



**Tyler E. Frost**  
Manager of Regulatory & Finance  
Tyler.Frost@blackhillscorp.com

1731 Windhoek Drive  
Lincoln, NE 68512  
P: 402-858-3561

April 29, 2022

RECIEVED  
5/2/22  
NAT GAS DEPT

Col. Thomas Golden (Ret.)  
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  
Docket No. NG-111.1 – Semi-Annual Report – Recovery Progress**

Dear Mr. Golden:

On April 1, 2022, pursuant to the Order Approving Recovery Plan entered May 25, 2021, (“Cold Weather Event Order”) in Commission Application No. NG-111.1, Black Hills Energy (“Company”) submitted its Semi-Annual Report – Recovery Progress to the Nebraska Public Service Commission (“Commission”).

On April 14, 2022, the Nebraska Public Advocate (“Public Advocate”) submitted the Public Advocate’s “Review of April 1, 2022, Semi-Annual Report on Recovery Progress for the February 2021 Cold Weather Event Cost” (“Report”) and notice thereof. The Report included various conclusions and recommendations.

Black Hills Energy provides the following response to the Report in an effort to address the recommendations and concerns raised in the Report. The following responses of Black Hills Energy are provided in a manner consistent with the order of appearance in the Report.

- ❖ **Report Recommendation:** The filing should include an Excel file of the attachment “Recovery of Storm Uri, February 2021, Purchased Gas Costs Progress” with all formulas intact.
  - **Black Hills Energy’s Response:** Black Hills Energy provides a confidential version of Black Hills Energy’s model with formulas included.
- ❖ **Report Recommendation:** Either the Tariff on the Commission’s e-docket should be updated to reflect the approved tariff, or the Company should modify its reference in its filing.
  - **Black Hills Energy’s Response:** On December 14, 2021, in Application No. NG-111.3, *In the Matter of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota, seeking to modify its tariff due to the February 2021 cold*

*weather event and implement a conversion fee for commercial sales customers who convert to transportation service*, the Commission entered an order approving the Company's modification of Tariff. This approved modification of Tariff includes Sheet No. 136 and an update to the polar vortex recover rate from \$0.17332 to \$0.16586. Please see the Company's tariff at [https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/ne\\_consolidated\\_tariff.pdf](https://www.blackhillsenergy.com/sites/blackhillsenergy.com/files/ne_consolidated_tariff.pdf)

The Company respectfully requests the Commission review and update its online Tariff documents as needed.

- ❖ **Report Recommendation:** The Company should include Conversion Fee Recovery amounts in its Percent Costs Recovered calculations.
  - **Black Hills Energy's Response:** The Company has made the recommended update to the Black Hills Energy's model provided as an attachment to this response and agrees with the Report's calculation of "Percent Costs Recovered" at 20.88%.

Additionally, during its review of the Report, the Company noted a need to bifurcate the calculation of the Volumetric Recovery, as the polar vortex recovery rate has changed since its inception. As such, the Company has revised this portion of the Semi-Annual Report, appropriately, with no change to previously filed recovery amounts.

- ❖ Attachment 1 to this letter is Black Hills Energy's Confidential model, updated as noted above.

Please contact me at (402) 858-3561 if you have any questions or need additional information.

Sincerely,

/s/ Tyler E. Frost

Tyler E. Frost  
Manager of Regulatory & Finance  
Tyler.frost@blackhillscorp.com  
(402) 858-3561

and

/s/ Douglas J. Law

Douglas J. Law, NE Bar #19436  
Associate General Counsel  
Douglas.law@blackhillscorp.com  
(402) 221-2635

cc: William F. Austin, Esq., Nebraska Public Advocate  
Nichole Mulcahy, Director of Natural Gas Department, NPSC

**Recovery of Storm Uri, February 2021, Purchased Gas Costs Progress**

REDACTED

<u>Ln</u>	<u>Description</u>	<u>Source</u>		
1	Total Commodity Costs	NG-111.1; Exhibit 3 - Customer Impacts; 10/15/2021	\$	79,750,000
<b>Short Term</b>				
2	Avg Short-Term Interest Rate	NG-111.1; BHNE Confidential Exh 2; 10/15/2021		
3	Short Term Carrying Costs	NG-111.1; BHNE Confidential Exh 2; 10/15/2021	\$	452,800
<b>Long Term</b>				
4	Long-Term Interest Rate	NG-111.1; BHNE Confidential Exh 2; 10/15/2021		
5	Long-Term Carrying Costs	NG-111.1; BHNE Confidential Exh 2; 10/15/2021	\$	3,983,268
<b>Total &amp; Recovery Rate</b>				
6	Total ST & LT Carrying Costs	Ln3 + Ln5	\$	4,436,069
7	Total Commodity Plus Carrying Costs	Ln1 + Ln6	\$	84,186,069
<b>Recoveries</b>				
<b><u>Jul 2021 - Dec 2021 Volumetric</u></b>				
8	Volumetric Recovery Rate Per Therm	NG-111.1; Commission Approved BHNE Proposal	\$	0.17332
9	Volumes (Res/Comm therms)	Internal		32,207,442
10	Volumetric Recovery	Ln8 * Ln9	\$	5,582,194
<b><u>Dec 2021 - Feb 2022 Volumetric</u></b>				
11	Volumetric Recovery Rate Per Therm	BHNEG Natural Gas Tariff, Fourth Revised Sheet No. 136	\$	0.16586
12	Volumes (Res/Comm therms)	Internal		72,012,218
13	Volumetric Recovery	Ln11 * Ln12	\$	11,943,946
<b><u>Jul 2021 - Feb 2022 Conversions</u></b>				
14	Conversions	Conversions 07/01/2021 through 02/28/2022		4
15	Conversion Fee Recovery	Conversion Recovery 07/01/2021 through 02/28/2022	\$	52,000
16	Total Recoveries <sup>(1)</sup>	Ln10 + Ln13 + Ln15	\$	17,578,140
<b>Remaining Balance to be Recovered</b>				
17	Interruptible to Sales; Savings	Internal	\$	-
18	Remaining Balance	Ln7 - Ln16 - Ln17	\$	66,607,928
19	Recovery Start Date	NG-111.1; Order Approving Recovery Plan; 05/25/2021		07/01/2021
20	Recovery End Date <sup>(2)</sup>	Ln19 + 3Yrs * 12Mths		06/30/2024
21	Report Filing Date	Input		04/01/2022
22	Percent (%) Recovery Period (Months)	(Ln19 - 02/28/2022) / (3Yrs * 12Mths)		22.22%
23	Percent (%) Costs Recovered (\$)	Ln16 / Ln7		20.88%

FN1 History-to-Date as of February 2022 BHNEG Financial Close

FN2 Recovery End Date is subject to reconciliation and any action taken by the Nebraska Public Service Commission.

RECEIVED  
5/2/22  
NAT GAS DEPT