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February 15, 2023

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
2023 Annual Commodity-Related Bad Debt Cost Adjustment
Applicable to Nebraska Rate Schedules and Other Charges;
Charges for Miscellaneous Services

Dear Mr. Golden:

Black Hills Nebraska Gas, LLC, d/b/a Black Hills Energy ("BHE") files herewith the original and one paper copy of a change in rates to be charged to Suppliers participating in BHE's Choice Gas Program under Rate Schedules and Other Charges; Charges for Miscellaneous Services. The change in rates submitted with this filing reflects an increase in the overall Supplier Fee of \$0.14 due to an increase in the commodity-related bad debt component of the Supplier Fee, as explained further below. The change in rates reflected in the tariff sheet submitted with this filing is being made in accordance with the requirements of Sheet No. 136 of BHE's Nebraska Natural Gas Tariff. BHE proposes that said tariff sheet shall become effective on June 1, 2023.

Pursuant to Tariff Sheet No. 136, BHE is required to file, by February 15 of each year, a recalculation of the Residential and Commercial commodity-related bad debt cost reflected in the Supplier Fee, with the cost adjustment to be effective on June 1 of the year of filing.

The commodity-related bad debt cost component of the Supplier Fee is calculated to equal the commodity-related bad debt write-offs for the preceding calendar year divided by the projected number of Choice Gas customer bills for the ensuing program year. Consistent with the Tariff, a balancing account calculation is not made to reconcile costs and recoveries. As shown by the calculation attached hereto as Exhibit A, the commodity-related bad debt cost to be included in the Supplier Fee, effective June 1, 2023, is \$280,829, resulting in an increase in the bad debt component of the Supplier Fee from \$0.150 to \$0.290. As shown on the tariff sheet in Exhibit B, this increases the overall Supplier Fee from \$1.244 to \$1.384, effective June 1, 2023.

Exhibits A and B are attached to this letter. Exhibit A shows the calculation to support the change in rates reflected in Tariff Sheet No. 136. Exhibit B contains the red-lined version and final version of Tariff Sheet No. 136 that, by this filing, BHE proposes to be made effective June 1, 2023.

Exhibits A and B, and this transmittal letter, are also being provided electronically in PDF format by email.

Please contact me at (605) 800-1799 if you have any questions or need additional information.

Respectfully submitted,

/s/ Johanna Benson

Johanna Benson
Manager of Regulatory & Finance
(605) 800-1799

And

/s/ Douglas J. Law

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

Enclosures

cc: Nichole Mulcahy, Esq., Director/Legal Counsel of Natural Gas, NPSC
William Austin, Esq., Nebraska Public Advocate
Choice Gas Program Suppliers

Exhibit A

Calculation of Bad Debt Fee

**CALCULATION OF BAD DEBT COMPONENT OF THE SUPPLIER FEE
FOR THE PERIOD JUNE 1, 2023 - MAY 31, 2024**

<u>LINE NO.</u>	<u>ITEM</u>	<u>AMOUNT</u>
1	Calendar Year 2022 Residential and Commercial Choice Gas Program Commodity Related Bad Debt Write-offs <u>/1</u>	\$ 280,829
2	Projected June 1, 2023 - May 31, 2024 Residential and Commercial Choice Gas Program Bills	969,515
3	Proposed Bad Debt Component of Supplier Fee per Bill (Line 1 divided by Line 2)	\$0.290

/1 Amount Debited to Account No. 144 - Accumulated Provision for Uncollectible Accounts

Exhibit B

Proposed Tariff Sheet and Redline Tariff Sheet

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/	\$0.290
Total Supplier Fee 3/	\$1.384

- 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.
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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.
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DATE OF ISSUE: February 15, 2023
ISSUED BY: Robert J. Amdor

EFFECTIVE DATE: June 1, 2023

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. 290 150
Total Supplier Fee 3/	\$1. 384 244

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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.
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SALES/ENERGY Applicable to Commercial or Small Industrial Firm Customers
 OPTIONS in Rate Areas One, Two, and Three, electing service under the
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- 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.
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DATE OF ISSUE: ~~September 30, 2022~~ **February 15, 2023** EFFECTIVE DATE: ~~November 1, 2022~~ **June 1, 2023**
 ISSUED BY: Robert J. Amdor