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September 30, 2022

Nebraska Public Service Commission
1200 N Street
Suite 300
Lincoln, Nebraska 68508

Attn: Col. Thomas Golden (Ret.)
Executive Director

Re: Commission Application No. NG-111.1

In the Matter of the Commission, on its own motion, seeking to investigate the effect of the February 2021 cold weather event upon the cost of gas supply purchased by Nebraska gas utilities.

Semi Annual Report – Recovery Progress

Dear Mr. Golden:

Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy (“BHE” or the “Company”) herewith submits for filing this Report of the Progress of the Recovery of Purchased Gas Costs pursuant to the Nebraska Public Service Commission’s (“Commission”) order, entered May 25, 2021, in Commission Application No. NG-111/PI-237. Additionally, with this filing, BHE submits revisions to the Tariff to include Polar Vortex Surcharge language consistent with the Commission’s ruling in Application No. NG-111/PI-237. These Tariff revisions have an effective date of November 1, 2022.

This Report is current as of August 31, 2022.

If you have any questions or concerns regarding the enclosed filing, please contact me at your convenience.

Respectfully submitted,

/s/ Tyler E. Frost

Manager of Regulatory & Finance

and

Douglas J. Law
Associate General Counsel
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**ATTORNEY FOR BLACK HILLS NEBRASKA
GAS, LLC d/b/a Black Hills Energy**

cc: Robert Amdor
Kevin Jarosz
Giao Nguyen
William Austin
Nichole Mulcahy
Jonathan Smith

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

<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
Short Term				
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
Long Term				
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
Total & Recovery Rate				
6	Total ST & LT Carrying Costs	Ln3 + Ln5	\$	4,436,069
7	Total Commodity Plus Carrying Costs	Ln1 + Ln6	\$	84,186,069
Recoveries				
<u>Jul 2021 - Dec 2021 Volumetric</u>				
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
<u>Dec 2021 - Jul 2022 Volumetric</u>				
11	Volumetric Recovery Rate Per Therm	NG-111.1; 04/2022 Compliance Report	\$	0.16586
12	Volumes (Res/Comm therms)	Internal		133,725,320
13	Volumetric Recovery	Ln11 * Ln12	\$	22,179,682
<u>Jul 2022 - Aug 2022 Volumetric</u>				
14	Volumetric Recovery Rate Per Therm	BHNEG Natural Gas Tariff, Fourth Revised Sheet No. 136	\$	0.16826
15	Volumes (Res/Comm therms)	Internal		5,193,707
16	Volumetric Recovery	Ln14 * Ln15	\$	873,893
<u>Jul 2021 - Aug 2022 Conversions</u>				
17	Conversions	Conversions 07/01/2021 through 08/31/2022		27
18	Conversion Fee Recovery	Conversion Recovery 07/01/2021 through 08/31/2022	\$	102,908
19	Total Recoveries ⁽¹⁾	Ln10 + Ln13 + Ln16 + Ln18	\$	28,738,676
Remaining Balance to be Recovered				
20	Interruptible to Sales; Savings	Internal	\$	-
21	Remaining Balance	Ln7 - Ln19 - Ln20	\$	55,447,392
22	Recovery Start Date	NG-111.1; Order Approving Recovery Plan; 05/25/2021		07/01/2021
23	Recovery End Date ⁽²⁾	Ln22 + 3Yrs * 12Mths		06/30/2024
24	Report Filing Date	Input		09/30/2022
25	Percent (%) Recovery Period (Months)	(Ln22 - 08/31/2022) / (3Yrs * 12Mths)		38.89%
26	Percent (%) Costs Recovered (\$)	Ln19 / Ln7		34.14%

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

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

RATE SCHEDULES AND OTHER CHARGES
SCHEDULE OF RATES

Rate Areas 1, 2, & 3:

Type of Charge	Billing Unit	Base	SSIR	HEAT	Line Locates	Gas Cost
Residential		1/	2/	3/	4/	8/
Customer Charge	Per Month	\$15.45	\$2.07	\$0.14		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000				5/
Commercial						
Customer Charge	Per Month	\$28.43	\$6.25	\$0.14		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/
Commercial – EO						
Customer Charge	Per Month	\$28.43	\$6.25	\$0.14		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858				5/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000				5/

Rate Area 5

Type of Charge	Billing Unit	Base 1/	SSIR 2/	HEAT 3/	GSCA 6/	Gas Cost
Residential						
Customer Charge	Per Month	\$15.45	\$2.07	\$0.14		
Volumetric Charge First 20 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 20 Therms	Per Therm	\$0.15000			\$0.00000	7/
Commercial						
Customer Charge	Per Month	\$28.43	\$6.25	\$0.14		
Volumetric Charge First 40 Therms	Per Therm	\$0.50858			\$0.00000	7/
Volumetric Charge Over 40 Therms	Per Therm	\$0.15000			\$0.00000	7/
Agricultural Seasonal Service						
Minimum Volumetric Charge	Per Therm	\$0.00100	--	--	\$0.00000	7/
Maximum Volumetric Charge	Per Therm	\$0.50000	--	--	\$0.00000	7/

- 1/ Base rates as set for on Sheets No. 79, 80, and 82
 2/ System Safety and Integrity Rider set forth on Sheets No. 127-131
 3/ High Efficiency Assistance Tool set forth on Sheet No. 132
 4/ Line Locates Surcharge as set forth on Sheets No. 133
 5/ Gas Cost rates for Rate Areas 1-3 as set forth on Sheets No. 95 and 96
 6/ Gas Supply Cost Adjustment as set forth on Sheet No. 123
 7/ Gas Cost rates for Rate Area 5 (Supplier Commodity Charge) is the applicable rate agreed to by the Customer and its Supplier in the Choice Gas Program. See Sheets No. 97 to 107
 8/ 2021 Polar Vortex surcharge set forth on Sheet No. 136.1

DATE OF ISSUE: September 30, 2022
 ISSUED BY: Robert J. Amdor

EFFECTIVE DATE: November 1, 2022

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

SUPPLIER FEE Applicable to Choice Program Suppliers in Rate Area 5

Administration 1/	\$1.094
Bad Debt 2/	\$0.150
Total Supplier Fee 3/	\$1.244

- 1/ This is a fixed fee, per month, per customer billed for each supplier in the Residential and Commercial Choice Gas Program.
- 2/ The Bad Debt cost portion of the Supplier Fee shall be determined by dividing the total Residential and Commercial Choice Gas Program supplier commodity bad debt write-offs debited to Account No. 144, Accumulated Provision for Uncollectible Accounts during the prior calendar year, by the number of customers billed. The change in this portion of the fee shall be filed with the Commission for their approval by February 15 of each year.
- 3/ This fee is charged to each Residential and Commercial Choice Gas Program participating supplier each month based on the number of customers billed for that supplier.
-

SALES/ENERGY
OPTIONS
CONVERSION
FEE Applicable to Commercial or Small Industrial Firm Customers in Rate Areas One, Two, and Three, electing service under the Energy Options Program, or High Volume Transportation Service, during the effective dates of the Cold Weather Gas Cost Recovery Mechanism approved by the Commission. 1/

The Sales/EO Conversion Fee is a one-time fee, based on the date conversion is implemented, based on a calculation that incorporates the following components: (a) the customer's past natural gas monthly usage over a recent 12-month period, (b) each trailing month during the 12-month period applied to correspond to the remaining number of months remaining in collection of the February 2021 Cold Weather Event costs, and (c) then applying the 2021 Polar Vortex surcharge, effective at date of conversion, to that anticipated gas usage. 2/ Amounts collected will be credited to the Cold Weather Gas Cost Recovery Mechanism.

- 1/ Energy Options Program Transportation Service (EO) detailed on Sheet Nos. 85 to 86.
2/ 2021 Polar Vortex surcharge set forth on Sheet No. 136.1.
-

DATE OF ISSUE: September 30, 2022
ISSUED BY: Robert J. Amdor

EFFECTIVE DATE: November 1, 2022

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

2021 POLAR VORTEX SURCHARGE DESCRIPTION
The 2021 Polar Vortex surcharge is a Cold Weather Cost Recovery Mechanism to recover the costs of gas purchased during the cold weather event, Storm Uri, of February 2021. The 2021 Polar Vortex surcharge was approved by the Commission order in Docket NG-111.1 on May 25, 2021. Expenses, including carrying costs, from the cold weather event are recovered, over a 36-month effective period, via the volumetric 2021 Polar Vortex surcharge.

EFFECTIVE PERIOD

The 2021 Polar Vortex surcharge will be effective, subject to annual true-up adjustment, for 36-months beginning with bills rendered on or after July 1, 2021, ending June 30, 2024.

REPORTING

During the effective period, the Company will file with the Commission semi-annual reports on the progress of the recovery of the purchased gas costs. These semi-annual reports will be filed on or before April 1 and on or before October 1 of each calendar year of the recovery period.

ANNUAL TRUE-UP

Annually, if needed, the Company may file to adjust the surcharge for any over/under recovery. The annual true-up filing will be made coincident with the April 1 semi-annual report, to be effective the following July through June.

FINAL TRUE-UP

The Company will file a final reconciliation report, within 60 days of the conclusion of the 36-month effective period. Any remaining balance, positive or negative, will be included in the GCA.

CHARGE BY CUSTOMER CLASS

The 2021 Polar Vortex surcharge applies to all Jurisdictional customers in Rate Areas 1, 2, and 3.

Polar Vortex Surcharge
Effective 07/01/2022
\$0.168260 per Therm

Any sales customer in Rate Areas One, Two, and Three, electing service under the Energy Options Program, or High Volume Transportation Service, during the effective period, will be subject to a Conversion Fee as set forth on Sales/Energy Options Conversion Fee, Sheet No. 136.

RATE SCHEDULES AND OTHER CHARGES
SCHEDULE OF RATES

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Rate Area 5

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 7/ Gas Cost rates for Rate Area 5 (Supplier Commodity Charge) is the applicable rate agreed to by the Customer and its Supplier in the Choice Gas Program. See Sheets No. 97 to 107
 8/ 2021 Polar Vortex surcharge set forth on Sheet No. 136.1

DATE OF ISSUE: ~~September~~ ~~November~~ 30, 2022⁴
 ISSUED BY: Robert J. Amdor

EFFECTIVE DATE: ~~November~~ ~~January~~ 1, 2022

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

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Bad Debt 2/	\$0.150
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- 3/ This fee is charged to each Residential and Commercial Choice Gas Program participating supplier each month based on the number of customers billed for that supplier.

SALES/ENERGY Applicable to Commercial or Small Industrial Firm Customers
 OPTIONS in Rate Areas One, Two, and Three, electing service under the
 CONVERSION Energy Options Program, or High Volume Transportation
 FEE Service, during the effective dates of the Cold Weather Gas
 Cost Recovery Mechanism approved by the Commission. 1/

The Sales/EO Conversion Fee is a one-time fee, based on the date conversion is implemented, based on a calculation that incorporates the following components: (a) the customer's past natural gas monthly usage over a recent 12-month period, (b) each trailing month during the 12-month period applied to correspond to the remaining number of months remaining in collection of the February 2021 Cold Weather Event costs, and (c) then applying the ~~February~~ 2021 ~~Polar Vortex Cold Weather Event~~ surcharge, effective at date of conversion, to that anticipated gas usage. 2/ Amounts collected will be credited to the Cold Weather Gas Cost Recovery Mechanism.

- 1/ Energy Options Program Transportation Service (EO) detailed on Sheet Nos. 85 to 86.
- 2/ ~~February 2021 Polar Vortex Cold Weather Event~~ surcharge set forth on Sheet No. 136.1, ~~effective 07/01/2022, \$0.16826 per therm.~~

DATE OF ISSUE: ~~September 30~~ May 3, 2022
 ISSUED BY: Robert J. Amdor

EFFECTIVE DATE: ~~November 1~~ July 4, 2022

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

**2021 POLAR
VORTEX
SURCHARGE**

DESCRIPTION

The 2021 Polar Vortex surcharge is a Cold Weather Cost Recovery Mechanism to recover the costs of gas purchased during the cold weather event, Storm Uri, of February 2021. The 2021 Polar Vortex surcharge was approved by the Commission order in Docket NG-111.1 on May 25, 2021. Expenses, including carrying costs, from the cold weather event are recovered, over a 36-month effective period, via the volumetric 2021 Polar Vortex surcharge.

EFFECTIVE PERIOD

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