The Company's filing examined in this report is withing five years from the December 9, 2025, date of the Order. Five years would be December 8, 2030.

Requirement: The Company shall continue to make annual revisions to the SSIR Charge to reflect appropriate true- ups and adjustments to the calculations, consistent with the other provisions contained in the System Safety and Integrity Rider Tariff, for each year that the Company is allowed to collect the SSIR Charge.[95]

Blue Ridge did not find anything that would result in a recommendation to prohibit the Company from collecting the SSIR Charge.

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[92] BHE SSIR Tariff, Fourth Revised, Sheet No. 127, Section "Annual Application and Quarterly Surveillance Filings," A. (January 1, 2025).
[93] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section ""SSIR Adjustment with Changes in Base Rates, (January 1, 2025).
[94] NG-124, Joint Stipulation an Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 7, 2025), page 22 and Order Approving Settlement Agreements (December 9, 2025) page 8.
[95] BHE SSIR Tariff, Fourth Revised, Sheet No. 131, Section ""SSIR Adjustment with Changes in Base Rates, (January 1, 2025).

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7. RECOMMENDED RECOVERY

7. What is the appropriate level of recovery of the System Safety and Integrity Rider Charge?

This task accumulates Blue Ridge's recommended adjustments and provides a revised level of recovery for the Commission's consideration, if necessary.

Blue Ridge reviewed the Company's SSIR filing and, after correcting for the average ADIT, recommends approving the as-filed SSIR revenue requirements and true-ups that result in the following 2027 SSIR Charge.

Table 21: SSIR Rate for 2027

	Residential	Small Commercial	Large Commercial	Total
As Filed Amount to be Collected	$5,998,383	$1,067,550	$ 897,816	$7,963,750
Forecasted Total Customer Bills (Jurisdictional Only)	3,303,564	344,929	55,838	
As Filed SSIR rate for 2027	$ 1.82	$ 3.09	$ 16.08	
Recommended Amount to be Collected	$5,998,873	$1,067,636	$ 897,886	$7,964,395
Forecasted Total Customer Bills (Jurisdictional Only)	3,303,564	344,929	55,838	
Recommended SSIR rate for 2027	$ 1.82	$ 3.10	$ 16.08	

8. ANNUAL SURVEILLANCE FILINGS

8. Did the Company timely file the annual surveillance filings with the required information in compliance with Commission orders?

This task confirms that BHE timely filed the annual surveillance filings with the required information as required by Commission order.

Requirement: Specifically, BHE must file annual surveillance filings within ninety (90) days of the end of the calendar year. Such filings shall include calculations of the rate base separated into regular and SSIR components, the realized rates of return on the rate base components, along with supporting calculations. Additionally, the filing shall include an update regarding the status of the previous calendar year's SSIR Project costs, actual or projected in-service dates, and, if any remain uncompleted at the time of submittal of the annual surveillance filing, the expected schedule for completion.[96]

The annual surveillance filing is due within ninety (90) days of the end of the calendar year, or March 31, 2026. Blue Ridge found that the Company timely filed its annual surveillance filings on March 31, 2026.

[96]BHE SSIR Tariff, Third Revised Sheet No. 128, Item D (January 1, 2023).

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APPENDICES

Appendix A: Background Information

Appendix B: Abbreviations and Acronyms

Appendix C: Data Requests and Information Provided

Appendix D: Workpapers

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APPENDIX A: BACKGROUND INFORMATION REVIEWED

The following background documents were reviewed and are provided within our electronic transmitted appendices.

1. State Natural Gas Regulation Act §§ 66-1810, 66-1825 and 66-1838

2. Nebraska Administrative Code Title 291, Chapter 9 – Nebraska Public Service Commission

3. Application No. NG-109 [Last General Rate Case and 2021 SSIR Projects]
   a. Hearing Exhibit No. BH-JB- 2 (Mr. Bennett's Direct Testimony Exhibit No. JLB-5-2021 SSIR Application)
   b. Excerpt from Direct Testimony of Kevin M. Jarosz, page 29 DIIP Descriptions
   c. Excerpt from Direct Testimony of Marc I. Lewis, pages 36–40 DIIP
   d. Public Advocate Answer Testimony of Charles Fijnvandraat, page 10 [excluded four reliability pipeline looping projects
   e. Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 28, 2020)
   f. BHE Compliance Filing (January 15, 2021)
   g. Order Approving Stipulation and Settlement Agreement (January 26, 2021)

4. Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Nebraska Natural Gas Tariff, downloaded on September 1, 2023, from the Nebraska Public Service Commission web page

5. Application NG 112.1 (2022 SSIR Projects)
   a. BHE-1 Black Hills 2022 SSIR Application
   b. BHE-2 Black Hills 2022 SSIR Application Model
   c. Select Data Responses
   d. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2022 Program Year (October 29, 2021)
   e. BHE-3 2022 Black Hill's response to Public Advocates Report
   f. Blue Ridge's 11/3/2021 Supplement to Report Filed on 10/29/2021, ERT Issue Update
   g. Order Approving 2022 SSIR Charge (December 14, 2021)

6. Application No. NG-112.2 (2023 SSIR Projects)
   a. Black Hills 2023 SSIR Application and Model
   b. Updated Exhibit 2-2023 SSIR Model (September 25, 2022)
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2023 Program Year (October 17, 2022)
   d. Black Hill's response to Public Advocates Report (October 28, 2022)
   e. Order Approving 2023 SSIR Charge (December 13, 2022)

7. Application No. NG-112.3 (2024 SSIR Projects)
   a. Black Hills 2024 SSIR Application with four Exhibits
   b. Exhibit 2-2024 SSIR Model
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2024 Program Year (October 16, 2023)

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d. Black Hill's response to Public Advocates Report (October 19, 2023) with revised exhibits
e. Order Approving 2024 SSIR Charge (December 12, 2023)

8. Application No. NG-112.4 (2025 SSIR Projects)
   a. Black Hills 2025 SSIR Application with four Exhibits
   b. Exhibit 2-2025 SSIR Model
   c. Public Advocates report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2025 Program Year (October 18, 2024)
   d. Black Hill's response to Public Advocates Report (October 28, 2024)
   e. Order Approving 2024 SSIR Charge (December 17, 2024)
9. Application No. NG-124 (General Rate Case and 2026 SSIR Projects)
   a. Direct Exhibit TVB-2 SSIR Application
   b. Direct Exhibit TVB-2 SSIR Model
   c. Public Advocate's report on the Examination of the System Safety and Integrity Rider of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy for the 2026 Program Year (August 15, 2025)
   d. Joint Stipulation and Agreement of Settlement Between Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy and the Public Advocate of Nebraska (October 7,2025)
   e. Order Approving Settlement Agreements (December 9, 2025)

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APPENDIX B: ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms may be used in this report.

ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance for Funds Used during Construction
ARDA	Accumulated Reserve for Depreciation, Depletion, and Amortization
ARMR	At-Risk Meter Relocation
ARO	Asset Retirement Obligation
ACVG	Alternating Current Voltage Gradient
CFR	Code of Federal Regulations
CGS	Choice Gas Service
CIAC	Contributions in Aid of Construction
CIS	Close Interval-Survey
CP	Cathodic Protection
CWIP	Construction Work In Progress
DIIP	Data Infrastructure Improvement Program
DIMP	Distribution Integrity Management Program
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
ERT	Electronic Reading Transmitters
FDM	Field Deployment Manager (Itron's installation management program)
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission
HDD	Hydraulic Directional Drill
ICCP	Impressed Current Cathodic Protection
IR	Information Request
ISR	Infrastructure System Replacement
KMIGT	Kinder Morgan Interstate Gas Transmission LLC
MAOP	Maximum Allowable Operating Pressure
NEPA	Nebraska Public Advocate
NOL	Net Operating Loss
PHMSA	Pipeline and Hazardous Materials Safety Administration
PSI	Per Square Inch
P/W	Painted and Wrapped
SSIR	System Safety and Integrity Rider
TBS	Town Border Stations
TIMP	Transmission Integrity Management Program
TOG	Top of Ground
UPIS	Utility Plant in Service

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APPENDIX C: DATA REQUESTS AND INFORMATION PROVIDED

The following is a list of the data requests submitted. BHE provided responses electronically. The responses are included within our electronic transmitted appendices.

PA-1. Process and Controls: Please provide any revisions or additions to the policies and procedures (and/or flow charts) since July 31, 2025, for the following items:
   a. The identification and categorization of SSIR projects
   b. The development of the SSIR (Include sources for all components, how components are gathered and entered, and approval requirements—who provides approvals, for what items, and when approvals are needed in the process.)

PA-2. DIMP
   a. 2027 SSIR Issues—DIMP: Please provide a copy of the latest DIMP if different from what was used to forecast 2026 projects.
   b. 2027 SSIR Issues—DIMP: Please provide a copy of or describe any PHMSA-filed Gas Distribution Integrity Management Program (DIMP) changes that are different from what was used to forecast 2026 projects.
   c. 2025 SSIR Issues—DIMP: Please provide copies of or describe any completed or in-progress audits (internal or external) that reviewed the DIMP program since July 31, 2026 [should be 2025].

PA-3. TIMP
   a. 2027 SSIR Issues—TIMP: please provide a copy of the latest TIMP, if different from what was used to forecast 2024 [should be 2025] projects.
   b. 2027 SSIR Issues—TIMP: Please provide a copy of or describe any PHMSA-filed Gas Transmission Integrity Management Program (TIMP) changes that are different from what was used to forecast 2026 projects.
   c. 2025 SSIR Issues—TIMP: Please provide copies of or describe any completed or in-progress audits (internal or external) that reviewed the TIMP program since July 31, 2026.

PA-4. Damage Prevention. 2025 SSIR Issues—Damage Prevention: Please provide any changes to the Damage Prevention procedure since July 31, 2026 [should be 2025].

PA-5. Risk Ranking Scores
   a. 2027 SSIR Issues—Risk Ranking Scores: Please describe any changes in how risk modeling assigns risk scores by each of the three risk models (TIMP, DIMP, and ARMR) and how project risk scores calculated from one SSIR category are compared to other SSIR categories (e.g., risk scores for Top of Ground vs. Town Border Stations vs. Bare Steel Replacement) that are different from what was used to forecast 2026 projects.
   b. 2027 SSIR Issues—SSIR Category: Please describe how individual projects are selected within each SSIR category. Please explain how the risk score and budget are determined initially and what criteria will be used to possibly adjust through the construction period to accommodate execution delays.

PA-6. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, WO 10083491.
   a. Please provide a detailed cost itemization of the $1,166,564 variance for WO 10083491 (Span Replacement 35th and Superior), breaking out specific expenditures associated with Section 408 permitting versus construction/depth changes.
   b. Please explain why these permitting and depth requirements were not identified prior to establishing the 2025 SSIR forecast.

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PA-7. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, WO 10088617 (PVC - York SG Sutton 3).
   a. Please clarify how work completed under the 2024 SSIR alternative program was mistakenly included in the 2025 SSIR forecast.
   b. Please confirm whether any 2024 actual costs were double counted in 2025 SSIR recovery.
   c. Please describe the internal control enhancements implemented to prevent cross-year forecast duplication.

PA-8. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, Project # 10077462. Work Order No. 10088641 (ARMR - Lincoln 1428) came in $1,192,895 below its jurisdictional forecast:
   a. Please explain in detail how a delayed contractor productivity ramp resulted in a project cost underrun, including whether this represents delayed physical work rather than permanent cost savings.
   b. What percentage of the originally planned physical work scope was completed in 2025?
   c. Will the remaining uncompleted work scope be carried over into a subsequent SSIR program period or base rate recovery?

PA-9. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, Work Order No. 10084783 (Lincoln AMI).
   a. Please detail the basis used to create the original EMT equipment cost estimate.
   b. Please explain why the estimate was overstated by $988,314.
   c. Pleased confirm whether all originally planned AMI units and EMT equipment were fully installed in 2025.

PA-10. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, Project # 10077484, Work Order No. 10088654 (ARMR-Papillion Plattsmouth 247), exceeded its jurisdictional forecast by $776,235 (47.2%):
   a. How many main extensions (and total linear footage) were originally included in the 2025 SSIR baseline forecast?
   b. How many additional main extensions were identified and constructed during project execution that were omitted from the original forecast?
   c. Please explain why these additional main extensions were not identified during initial planning and engineering.

PA-11. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, WO 60249646 (TBS Kearney Arcadia) and WO 10088627 (TBS Holdrege Republican City).
   a. Please clarify the wording of the explanation provided, as actual costs exceeded forecast by 70.7% and 84.2%, respectively.
   b. Please confirm whether contractor bids were higher than anticipated and provide a detailed cost breakdown explaining the variance."

PA-12. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details. Alternative Project # 10077445, Work Order Nos. 10090910 & 10090911 (Bare Steel - Columbus Osceola), which was unbudgeted in the 2025 forecast and incurred $2,036,025 in actual jurisdictional costs:
   a. What specific factors caused the project scope to expand after construction activities commenced?
   b. Please detail the initial estimated scope and cost when the alternative project was approved versus the final expanded scope and cost.
   c. Which primary project(s) in the 2025 SSIR plan were deferred or canceled to accommodate funding for this alternative project?

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PA-13. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, Project # 10077446, Work Order No. 10088619 (TOG - Holdrege 3) incurred a $282,094 jurisdictional cost overrun due to using HDPE material pricing in the original estimate instead of steel:
   a. Why was High-Density Polyethylene (HDPE) pricing utilized in the third-party estimate when steel piping was required for project execution?
   b. Please provide a itemized cost comparison showing the original HDPE-based forecast cost versus the actual steel-based construction cost.

PA-14. 2025 SSIR Project. Reference Exhibit 3-2025 SSIR Project Details, WO 10088803 (Chart Replacements - Scottsbluff).
   a. Please explain why a 161.3% cost increase ($36,892 actual vs. $14,121 forecast) was classified as a "Minimal Variance".
   b. Please provide the the specific cost drivers behind this increase.

PA-15. SSIR Project Application III–Alternative SSIR Project List – Project No. 11 (Span Replacement – Lincoln, Nebraska SW 4th St. & W South St.) Application No. NG-133 (Section III, p. 8) states that this project was unable to be completed in 2026 due to permitting issues.
   a. Please explain why this uncompleted 2026 carryover project was placed on the 2027 Alternate SSIR Project List rather than included in the Primary 2027 SSIR Project List.
   b. What is the current status of the permitting issues that delayed the project in 2026? Have the required permits been approved or submitted?
   c. If the permitting issues are expected to be resolved in 2027, why did the Company prioritize lower-ranked primary projects over this known carryover project?
   d. If the permitting issues are not expected to be resolved during 2027, what is the rationale for including it as an Alternate project that could potentially be substituted into the 2027 program?

PA-16. SSIR Project Application IV.G–Meter Relocations – ARMR Lincoln Risk Score Allocation: Application No. NG-133 (Section IV.G, p. 23) lists ARMR – Lincoln, Nebraska ($9,600,000 for 1,200 meters) with an average risk score of -947.32.
   a. Please explain why the calculated risk score for ARMR Lincoln is negative. Provide the exact mathematical algorithm, formulas, and parameters in the ARMR risk model that yielded a negative score.
   b. Please explain why the Company allocated $9,600,000 to a project with a negative risk score when ARMR – Minden, Nebraska (Alternate Project No. 13, $2,592,000) carries a positive risk score of +2,882.55.

PA-17. SSIR Project Application IV.A & IV.I–Bare Steel & Obsolete Pipe Unit Cost Variances:
   a. Bare Steel Lincoln (O St.): Section IV.A (p. 11) estimates $1,150,000 to replace 900 feet of bare steel main on O Street ($1,278 per foot or $6,746,667 per mile). Please provide the itemized cost workpapers and engineering assumptions explaining why this unit cost is nearly 10 times higher than the $130–$140 per foot average for other proposed 2027 bare steel projects.
   b. Obsolete PVC Sutton 5 vs. Sutton 6: Section IV.I (p. 27) estimates PVC Sutton 5 (Primary) at $43.65 per foot ($230,479 per mile), while Section III (p. 8) estimates PVC Sutton 6 (Alternate No. 15) at $21.38 per foot ($112,874 per mile). Please provide the specific ground-condition, congestion, or installation-method differences accounting for this unit price discrepancy.

PA-18. SSIR Project Application III–Alternative SSIR Project List – Project Nos. 11 & 12 Application No. NG-133 (Section III, p. 8) lists two bridge span replacement projects in Lincoln: SW 4th St. & W South St. (Project No. 11, $1,922,800) and W O St. & Sun Valley Blvd. (Project No. 12, $2,269,640).

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a. Have formal permit applications been submitted for either project?
b. If these projects are substituted into the 2027 program via the Alternate List, what specific assurances or documentation exist to confirm that permitting will not cause execution delays similar to those experienced in 2026?

PA-19. DIIP

a. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): How did the Company determine which projects should be included in the DIIP for 2027?
b. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): What are the estimated completion dates (in-service dates) for each project?
c. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): Are any of the projects a continuation from a prior year?
d. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): Are the projects outsourced? If so, please provide the contractor estimates for each project.
e. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): Will any of the projects eliminate an existing project? If so, what programs will be eliminated?
f. 2027 SSIR Projects—Data Infrastructure Improvement Program (DIIP): Will the projects be used by more than BHE Nebraska? If so, what other entities will use them, and how are the project costs split among entities?

PA-20. Data Infrastructure Improvement Program (DIIP):

a. Please update the following table.

Status Provided in NG-112.4 **Status Provided in NG-124** *Source: PA-330*

Project	Estimated % Complete	Estimated Cost	In-Service Date	Revised In-Service?	Estimated % Complete	Estimated Cost	In-Service Date	Revised In-Service?
Transmission/Gathering Traceable, Verifiable and Complete (TVC)Records***	87%	2024 $1,652,122 2025 $250,920	3/31/25	No	89%	2024 $1,652,122 2025 $278,224 2026 $1,200,000 2027 $399,686	12/31/27	Yes
Gas Service Card Mapping	NA	NA	12/31/34	Yes*	NA	NA*	12/31/34	No
Distribution Main & Service Centerline Survey	10%	2024 $100,000 2025 $1,400,905 2026-2034 $2,112,000 Annually	Annually through 2034	No	12% overall complete 78% Lincoln area complete	2024 $100,000 2025 $1,400,905 2024 $100,000 2025 $1,400,905 2026 $960,000 2027 $1,600,252 2028-2034 $1,920,000	Annually through 2034	No
Distribution Attribute Improvement	10%	2024 $232,458 2025 $288,000 2026-2034 $288,000 Annually	Annually through 2034	No	11% overall complete 69% Lincoln area complete	2024 $232,458 2025 $669,412 2026 $240,000 2027 $400,062 2028-2034 $480,000	Annually through 2034	No
GIS Pressure Systems	0%	TBD**	12/31/35	No	0%	TBD**	12/31/35	No
GIS Emergency Response Zone	0%	TBD**	12/31/35	No	0%	TBD**	12/31/35	No
GIS Cathodic Protection (CP) Zones	0%	TBD**	12/31/35	No	0%	TBD**	12/31/35	No
Bare Pipe Inspection (BPI) and Subject Matter Expert (SM)E Pipeline Attribute	0%	TBD**	12/31/35	No	0%	TBD**	12/31/35	No
Document Management Migration****	0%	TBD**	12/31/26	No	0%	TBD**	12/31/26	No

*The Gas Service Cards Mapping Project was stopped as a stand-alone effort in 2023 and combined with the Distribution Main and Service Centerline Survey & Distribution Attribute Improvement project. This will result in a more efficient use of project dollars and resources.
**Requests for Proposals will be issued in future years to determine the cost for future projects.
***Transmission/Gathering Traceable, Verifiable and Complete (TVC) Records - This project previously estimated to be completed by 3/31/2025. Due to issues with vendor performance, this project required an RFP process to select a new vendor. A vendor has been selected, and this project will resume work in 2026."
****Document Management Migration – Previous in-service date was 12/31/2026. Due to larger internal efforts in document migration, the scope of this project will likely be impacted. The in-service date has been changed to 12/31/2035.

b. Please include an explanation of any changes to the information provided in NG-124.

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PA-21. SSIR Model. Reference Exhibit 2, 2027 SSIR Model, tab Bill Count Please provide support for the hard coded numbers used to calculate residential customer growth factor of 1.5% (=46560/3161817) that was used to develop the 2026 and 2027 Bill Count.

PA-22. SSIR Model. Reference Exhibit 2, 2027 SSIR Model, tab B-True Up Calculation. Please provide support for the hard coded numbers 2025 Actual Customer Bills.

PA-23. SSIR Model. Reference Exhibit 2, 2027 SSIR Model, tab H-ADIT Average Balance. It appears that the Account 282 2025 Balance (Cell G22) uses the 2026 Combined Tax Rate of 24.59%. The 2026 Balance (Cell G37) uses the same Combined Tax Rate.

a. Since the State Corporate Income Tax Rate was reduced between 2026 and 2027, why is it appropriate to use the same Combined Tax Rate when calculating the Average ADIT?
b. If the wrong tax rate was used in 2027 to calculate the ADIT Average Balance, please provide a corrected model.

PA-24. SSIR Model. Reference Exhibit 2, 2027 SSIR Model, tab H-ADIT Average Balance. The Company has recognized lead year in calculating the 2030 Projected Average ADIT balance (Cells E70–E73). Since leap year is 2028, please review the treatment of leap years when providing a corrected model requested in PA-23.

PA-25. Reference the Company's response to Data Request No. PA-2 DIMP regarding the completed October 2025 Colorado Public Utilities Commission external audit of the DIMP. Please provide a summary of the audit findings, a copy of the final audit report, and state whether the findings identified any opportunities or updates relevant to the Nebraska DIMP (and if so, describe any changes implemented or planned)..

PA-26. Reference the Company's response to Data Request No. PA-20 regarding the Data Infrastructure Improvement Program (DIIP) updates:

a. TVC Records (Footnote ***):
    i. Describe the specific vendor performance issues encountered and why an RFP was required to select a new vendor.
    ii. State total payments made to the original vendor, whether any completed work must be redone, and what costs or contractual remedies the Company is seeking to recover from that vendor.
    iii. Detail any additional costs incurred to re-bid and replace the vendor.
b. Document Management Migration (Footnote ****):
    i. Explain what the "larger internal efforts" entail and why the in-service date was pushed out nine years to 2035.
    ii. Describe in detail the reason(s) for the delay.
    iii. Provide the estimated cost impact of this scope change and schedule delay.

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APPENDIX D: WORKPAPERS

Workpapers that support Blue Ridge's analysis are listed below. Copies are provided within our electronic transmitted workpapers.

- FERC Interest Calculation_ Rates and Methodology _ Federal Energy Regulatory Commission.pdf
- NG-133 Project Review Notes
- WP Exhibit 3 - 2025 SSIR Project Details.xlsx
- WP Exhibit B - Settlement CCOSS.xlsx
- WP V&V Exhibit 2 - 2027 SSIR Model - Final Version.xlsx

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