

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 TATYANA V. BANNAN

Manager of Regulatory

ON BEHALF OF BLACK HILLS NEBRASKA GAS, LLC

Date: September 15, 2025

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE OF TESTIMONY.....	1
III.	SSIR	2
IV.	RATE REVIEW EXPENSES.....	4
V.	WESTERN, NE	6
VI.	TIMING OF DISCONNECTION.....	8
VII.	DIVERSION FEES TARIFF CHANGE	9
VIII.	CONCLUSION.....	10

TABLE OF ABBREVIATIONS AND ACRONYMS

ADIT	Accumulated Deferred Income Tax
BH Nebraska Gas or Company	Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy
Blue Ridge	Blue Ridge Consulting Services, Inc.
CCOS	Class Cost of Service
Commission	Nebraska Public Service Commission
PA	Nebraska Public Advocate
ROE	Return on Equity
SSIR	System Safety and Integrity Rider

REBUTTAL TESTIMONY OF TATYANA V. BANNAN

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Tatyana V. Bannan. My business address is 1731 Windhoek Drive,
P.O. Box 83008, Lincoln, NE 68501-3008.

**Q. ARE YOU THE SAME TATYANA V. BANNAN 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 System, Safety, and Integrity Rider ("SSIR"), Rate
Review Expenses, and Tariff changes regarding Western, NE, Timing of
Disconnection, and Diversion Fees.

III. SSIR

Q. DOES THE NEBRASKA PUBLIC ADVOCATE (“PA”) RECOMMEND THE APPROVAL OF THE CONTINUATION OF THE SSIR?

A. Yes.

Q. DOES THE PA RECOMMEND ANY UPDATES TO THE SSIR?

A. Yes. Ms. Donna H. Mullinax states that Blue Ridge Consulting Services, Inc. (“Blue Ridge”) found that the Nebraska Public Service Commission (“Commission”) has not specifically approved cross-category budget flexibility and is therefore not reflected in the approved SSIR Tariff. Ms. Mullinax recommends modifying the SSIR Tariff to allow flexibility to swap amounts approved by SSIR category to another SSIR category.¹

Q. HAS COMMISSION PREVIOUSLY APPROVED CROSS-CATEGORY BUDGET FLEXIBILITY?

A. Yes. In Commission Application No. NG-112.4, BH Nebraska Gas sought flexibility to not only shift funding to alternate projects within the same SSIR project category, but to extend that flexibility across different SSIR project categories. The Commission approved this modification, and the corresponding Tariff Sheet No. 127 edits, on December 17, 2024.²

See BH Nebraska Gas Tariff Fourth Revised Sheet No. 127, issued on October 28, 2024, effective January 1, 2025, Annual Application and Annual Surveillance Filings: “Should circumstances arise which prohibit the Company’s planned spending

¹ Direct Testimony and Exhibits of Donna H. Mullinax at page 60, lines 19 and 20.

² Order Approving 2025 SSIR Charge, NG-112.4 dated December 17, 2024, at page 3.

1 on a Project, the Company may transfer funds to another Project previously approved,
2 within the same category or in a different category...”

3 The Commission found these adjustments to be a reasonable plan to promote
4 efficiency within the SSIR program while at the same time maintaining appropriate
5 oversight.³

6 **Q. ARE ANY ADDITIONAL MODIFICATIONS TO THE SSIR OR RELATED**
7 **TARIFF NECESSARY?**

8 A. Yes, as recommended in the Direct Testimony and Exhibits of Donna H. Mullinax on
9 page 61, lines 1-10 and 16-18, after the issuance of final order in this proceeding, BH
10 Nebraska Gas will:

- 11 • Revise the SSIR revenue requirements to reflect the weighted average cost of
12 capital that is approved in the current general rate case (NG-124) to calculate
13 the return on rate base;
- 14 • Revise the SSIR revenue requirements to allocate plant based on the Class Cost
15 of Service (“CCOS”) that is approved in the current general rate case (NG-124);
- 16 • Revise the SSIR revenue requirements to calculate Depreciation Expense and
17 Accumulated Depreciation using the depreciation rates that are approved in the
18 current general rate case (NG-124). The approved depreciation rates should also
19 be used to calculate the Accumulated Deferred Income Tax (“ADIT”)
20 associated with book and tax depreciation differences; and
- 21 • Provide updated SSIR revenue requirement schedules that reflect the final
22 Commission decisions before the 2026 SSIR rate goes into effect.

³ Order Approving 2025 SSIR Charge, NG-112.4 dated December 17, 2024, at pages 3 and 4.

1 Additionally, BH Nebraska Gas will update Sheet No. 78 to reflect the final SSIR rate.

2 **IV. RATE REVIEW EXPENSES**

3 **Q. WHAT ARE THE ACTUAL AND FORECASTED RATE REVIEW**
4 **EXPENSES?**

5 A. As of August 31, 2025, the actual rate review expenses totaled \$299,132.64. Rate
6 review expenses are primarily driven by assessments from Commission staff's
7 representatives and the PA and its representatives. In addition, Rate review expenses
8 also include the Company's Return on Equity ("ROE") and depreciation expense
9 consultants. The PA's assessments have only been billed through July as of August 31,
10 2025. Rate review expenses on behalf of (a) BH Nebraska Gas, (b) the PA, and (c) the
11 Commission are expected to continue and increase during the final stages of the rate
12 review proceeding. A reasonable estimate of those prudently incurred expenses may
13 exceed \$595,000.

14 **Q. WHAT WAS THE PA'S RECOMMENDATION REGARDING THE**
15 **RECOVERY OF EXPENSES ASSOCIATED WITH THIS PROCEEDING?**

16 A. PA witness Ms. Mullinax agreed with the Company's proposed methodology for
17 recovery of rate review expenses through a surcharge over thirty-six (36) months.⁴
18 However, Ms. Mullinax has recommended that the amount recovered should be based
19 on actual costs incurred but limited to the Company's estimate of \$595,000.⁵
20

⁴ Direct Testimony and Exhibits of Donna H. Mullinax at page 65, lines 13-15.

⁵ Direct Testimony and Exhibits of Donna H. Mullinax at page 65, lines 15-16.

1 **Q. DO YOU AGREE WITH THE PA'S RECOMMENDATION TO LIMIT**
2 **RECOVERY AT THE COMPANY'S ESTIMATE OF \$595,000?**

3 A. No. While the Company agrees that recovery should be based on actual costs and not
4 estimates, the Company disagrees with the PA's position to limit recovery at the
5 Company's initial estimate of \$595,000. Rate review costs depend on the scope and
6 complexity of the technical and legal issues in the proceeding, the expertise required to
7 litigate the case, and the qualifications and experience of experts and counsel. While
8 it is appropriate for the PA and the Commission to ensure rate review expenses are just
9 and reasonable, a specific cap or predetermination regarding the reasonableness of rate
10 review expenses is not consistent with the underlying law. The actual rate review
11 expense is highly dependent on the litigiousness of the parties to the proceeding. The
12 number of parties, the amount of discovery and the number of hearings, and
13 conferences, has a significant bearing on the total rate review expense as such matters
14 require more time and resources. Thus, reasonable rate review expenses for a complex
15 proceeding may be higher than expenses for a less complex or settled proceeding. In
16 addition, the earlier in the case a utility is required to provide estimated rate review
17 expenses, the greater the risk the estimate may differ from actuals. For these reasons,
18 the Company disagrees with the PA's recommendation to cap rate review expenses at
19 \$595,000 and recommends that all actual rate review expenses that are just and
20 reasonable be recovered using the methodology agreed to by the Company and PA in
21 this proceeding.

22

23

V. WESTERN, NE

Q. DOES THE PA RECOMMEND THE RECLASSIFICATION OF WESTERN NEBRASKA FROM RATE AREA 5 TO RATE AREA 3?

A. Yes. The PA supports the reclassification of Western, Nebraska from Rate Area 5 to Rate Area 3, subject to timely notice of the proposed change.⁶

Q. DISCUSS RECLASSIFICATION OF WESTERN, NE ADJUSTMENT NO. 20 PROPOSED BY MS. MULLINAX.

A. Ms. Mullinax recommends a reduction in operating expenses based on the reclassification of Western, NE from Rate Area 5 to Rate Area 3. Although reclassifying the customers in Western, NE does not result in payroll savings, the Company is, nonetheless, removing the costs associated with maintaining Western, NE, in Choice Gas Rate Area 5 from Account 920, see Rebuttal Testimony of Samantha K. Johnson.

Q. HAVE CUSTOMERS AND SUPPLIERS IN WESTERN NEBRASKA RECEIVED TIMELY PUBLIC NOTICE OF THE RATE REVIEW?

A. Yes. Customers and suppliers in Western, Nebraska have received ample and effective public notice of the rate review proceeding through multiple, well-established channels allowing them to provide input to the Commission.

The Commission published a formal notice in the *Daily Record* on May 6, 2025, announcing the NG-124 general rate increase. This was followed by widespread media coverage across the state, including local newspapers, news broadcasts, and social media platforms.

⁶ Direct Testimony and Exhibits of Howard Solganick at page 41, lines 1 – 7.

1 The Commission hosted three public town hall meetings over two days, offering
2 in-person attendance, virtual participation, and on-demand streaming via its website.⁷
3 Additionally, the Commission provides an online and phone-based public comment
4 form to ensure all customers can share feedback.⁸

5 BH Nebraska Gas reinforced these efforts by including bill messaging, training
6 customer service teams to respond to inquiries, and making the rate review application
7 available for public inspection via the Commission website.

8 Finally, the PA role, established under Neb. Rev. Stat. § 66-1830 and supported
9 by 291 NAC Chapter 9, is a statutorily empowered, expert-led division that represents
10 all natural gas customers in Nebraska. The PA and her team of consultants and analysts
11 rigorously review filings, participate in hearings, and negotiate on behalf of customers
12 to ensure fair and transparent rate-setting, grounded in sound analysis.

13 Given the extensive outreach and statutory representation, no additional
14 “actual” customer notification is required for customers in Western, Nebraska prior to
15 the conclusion of this proceeding. As noted below, BH Nebraska Gas will notify those
16 customers again prior to the actual conversion of Western, Nebraska from Rate Area 5
17 to Rate Area 3.

⁷ See Order Scheduling Town Hall Meetings entered July 15, 2025, in Application No. NG-124.

⁸ See <https://ne.accessgov.com/psc/Forms/Page/psc/black-hills-energy-rate-case-comment-form/1>

1 **Q. WHAT COMMUNICATION IS BH NEBRASKA GAS PLANNING ON**
2 **SENDING TO CUSTOMER IN WESTERN, NEBRASKA?**

3 A. In February 2026, customers in Western, NE, will receive advance notice via email and
4 mail informing them of their reclassification from Rate Area 5 to Rate Area 3. This
5 change means they will no longer be eligible to participate in the Choice Gas program.

6 The Choice Gas program year will conclude on May 31, 2026. Beginning June
7 1, 2026, affected customers in Western, NE, will transition to general service under
8 Rate Area 3, which includes the Purchased Gas Cost Adjustment.

9 This proactive communication ensures customers are well-informed and
10 prepared for the transition, maintaining transparency and customer trust throughout the
11 process.

12 **VI. TIMING OF DISCONNECTION**

13 **Q. WHAT WAS THE PA'S RECOMMENDATION REGARDING THE TIMING**
14 **OF DISCONNECTION?**

15 A. Mr. Howard H. Solganick supports wording change on First Revised Tariff Sheet No.
16 51 but recommends that no residential disconnections take place on the day before a
17 non-working Company day.⁹

18 While the Company has proposed updating its Tariff on First Revised Sheet No.
19 51 to align with Nebraska Administrative Code Title 291, Chapter 9, Section 013.05
20 (291 NAC § 9.013.05), which prohibits disconnections on Saturdays, Sundays,
21 Nebraska legal holidays, or days when Company offices are closed, BH Nebraska Gas
22 goes further in practice.

⁹ Direct Testimony and Exhibits of Howard Solganick at page 38, lines 5 and 6.

1 As a matter of policy and operational procedure, the Company does not
2 schedule disconnections on the day before a non-working Company Day. This is not
3 only a reflection of its customer-first approach but also a protection built into its billing
4 and scheduling systems, which prevent such disconnections from being processed. The
5 Company has verified that this function in the billing system is operating as intended
6 and any operational or scheduling anomalies are addressed and resolved upon
7 discovery.¹⁰

8 BH Nebraska Gas views disconnection as a last resort and remains committed
9 to working with customers to resolve outstanding balances through every reasonable
10 and commercially viable means before initiating disconnection.

11 **Q. ARE THERE ANY ADDITIONAL TARIFF MODIFICATIONS NECESSARY**
12 **TO THE TIMING OF DISCONNECTION?**

13 A. No. BH Nebraska Gas' Tariff reflects the rules and regulations, therefore no other
14 changes are necessary to the Timing of Disconnection section on Sheet No. 51.

15 **VII. DIVERSION FEES TARIFF CHANGE**

16 **Q. DISCUSS THE AMENDMENT OF TARIFF LANGUAGE REGARDING**
17 **ENERGY DIVERSION AND LISTED MATERIALS?**

18 A. BH Nebraska Gas proposed to remove listed materials and their costs from Tariff Sheet
19 No. 135.1 and has clarified in the response to data request PA-257, that the Company
20 will continue to recover these costs as applicable to each specific incident. However,
21 due to the variability in material requirements based on the nature and scope of each

¹⁰ Additionally, in response to a Commission request during April 23, 2024, NG-101.1 Quarterly Commission Meeting, the company provided verification that no disconnects have been conducted due to non-payment on a Friday in the last 5 years.

1 diversion event, the Company has elected to remove the itemized listing of material
2 charges. Mr. Solganick finds this proposal reasonable and supports this tariff change,¹¹
3 nonetheless, we note that statement on page 35, lines 5 and 6 of Mr. Solganick's Direct
4 Testimony about the Company proposing to no longer charge for listed materials is
5 inaccurate.

6 **VIII. CONCLUSION**

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

8 **A. Yes.**

¹¹ Direct Testimony and Exhibits of Howard Solganick at page 37, lines 19 and 20.

STATE OF SOUTH DAKOTA)
) SS
COUNTY OF PENNINGTON)

I, Tatyana V. Bannan, 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.


Tatyana V. Bannan

On this 7th day of September, in the year 2025, before me, Becky Purington, the undersigned officer appeared Tatyana V. Bannan with a remote location of Johnston, Colorado, whom I have personal knowledge of because of my relationship as co-workers and whom I positively identified as the person whose name is subscribed to the within instrument, appeared before me not in my physical presence but by means of video communication technology, and I observed her execution of the same for the purposes contained therein and confirm that I affix my seal to the same instrument so executed.



My Commission Expires:

My commission expires June 22, 2029


Notary Public