

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF BLACK HILLS NEBRASKA GAS, LLC, )**  
**D/B/A BLACK HILLS ENERGY, RAPID ) APPLICATION NO. NG-124**  
**CITY, SOUTH DAKOTA, SEEKING )**  
**APPROVAL OF A GENERAL RATE )**  
**INCREASE )**

**REBUTTAL TESTIMONY OF BROOKE N. BASSELL-HERMAN**

Director of Regulatory

**ON BEHALF OF BLACK HILLS NEBRASKA GAS, LLC**

Date: September 15, 2025

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**EXHIBITS**

Rebuttal Exhibit BNB-3	Comparison Summary of Positions
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**TABLE OF ABBREVIATIONS AND ACRONYMS**

Act	State Natural Gas Regulation Act
ADIT	Accumulated Deferred Income Taxes
BH Arkansas	Black Hills Energy Arkansas, Inc.
BH Kansas	Black Hills/Kansas Gas Utility Company, LLC
BH Nebraska Gas or Company	Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy
CCOS	Class Cost of Service
Commission	Nebraska Public Service Commission
DIIP	Data Infrastructure Improvement Program
KCC	Kansas Corporation Commission
MGP	Manufactured Gas Plant
PA	Nebraska Public Advocate
Rebuttal RRS	Rebuttal Revenue Requirement Study
ROE	Return on Equity
SSIR	System Safety Integrity Rider
WNA Rider	Weather Normalization Adjustment Rider
WPSC Commission	Wyoming Public Service Commission

**REBUTTAL TESTIMONY OF BROOKE N. BASSELL-HERMAN**

**I. INTRODUCTION**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Brooke N. Bassell-Herman. My business address is 1205 SW 37<sup>th</sup> Street, Grimes, IA 50111.

**Q. ARE YOU THE SAME BROOKE N. BASSELL-HERMAN WHO FILED DIRECT TESTIMONY IN THE ORIGINAL FILING OF THE APPLICATION IN DOCKET NG-124?**

A. Yes, I am.

**Q. HAS THERE BEEN ANY CHANGE TO YOUR EMPLOYMENT OR QUALIFICATION SINCE DIRECT TESTIMONY WAS SUBMITTED IN THIS DOCKET?**

A. No.

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

A. I am testifying on behalf of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy (“BH Nebraska Gas” or “Company”).

**Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR REBUTTAL TESTIMONY?**

A. Yes, one. Rebuttal Exhibit BNB-3 provides a comparison summary of positions for the Nebraska Public Advocate (“PA”) and BH Nebraska Gas.

**II. PURPOSE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

A. The purpose of my rebuttal testimony is to summarize the issues raised in the direct testimonies of the PA witnesses as compared to the Company's rebuttal position as noted within Rebuttal Exhibit BNB-3. I also clarify the Company's position on key issues including concerns regarding deferred accounting treatment for insurance expenses, opposition to the Weather Normalization Adjustment Rider ("WNA Rider") and the proposed removal of the McCook Manufactured Gas Plant ("MGP") costs from rate base.

**Q. WHICH BH NEBRASKA GAS WITNESSES WILL REBUT THE PA'S TESTIMONY?**

A. In addition to my rebuttal testimony, the following individuals are also filing rebuttal testimony on behalf of BH Nebraska Gas:

- Tatyana V. Bannan – System Safety and Integrity Rider ("SSIR"), Rate Review Expenses and Tariff Changes regarding Western, NE, Timing of Disconnection and Diversion Fees.
- Kenneth L. Crouch – Accumulated Deferred Income Taxes ("ADIT") and property taxes for stored gas.
- Douglas N. Hyatt – Class Cost of Service ("CCOS"), Rate Design and WNA Rider.
- Kevin M. Jarosz – Formal action plans, Data Infrastructure Improvement Program ("DIIP"), progress, supply chain vulnerabilities and the MGP costs and remediation

- 1 • Samantha K. Johnson – Rebuttal Revenue Requirement Study (“Rebuttal
- 2 RRS”)
- 3 • Lori J. Mack – Rebuttal RRS regarding rate base and depreciation expense
- 4 • Adrien M. McKenzie – Return on Equity (“ROE”)
- 5 • Kris J. Pontious – Incentive compensation, severance and employee recognition
- 6 programs
- 7 • John J. Spanos – Depreciation
- 8 • Thomas D. Stevens – Capital structure and cost of debt

9 **Q. HAVE YOU REVIEWED THE ANSWER TESTIMONY SUBMITTED BY THE**  
10 **PA’S WITNESSES?**

11 A. Yes, I have.

12 **Q. HOW DOES THE COMPANY’S REQUEST COMPARE TO THE PA’S**  
13 **RECOMMENDATIONS?**

14 A. The PA’s witness, Donna H. Mullinax, recommends a jurisdictional revenue increase  
15 of \$16.69 million.

16 **Q. IS THE COMPANY PROVIDING AN UPDATED REVENUE DEFICIENCY IN**  
17 **THIS CASE?**

18 A. Yes. Based on the adjustments described in the Rebuttal Testimony of Samantha K.  
19 Johnson, the Company’s revised revenue deficiency is \$32.02 million – reflecting a  
20 reduction of approximately \$2.9 million from the originally filed deficiency of \$34.9  
21 million.<sup>1</sup>

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<sup>1</sup> Direct Testimony and Exhibits of Donna H. Mullinax at page 10, Table 2 and Exhibit DHM-2.

1   **Q.     WHY HAS THE COMPANY REDUCED ITS REVENUE DEFICIENCY BY**  
2   **APPROXIMATELY \$2.9 MILLION?**

3   A.     In an effort to reduce the number of outstanding issues in this docket, the Company has  
4           accepted many reasonable adjustments proposed by the PA. In addition, the Company  
5           proposed adjustments of its own due to new information received throughout the course  
6           of this proceeding. For example, on the most recent property tax bills, the mill levy  
7           rate had dropped significantly, so the Company proactively chose to make a proactive  
8           adjustment in its Rebuttal RRS. These adjustments are discussed in detail in Ms.  
9           Johnson's rebuttal testimony.

10  **Q.     ARE THERE ANY AREAS OF AGREEMENT BETWEEN THE COMPANY**  
11  **AND THE PA?**

12  A.     Yes, there are numerous areas of agreement. To name a few:

- 13           • Continuation of SSIR Rider and 2026 projects;
- 14           • MGP Deferred Accounting Treatment, subject to review and audit;
- 15           • Bifurcation of the Commercial Class;
- 16           • 100% of Annual Incentive Plan;
- 17           • Correction of FICA tax calculations;
- 18           • Removal of certain advertising expenses;
- 19           • Reclassification of Western, NE from Rate Area 5 to Rate Area 3;
- 20           • Approval of the EDIT tax refund proposal; and
- 21           • Various tariff changes.

22           A comprehensive list can be found in Rebuttal Exhibit – BNB-3.

1   **Q.     PLEASE IDENTIFY THE MOST SIGNIFICANT DIFFERENCES BETWEEN**  
2       **THE COMPANY’S APPLICATION AND THE PA’S RECOMMENDATIONS.**

3   A.    The major differences between the Company’s Application and the PA’s  
4       recommendation include:

- 5           • Capital Structure and Cost of Debt – PA’s witness Dr. S. Keith Berry  
6           recommends a capital structure of 50% Equity and 50% Debt and a cost of debt  
7           of 4.61%.<sup>2</sup> The Company proposes a slightly different capital structure with  
8           50.52% equity / 49.48% debt, and a cost of debt of 4.71%. This is further  
9           discussed within the rebuttal testimonies of Mr. Adrien M. McKenzie and Mr.  
10          Thomas D. Stevens. The Company maintains its Application position.
- 11          • ROE – Dr. Berry recommends an ROE of 9.42%.<sup>3</sup> The Company maintains its  
12          Application position. This is further discussed within the rebuttal testimony of  
13          Mr. McKenzie.
- 14          • Rate Base accounts for approximately \$5.57 million of the difference. This is  
15          addressed within the rebuttal testimonies of Lori J. Mack and Kenneth L.  
16          Crouch
- 17          • O&M accounts for approximately \$4.39 million of the difference. The  
18          Company has incorporated several of the PA’s adjustments into its Rebuttal  
19          RRS as discussed by Ms. Johnson.

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<sup>2</sup> Direct Testimony and Exhibits of S. Keith Berry at page 20, lines 10, 11 and 15.

<sup>3</sup> Direct Testimony and Exhibits of S. Keith Berry at page 19, line 12.



- Depreciation expense accounts for approximately \$5.17 million of the difference. This is addressed within the rebuttal testimonies of Ms. Mack and Mr. John J. Spanos.

**III. DEFERRED ACCOUNTING TREATMENT – INSURANCE**  
**EXPENSES**

**Q. WHAT IS THE COMPANY’S REBUTTAL POSITION ON THE PROPOSED DEFERRED ACCOUNTING TREATMENT FOR INSURANCE COSTS?**

A. PA Witness Ms. Mullinax recommends rejecting the proposed deferred accounting treatment for insurance expenses suggesting the Company can file another rate case if costs increase.<sup>4</sup> The Company acknowledges that it could file a general rate review to recover costs directly. However, it continues to support the proposed mechanism due to the extraordinary volatility and unpredictability of insurance expenses, which are outside of the control of management. While recovery through a deferred asset still requires a rate review, the mechanism allows for tracking of insurance costs over time including potential decreases without triggering the expense and administrative burden of more frequent filings. Filing a rate review, combined with elevated insurance premiums, would result in higher costs to customers. In contrast, the mechanism offers more efficient and customer-protective approach by avoiding incremental rate review costs and capturing savings if insurance expense decline.

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<sup>4</sup> Direct Testimony and Exhibits of Donna H. Mullinax at page 64, lines 6-7, and 10-12.

1   **Q.     PLEASE BRIEFLY SUMMARIZE MS. MULLINAX’S RECOMMENDATION**  
2       **REGARDING THE COMPANY’S REQUEST FOR DEFERRED**  
3       **ACCOUNTING TREATMENT OF THE INSURANCE EXPENSES.**

4   A.   Ms. Mullinax opposes the Company’s proposal asserting that insurance costs are  
5       routine operating expenses and should be addressed through traditional ratemaking  
6       rather than deferred accounting mechanisms. Ms. Mullinax contends that spikes in  
7       insurance expense observed in 2023 and 2024 may represent anomalies rather than a  
8       sustained upward trend. Ms. Mullinax argues that granting deferred accounting  
9       treatment for these costs would improperly transfer financial risk from shareholders to  
10      ratepayers, thereby undermining the principles of traditional ratemaking. Ms. Mullinax  
11      also warns that such approval could set a precedent, encouraging future requests for  
12      deferred accounting treatment of other routine expenses.

13   **Q.     PLEASE SUMMARIZE THE COMPANY’S POSITION REGARDING THE**  
14      **PROPOSED DEFERRED ACCOUNTING TREATMENT FOR INSURANCE**  
15      **EXPENSES.**

16   A.   The Company maintains that deferred accounting treatment for insurance expenses is  
17      both necessary and appropriate given the extraordinary volatility and unpredictability  
18      of those expenses which are outside of the control of management. Insurance costs  
19      have escalated significantly due to factors beyond the Company’s control including  
20      inflationary pressures and increased risk exposure across the utility sector. Those  
21      conditions have resulted in increased material increases in insurance-related expenses  
22      that are not reasonably forecastable or manageable within a traditional ratemaking  
23      framework.

1   **Q.    HOW DOES THIS PROPOSAL ALIGN WITH REGULATORY PRECEDENT**  
2       **AND STATUTORY AUTHORITY?**

3    A.    The Nebraska Public Utilities Commission (“Commission”) has previously recognized  
4       the legitimacy of deferred accounting mechanisms for extraordinary and non-routine  
5       expenses. The Company’s request is consistent with the Commission’s authority under  
6       the State Natural Gas Regulation Act (“Act”). Among the provisions of the Act, Neb.  
7       Rev. Stats. §§ 66-1825, 66-1838, and 66-1855 permit the Commission to establish  
8       accounting orders for regulatory assets to provide for future recovery of extraordinary  
9       and prudently incurred costs. The regulatory treatment proposed by BH Nebraska Gas  
10      in this general rate application ensures transparency of prudently incurred expenses and  
11      subsequent regulatory oversight while allowing the Company to maintain financial  
12      integrity in the face of unpredictable and extraordinary cost drivers.

13   **Q.    WHAT SAFEGUARDS ARE IN PLACE TO ENSURE THAT CUSTOMERS**  
14       **ARE PROTECTED?**

15   A.    The deferred accounting treatment does not guarantee automatic recovery of these  
16      expenses. Instead, it allows the Company to record and track insurance expenses for  
17      review in a future case before the Commission. This approach ensures that only  
18      prudently incurred expenses will be eligible for recovery, subject to Commission and  
19      PA scrutiny. Furthermore, the Company is not proposing an automatic adjustment  
20      clause at this time, which preserves the Commission’s discretion over timing and scope  
21      of recovery.

1   **Q.    HOW DO YOU RESPOND TO CONCERNS THAT THIS SHIFTS RISKS**  
2       **FROM SHAREHOLDERS TO CUSTOMERS?**

3    A.    The Company respectfully disagrees with the characterization that deferred accounting  
4       treatment shifts risk. Rather it provides a mechanism to equitably share the burden of  
5       extraordinary costs that are essential to maintaining safe and reliable service. Insurance  
6       is a non-discretionary expense that is required to protect both the Company and its  
7       customers. Without this treatment, the Company would be forced to absorb costs that  
8       are neither predictable nor controllable which could jeopardize its financial stability  
9       and long-term ability to serve customers. In addition, a deferred asset would capture  
10      any decrease in costs that may occur providing benefit to customers that would  
11      potentially not be captured without a deferred asset.

12   **Q.    IS THERE EVIDENCE THAT INSURANCE EXPENSE IS NON-ROUTINE**  
13       **AND VOLATILE?**

14   A.    Yes. As noted in the Direct Testimony of Samantha K. Johnson, insurance expenses  
15       have experienced significant and unpredictable increases that are not routine and fall  
16       outside of normal operating costs. Those costs are extraordinary in nature due to their  
17       variability. For example, in 2023, there was a 107.5% increase<sup>5</sup> in insurance expenses  
18       that the Company had to absorb which decreased the rate of return across our footprint.  
19       This volatility impacts utilities across the country. Ms. Johnson's Rebuttal Testimony  
20       and Rebuttal Exhibit SKJ-6 provides an update to insurance premiums for 2025 and  
21       notes that actual premiums were greater than the planned increase by the Company,  
22       further supporting the need for a deferred accounting mechanism.

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<sup>5</sup> Direct Testimony of Samantha K. Johnson, Table SKJ-5 - Historical Insurance Expense at page 42.

1   **Q.    ARE YOU AWARE OF ANY OTHER PUBLIC SERVICE COMMISSIONS**  
2       **THAT HAVE APPROVED DEFERRED ACCOUNTING TREATMENT FOR**  
3       **THESE TYPE OF EXPENSES?**

4    A.    Yes. The Kansas Corporation Commission (“KCC”) recently approved a deferred  
5       accounting insurance tracker in Docket No. 25-BHCG-298-RTS<sup>6</sup> for Black  
6       Hills/Kansas Gas Utility Company, LLC d/b/a/ Black Hills Energy. Additionally, the  
7       Wyoming Public Service Commission (“WPSC Commission”) approved a similar  
8       deferred accounting insurance tracker in Docket No. 30026-101-GA-24 (Record No.  
9       17725)<sup>7</sup> for Black Hills Wyoming Gas, LLC d/b/a Black Hills Energy. These approvals  
10      demonstrate that commissions recognize the importance of deferring insurance-related  
11      expenses for future recovery, particularly when such costs are volatile and outside of  
12      the utility’s control.

13   **Q.    HOW DO YOU RESPOND TO THE PA’S CONCERN THAT APPROVED**  
14       **DEFERRED ACCOUNTING TREATMENT COULD SET PRECEDENT FOR**  
15       **SIMILAR TREATMENT OF OTHER ROUTINE EXPENSES?**

16   A.    I respectfully disagree with Ms. Mullinax’s concern. The Company’s request for  
17       deferred accounting treatment is narrowly focused on a specific and extraordinary  
18       increase in insurance expense, not routine or recurring operating expenses. As  
19       documented in the Wyoming Public Service Commission’s (“WPSC Commission”)   
20       July 7, 2025, Order in Docket No 30026-101-GA-24 (Record No. 17725), the WPSC  
21       Commission approved deferred accounting for Black Hills Wyoming Gas, LLC to track

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<sup>6</sup> [https://estar.kcc.ks.gov/estar/ViewFile.aspx/Noticed\\_1\\_25-298\\_Order\\_Approving\\_SA\\_7-15-25.pdf?Id=e3c57e29-5200-4383-97f2-795804a38a8d](https://estar.kcc.ks.gov/estar/ViewFile.aspx/Noticed_1_25-298_Order_Approving_SA_7-15-25.pdf?Id=e3c57e29-5200-4383-97f2-795804a38a8d)

<sup>7</sup> [WY Public Service Commission Docket Management System](#)

1 increased insurance costs that had risen sharply due to industry-wide market conditions.  
2 Importantly, the WPSC Commission's Order noted that approval in this docket is for  
3 the creation of the regulatory asset only and shall not be construed as a decision by the  
4 WPSC Commission or any commitment by the WPSC Commission to make a decision  
5 on any future ratemaking issue. This approach preserves the integrity of traditional  
6 ratemaking while providing a mechanism to transparently evaluate extraordinary cost  
7 volatility. It does not create a blank precedent for deferring routine expenses on a case-  
8 by-case basis.<sup>8</sup>

9 Furthermore, the Commission may continue its established past practice of  
10 approving accounting orders to capture any deferred assets now or in the future. The  
11 Commission still has the authority to determine if a deferred asset is warranted prior to  
12 approving those costs for recovery. As noted above, BH Nebraska Gas contends that it  
13 is contrary to Nebraska law under the Act, and established Commission orders to  
14 suggest that the Commission cannot approve a request for an accounting order or cost  
15 tracking mechanism simply because such approval would set a precedent, or that it may  
16 encourage BH Nebraska Gas to seek other accounting orders or trackers

17 **Q. WHAT IS THE COMPANY'S REQUEST TO THE COMMISSION WITH**  
18 **RESPECT TO THE DEFERRED ACCOUNTING TREATMENT FOR**  
19 **INSURANCE EXPENSES?**

20 **A.** The Company respectfully requests that the Commission consider and approve the  
21 establishment of the Deferred Accounting Treatment as a regulatory asset to track

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<sup>8</sup> The KCC has also approved an insurance tracker as part of a Settlement Agreement for Black Hills/Kansas Gas Utility Company, in KCC Docket No. 25-BHCG-298-RTS.

1 insurance-related expenses, allowing BH Nebraska Gas to defer these expenses or  
2 reductions in expenses for recovery in a future case. This treatment is consistent with  
3 regulatory principles and ensures that the Company can continue to provide safe and  
4 reliable service to customers.

5 **IV. WEATHER NORMALIZATION RIDER**

6 **Q. WHAT IS THE COMPANY'S REBUTTAL POSITION ON THE WNA RIDER?**

7 A. PA witness Mr. Howard Solganick recommends rejecting the proposed WNA Rider  
8 due to inherent bias based on weather trends, lack of support, concerns of mismatch  
9 and cost shifting to customers, balance of positive and negative impacts with annual  
10 reconciliation period, a new Commission auditing requirement and overall unsupported  
11 need.<sup>9</sup> The Company disagrees and maintains its position in support of the mechanism,  
12 emphasizing the need to stabilize revenues and protect customers from the volatility of  
13 weather driven usage.

14 **Q. PLEASE SUMMARIZE YOUR POSITION REGARDING THE WNA RIDER.**

15 A. As discussed in the Rebuttal Testimony of Douglas N. Hyatt, the Company continues  
16 to support the implementation of the WNA Rider as a necessary and prudent  
17 mechanism to stabilize revenues and protect customers from the volatility of weather-  
18 driven usage. The WNA Rider does not enhance revenues; rather, it normalizes  
19 revenues to reflect typical weather conditions, ensuring fairness and predictability for  
20 both the Company and its customers.

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<sup>9</sup> Direct Testimony and Exhibits of Howard Solganick at page 32, lines 20 and 21.

1   **Q.     THE PA’S TESTIMONY HAS SUGGESTED THAT THE WNA RIDER LACKS**  
2       **SUPPORT. HOW DO YOU RESPOND?**

3   A.     I respectfully disagree with the characterization that the WNA Rider lacks support. The  
4       WNA Rider is a well-established regulatory mechanism that has been approved and  
5       implemented in over twenty-four states. Additionally, the Company has two long-  
6       standing WNA riders in place for Black Hills Energy Arkansas, Inc. (“BH Arkansas”) and  
7       Black Hills/Kansas Gas Utility Company, LLC (“BH Kansas”).<sup>10</sup> These precedents  
8       clearly demonstrate that that WNA Rider is not a novel or untested concept and has  
9       received regulatory endorsement. Designed to normalize revenues based on typical  
10      weather conditions, the WNA Rider protects all stakeholders from volatility in usage  
11      driven charges.

12   **Q.     PA WITNESS MR. SOLGANICK HAS PROPOSED WEATHER INSURANCE**  
13       **AS A POLICY ALTERNATIVE TO THE WNA RIDER. DOES BH NEBRASKA**  
14       **GAS SUPPORT THIS RECOMMENDATION?**

15   A.     No. Weather insurance is not a viable policy substitute for the WNA Rider as it fails  
16       to meet the regulatory standards of transparency, fairness or customer benefit which  
17       are essential to effective rate design. The Company has evaluated the PA’s  
18       recommendation and found that it introduces speculative risk, lacks regulatory  
19       oversight, and provides no direct benefit to customers. Weather or parametric insurance  
20       is not structured to address day-to-day weather variability. Monitoring daily or  
21       monthly weather changes would require frequent data gathering and exchanges, which

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<sup>10</sup> See Direct Testimony of Brooke N. Bassell-Herman at page 27 and Direct Testimony of Douglas N. Hyatt at pages 57 through 58.



1 could potentially lead to more frequent payouts making weather insurance expensive  
2 and inefficient. Further, it is unlikely a third-party insurer would agree to provide  
3 insurance under daily temperature parameters. Weather or parametric insurance is  
4 designed for large, clearly measurable events, such as hurricanes, earthquakes or  
5 droughts.

6 **Q. WHY IS WEATHER INSURANCE NOT SUPPORTED AS A MATTER OF**  
7 **POLICY?**

8 A. As noted above, weather insurance is speculative, costly, and lacks transparency.  
9 Premiums are set by third-party insurers using proprietary models and payouts are  
10 contingent on narrowly defined weather events. There is no guarantee that the insurance  
11 will pay out in years that the Company experiences revenue shortfalls due to abnormal  
12 weather. More importantly, customers receive no direct benefit from weather insurance  
13 as there are no refunds or bill adjustments in their favor, even in colder-than-normal  
14 years. This is a stark contrast to the WNA Rider which is formulaic, auditable, and  
15 reconciles annually to ensure fairness and reciprocity for customers.

16 **Q. HOW DOES THE WNA RIDER BETTER SERVE CUSTOMERS AND**  
17 **REGULATORS?**

18 A. As discussed by Mr. Hyatt, the WNA Rider is a transparent, regulator-approved  
19 mechanism that normalizes revenues. It protects customers from weather-driven  
20 volatility and ensures that rates reflect typical weather conditions. In colder-than-  
21 normal years, customers will receive refunds and in warmer-than-normal years the  
22 Company recovers shortfalls. This ensures fairness and aligns with regulatory  
23 principles of gradualism and rate stability.

1   **Q.   WHAT IS YOUR RECOMMENDATION TO THE COMMISSION**  
2           **CONCERNING MR. SOLGANICK’S SUGGESTION WITH RESPECT TO**  
3           **WEATHER INSURANCE?**

4   A.   I recommend the Commission reject Mr. Solganick’ s suggestion to use weather  
5           insurance as a substitute for the WNA Rider. The WNA Rider is a proven, equitable  
6           and transparent tool that aligns with regulatory principles and provides tangible benefits  
7           to customers. Weather insurance, by contrast, offers no customer upside and introduces  
8           speculative risk into the ratemaking process.

9   **V.   MGP EXPENSES**

10   **Q.   MS. MULLINAX RECOMMENDED REMOVING \$138,821 IN MGP**  
11           **EXPENSES FROM BASE RATES. WHAT IS THE COMPANY’S POSITION?**

12   A.   As explained in the rebuttal testimony of Ms. Johnson, the Company agrees to  
13           reclassify the \$138,821 in MGP expenses from base rates to a deferred asset, contingent  
14           upon the Commission’s approval of the proposed deferred accounting mechanism for  
15           MGP costs. The adjustment is reflected on Schedule H-14 of Rebuttal Exhibit SKJ-6  
16           - Revenue Requirement Study. If the deferred accounting treatment for MGP expenses  
17           is not authorized, the Company maintains that these expenses should remain in base  
18           rates to ensure recovery of prudent and environmental compliance costs.

19   **VI.   CONCLUSION**

20   **Q.   DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21   A.   Yes.

Comparison of Positions

Comparison of Positions			BH Nebraska Gas Rebuttal Position	Witness	Issues in dispute are in Orange
Issue	PA Answer Position	Witness			
1	Total Revenue Increase	\$16,685,209 Jurisdictional	Mullinax, page 10, Table 2 and Exhibit DHM-2	Johnson	Issues in partial dispute are in Green
2	Total Rate Base	\$774,150,143 Jurisdictional	Mullinax, page 10, Table 2 and Exhibit DHM-2	Johnson	
	<b>Cost of Capital</b>				
3	Capital Structure	50/50	Berry, page 20, line 15	Stevens	Resolved issues have no highlight
4	Cost of Debt	4.61%	Berry, page 20, lines 10 and 11	Stevens	
5	ROE	9.42%	Berry, page 19 line 12	McKenzie	
6	WACC	7.02%	Berry, page 21, lines 7 and 8	Stevens/McKenzie	
	<b>Rate Base</b>				
7	Allowance for Deferred Income Tax (ADIT)	Recommends removal of non-plant ADIT book-tax	Mullinax, page 24, lines 5-9	Disagrees with recommendation for non-plant but agrees to remove remaining DDIT	
8	Prepayments	Recommends removal of prepayments from Working Capital	Mullinax, page 25, lines 1-9	Disagrees with recommendation	
9	Cash Working Capital	Recommends Gas Purchases be removed and transferred to PGA and Gas Purchases for Choice Gas be removed from CWC calculation and assigned to Choice Gas Customers	Mullinax, page 26, lines 1-6	Disagrees with recommendation	
10	Construction Work in Progress (CWIP)	Recommends allowing inclusion of CWIP in rate base and recommends a workshop to update the status of CWIP and associated retirements with actual year-end amounts	Mullinax, page 22, lines 21 and 22, and page 21, lines 1-4	Agrees with inclusion of CWIP in rate base, but disagrees with needing to update to year-end amounts with recommendation	
	<b>Expense/Revenue</b>				
11	Annualized Customer Growth Revenue	Recommends adjustment to increase 44,588 bills for the full year	Mullinax, page 29, lines 15 and 16	Disagrees with methodology	
12	Bad Debt	Recommends adjusting bad debt expense to reflect revised revenue using average uncollectible rate	Mullinax, page 40, lines 4-11	Agrees to adjustment in the final revised RRS	
13	Direct Labor Costs	Recommends removal of 12 open positions	Mullinax, page 33, lines 1-9	Disagrees with recommendation	
14	Service Company Allocated Labor Costs	Recommends removal of 94.5 open positions	Mullinax, page 34, lines 16 and 17	Agrees in part and removes \$479,453 in labor and benefits	
15	Corrected Payroll Taxes	Recommends correcting FICA Tax calculation to remove non-payroll benefits	Mullinax, page 35, lines 3-21	Agrees and has updated calculation	
16	Incentive Compensation	Recommends approval of AIP	Mullinax, page 37, lines 6-12	Agrees with recommendation	

## Comparison of Positions

Comparison of Positions			BH Nebraska Gas Rebuttal Position		Issues in dispute are in Orange
	Issue	PA Answer Position	Witness	Witness	
17	Incentive Compensation	Recommends removal of 30% of STIP and 100% of LTIP	Mullinax, page 39, lines 10-12, and page 38, lines 5-7	Disagrees with recommendation	Johnson
18	Severance	Recommends removal	Mullinax, page 42, lines 21 and 22	Disagrees with recommendation	Johnson
19	Employee Recognition Programs	Recommends adjusting employee recognition programs down to a 4-year average	Mullinax, page 44, lines 8-10	Disagrees with recommendation	Johnson
20	Pooled Medical Insurance	Recommends removal of pooled medical insurance related to 94.5 open positions at BHSC	Mullinax, page 45, lines 5 and 6	Disagrees in part and removes \$20,047 to match reduction in BHSC labor costs	Johnson
21	Directors and Officers ("D&O") Liability Insurance	Recommends allocating 50% of D&O to shareholders	Mullinax, page 48, lines 5-17	Agrees with recommendation and has removed \$104,238 from it's Rebuttal RRS	Johnson
22	Insurance	Recommends removal of adjustment to increase costs to 2025 levels	Mullinax, page 46 line 16 through page 47 line 1	Disagrees with recommendation in part and includes adjustment to updated actual costs in Rebuttal RRS	Johnson
23	Advertising	Recommends removal of an additional \$8,425 in expenses	Mullinax, page 57, lines 1-7	Agrees with recommendation and has made the adjustment in the Rebuttal RRS	Johnson
24	Public Awareness Campaign	Recommends no increase in costs for the campaign	Mullinax, page 53, lines 1 and 2	Disagrees with recommendation in part and has revised adjustment from \$241,388 to \$308,736 in the Rebuttal RRS	Johnson
25	Alternative Forms of Payment	Recommends no increase in costs	Mullinax, page 53, lines 12-13	Disagrees in part and has recalculated 2025 expenses using actual test year data for a reduction of \$32,652	Johnson
26	Property Taxes	Recommends matching property tax to final plant in service at actual year-end	Mullinax, page 54, lines 4-8	Agrees to adjusting property tax expense based off year-end plant in service on December 31, 2025	Johnson
27	Stored Gas Property Tax	Recommends moving the recovery of costs into the PGA	Mullinax, page 55, lines 1-5	Disagrees with recommendation	Crouch, Johnson
28	Depreciation Expense	Recommends removal of \$5,503,752 in annual depreciation expense	Mullinax, page 55, lines 12-13 Dunkle, page 50, lines 6-12	Disagrees with recommendation in part and provides an update to one account resulting in a reduction of \$479,864	Mack
29	Reclassification of Western, NE from RA 5 to RA 3 Savings	Supports reclassification but recommends reduction of \$7,462	Mullinax, page 56, lines 6-11 Solganick, page 41, lines 5-7	Agrees to remove and has made the adjustment in the Rebuttal RRS	Bannan, Johnson
30	MGP Soil Sample Testing	Recommends reclassification of the \$138,821 be removed from base rates and be transferred into deferred asset	Mullinax, page 56, lines 12-19	Agrees to reclassification only if MGP Deferred Accounting Treatment is approved	Johnson, Bassell-Herman
31	Rate Review Expenses	Recommends approval of costs but that they be limited to estimate of \$595,000	Mullinax, page 65, lines 12-16	Agrees in part that recovery should be based on actuals but disagrees with cap	Bannan
<b>CCOS / Rate Design</b>					
32	Customer Charge	Res - \$26.30 Sm. Comm. - \$48.00 Lg. Comm. - \$90.00	Solganick, page 22, lines 1 and 2, and page 23, lines 11, 12, and 18-19, and Direct Exhibit HS-3	Res - \$30.50 Sm. Comm. - \$48.00 Lg. Comm. - \$118.00	Hyatt

## Comparison of Positions

	Issue	PA Answer Position	Witness	BH Nebraska Gas Rebuttal Position	Witness
33	Delivery Charges (Tier 1 & Tier 2)	Res. - 10 therms \$0.42135, >10 Therms \$0.15000  Sm. Comm. - 20 Therms \$0.74600, >20 Therms \$0.15000  Lg. Comm. - 500 Therms \$0.20085, >500 Therms \$0.15000	Solganick, page 22, lines 2 and 3, and page 23, lines 11, 12, and 18-19, page 24, lines 13 and 14, and Direct Exhibit HS-3	Res. - 10 therms \$0.38784, >10 Therms \$0.15000  Sm. Comm. - 20 Therms \$0.95940, >20 Therms \$0.15000  Lg. Comm. - 500 Therms \$0.21730, >500 Therms \$0.15000	Hyatt
34	10-Year Weather Normalization Period	Recommends approval	Solganick, page 25, lines 13-15	Agrees with recommendation	Hyatt
35	Class Cost of Service Study	Recommends approval subject to update if final revenue requirement adjustments reflects significant changes in line items	Solganick, page 16, lines 5-9	Agrees with recommendation	Hyatt
	<b>Small and Large Commercial Class Changes</b>				
36	Bifurcation of the Commercial Class	Recommends approval	Solganick, page 14, lines 13-16	Agrees with recommendation	Hyatt
	<b>Proposed Rider/Tracker Mechanisms</b>				
37	MGP Deferred Accounting Treatment	Recommends approval and be subject to review and audit prior to approval for recovery	Mullinax, page 63, lines 4-8	Agrees with recommendation	Bassell-Herman, Johnson
38	Insurance Deferred Accounting Treatment	Recommends proposal be rejected and if costs increase the Company can file another rate case	Mullinax, page 64, lines 6 and 7, and 10-12	Disagrees with recommendation and maintains position	Johnson, Bassell-Herman
39	WNA Rider	Opposes proposal based on positive and negative impacts, unsupported need, requires annual Commission review and inherent bias based on weather trends	Solganick, page 32, lines 20 and 21 Berry page 20, lines 6 and 7	Disagrees with recommendation	Hyatt, Bassell-Herman
40	SSIR Continuation 2026 SSIR Projects	Recommends Commission approve continuation of rider. Recommends it be updated to reflect approved WACC, Allocate plant based on approved CCOS, Calculate depreciation using approved rates and update SSIR revenue requirement schedules to reflect final commission approved decision before 2026 rates go into effect	Mullinax, page 60, lines 11-23, and page 61, lines 1-18 Fijnvandraat, page 10, lines 15-18	Agrees with recommendation and will update the SSIR calculation with final rate case numbers	Bannan
	<b>Existing Rider</b>				
41	HEAT Incentive Program administrative costs to be included in the program costs subject to the program cap	Recommends administrative be included in program costs subject to program cap	Solganick, page 34, lines 4-6	Agrees with recommendation	Bannan
	<b>Tariff Changes</b>				
42	Bifurcation of the Commercial Class	Recommends approval	Solganick, page 35, lines 15-17	Agrees with recommendation	Hyatt
43	Elimination of Line Locates Surcharges and other housekeeping items	Recommends approval	Solganick, page 36, lines 5 and 6	Agrees with recommendation	Bannan
44	Connection/Reconnection and Meter Test Charge	Recommends adoption only if period for disconnection is adjusted	Solganick, page 37, lines 6 and 7	Agrees with recommendation	Bannan

Issues in dispute are in Orange

## Comparison of Positions

Issue		PA Answer Position	Witness	BH Nebraska Gas Rebuttal Position	Witness
45	Late Payment Charge	Recommends approval	Solganick, page 37, lines 6 and 7	Agrees with recommendation	Bannan
46	Timing of Disconnection	Disconnections should not occur on Friday or day before holiday	Solganick, page 38, lines 4-6	Agrees with recommendation and notes that Company policy does not schedule disconnections the day before a non-working Company day	Bannan
47	Diversion Fees - Material List Removed	Recommends approval	Solganick, page 37, lines 18-20	Agrees with recommendation	Bannan
48	Reclassification of Western, NE from RA 5 to RA 3	Supports reclassification with proper notification	Solganick, page 41, lines 5-7	Agrees with recommendation but notes that customers and suppliers have already received timely notification	Bannan
49	SSIR Updates	Modification of tariff to allow flexibility to swap amounts approved by SSIR category to another category as long as they have been approved	Mullinax, page 60, lines 13-23	Non-issue. Previously approved in Commission Application NG-112.4, Tariff Sheet 127 edits on December 17, 2024	Bannan
<b>Proposed Tax Refund</b>					
50	EDIT Tax Refund	Agrees with Company's proposal to recover \$7,325,162 through State Regulatory Assessment Charge for 36 mos.	Mullinax, page 65, lines 4 and 5	Agrees with recommendation	Bassell-Herman, Crouch
<b>Operations</b>					
51	Formalized Action Plans	Recommends developing formalized action plans for underperforming metrics.	Fijnvandraat, page 6, lines 18-20	Disagrees with recommendation	Jarosz
52	Data Infrastructure Improvement Program (DIIP)	Accelerating progress on DIIP Projects	Fijnvandraat, page 6, line 21 through page 7, line 6	Disagrees with recommendation	Jarosz
53	Unlocatable Plant	Recommends undertaking continued and more focused efforts to address issues related to unlocatable plant	Fijnvandraat, page 7, lines 7-10	Agrees with recommendation	Jarosz
54	Mitigating Indirect Supply Chain Disruptions	Recommends a deeper analysis of suppliers' supply chains to identify potential vulnerabilities and develop appropriate contingency plans	Fijnvandraat, page 7, lines 11-15	Agrees with recommendation	Jarosz
55	MGP McCook	Requests greater detail on methodology, range of costs and mitigation of said costs	Fijnvandraat, page 8, lines 12-20	Agrees with recommendation	Jarosz
56	MGP McCook	Requests Potentially Responsible Party (PRP) identification and negotiation strategy	Fijnvandraat, page 8, line 21 through page 9, line 4	Disagrees with recommendation	Jarosz
57	MGP McCook	Requests timeline for remediation	Fijnvandraat, page 9, lines 5-10	Agrees with recommendation	Jarosz
58	Virtual/Desktop Field Audit	No specific recommendations for improvement	Fijnvandraat, page 9, lines 20 and 21	Agrees with recommendation	Jarosz

Issues in dispute are in Orange


STATE OF IOWA                    )  
  ) SS.  
COUNTY OF POLK                )

I, Brooke N. Bassell-Herman, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing prepared testimony, and I am familiar with its contents, and that the facts set forth are true to the best of my knowledge, information and belief.

  
Brooke N. Bassell-Herman

Subscribed and sworn to before me this 2nd day of September, 2025.

(SEAL)

  
Notary Public

My Commission Expires:

