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October 28, 2024

Ret. Colonel Thomas Golden
Executive Director
Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, NE 68508

Re: *Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy*

Black Hills Energy's Response to the Report of the Nebraska Public Advocate in the matter of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy seeking approval of its 2025 Systems Safety and Integrity Rider.

Commission Application No. NG-112.4

Dear Col. Golden:

Pursuant to the procedural schedule approved by the Commission in its Order Setting Procedural Schedule and Notice of Hearing dated September 16, 2024 in the above-captioned proceeding, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy hereby submits its Response to the report titled "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" filed by the Nebraska Public Advocate in the above-captioned proceeding on October 17, 2024.

Please contact me at (402) 221-2635 if you have any questions or need additional information.

Respectfully submitted,
/SS/ Douglas J. Law, #19436
Associate General Counsel

DJL:ce
Attachments

Black Hills Energy agrees with the following findings and recommendations as set forth in the Report:

1. Blue Ridge recommends approving the Company's request to modify the SSIR Tariff to allow flexibility to swap amounts by SSIR category to another SSIR category as long as the projects have been reviewed and approved as part of the Application review process. Each such swap should be identified and explained as to why the original project could not be completed and an alternate project was used. Report at p.6.

Black Hills Energy agrees with the Public Advocate's final recommendation, as set forth above and in its October 17, 2024 Report and has incorporated the recommended change into the attached draft Tariff Sheet No. 127. Black Hills Energy also requests that the Commission make a similar clarification in its final Order on Black Hills Energy's application to acknowledge the cross-category budget flexibility.

Tariff Sheet Revisions for SSIR Charges

BH Nebraska Gas will submit a revised Nebraska Natural Gas Tariff, Other Cost Recovery Mechanisms System Safety and Integrity Rider (SSIR), Sheet No. 127. The revised tariff sheet will replace and supersede the then effective BH Nebraska Gas SSIR tariff sheet 127 to incorporate Blue Ridge's recommendation of allowing flexibility to swap amounts by SSIR category to another SSIR category.

Conclusion

Black Hills Energy respectfully requests that the Commission approve its revised SSIR charges to become effective January 1, 2025. Black Hills Energy clarifies that it will file an SSIR tariff sheet compliance filing prior to December 31, 2024, once the Black Hills Energy SSIR tariffs are approved by the Commission. Those tariff sheets will contain the SSIR charges approved by the Commission in this proceeding.

Dated: October 28, 2024.

Attachment: DRAFT Tariff Sheet No. 127 Redline and Clean

Respectfully Submitted,

BLACK HILLS NEBRASKA GAS, LLC,
D/B/A BLACK HILLS ENERGY, Applicant.

BY: *Douglas J. Law*

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and

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing Response of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy to the Report of the Nebraska Public Advocate was served electronically on October 17, 2023, upon the following:

Nebraska Public Advocate

Chris Dibbern
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OTHER COST RECOVERY MECHANISMS
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

APPLICABILITY All Jurisdictional Residential, Commercial, and Commercial – EO customers are subject to this SSIR designed to collect Eligible System Safety and Integrity Costs, as defined herein. The System Safety and Integrity Rider Charge shall be subject to annual changes to be effective on January 1 of each year. The System Safety and Integrity Rider Charge to be applied to each Rate Schedule is set forth on the Rate Schedules and Other Charges Schedule of Rates, Sheet No. 78.

ANNUAL APPLICATION AND ANNUAL SURVEILLANCE FILINGS

A. 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”). The Annual Application shall contain the following items:

- i. 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.
- ii. 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.
- iii. The calculation of the SSIR True-Up Amount, if any.
- iv. The calculation of the Deferred SSIR Balance, if any.

B. 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 Annual Application unless the consideration of such affects the determination of the validity of the System Safety and Integrity Rider Charge.
(continued)

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SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

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(continued)

Black Hills Nebraska Gas, LLC
d/b/a Black Hills Energy
Nebraska Natural Gas Tariff
Filed with the Nebraska Public Service Commission

ISSUED BY: Brooke Bassell – Herman
Robert J. Amdor