

SECRETARY'S RECORD, PUBLIC SERVICE COMMISSION

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BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Black Hills ) Application No. NG-112.3  
Nebraska Gas, LLC d/b/a Black )  
Hills Energy, Rapid City, South )  
Dakota, seeking approval of a ) ORDER APPROVING 2024 SSIR  
2024 Systems Safety and ) CHARGE  
Integrity Rider. )  
)  
) Entered: December 12, 2023

BY THE COMMISSION:

On August 1, 2023, Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy ("Black Hills" or "Applicant") filed an application with the Nebraska Public Service Commission ("Commission") seeking approval of a 2024 Systems Safety and Integrity Rider. A petition for Formal Intervention was filed by the Nebraska Public Advocate ("PA") on August 9, 2023, and his intervention was approved by the Commission on August 10, 2023. No other parties intervened in this docket.

In its application, Black Hills seeks to adjust the System Safety and Integrity Rider ("SSIR") Charge to be effective on January 1, 2024, for Rate Areas One, Two, Three, and Five. The adjusted 2024 SSIR Charges will apply to rate schedules applicable to all Black Hills Jurisdictional Residential, Commercial, and Energy Options customers. If approved by the Commission, the monthly SSIR Charge for Residential customers will be \$3.78 and the monthly charge for both Commercial and Energy Options customers will be \$11.35.<sup>1</sup>

Black Hills identified various projects in multiple SSIR categories, totaling \$47,779,332, and provided background, classifications under the SSIR Tariff, objective criteria analyzed, project descriptions, and specific projects in each category. Each of the SSIR projects proposed are estimated to be in service and used and useful by December 31, 2024.

Notice of the application was published in The Daily Record on August 4, 2023. A hearing was held on November 16, 2023. Mr. Douglas J. Law, associate general counsel for Black Hills, appeared on behalf of Black Hills; Mr. William Austin appeared on behalf of

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<sup>1</sup> See NG-112.3, Hearing Exhibit #9 at 3.

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the Public Advocate; and Mr. Jonathan Smith and Ms. Nichole Mulcahy appeared on behalf of Commission staff.

During the hearing, the following exhibits from Black Hills were accepted into the record: 2024 SSIR Application Narrative and Cover Letter, 2024 SSIR Application Model, Revised Exhibit 2 - 2024 SSIR Model, Revised Exhibit 3 - 2022 Budget vs. Actual, and Black Hills Response to the PA Report. Black Hills clarified that the purpose of filing the Revised Exhibits 2 and 3 were to incorporate the recommendations made by the PA during its review of the 2024 SSIR Application.<sup>2</sup> As there were no objections from the PA or Commission Staff to the revised exhibits, they were accepted into the record. The following Exhibits from the PA were accepted into the record: PA Report, Responses to PA's Request for Information and Documents, and Confidential Responses to PA's Request for Information and Documents.

## EVIDENCE

During the hearing, Black Hills called Mr. Brandon Malleck, Manager of Construction Planning at Black Hills, to testify regarding Black Hills' 2024 SSIR Application and the PA Report. Mr. Malleck began his testimony by describing the standard procedure Black Hills implements when considering projects for the SSIR. He stated that in January through July of the prior year, Black Hills identifies SSIR projects to be completed and prepares estimated budgets for each of those projects.<sup>3</sup> Mr. Malleck stated that Section 4 of the application sets forth the 2024 SSIR project list and narrative. In addition, Section 3 of the Application sets forth the 2024 alternate SSIR project list and narrative.<sup>4</sup> Mr. Malleck closed his testimony by stating that Black Hills supports the PA's findings and thanked the PA for its thorough investigation of Black Hills 2024 SSIR Application.<sup>5</sup>

Following Mr. Malleck's testimony, the PA offered a statement regarding its review of Black Hills 2024 SSIR Application. Mr. Austin stated that the PA's consultants identified various technical issues regarding the 2024 SSIR Application, however those issues were promptly resolved and corrected with the

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2 Hearing Transcript at 7:15-8:16

3 Id. at 15:19-16:16

4 Id. at 16:23-17:5

5 Id. at 17:8-17:23

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cooperation of Black Hills.<sup>6</sup> Following Mr. Austin's comments, the hearing was adjourned.

## FINDINGS AND OPINION

Pursuant to the State Natural Gas Regulation Act, Neb. Rev. Stat. § 66-1804(a), the Commission has "full power, authority and jurisdiction to regulate natural gas public utilities and may do all things necessary and convenient for the exercise of such power, authority, and jurisdiction." The Legislature expressly intended that the powers granted to the Commission by the Act be "liberally construed."<sup>7</sup>

In Black Hills' 2023 SSIR Application, Black Hills proposed an adjustment to the SSIR Program. Black Hills sought approval to propose capital spending at a project category level, as opposed to at an individual project level. Black Hills confirmed that it would still provide the Commission with detailed project descriptions and costs for each project contained within each category, however, if Black Hills was unable to finish a project, the requested budget category adjustment would allow Black Hills to shift funding to an alternate project within the same project category. In the Commission's order approving the 2023 SSIR Application,<sup>8</sup> the Commission approved the above adjustment, finding it to be a reasonable plan to increase the efficiency of the SSIR program while maintaining appropriate oversight. Therefore, all future SSIR Applications would contain a list of all alternate projects, which would be reviewed by the PA, and approved by the Commission.

As such, in the current SSIR Application, Black Hills filed its capital spending at a project category level and has also included an alternate project list within its application. Based

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<sup>6</sup> Id. at 23:5-24:1

<sup>7</sup> "The State Natural Gas Regulation Act and all grants of power, authority, and jurisdiction in the act made to the commission shall be liberally construed, and all incidental powers necessary to carry into effect the provisions of the act are expressly granted to and conferred upon the commission." Neb. Rev. Stat. §66-1804(b).

<sup>8</sup> See *In the Matter of the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, Rapid City, South Dakota, seeking approval of a 2023 Systems Safety and Integrity Rider*, Application No. NG-112.2, Order Granting Application (December 13, 2022).

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upon the Public Advocate's review and report and the parties' agreement on the record, the Commission finds that the proposed projects, including the projects included on the alternate list, and the corresponding calculations of the SSIR charges as set forth in this order are appropriate and that the application should be approved.

Finally, Black Hills shall file a revised tariff sheet No. 78, including both redlined and clean versions, with the SSIR rates as approved in this order no later than December 31, 2023. The Commission finds the conforming revised tariff sheet shall be effective January 1, 2024. Further, Black Hills shall comply with all requirements set forth in the SSIR program, including the filing of an annual reconciliation, this order, and all approved tariff sheets.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Application of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, for approval of a 2024 Systems Safety and Integrity Rider, be approved.

IT IS FURTHER ORDERED that Black Hills Energy shall file a Revised Nebraska Gas Tariff Sheet No. 78 containing the rates approved in this order by December 31, 2023, with an effective date of January 1, 2024.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 12th day of December, 2023.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Eric M. Hamler*  
*[Signature]*  
*Karen Stocker*  
*[Signature]*  
*[Signature]*

*Tim Schram*  
Chair

ATTEST:

*Thomas W. Golden*  
Executive Director