

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 DOUGLAS N. HYATT

Manager of Regulatory

ON BEHALF OF BLACK HILLS NEBRASKA GAS, LLC

Date: September 15, 2025

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EXHIBITS

Rebuttal Exhibit DNH-9	Customer Growth Adjustment
Rebuttal Exhibit DNH-10	Functionalization and Classification of Rate Base and Cost of Service
Rebuttal Exhibit DNH-11	Allocation of Rate Base and Cost of Service
Rebuttal Exhibit DNH-12	Revenue Rebalancing
Rebuttal Exhibit DNH-13	Rate Design
Rebuttal Exhibit DNH-14	Revenue Proof
Rebuttal Exhibit DNH-15	Bill Impacts

TABLE OF ABBREVIATIONS AND ACRONYMS

BH Nebraska Gas or Company	Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy
CAGR	Compound Annual Growth Rate
CCOSS	Class Cost of Service Study
HDDs	Heating Degree Days
PA	Nebraska Public Advocate
WNA	Weather Normalization Adjustment

REBUTTAL TESTIMONY OF DOUGLAS N. HYATT

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Douglas N. Hyatt. My business address is 1403 Denver West Parkway, Suite 100, Lakewood, CO 80401-3124.

Q. ARE YOU THE SAME DOUGLAS N. HYATT 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”).

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to present and describe BH Nebraska Gas’ rebuttal position regarding the customer growth adjustment, Class Cost of Service Study (“CCOSS”), rate structure, the updated CCOSS and rates, and the weather normalization adjustment rider.

1 **III. CUSTOMER GROWTH ADJUSTMENT**

2 **Q. WHAT HAS THE PUBLIC ADVOCATE (“PA”) PROPOSED REGARDING**
3 **CUSTOMER GROWTH?**

4 A. In the Direct Testimony and Exhibits of Donna H. Mullinax, the PA proposes that the
5 Company use a growth adjustment that increases Residential revenues by \$1,212,628
6 more than proposed by the Company.¹ This adjustment is the result of using a growth
7 of 6,860 customer bills applied to each month of the *pro forma* period plus the
8 corresponding normalized average customer use.

9 **Q. DOES THE COMPANY AGREE WITH THE METHOD USED BY THE PA?**

10 A. No. The method used by the PA improperly and unreasonably adjusts the number of
11 new Residential customer bills. The customer growth that the Company calculated used
12 a CAGR to calculate the annual growth for the number of bills for the entire year and
13 added them consistently throughout the year. On the other hand, the PA is taking the
14 highest number of monthly bills in December, which results in an excessive and
15 unrealized total growth of 82,320 bills exceeding the Company’s growth adjustment of
16 37,732 customer bills.

17 **Q. HOW DOES THIS METHOD DIFFER FROM WHAT THE COMPANY**
18 **PROPOSED?**

19 A. In Direct Exhibit EJF-4, Workpaper 7, the Company calculated the growth using a five-
20 year Compound Annual Growth Rate (“CAGR”) resulted in a Residential customer
21 growth adjustment of 44,588 customer bills. When a customer connects to the system
22 it creates a new bill. As customers are added throughout the year the bills and number

¹ Direct Testimony and Exhibits of Donna H. Mullinax at page 30, line 1.

1 of customers accumulate. If a customer connects to the system in January, it will create
2 12 bills for the entire year for that single customer. Conversely, if a customer connects
3 to the system in December, it creates only one bill for the entire year. Given that all the
4 customers would not be connected to the system at the beginning of the year, as shown
5 in Direct Exhibit EJF-4, page 2, the Company proposed that the customer bills
6 corresponding to new customers should be added at a consistent rate throughout the
7 year, resulting in the addition of 572 customer bills on a monthly basis (January –
8 December) for a cumulative total of 6,860 customer bills in December. The Nebraska
9 Public Advocate (“PA”) takes the Company’s cumulative total 6,860 customer bills
10 and incorrectly adds that number each month beginning in January, resulting in a
11 growth adjustment total of 82,320 bills. This has the effect as if all new customers were
12 placed in service and billed for each and all of the 12 months of the *pro forma* period
13 for a total of 82,320 bills.

14 **Q. HAVE THE BILLING DETERMINANTS FOR THE PRO FORMA YEAR OF**
15 **2025 BEEN REALIZED TO DATE?**

16 **A** No. As shown in Rebuttal Exhibit DNH-9 - Customer Growth Adjustment, the
17 Company has not realized the additional number of customer bills shown in Direct
18 Exhibit EJF-4 - Customer Growth Adjustment. A comparison of the Company’s and
19 the PA’s Customer Growth Adjustments to actuals is provided in Table DNH-14 below.

**Table DNH-14 - Comparison of Customer Growth Adjustments
to Actuals (January – August)**

January-August 2025	Growth Adjustment	Actual Change in Bills	Variance from Actuals
Black Hills Energy	20,579	12,740	7,839
PA	54,880	12,740	42,140

The PA's proposed customer growth adjustment is an unreasonable departure from the historic trend in Residential customer growth as detailed in Direct Exhibit EJP-4, and as demonstrated by the actual number of customer bills recorded in the Company's customer billing system during the first 8 months of the *pro forma* period. It is entirely unreasonable to expect that the actual number of Residential customers and customer bills could grow enough to close the gap of 42,140 bills year-to-date, plus the 27,440 additional bills in the PA's proposed adjustment for the remaining four months of the *pro forma* period. As noted in the table above, the estimated number of customer bills in the Company's Customer Growth Adjustment is higher than the actual number of customer bills added to the Company for the *pro forma* period to date. At the current pace, BH Nebraska Gas will not reach the Company estimate of new customers and thus new bills, let alone the unrealistic growth estimated by the PA.

Q. WHAT IMPACT WOULD THE PA'S ADJUSTMENT HAVE ON RATES?

A. Rates are designed to recover the approved revenue based upon the adjusted billing determinants under normal weather conditions. The overestimation of customer growth during the *pro forma* period would produce rates that are too low for the Company to recover the approved revenue for Residential customers. If the actual number of customer bills and therms are not realized, then the Company would be at risk of not recovering the approved revenue under normal weather conditions. The Company

1 would be harmed by not being able to realize the approved revenue until such a time as
2 additional customers have connected to the system to offset the number of customers
3 the rates are designed to recover. With the historic trend in the number of customers
4 added each of the years detailed in Direct Exhibit EJF-4, it is unlikely the Company
5 would serve the number of Residential customers proposed by the PA prior to sometime
6 during 2027. This growth adjustment recommended by the PA is an unreasonable reach
7 into the future beyond the *pro forma* period ending December 31, 2025.

8 **Q. HAVE YOU ESTIMATED THE REVENUE IMPACT OF THE PA'S**
9 **PROPOSED CUSTOMER GROWTH ADJUSTMENT?**

10 A. Yes. As shown in Rebuttal Exhibit DNH-9 the estimated negative impact during the
11 *pro forma* period is \$1,598,852 in revenue that the Company will not realize. This is
12 the direct result of the overestimation of customer growth and revenue based upon the
13 Company's rebuttal positions, while utilizing the PA's recommended growth
14 adjustment.

15 **Q. DID THE PA USE A PROPOSED CUSTOMER GROWTH ADJUSTMENT IN**
16 **THE PA'S RECOMMENDED RATE DESIGN AND REVENUE PROOF?**

17 A. No. The billing determinants used in Mr. Solganick's testimony and exhibits were the
18 same as the billing determinants proposed by the Company in its direct filing. Ms.
19 Mullinax proposes a different customer growth adjustment from the Company, and
20 their proposed Residential customer growth is not reflected in the billing determinants
21 Mr. Solganick used for rate design. This is a defect in the PA's proposed revenue
22 requirement and rate design since the two are not the same. Accordingly, the PA's
23 growth adjustment calculations should be rejected by the Commission.

1 **Q. WHAT DOES THE COMPANY PROPOSE?**

2 A. The Company proposes that the methodology used in the Company's direct filing be
3 accepted and the customer growth adjustment be a total addition of 44,588 Residential
4 customer bills with the adjusted therms per average customer bill. This methodology
5 properly uses and distributes the result of the CAGR throughout the year.

6 **IV. CLASS COST OF SERVICE STUDY**

7 **Q. HAS THE PA RAISED ANY ISSUES REGARDING THE COMPANY'S CLASS**
8 **COST OF SERVICE STUDY?**

9 A. No. In his direct testimony Mr. Solganick states "the Company uses cost allocation
10 methodologies that are accepted in the industry, in most cases, follow prior practice in
11 prior cases."²

12 **Q. HAS THE PA PROVIDED A CCOSS BASED UPON THEIR PROPOSED**
13 **REVENUE REQUIREMENT?**

14 A. No. The PA has not provided a CCOSS based upon their proposed revenue
15 requirement.

16 **Q. IS THERE A CONNECTION BETWEEN THE JURISDICTIONAL CLASS**
17 **COST-OF-SERVICE ALLOCATIONS AND THE DETERMINATION OF**
18 **REVENUE REQUIREMENTS?**

19 A. Yes. The revenue requirements are based upon the jurisdictional allocation of costs in
20 the CCOSS. The statewide revenue requirements must be run through the CCOSS to
21 properly determine the jurisdictional allocation of costs in the revenue requirements.
22 The PA has proposed numerous changes to the Company's revenue requirements and

² Direct Testimony and Exhibits of Howard Solganick at page 16, lines 5-6.

1 rate base, but the Public Advocate has not run these changes through the CCOSS. These
2 changes would impact how the revenue requirements are allocated to both jurisdictional
3 and non-jurisdictional customer classes and thus the jurisdictional revenue deficiency
4 (or excess). Since the PA did not update the CCOSS, the jurisdictional allocations in
5 Ms. Mullinax's testimony and revenue by customer class used by Mr. Solganick are
6 not correct and should not be relied on for cost allocation and rate design.

7 **Q. PLEASE PROVIDE A MORE DETAILED EXPLANATION AS TO WHY THE**
8 **PA'S JURISDICTIONAL ALLOCATIONS FOR ITS PROPOSED**
9 **ADJUSTMENTS ARE CONSIDERED INCORRECT.**

10 A. Ms. Mullinax's jurisdictional allocations use the allocations that would result from the
11 Company's filed position, which are different than the allocations that would result
12 from the PA's position. The Company's jurisdictional allocation of each component of
13 rate base and revenue requirement originates in the CCOSS. The jurisdictional
14 allocation shown in the revenue requirements and rate base schedules are simply
15 showing the allocations that result from the CCOSS. Since Mr. Solganick relies upon
16 the allocations used by Ms. Mullinax, the revenue allocation used in his proposed rate
17 design is also incorrect.

18 As such, to properly determine the impact of any revenue requirements or rate
19 base changes, such changes must be run through both the total Nebraska revenue
20 requirements calculation and the CCOSS.

1 **Q. WHAT IS YOUR RECOMMENDATION REGARDING ANY CHANGES**
2 **MADE TO THE REVENUE REQUIREMENT OR RATE BASE?**

3 A. The CCOSS must be updated to reflect any proposed changes to the rate base or
4 revenue requirements so that the jurisdictional class revenue requirements can be
5 properly determined and then by extension rates designed to recover the jurisdictional
6 class revenue requirements. Since the PA did not update the jurisdictional allocators
7 and taxes in the revenue requirement, nor did the PA reconcile the different adjusted
8 billing determinants and revenue under current rates between the revenue requirement
9 and CCOSS, the results presented by the PA should not be relied upon by the
10 Commissioners.

11 **V. RATE DESIGN**

12 **Q. PLEASE SUMMARIZE THE ISSUES REGARDING THE PA'S PROPOSED**
13 **RATE DESIGN.**

14 A. In general, the differences between the rates proposed by the PA and those proposed
15 by the Company in my direct testimony are primarily related to the significant
16 difference between the Company's and PA's proposed revenue requirement. Below I
17 will discuss first where the Company and the PA agree and then discuss areas of
18 disagreement.

1 **Q. PLEASE SUMMARIZE THE AREAS WHERE THE COMPANY AND PUBLIC**
2 **ADVOCATE ARE GENERALLY IN AGREEMENT REGARDING RATE**
3 **DESIGN.**

4 A. I will begin with Mr. Solganick's own words "The Company's rate design reflects
5 several sound principles, including bill impact, stability, consistency."³ The following
6 are the areas where the Company and PA generally agree:

7 1. The weather normalization adjustment of the billing determinants proposed
8 by the Company should be adopted.

9 2. The proposed Small Commercial Service and Large Commercial Service
10 customer classes and volumetric thresholds of 20 therms/month, and 500
11 therms/month, respectively, are reasonable and should be adopted.

12 **Q. PLEASE SUMMARIZE THE AREAS WHERE THE COMPANY AND PA ARE**
13 **NOT IN AGREEMENT REGARDING RATE DESIGN.**

14 A. The PA opposes the proposed revenue rebalancing strategy and proposes a different
15 strategy. While Mr. Solganick states that he would ordinarily recommend that no
16 customer class receive a reduction while other classes see an increase, in this case he
17 makes an exception. His exception is based upon a complicated bill impact, the
18 unknown time between rate cases, and the level of return of the Small Commercial
19 Service class compared with the other classes.⁴ The PA's strategy is based upon total
20 the bill impact of the Residential and Small Commercial Service classes, with the Large

³ Direct Testimony and Exhibits of Howard Solganick at page 20, lines 7-8.

⁴ Direct Testimony and Exhibits of Howard Solganick at page 18, lines 15-21.

1 Commercial Service class being set to the overall rate of return and allocating a revenue
2 reduction to the Small Commercial Service class.

3 **Q. IF THE COMMISSION APPROVES A REVENUE REQUIREMENT LOWER**
4 **THAN THAT PROPOSED BY THE COMPANY, WHAT CRITERIA SHOULD**
5 **THE COMMISSION USE TO DESIGN RATES?**

6 A. The following are how the rate components should be determined for a revenue
7 requirement lower than that proposed by the Company:

8 1. Revenue deficiency and class revenue allocations should be based on
9 running the revenue requirement through the CCOSS.

10 2. Due to price competition, the second block of the Residential and
11 Commercial rates should be no higher than \$0.1500 per therm.

12 3. Any reduction in the overall revenue requirement should primarily focus on
13 lowering the first block volumetric rate while maintaining the Company
14 original proposed customer charges and second block rate to achieve the
15 class revenue requirement.

16 4. To tie out to each customer classes' revenue requirement, there may need
17 to be some slight variation in the level of customer charges.

18 **VI. UPDATED CLASS COST OF SERVICE STUDY AND**
19 **RATE DESIGN**

20 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO ITS REVENUE**
21 **REQUIREMENT?**

22 A. Yes. As discussed in the Rebuttal Testimony of Samantha K. Johnson, the Company
23 is proposing several adjustments to its filed revenue requirement.

1 **Q. HAVE YOU PREPARED AN UPDATED CLASS COST OF SERVICE STUDY**
2 **TO REFLECT THESE CHANGES AND CORRECTIONS?**

3 A. Yes, I have. The CCOSS is provided as Rebuttal Exhibit DNH-10 - Functionalization
4 and Classification of Rate Base and Cost of Service, and Rebuttal Exhibit DNH-11 -
5 Allocation of Rate Base and Cost of Service. These exhibits reflect the updated revenue
6 requirement sponsored by Ms. Johnson. There are no changes to any of the allocation
7 bases or any other changes to the study.

8 **Q. PLEASE SUMMARIZE THE RESULTS OF THE REVISED CLASS COST OF**
9 **SERVICE STUDY.**

10 A. In Table DNH-15 below I summarize the jurisdictional class revenue deficiencies in
11 the filed case and the revised jurisdictional class revenue deficiencies based on the
12 revised CCOSS.

13 **Table DNH-15 - Comparison of Filed and Revised Jurisdictional Class Revenue**

Jurisdictional Class	Revenue Deficiency – As Filed	Revenue Deficiency – Revised
Residential	\$31,199,563	\$29,026,388
Small Commercial Service	(\$1,065,859)	(\$1,467,972)
Large Commercial Service	\$4,789,508	\$4,466,143
Total	\$34,923,212	\$32,024,560

18
19 **Q. ARE YOU RECOMMENDING BH NEBRASKA GAS IMPLEMENT FULLY**
20 **COST-BASED RATES BASED UPON THE REVISED CCOSS?**

21 A. No. The Company is proposing a revenue rebalancing strategy that would set revenue
22 responsibility for the Small Commercial Service customers at zero, with the cost-of-
23 service reduction used to reduce the revenue responsibility for the Residential class.

The Revenue Rebalancing is shown in Rebuttal Exhibit DNH-12, and below in Table DNH-16.

Table DNH-16 – Revised Revenue Rebalancing

Description	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional
Cost-of-Service	\$29,026,388	(\$1,467,972)	\$4,466,143	\$32,024,560
Revenue Rebalancing	(\$1,467,972)	\$1,467,972	\$0	\$0
Revenue Responsibility	\$27,558,417	\$0	\$4,466,143	\$32,024,560

Q. HAVE YOU DEVELOPED A REVISED SET OF RATES REFLECTING THESE UPDATED JURISDICTIONAL CLASS REVENUE DEFICIENCIES?

A. Yes, I have. They are provided in Rebuttal Exhibit DNH-13. These rates are developed on the same criteria established in my direct exhibit. The rates in Rebuttal Exhibit DNH-13 are based on the following:

1. A Residential customer charge of \$30.50, which is \$0.50 lower than in the direct filing.
2. A Small Commercial Service customer charge of \$48.00 per month which is the same as the direct filing.
3. A Large Commercial Service customer charge of \$118.00 per month, which is \$3.00 lower than the direct filing.
4. No change to the second-tier volumetric rate of \$0.1500 as originally proposed.
5. First tier volumetric rates that recover the remaining revenue requirement for each customer class. The first-tier volumetric rate for the Residential customer class is \$0.38784, which is \$0.03458 lower than originally

proposed. The first-tier volumetric rate for the proposed Small Commercial Service of \$0.95940, which is the same as the direct filing, and the proposed Large Commercial Service customer class of \$0.21730, which is (\$0.00754) lower than originally proposed.

Q. HAVE THE CUSTOMER-RELATED COSTS CHANGED FOR THE RESIDENTIAL CUSTOMER CLASS IN THE UPDATED CLASS COST OF SERVICE STUDY?

A. Yes. The customer-related costs for the Residential customer class have changed from the direct case. Table DNH-17 shows that the changes to the revenue requirement have had little impact upon the customer-related costs that are largely comprised of plant and plant related expenses.

Table DNH-17 – Customer-Related Costs

	Direct Case	Rebuttal		
Description	\$/Bill	\$/Bill	Change	% Change
Distribution - Customer	\$7.62	\$7.53	(\$0.09)	-1.2%
Services	\$12.64	\$12.48	(\$0.16)	-1.3%
Meters & Regulators	\$6.19	\$6.12	(\$0.07)	-1.2%
Customer Accounting	\$5.53	\$5.41	(\$0.12)	-2.1%
Jurisdictional Direct	(\$0.51)	(\$0.63)	(\$0.12)	22.9%
Total	\$31.47	\$30.91	(\$0.56)	-1.8%

Q. HAS THE PA RAISED ANY CONCERNS REGARDING THE FUNCTIONALIZATION AND ALLOCATION OF THESE COSTS?

A. No. Mr. Solganick has not raised any concerns regarding the functionalization and allocation of costs in the CCOS. As stated above, Mr. Solganick found that the Company uses cost allocation methodologies that are accepted in the industry.

1 **Q. WHAT CONCERN HAS THE PA RAISED CONCERNING THE PROPOSED**
2 **RATES?**

3 A. In his direct testimony Mr. Solganick's principal concern is with impact on 'small
4 usage' customers. While Mr. Solganick's concern is the reaction of these customers to
5 the increase in the Residential customer charge proposed by the Company of \$31.00
6 per month, he responds with a proposed Residential customer charge of \$26.30 per
7 month. Mr. Solganick's concern is that 'small usage' or 'low-use' customers will leave
8 the system, leaving the partially used assets and other fixed costs to be recovered from
9 the remaining customers.

10 **Q. HAS THE PA DEFINED WHO THE 'SMALL USAGE' OR 'LOW-USE'**
11 **CUSTOMERS ARE?**

12 A. No. Without a definition of what levels of use Mr. Solganick considers to be 'small
13 usage' or 'low-use', it is impossible to definitively respond. Further, no study has been
14 carried out by the PA that gauges the price sensitivity of Residential customers that fall
15 within Mr. Solganick's definitions of customers he believes are at risk of leaving the
16 system.

17 **Q. HOW DO YOU RESPOND TO THE PA'S PROPOSED RATE DESIGN?**

18 A. Rates should be based upon the results of the CCOSS with the monthly customer
19 charges designed to recover the customer-related costs detailed above, as nearly as
20 practical. By designing monthly customer charges that follow the principles of cost-
21 causation, cost shifting between customers within each class can be reduced so that
22 customers are not unduly bearing the cost-of-service of other customers.

1 **Q. HAVE YOU DEVELOPED A REVISED SET OF BILL IMPACTS**
2 **REFLECTING THESE REVISED RATES?**

3 A. Yes, I have. The revised set of bill impacts are provided in Rebuttal Exhibit DNH-15.
4 Consistent with the lower revenue requirement and thus lower overall level of rates,
5 the bill impacts are slightly less than those shown in the original filed schedules.

6 Under the proposed rates shown in Rebuttal Exhibit DNH-13 - Rate Design, the
7 Residential and Large Commercial Service customers would have lower average bill
8 impacts when compared with the rates proposed in the Company's direct filing. Since
9 the Company's rebuttal position is that the Small Commercial Service class sees no
10 increase, there is no change in the average customer bill impact. A comparison of the
11 bill impacts of the Company's direct to rebuttal rates is provided below in Table DNH-
12 18.

13 **Table DNH-18 - Average Customer Bill Impact**

Customer Class	Direct	Rebuttal
Residential	\$6.27	\$5.43
Small Commercial Service	\$6.29	\$6.29
Large Commercial Service	\$100.52	\$93.75

14

15 **Q. WHAT RATES ARE YOU RECOMMENDING THAT THE COMMISSION**
16 **APPROVE?**

17 A. I am recommending that the Commission approve the proposed rates contained in
18 Rebuttal Exhibit DNH-13.

1 **VII. WEATHER NORMALIZATION ADJUSTMENT (“WNA”) RIDER**

2 **Q. PA WITNESS MR. SOLGANICK RAISES SEVERAL CONCERNS ABOUT**
3 **THE PROPOSED WNA RIDER, INCLUDING CLAIMS OF BIAS,**
4 **INTERGENERATIONAL MISMATCH, AND LACK OF TRANSPARENCY.**
5 **HOW DO YOU RESPOND?**

6 A. I respectfully disagree with Mr. Solganick’s characterization of the WNA Rider. The
7 proposed mechanism is a well-established regulatory tool used in multiple
8 jurisdictions—including Arkansas and Kansas—to stabilize revenues and protect
9 customers from volatility due to abnormal weather. It is not a revenue enhancement
10 mechanism, but a normalization tool that ensures rates reflect typical weather
11 conditions. This is also addressed in the Rebuttal Testimony of Brooke N. Bassell-
12 Herman.

13 **Q. THE PA ASSERTS THAT THE WNA RIDER IS BIASED DUE TO WARMING**
14 **TRENDS IN WEATHER. IS THIS ACCURATE?**

15 A. No. The WNA Rider is based on a ten-year historical average of Heating Degree Days
16 (“HDDs”), consistent with industry practice and Commission precedent. While long-
17 term climate trends may evolve, the WNA Rider is designed to address short-term
18 deviations from normal weather—not to forecast climate change. Moreover, the
19 normalization baseline can be updated in future rate reviews, ensuring continued
20 relevance and fairness.

1 **Q. WHAT ABOUT THE CONCERN THAT THE WNA RIDER CREATES AN**
2 **INTERGENERATIONAL MISMATCH BETWEEN DEPARTING AND NEW**
3 **CUSTOMERS?**

4 A. All regulatory mechanisms that involve deferrals or reconciliations carry some degree
5 of temporal mismatch. The WNA Rider mitigates this by reconciling annually,
6 minimizing long-term distortions. Additionally, customer turnover is relatively low,
7 and the benefits of bill stability and revenue predictability far outweigh any marginal
8 mismatch effects.

9 **Q. MR. SOLGANICK ALSO ARGUES THAT THE WNA RIDER LACKS**
10 **TRANSPARENCY BECAUSE MONTHLY CALCULATIONS ARE NOT**
11 **REPORTED UNTIL YEAR-END. HOW DO YOU ADDRESS THIS?**

12 A. The Company is committed to transparency and regulatory accountability. BH
13 Nebraska Gas is open to enhancing the WNA Rider reporting cadences such as
14 providing quarterly updates or interim filings—to ensure the Commission and
15 stakeholders have timely access to WNA data. The underlying calculations are
16 formulaic, auditable, and based on publicly available weather data.

17 **Q. HE SUGGESTS THAT WEATHER INSURANCE SHOULD BE CONSIDERED**
18 **INSTEAD. WHY NOT PURSUE THAT ALTERNATIVE?**

19 A. As discussed by Ms. Bassell-Herman weather insurance is speculative, costly, and
20 lacks the transparency and regulatory oversight of a WNA Rider. It shifts risk to third
21 parties and introduces market-based uncertainties. In contrast, the WNA Rider is a
22 predictable, ratepayer-focused mechanism that aligns with regulatory principles and
23 ensures fairness across customer classes.

1 **Q. FINALLY, HOW DOES THE WNA RIDER BENEFIT CUSTOMERS?**

2 A. The WNA Rider provides bill stability, especially during periods of abnormal weather.
3 It protects customers from unexpected spikes in usage-driven charges and ensures that
4 rates reflect normalized conditions. This is particularly valuable for low-income and
5 fixed-income customers who are most vulnerable to volatility. Additionally, in colder-
6 than-normal years, customers receive refunds—ensuring fairness and reciprocity.

7 **VIII. CONCLUSION**

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

9 A. Yes.

STATE OF COLORADO)

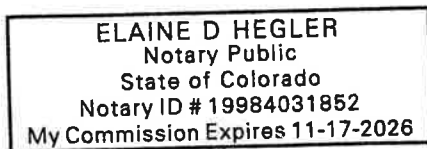
JEFFERSON) SS
COUNTY OF DENVER)


I, Douglas N. Hyatt, 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.


Douglas N. Hyatt

Subscribed and sworn to before me this 8th day of September, 2025.

(SEAL)




Notary Public

My Commission Expires: 11-17-26