

Douglas J. LawAssociate General Counsel
Douglas.Law@blackhillscorp.com

1731 Windhoek Drive Lincoln, NE 68512 P: 402.221.2635

August 1, 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

Green Forward program f/k/a Voluntary Renewable Natural Gas Program Report

Commission Application No. NG-117

Dear Ret. Col. Golden:

The Green Forward program became available for customer enrollment in January 2023. The Green Forward program provides Nebraska customers the opportunity to purchase carbon offsets from projects that reduce or prevent the release of greenhouse.

Pursuant to the Order Approving the Application issued on December 13, 2022, Commission Application No. NG-117, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy ("Black Hills" or "Company") respectfully submits this Green Forward f/k/a Voluntary Renewable Natural Gas Program ("Green Forward program") Report ("Report"). The first Green Forward program Report was provided on June 30, 2023, followed by the second bi-annual report on February 20, 2024.

The attached Report includes program performance updates for January 1, 2024, through June 30, 2024, and cumulative performance for January 1, 2023, through June 30, 2024.

Respectfully submitted,

/s/ Douglas J. Law

Douglas J. Law, Bar #19436 Associate General Counsel

DL:ce

cc: psc.naturalgas@nebraska.gov

Brooke Bassell-Herman Margaret McGill Kevin Jarosz Crystal Austin



Mid-Year Green Forward Program - Report - Through June 30, 2024

On December 13, 2022, the Nebraska Public Service Commission approved Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy ("Black Hills" or "Company") Green Forward program (Order Approving the Application, Docket No. NG-117). The Green Forward program was launched in January 2023 and first marketed to Nebraska customers starting in May 2023.

The Report provides the following Green Forward program details:

- 1. Program Participation Summary
- 2. Comparisons of Nebraska to other Black Hills jurisdictions
- 3. Deferred Account Balance and Allocation Methodology
- 4. Green-e® Compliance Status
- 5. Marketing and Communications Summary
- 6. Attachment A Marketing Materials

1. Program Participation Summary

2023 - 2024 Pilot-to-Date Cumulative Performance (January 1, 2023 – June 30, 2024):

	Total Enrollments	Un- enrollments	Total Active Plans	Total Blocks	Average Blocks	Annualized Blocks	Therms	CCFs
AR	42	4	38	81	2.13	399.00	8,179.50	8,099.70
KS	71	11	60	90	1.50	855.00	17,527.50	
NE	179	19	160	282	1.76	2,095.00	42,947.50	
WY	32	0	32	63	1.97	127.00	2,603.50	
	324	34	290	516		3,476.00	71,258.00	

*AR specific

The Green Forward program attrition during the first two years of implementation has been below the modeled 8% year one attrition rate and the 14% year two and beyond rate. Since launching in 2023, 8 customers have unenrolled from the program in Nebraska, an attrition rate of less than 5 percent. Attrition will continue to be monitored and if it exceeds the projected rates, Black Hills will deploy an anonymous survey to prior participants who still have utility service once annually for feedback on their decision to leave the program.

2. Comparisons of Nebraska to Other Black Hills Jurisdictions

The Green Forward program is operational in all Black Hills Energy natural gas states. The program has been approved as a regulated offering to customers in Arkansas, Kansas, Nebraska, and Wyoming. The program operates as a non-regulated offering in Colorado and Iowa.

The Green Forward program and product content label is identical in each of the natural gas jurisdictions in which it operates. The block prices, ratio of RNG thermal certificates to Carbon Offset Credits, and general terms of service for the Green Forward program are the same. The one program structure exception is Arkansas, where Black Hills bills in CCF. The emissions addressed have been converted from therms to that unit of measure (CCF) for customer convenience when considering participation and deciding level of participation.

3. <u>Deferred Accounting Balance and Cost Allocation Methodologies</u>

As described in the Green Forward application, Black Hills allocates costs based on the number of customers located within the different states and based on the number of approved service areas when expenses are incurred. However, direct expenses attributable to a specific state will be charged directly to that state's program. Other common costs will be allocated between the states where the Green Forward program is operational.

Costs and revenues for the Green Forward program in Colorado and Iowa (non-regulated model) will be invoiced separately and accounted for separately from regulated programs with approved deferred accounting treatment (Arkansas, Kansas, Nebraska, and Wyoming).

Allocation	Accounting	Description	Allocation Rates
Schedule	Period		
Launch Marketing Total Cost: \$141,468.21 NE 2023 Allocation: \$39,019.67	January 2023 - May 2024	One time cost to each state upon launch. Activities included program branding, messaging, development of marketing assets and annual customer participation summaries used in all states. Allocated based on number of customers in all active states (AR, CO, IA, KS, NE, WY).	State Number of Eligible Customers Allocations AR 179,873 16.7% CO* 197,817 18.4% IA* 158,500 14.7% KS 113,000 10.5% NE 296,778 27.6% WY 130,019 12.1% Total 1,075,987 100.0% *Costs for launch to non-regulated states moved out of regulated asset account in 2024 when marketing launched for both states.
KS/NE Marketing	January 2023 – October 2023	State-specific marketing costs. Activities include preparation of	Number of Eligible Customers Allocations KS 113,000 27.6%
		mailing lists and	NE 296,778 72.4%

Total Costs		domloryment of direct	П	J		
Total Cost:		deployment of direct mail and digital		Total	409,778	100.0%
\$21,818.55		advertising.				
NIE 2022		Allocated to KS and				
NE 2023		NE as active				
Allocation:		participants during				
\$15,801.89		this period.				
AR/KS/NE	November	Activities include			Number of	
Marketing	2023 – March	preparation of		State	Eligible Customers	Allocations
	2024	mailing lists and	-		179,873	30.5%
Total 2023 Cost:		deployment of direct		AR		i
\$23,014.39		mail and digital advertising.	-	KS	113,000	19.2%
		Allocated to AR, KS		NE	296,778	50.3%
NE 2023		and NE as active		Total	589,651	100.0%
Allocation:		participants during				
\$11,583.40		this period.				
		1				
Total 2024 Cost:						
\$20,504.87						
NE 2024						
Allocation:						
\$10,320.33						
AR/KS/NE/WY	April 2024	Activities include			Number of	
Marketing	and beyond	preparation of		State	Eligible Customers	Allocations
		mailing lists and		AR	179,873	25.0%
Total Cost:		deployment of direct			ĺ	
Incurred during		mail and digital advertising.	H	KS	113,000	15.7%
July 2024.		Allocated to KS and		NE	296,778	41.2%
		NE as active	L	WY	130,019	18.1%
NE Allocation:		participants during		Total	719,670	100.0%
Will be included		this period.				
in Jan. 2025						
report.						

Financial Summary:

Revenues by Business Unit	2023		2024	Gra	Grand Total		
Kansas	\$	1,750.00	\$	2,310.00	\$	4,060.00	
Arkansas	\$	180.00	\$	1,700.00	\$	1,880.00	
Wyoming			\$	450.00	\$	450.00	
Nebraska	\$	7,565.00	\$	8,419.19	\$	15,984.19	
Grand Total	\$	9,495.00	\$	12,879.19	\$	22,374.19	

	2023 Program		2024		024 Program		2023-2024 Cumul.		2023-2024			
Cost Category	Cos	sts	202	3 NE Costs	Cos	ts	202	24 NE Costs	Pro	gram Total	Cumul	. NE Total
NE Direct Marketing	\$	1,042.04	\$	1,042.04	\$	248.47	\$	248.47	\$	1,290.51	\$	1,290.51
NE PUC Fees	\$	3,013.50	\$	3,013.50					\$	3,013.50	\$	3,013.50
KS Mkt	\$	2,069.41			\$	1,316.01			\$	3,385.42	\$	-
KS/NE Mkt	\$	21,818.55	\$	15,801.89					\$	21,818.55	\$	15,801.89
AR/KS/NE Mkt	\$	23,014.39	\$	11,583.40	\$	20,504.87	\$	10,320.33	\$	43,519.26	\$	21,903.73
Sales Commissions	\$	20.00	\$	15.00	\$	30.00	\$	5.00	\$	50.00	\$	20.00
Program Admin	\$	25,007.86	\$	18,111.72	\$	12,754.14	\$	5,382.88	\$	37,762.00	\$	23,494.60
Launch Mkt - NE	\$	39,019.67	\$	39,019.67					\$	39,019.67	\$	39,019.67
Launch Mkt - AR	\$	23,649.27							\$	23,649.27	\$	-
Launch Mkt - WY					\$	17,094.59			\$	17,094.59	\$	-
Launch Mkt - KS	\$	14,856.97							\$	14,856.97	\$	-
Launch Mkt - CO Reclass Out					\$	26,008.51			\$	26,008.51	\$	-
Launch Mkt - IA Reclass Out					\$	20,839.20			\$	20,839.20	\$	-
Grand Total	\$	153,511.66	\$	88,587.21	\$	98,795.79	\$	15,956.68	\$	252,307.45	\$	104,543.89

Nebraska Program Balance:

Total NE Revenue	\$15,984.19
Total NE Costs	(\$104,543.89)
Total NE Program Balance	(\$88,559.70) *

^{*}Financial Comparison to last Green Forward program Report:

In the Report dated February 20, 2024, financial costs associated with launching marketing were still in progress and all expenses had not yet been incurred. That work is now completed and cost a total of \$141,468.21. A one-time adjustment will be made to the Green Forward account allocating the launch marketing costs to all participating jurisdictions. The allocations for CO and IA programs, totaling \$46,847.71, are moved out of this account and to the non-regulated program accounts for those jurisdictions. After this one-time adjustment, the NE 2023-2024 Cumulative Program Balance is (\$88,559.70) compared to (\$120,249.65) in the previous Report.

4. **GREEN-e® Compliance Status**

Green-e® climate certification is on track for achievement in 2025. The program adheres to the requirements for Green-e® certification across all jurisdictions. Marketing, customer communications, internal communications, and required reporting have now been deployed within guidelines of the Green-e® Climate program, a global third-party certification program for carbon offset credits. Black Hills will apply for certification in Q2 of 2025. The Green Forward program will have been fully launched in all states, and we will complete the supply purchase for all states at that time. Once the supply is procured and retired on behalf of participants across all jurisdictions, 3Degrees will provide data and documentation for the certification process. All aspects of compliance requirements for Green-e® Climate certification have been incorporated into the Green Forward program in anticipation of achieving this compliance certification for participants in 2025.

5. Marketing and Communications Plan Status

Black Hills Energy opened enrollment into the Green Forward program in January 2023. Black Hills Energy developed marketing materials and began marketing the Green Forward program in May 2023 through advertising, email, direct mail, and social media channels. The table below is the 2024 Plan and describes the number of customer contacts that were attempted (email / direct mail) and achieved (digital / social) for the purposes of customer education and program marketing.

2024 Marketing and Communications Plan:

Channel	Audience	Purpose	Timeframe	NE Customer Contacts
Welcome Communications	New enrollees	Postcard confirmation of enrollment and product content	Upon Enrollment	168 enrollees
Digital Advertisements	General public	Awareness	June through October	
Social Media Posts	Social followers	Awareness, Acquisition	April,	3,540 Total Impressions ¹
Email	Customers with an address on file that have not opted out of marketing	Awareness, Acquisition	February, April, June, September, and November	Open-rate – 49%, Click-rate ² – .74%
Direct Mail	Customers with an address on file that have not opted out of marketing	Awareness, Acquisition	October	N/A due to timing
Individual Product Content Confirmation Direct Mail / Email	Enrollees	Individual confirmation of participation impact	March	Emails: 126* Open-rate – 84%, Click-rate – 2.1%

¹ Impressions is a metric used to quantify the number of times that content is displayed or viewed.

² Clickthrough rate (CTR or "Click-rate") is the number of clicks that an ad receives divided by the number of times the ad is shown.

Program	Enrollees,	Annual Program	July	N/A due to timing
Performance	general public	performance		
Annual Summary		report		
Report Website		highlighting		
and Email		projects supported		
		by funds from		
		participants		
Community	Commercial	Awareness,	One-page	N/A
Affairs Handout	and Small	Acquisition	document	
	Business	_	available as	
			leave-behind for	
			customers	

^{*}Emails were sent to all participants who have opted-in to email communications. Participants who have not opted-in to email communications received a direct mail postcard with their individual participation impact (34 were sent).

6. **Marketing Materials**

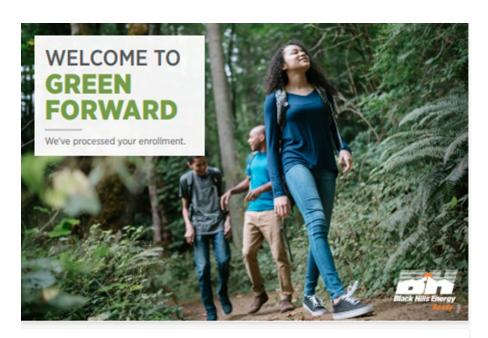
The current Green Forward marketing materials that Black Hills utilizes for marketing in NE are included in Attachment A to the Report. Samples of the new annual product content confirmations and program performance summary reports are included.

7. <u>Conclusion</u>

The Company, in partnership with 3Degrees, continues to monitor developments in standard frameworks and any other protocols being considered for the voluntary carbon market.

Green Forward Marketing Materials

Welcome Communications



We've processed your enrollment in Green Forward!



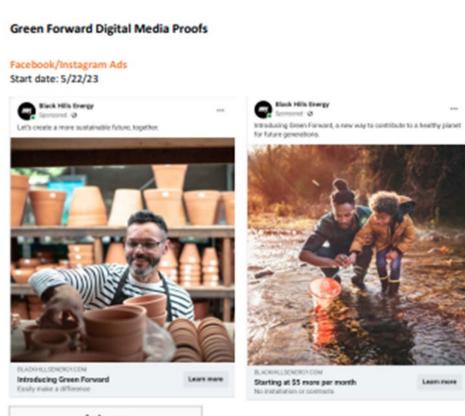
You're now easily addressing the carbon footprint from your natural gas use through a mix of carbon offsets and renewable natural gas certificates.

By purchasing [# of blocks] block(s) each month, you are supporting projects that reduce or prevent the release of greenhouse gases such as improved forestry management, grassland and wetland preservation, as well as projects producing renewable natural gas from landfills, farms and wastewater treatment plants.

If you have any questions about your enrollment, please contact us at 888-890-5554 or email us at [web form link]. Thank you for partnering with us to help pave the way for a healthy planet.

Terms and conditions are available at blackhillsenergy.com/GreenForward/Terms.

Digital Advertisements/Social Media





Email: 2023 Residential





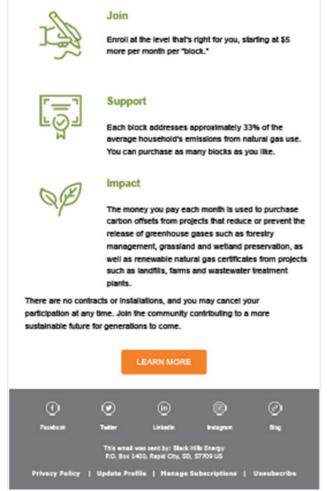


A new way to contribute to a healthy planet

Whether you're using natural gas to cook your meals or heat your water, Green Forward helps you easily address the carbon footprint from your household's everyday natural gas use.

We're committed to help create a more sustainable future, together. That's why we're introducing Green Forward, a voluntary program that offers an easy, flexible and affordable way to contribute to a healthy environment for us all.

How does Green Forward work?



Email: 2024 Residential



LOG IN



Contribute to a healthy planet

As your energy provider, we are committed to offering you solutions that match your values. Whether you're using natural gas to cook your meals or heat your water, joining Green Forward helps you easily address the carbon footprint from your household's everyday natural gas use. When you sign up for this voluntary program, you'll be helping to pave the way for a healthy planet.

How does Green Forward work?



Join

Enroll at the level that's right for you, starting at just \$5 per month per "block". Purchase as many blocks as you would like.



Support

Each block addresses approximately 33% of the average household's emissions from natural gas use.



Impact

The money you pay each month is used to purchase carbon offsets from projects that reduce or prevent the release of greenhouse gases such as forestry management, grassland and wetland preservation, as well as renewable natural gas certificates from projects such as landfills, farms and wastewater treatment plants.

There are no contracts or installations, and you may cancel your participation at any time. Join your neighbors in making a positive, sustainable impact on the planet. ENROLL TODAY

Top Questions

What are carbon offsets and RNG certificates?

A carbon offset is a reduction or avoidance in carbon dioxide emissions or other greenhouse gases made in one place to compensate for emissions made elsewhere. Renewable natural gas certificates support the production of a sustainable gas. By joining Green Forward, you can address your home's emissions using carbon offsets and RNG certificates. Please note that you will not receive a physical certificate.

What is a "block"?

A "block" represents a fixed amount of carbon offsets and RNG certificates purchased through Green Forward. Each block costs \$5 and addresses 20.5 therms of natural gas (about 33% of the average household's emissions from natural gas use). The more blocks purchased, the more emissions the Green Forward community can address.

Where does my money go?

Green Forward is a self-funded program, which means Black Hills Energy does not make a profit from this program. The monthly cost goes toward the purchase of carbon offsets and RNG certificates from projects that reduce or prevent the release of greenhouse gases as well as program administration.

> This email was sent by: Black Hills Energy P.O. Box 6006, Rapid City, SD, 57709 US

cy Policy | Update Profile | Manage Subscriptions | Unsu

Email: 2023 Commercial and Small Business





Contribute to a healthy planet

Join the community of business leaders demonstrating their commitment to the environment for their customers, employees, and future generations. As your energy partner, we're committed to providing you with meaningful options for your business to help create a more sustainable future.

That's why we're introducing Green Forward, a voluntary program that offers an easy, cost-effective and flexible way to address the carbon footprint from your business' natural gas use.

Green Forward benefits



Impact

We'll send you an annual impact report detailing your positive impact.



Support

The money you pay each month is used to purchase carbon offsets from projects that reduce or prevent the release of greenhouse gases.



Join

Options start at just \$5 more per month, or you can show your environmental leadership by addressing 100% of your emissions from natural gas use.

There are no contracts or equipment installations, and you may cancel your participation at any time. Join us in helping to create a more sustainable future, together.



Email: 2024 Commercial and Small Business





Make a lasting impact in your community

Join the community of business leaders demonstrating their commitment to a more sustainable future for their customers and employees with Green Forward.

This voluntary program offers an easy, cost-effective and flexible way to address the carbon footprint from your business' natural gas use.



Choose the enrollment level that is right for your business. Options start at just \$5 per month, or you can show your environmental leadership by addressing 100% of your emissions from natural gas use.



Support

With your participation, each month you address a percentage of the carbon footprint from your natural gas use. For about \$30 per month, the average business can balance approximately 100% of their emissions from natural gas use.



The money you pay each month is used to purchase carbon offsets from projects that reduce or prevent the release of greenhouse gases such as forestry management, grassland and wetland preservation, as well as renewable natural gas certificates from projects such as landfills, farms and wastewater treatment plants.

You may cancel your participation at any time, there are no contracts or installations required. Join your fellow community leaders in making a positive, sustainable impact on the planet.

Top Questions

What are carbon offsets and RNG certificates?

A carbon offset is a reduction or avoidance in carbon dioxide emissions or other greenhouse gases made in one place to compensate for emissions made elsewhere. Renewable natural gas certificates support the production of a sustainable gas. By joining Green Forward, you can address your business's emissions using carbon offsets and RNG certificates. Please note that you will not receive a physical certificate.

What is a "block"?

A "block" represents a fixed amount of carbon offsets and RNG certificates purchased through Green Forward. Each block costs \$5 and addresses 20.5 therms of natural gas (about 17% of the average small business's emissions from natural gas use). The more blocks purchased, the more emissions the Green Forward community can address.

Where does my money go?

Green Forward is a self-funded program, which means Black Hills Energy does not make a profit from this program. The monthly cost goes toward the purchase of carbon offsets and RNG certificates from projects that reduce or prevent the release of greenhouse gases as well as program administration.

Privacy Policy | Update Profile | Manage Sub

Direct Mail 2023





Join the community contributing to a more sustainable future with Green Forward.

First Name Last Name Mailing Address City, State Zip	
Dear First Name,	
Did you know there is an easy, cost-effective and flexible way to address the carbon footprint from your natural gas use? introducing Green Forward, a new way to contribute to a healthy planet for as little as \$5 more per month.	
How does Green Forward work?	
Enroll at the level that's right for you, starting at \$5 more per month per "block." The cost is seamlessly integrated into your monthly bill.	
Each block addresses approximately one third of the average household's emissions from natural gas use, and you can purchase as many blocks as you like.	
Participating supports nature-based projects that could include forestry management, improving grasslands and wetlands as well as developing sustainable resources like renewable natural gas.	
Plus, there is no installation, contract or long-term commitment, and you can change your enrollment level or cancel anytime.	
Ready to Join Green Forward? Simply fill out the form below and we'll take care of the rest. You can also enroll at blackhillsenergy.com/greenforward or by calling 888-890-5554.	
${\it Join the community committed to making a positive difference for the environment and future generations.}$	
Gratefully,	
Cogolashustin	
Crystal Austin Utility Programs and Services Black Hills Energy	
Yes! I'd like to enroll in Green Forward and contribute to a sustainable future.	
Choose the number of blocks you want to support (please mark only one option). Each block addresses approximately 33% of the average household's emissions from natural gas use. 1 blocks for \$5 more per month 2 blocks for \$10 more per month 3 blocks for \$15 more per month blocks for \$5 more each per month	
Premise Address City, State Zip Code	
By checking this box, you agree to enroll in Green Forward. Signature (required) And Alle Sweet	



What are the benefits of joining Green Forward?

When you participate in Green Forward, you're contributing to a healthy planet for future generations. Starting at just \$5 more per month, your participation will go toward addressing your carbon footprint from your natural gas use through a mix of carbon o sets and renewable natural gas certificates.

Where does my money go?

The monthly participation cost is used to purchase carbon offsets from projects that reduce or prevent the release of greenhouse gases such as forestry management, grassland and wetland preservation, as well as renewable natural gas certificates from projects such as landfills, farms and wastewater treatment plants. Each block is expected to be comprised of 99% carbon offsets and 1% renewable natural gas certificates. Black Hills Energy does not make a profit from Green Forward.

Do I need to install, maintain or change any equipment?

With Green Forward, there is no need to install or maintain any equipment, ensuring the program is convenient for renters, homeowners and most businesses. This also makes it easy to continue using your safe, reliable and cost-effective natural gas appliances.

In 2023, Green Forward participants are expected to support the following:



99% Carbon Offsets

From projects such as forestry management as well as grassland and wetland preservation

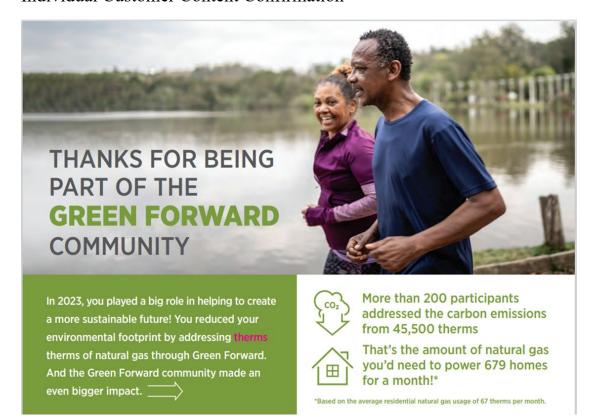


1% RNG Certificates

From projects such as landfills, farms and wastewater treatment plants

Printed or recycled paper with 10% post consumer wante. All carbon emissions associated with this making will be offlue.

Individual Customer Content Confirmation





Black Hills Energy P.O. Box 6006 Rapid City, SD 57709



In 2024, you'll continue to support a mix of 99% carbon offsets and 1% renewable natural gas certificates through Green Forward.

Thank you for contributing to a healthy planet for future generations!

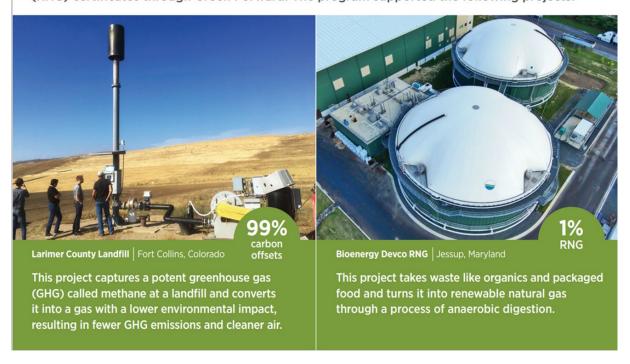
Reduce your impact further by going paperless at blackhillsenergy.com/paperless

Customer name Mailing Address Line 1 City, State Zip

Program Performance Annual Summary

2023 GREEN FORWARD PROJECTS

Last year, participants made a positive impact with carbon offsets and renewable natural gas (RNG) certificates through Green Forward. The program supported the following projects:



Community Affairs Handout



How does Green Forward work?



Join

Choose the enrollment level that's right for you. Options start at just \$5 per month, or you can show your environmental leadership by addressing 100% of your emissions from natural gas use. There are no contracts or equipment installations, and you may cancel your participation at any time.



Support

The money you pay each month is used to purchase carbon offsets from projects that reduce or prevent the release of greenhouse gases such as forestry management, grassland and wetland preservation, as well as renewable natural gas certificates from projects such as landfills, farms and wastewater treatment plants.



Impact

With your participation, each month you address a percentage of the carbon footprint from your natural gas use.



Join us in helping to create a more sustainable future, together.



1715-07_21