

**RECEIVED**

*By Deena Ackerman at 3:20 pm, Sep 14, 2020*

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF APPLICATION OF )  
BLACK HILLS NEBRASKA GAS, LLC, )  
D/B/A BLACK HILLS ENERGY, RAPID ) Docket No. NG-109  
CITY, SOUTH DAKOTA SEEKING )  
APPROVAL OF A GENERAL RATE )  
INCREASE )**

**DIRECT TESTIMONY AND EXHIBITS OF  
DONNA H. MULLINAX**

**ON BEHALF OF  
THE NEBRASKA PUBLIC ADVOCATE**

September 14, 2020

**TABLE OF CONTENTS**

I.	INTRODUCTION .....	4
II.	STATEMENT OF QUALIFICATIONS .....	4
III.	SCOPE AND SUMMARY OF TESTIMONY .....	6
A.	Introduction of Public Advocate’s Witnesses .....	6
B.	Overview of Public Advocates’ Revenue Requirements Recommendations .....	7
C.	Summary of Exhibits .....	10
IV.	REVENUE REQUIREMENTS .....	12
A.	Black Hills Nebraska Gas, LLC, Requested Revenue Increase .....	12
B.	Test Year .....	13
C.	Recommended Weighted Average Cost of Capital .....	13
D.	Adjustments to Rate Base .....	14
1.	Remove Forecasted Plant.....	15
2.	Farm Tap Replacement-Cost Overruns.....	16
3.	Accumulated Deferred Income Taxes.....	21
4.	Excess Deferred Income Taxes (EDIT) / Deferred Deficient Income Taxes (DDIT) .....	24
5.	Cash Working Capital.....	28
6.	Reserve for Depreciation .....	29
7.	Impact of Recommended Adjustments to Rate Base .....	29
E.	Adjustments to Operating Income .....	29
1.	Revenue .....	30
2.	Bad Debt .....	32
3.	Depreciation .....	32
4.	Payroll Adjustment—Remove Open and Pending Positions .....	34
5.	Remove Benefits from FICA Tax Calculation .....	37
6.	Charges from Black Hills Service Company .....	38
7.	Incentive Compensation .....	41
8.	SERP .....	47
9.	Sharing of Directors’ and Officers’ Liability Insurance .....	48
10.	Advertising.....	50
11.	Dues .....	50
12.	Line Locate Costs .....	51
13.	Interest Synchronization.....	55
14.	Impact of Recommended Adjustments on Net Operating Income.....	56
V.	RATE CASE EXPENSES .....	56
VI.	GAS STORAGE INVENTORY COSTS .....	57
VII.	RENEWAL OF THE SSIR .....	58
VIII.	CONCLUSION.....	59

**LIST OF EXHIBITS**

Exhibit DHM-1	Professional Experience and Qualifications of Donna H. Mullinax
Exhibit DHM-2	Revenue Requirements Schedules–CONFIDENTIAL
Exhibit DHM-3	Black Hills response to PA-19
Exhibit DHM-4	Black Hills response to PA-204 - SUPPLEMENTAL
Exhibit DHM-5	Excerpts from SSIR Dockets Forecasted vs Actual
Exhibit DHM-6	Black Hills response to PA-262
Exhibit DHM-7	NG-0090 Stipulation and Recommendation
Exhibit DHM-8	Black Hills response to PA-268
Exhibit DHM-9	Black Hills response to PA-266
Exhibit DHM-10	Black Hills response to PA-273
Exhibit DHM-11	Black Hills response to PA-272
Exhibit DHM-12	Black Hills response to PA-270
Exhibit DHM-13	Black Hills response to PA-308
Exhibit DHM-14	Black Hills response to PA-217
Exhibit DHM-15	Black Hills response to PA-283
Exhibit DHM-16	Black Hills response to PA-243
Exhibit DHM-17	Black Hills response to PA-50–CONFIDENTIAL
Exhibit DHM-18	Black Hills response to PA-233
Exhibit DHM-19	Black Hills response to PA-231–CONFIDENTIAL
Exhibit DHM-20	Black Hills response to PA-232
Exhibit DHM-21	Black Hills response to PA-299
Exhibit DHM-22	Black Hills response to PA-298
Exhibit DHM-23	Black Hills response to PA-236
Exhibit DHM-24	Black Hills response to PA-237
Exhibit DHM-25	Amdor WP 2019 BH Nebraska Scorecard 5N
Exhibit DHM-26	Black Hills response to PA-238
Exhibit DHM-27	Black Hills response to PA-239
Exhibit DHM-28	Black Hills response to PA-265
Exhibit DHM-29	Black Hills response to PA-264
Exhibit DHM-30	Black Hills response to PA-202
Exhibit DHM-31	Black Hills response to PA-203
Exhibit DHM-32	Black Hills response to PA-206
Exhibit DHM-33	Black Hills response to PA-205
Exhibit DHM-34	Black Hills response to PA-257
Exhibit DHM-35	Black Hills response to PA-256

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Donna Hubler Mullinax. My business address is 114 Knightsridge Road,  
4 Travelers Rest, South Carolina 29690.

5 **Q. BY WHOM ARE YOU EMPLOYED, AND WHAT IS YOUR POSITION?**

6 A. I am employed by Blue Ridge Consulting Services, Inc. as President.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

8 A. I am testifying on behalf of the Nebraska Public Advocate.

9 **II. STATEMENT OF QUALIFICATIONS**

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

11 A. I graduated with honors from Clemson University with a Bachelor of Science in  
12 Administrative Management and a Master of Science in Management. I am a Certified  
13 Public Accountant (CPA), a Certified Internal Auditor (CIA), a Certified Financial Planner  
14 (CFP), and a Chartered Global Management Account (CGMA) designation holder. I am a  
15 member of the South Carolina Association of Certified Public Accountants, the American  
16 Institute of Certified Public Accountants, and the Institute of Internal Auditors.

17 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

18 A. I have over 41 years of professional experience and have been a utility industry consultant  
19 for the last 26 years. My consulting assignments include numerous public utility rate cases  
20 and litigation support for various construction claims. Other project experience includes



1 management, financial, and compliance audits; due diligence reviews; prudence reviews;  
2 and economic viability and financial studies. I have worked with public service  
3 commissions, attorneys general, and public advocates in Arizona, Colorado, Connecticut,  
4 Delaware, District of Columbia, Hawaii, Kentucky, Illinois, Maryland, Massachusetts,  
5 Michigan, Missouri, Nebraska, New Hampshire, New York, North Dakota, Ohio, Oregon,  
6 Pennsylvania, and Utah.

7 **Q. HAVE YOU INCLUDED A MORE DETAILED DESCRIPTION OF YOUR**  
8 **QUALIFICATIONS?**

9 A. Yes. A description of my qualifications is included as Exhibit DHM-1.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NEBRASKA**  
11 **CORPORATION COMMISSION?**

12 A. Yes. I testified before this Commission in the following dockets:

- 13 • NG-0078 SourceGas's SSIR
- 14 • NG-0079 SourceGas's Request for Change in Depreciation Rates
- 15 • NG-0084 Black Hills Utility Holdings Acquisition of SourceGas
- 16 • NG-0088 SourceGas's Regulatory Asset Treatment for Net Buyout Costs of Two Gas-
- 17 Supply-Related Contracts (P-0802 Contract)
- 18 • NG-0090 BHE's Request for a Farm Tap Safety Proposal and Tariff
- 19 • NG-0093 BHE's Request for Regulatory Asset Treatment of Increased Location Costs
- 20 (ALLO)

21 **Q. WHAT OTHER WORK HAVE YOU PERFORMED THAT HAS COME BEFORE**  
22 **THIS COMMISSION?**

23 A. I was the project manager for the following projects with reports filed with the  
24 Commission:

- 25 • NG-0072 SourceGas ISR
- 26 • NG-0072.01 SourceGas ISR
- 27 • NG-0074 Black Hills Nebraska Gas Utility ISR

- 1 • NG-0074.1 Black Hills Nebraska Gas Utility ISR
- 2 • NG-0078.01 SourceGas SSIR
- 3 • NG-0078.02 SourceGas SSIR
- 4 • NG-0078.03 Black Hills Gas Distribution SSIR
- 5 • NG-0078.04 Black Hills Gas Distribution SSIR
- 6 • NG-0078.05 Black Hills Gas Distribution SSIR
- 7 • NG-0078.06 Black Hills Gas Distribution SSIR
- 8 • NG-0078.07 Black Hills Gas Distribution SSIR
- 9 • NGP-0090.02 Black Hills Gas Distribution Farm Tap Surcharge
- 10 • NG-0095-PI-213 Tax-Rate Change
- 11 • NG-100 Black Hills Gas Distribution and Black Hills Nebraska Gas Utility
- 12 Consolidation of Tariffs
- 13 • NG-107 Black Hills Nebraska Gas Deferred Accounting Order (COVID-19 Pandemic)

14 **III. SCOPE AND SUMMARY OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

16 A. The purpose of my testimony is to respond to the testimonies of Robert Amdor, Jason  
17 Bennett, Michael Clevinger, and Justin Klapperich as it relates to Revenue Requirements,  
18 rate case expenses, a one-time bill credit related to the refund of the EDIT/DDIT, the  
19 recovery of gas storage inventory costs, and the renewal of the SSIR.

20 **A. Introduction of Public Advocate's Witnesses**

21 **Q. PLEASE INTRODUCE THE PUBLIC ADVOCATE'S WITNESSES AND**  
22 **SUMMARIZE THE TOPICS FOR THERE RESPECTIVE TESTIMONIES IN**  
23 **THIS PROCEEDING.**

24 A. In addition to my testimony, the Public Advocate is sponsoring testimony of the following  
25 expert witnesses in this proceeding.

- 26 • **Dr. S. Keith Berry** presents testimony concerning the Company's cost of common  
27 equity, cost of debt, and capital structure.

- 1 • **William Dunkel** presents testimony concerning the Company’s proposed changes to  
2 depreciation accrual rates.
- 3 • **Howard Solganick, PE**, presents testimony concerning class cost of service, revenue  
4 allocation, rate design, and the Company’s HEAT and HOT Incentives.
- 5 • **Charlie Fijnvandraat, PE**, presents testimony concerning the Company’s proposed  
6 renewal and expansion of its SSIR and the determination on whether the proposed 2021  
7 project should be included in the SSIR.

8 **B. Overview of Public Advocates’ Revenue Requirements Recommendations**

9 **Q. PLEASE SUMMARIZE THE PUBLIC ADVOCATE’S REVENUE INCREASE**  
10 **RECOMMENDATION.**

11 A. The Public Advocate recommends a *decrease* in jurisdictional base rates of ~\$1.79 million,  
12 as compared to the Company’s approximately \$17.3 million requested increase. The  
13 following table compares the Company’s revenue requirement request to the Public  
14 Advocate’s recommendation.

15 **Table 1: Recommended Revenue Deficiency (Sufficiency)**

Company's Revenue Deficiency	\$ 17,295,841
Recommended Adjustment	<u>(19,085,075)</u>
Recommended Revenue Sufficiency	<u>\$ (1,789,234)</u>

16

17 **Q. WHAT ADJUSTMENTS ARE REFLECTED IN THE PUBLIC ADVOCATE’S**  
18 **RECOMMENDED REVENUE REQUIREMENT?**

19 A. The following table summarizes the recommended adjustments to the Company’s revenue  
20 request.

**Table 2: Summary of Recommended Adjustments and the Effect on  
Rate Base, Operating Income, and Revenue Deficiency**

	Recommended Rate of Return	6.44%	
	Revenue Conversion Factor	1.37306	
	<b>Rate Base</b>	<b>Operating Income</b>	
		<b>Revenue Deficiency (Sufficiency)</b>	
Company's Request	<u>\$ 503,851,889</u>	<u>\$ 22,975,365</u>	<u>\$ 17,295,841</u>
Adjustment 1 Remove Forecasted Plant	\$ (35,312,719)	\$ 759,338	\$ (4,165,142)
Adjustment 2 Remove Farm Tap Plant Over Cap	(2,800,474)	-	(247,632)
Adjustment 3 Accumulated Deferred Income Taxes	(14,129,769)	-	(1,249,424)
Adjustment 4 Excess Deferred Federal Income Taxes - (EDFIT)	(13,208,523)	736,833	(2,179,678)
Adjustment 5 Cash Working Capital	(140,261)	-	(12,403)
Adjustment 6 Revenue Adjustments		401,076	(550,701)
Adjustment 7 Bad Debt		100,874	(138,505)
Adjustment 8 Depreciation	2,313,786	1,390,969	(1,705,285)
Adjustment 9 Labor Costs		447,307	(614,179)
Adjustment 10 Remove Benefits from FICA Tax Calculation		27,805	(38,177)
Adjustment 11 Service Company Costs		1,699,524	(2,333,546)
Adjustment 12 Incentive Compensation		1,175,696	(1,614,300)
Adjustment 13 Remove SERP		254,913	(350,011)
Adjustment 14 Sharing of D&O Insurance		49,123	(67,449)
Adjustment 15 Correct Advertising Exclusion		23,520	(32,294)
Adjustment 16 Dues		20,004	(27,466)
Adjustment 17 Line Locate Costs		93,572	(128,479)
Adjustment 18 Interest Synchronization		(479,856)	658,870
Impact of Recommended Cost of Capital			(4,289,273)
Recommend Adjustments	<u>\$ (63,277,960)</u>	<u>\$ 6,700,697</u>	<u>\$ (19,085,075)</u>
Recommended Totals	<u><u>\$ 440,573,929</u></u>	<u><u>\$ 29,676,062</u></u>	<u><u>\$ (1,789,234)</u></u>

**Q. DO YOU HAVE ANY CONCERN THAT THE PUBLIC ADVOCATE'S RECOMMENDATION IS SIGNIFICANTLY LESS THAN THE COMPANY'S REQUESTED INCREASE?**

**A.** No. Not only is the reasoning compelling for each adjustment the Public Advocate's witnesses make in this case, a significant reduction in proposed rates is not out of the ordinary. Recently Colorado Gas (a subsidiary of Black Hills Corporation) filed a rate review with the CPUC requesting \$2.5 million in new revenue to recover investments in safety, reliability and system integrity and approval to consolidate rates, tariffs, and

1 services of its two existing gas distribution territories. The final order resulted in an annual  
2 revenue *decrease* of \$0.6 million and a return on equity of 9.2%.<sup>1</sup>

3 While the Public Advocate's recommendations in this testimony results in a rate  
4 decrease, I expect the Public Advocate's recommended base rate change to be modified  
5 following the Company's rebuttal. Several of my adjustments will be modified as updated  
6 actual information is provided by the Company. For example, I was provided actual  
7 expenditures for plant through July 2020 and used this information in Adjustment 3.1  
8 Remove Forecasted Plant. The Company stated it would update its actual spend in its  
9 rebuttal. Also, it is my understanding that the Company will update its Service Company  
10 Headcount Adjustment. Therefore, I expect my Adjustment 3.11 Service Company Costs  
11 to be updated. Even with those expected changes, it did not surprise me that my revenue  
12 requirement is significantly lower than the Company's request. As I discuss throughout my  
13 testimony, the Company included expenditures in its request that are inconsistent with good  
14 ratemaking practices and, in some cases, departed from Commission precedent. A number  
15 of my adjustments correct these oversights.

16 This filing is the first for the combined companies, so there should be synergy  
17 savings as a result of the merger. There has also been customer growth, which in theory  
18 should have yielded incremental operating leverage since the prior rate cases. To some  
19 extent, these items are already taken into account before this filing; therefore, the impact  
20 of the Public Advocate's recommendations may appear larger than expected.

21 It should also be noted that the Company's SSIR would have expired, effective  
22 December 31, 2020, if the Company had not filed a general rate proceeding. There was an

---

<sup>1</sup> Black Hills Corporation, Form 10Q–June 30, 2020, page 22.

1 incentive for the Company to file for reasons other than under-earning its authorized rate  
2 of return.

3 **Q. ARE YOU RECOMMENDING ANY REVISION TO THE COMPANY'S**  
4 **PLANNED ONE-TIME BILL CREDIT TO RETURN THE NET REGULATORY**  
5 **LIABILITY RELATED TO THE TCJA?**

6 A. Yes. The Company proposes to return \$4.49 million to customers as a one-time bill credit  
7 at the time final and just reasonable rates are made effective. However, as discussed in the  
8 Excess Deferred Income Taxes (EDIT) / Deferred Deficient Income Taxes (DDIT) section  
9 of my testimony, my recommended adjustments to what is reflected in rate base result in a  
10 modification of the one-time bill credit. My adjustment removes the Non-Protected Non-  
11 Property related DDIT of \$2.2 million and reflects the NOL DDIT of \$3.72 million. The  
12 impact is a reduction to the one-time bill credit proposed by the Company from \$4.50  
13 million to \$2.95 million.

14 **C. Summary of Exhibits**

15 **Q. ARE YOU PRESENTING ANY EXHIBITS IN CONNECTION WITH YOUR**  
16 **DIRECT TESTIMONY IN THIS PROCEEDING?**

17 A. Yes. Besides my resume included as Exhibit DHM-1, Exhibit DHM-2 includes the revenue  
18 requirement schedules, while Exhibits DHM-3 through DHM-35 are copies of selected  
19 documents that are referenced in my testimony.

1 **Q. HOW ARE YOUR REVENUE REQUIREMENT SCHEDULES ORGANIZED?**

2 A. My revenue requirement schedules, included in Exhibit DHM-2, are organized into  
3 summary schedules and adjustment schedules. The schedules consist of Schedules 1, 1.1,  
4 1.2, 2, 2.1, 3, and 3.1 through 3.35.

5 **Q. WHAT IS SHOWN ON SCHEDULE 1?**

6 A. Schedule 1 is a summary comparison of the Company's computation of the jurisdictional  
7 revenue requirement and the revenue deficiency relative to mine. The schedule summarizes  
8 the total impact of my recommended adjustments and reflects the jurisdictional revenue  
9 requirement needed for the Company to earn the Public Advocate's recommended rate of  
10 return on my proposed jurisdictional rate base.

11 **Q. WHAT IS SHOWN ON SCHEDULE 1.1?**

12 A. Schedule 1.1 provides additional detail by major rate base and operating income categories  
13 and shows how my recommended adjustments are applied to the Company's updated  
14 filings to obtain my recommended jurisdictional revenue requirement and revenue  
15 deficiency.

16 **Q. WHAT IS SHOWN ON SCHEDULE 1.2?**

17 A. Schedule 1.2 presents the calculation of the revenue conversion factor. The revenue  
18 conversion factor grosses up the Income Deficiency for income taxes to obtain the Revenue  
19 Deficiency. The conversion is needed to reflect that more than one dollar in gross revenue  
20 is needed for each dollar of net operating income because of the imposition of taxes on  
21 those incremental earnings.

1 **Q. WHAT IS SHOWN ON SCHEDULES 2 AND 2.1?**

2 A. Schedule 2 summarizes the capital structure and cost of capital proposed by the Company  
3 relative to the recommendation of the Public Advocate's witness Dr. S. Keith Berry.  
4 Schedule 2.1 isolates the impact on the revenue deficiency for the difference between the  
5 Company's proposed capital structure and cost of capital and those recommended by Dr.  
6 Berry.

7 **Q. WHAT IS SHOWN ON SCHEDULE 3 AND SCHEDULES 3.1 THROUGH 3.35?**

8 A. Schedule 3 summarizes my adjustments to rate base and net operating income (i.e.,  
9 revenues less expenses). Schedules 3.1 through 3.35 provide further support and  
10 calculations for the adjustments the Public Advocate is recommending. These supporting  
11 schedules show the Total Company and the jurisdictional amounts. The jurisdictional  
12 amounts are then flowed through to Schedule 3 and ultimately to Schedules 1 and 1.1. The  
13 inclusion of Total Company and jurisdictional amounts in the adjustments was required  
14 because the Company defines jurisdictional as business transactions for regulated activities  
15 only. Because the revenue requirement is developed at a Total Company level and then is  
16 allocated to jurisdictional and non-jurisdictional activities, specific financial information  
17 for jurisdictional activity is not maintained in separate accounts.<sup>2</sup>

18 **IV. REVENUE REQUIREMENTS**

19 **A. Black Hills Nebraska Gas, LLC, Requested Revenue Increase**

20 **Q. WHAT REVENUE INCREASE HAS BEEN REQUESTED BY THE COMPANY?**

---

<sup>2</sup> Black Hills response to PA-19 (Exhibit DHM-03).



1 A. The Company's Application filed on June 1, 2020, requested an increase in base rate  
2 revenues of \$17.3 million.

3 **B. Test Year**

4 **Q. WHAT TEST YEAR IS BEING USED IN THIS CASE?**

5 A. The Company has based its request for a revenue increase on a historical test year of the  
6 12 months ended December 31, 2019, which it refers to as the Base Year. The Company  
7 combined the books and records of BH Gas Distribution and BH Gas Utility, which became  
8 effective on January 1, 2020. The consolidated books and records were adjusted to include  
9 pro forma adjustments to calculate the proposed revenue requirements for the 12 months  
10 ending December 31, 2020, referred to as the Test Year.<sup>3</sup> My calculations for the revenue  
11 requirements use the same test year.

12 **C. Recommended Weighted Average Cost of Capital**

13 **Q. WHAT COST OF CAPITAL DID THE COMPANY USE TO CALCULATE ITS**  
14 **PROPOSED REVENUE INCREASE?**

15 A. The Company is proposing a capital structure of 50% long-term debt at a cost of 4.11%  
16 and 50% equity at an estimated cost of 10.0%. The result is a weighted average cost of  
17 capital of 7.06%<sup>4</sup>

---

<sup>3</sup> Direct Testimony of Michael C. Clevinger, page 8, line 16–page 9, line 7.

<sup>4</sup> Direct Testimony of Michael C. Clevinger, Exhibit MCC-2, Schedule G.

1 **Q. WHAT WEIGHTED AVERAGE COST OF CAPITAL DID YOU USE IN YOUR**  
2 **CALCULATION OF THE PUBLIC ADVOCATE’S RECOMMENDED REVENUE**  
3 **INCREASE?**

4 A. Based upon the testimony of the Public Advocate’s witness Dr. S. Keith Berry, I used the  
5 following weighted average cost of capital to develop the Public Advocate’s recommended  
6 revenue increase.

7 **Table 3: Public Advocate Recommended Weighted Average Cost of Capital**

	<u>Capital Structure</u>	<u>Cost %</u>	<u>Weighted Cost %</u>
Short-Term Debt	0.00%	0.00%	0.00%
Long-Term Debt	50.00%	3.91%	1.96%
Common Equity	50.00%	8.97%	4.49%
Total	<u>100.00%</u>		<u>6.44%</u>

8  
9 **D. Adjustments to Rate Base**

10 **Q. WHAT RATE BASE DID THE COMPANY PROPOSE?**

11 A. The Company’s proposed jurisdictional rate base is \$503,851,889.<sup>5</sup>

12 **Q. ARE YOU PROPOSING ANY ADJUSTMENTS TO THE COMPANY’S**  
13 **PROPOSED RATE BASE?**

14 A. Yes. The following adjustments are recommended to be made to the Company’s pro forma  
15 jurisdictional rate base.

- 16 • Remove Forecasted Plant
- 17 • Remove Farm Tap Plant Over Cap
- 18 • Accumulated Deferred Income Taxes (ADIT)
- 19 • Excess Deferred Federal Income Taxes (EDFIT) and Deficient Deferred Federal  
20 Income Taxes (DDFIT)
- 21 • Cash Working Capital

---

<sup>5</sup> Exhibit No. MCC-2, Statement M, page 2, line 27.

- 1           • Reserve for Depreciation

2                           **1. Remove Forecasted Plant**

3   **Q. WHAT FORECASTED PLANT HAS THE COMPANY INCLUDED IN ITS RATE**  
4   **BASE?**

5   A. The Company included \$101.8 million of plant additions that the Company plans to place  
6   in service before December 31, 2020. The Company states, “Of the approximately \$102  
7   million of plant to be placed in service before December 31, 2020, (1) approximately \$86  
8   million is related to replacing or repairing existing facilities, (2) approximately \$12.1  
9   million is related to customer growing, and (3) approximately \$3.9 million is related to the  
10   Company’s allocated portion of BHSC plant additions.”<sup>6</sup>

11   **Q. PLEASE EXPLAIN THE RECOMMENDED ADJUSTMENT TO PLANT IN**  
12   **SERVICE.**

13   A. I modified the Company’s adjustment to remove forecasted plant expenditures through the  
14   latest update the Company provided (July 2020).<sup>7</sup>

15   **Q. WHY DO YOU BELIEVE IT IS APPROPRIATE TO INCLUDE ONLY THE**  
16   **ACTUAL COSTS FOR PLANT IN RATE BASE AS OPPOSED TO USING THE**  
17   **COMPANY’S FORECAST?**

18   A. Consistent with good ratemaking practices and Commission precedent, adjustments  
19   beyond the base year data should include only items that are known and measurable.  
20   Forecasted plant is not known in that it may not actually be placed in service nor is it

---

<sup>6</sup> Direct Testimony of Michael C. Clevinger, page 16, lines 5–14.

<sup>7</sup> Black Hills updated response to PA-204 (Exhibit DHM-04).

1 measurable as the amount placed in service will likely be different from the forecasted  
2 amount. I reviewed the Company's past performance related to the SSIR plant that it had  
3 forecasted against the amount that was actually placed in service. The following table  
4 shows that the Company's SSIR plant forecast has been overstated by as much as 19%.  
5 There is no reason to think that the Company's forecasting has improved significantly.

6 **Table 4: SSIR Plant Forecasted vs. Actual Variance<sup>8</sup>**

Docket No.	Application Date	Project Year	Original Forecast	Actual In-Service	Difference	% Difference
NG-0078.2	10/1/15	2014	\$ 10,041,416	\$ 9,913,491	\$ (127,925)	-1%
NG-0078.3	9/30/16	2015	13,983,439	14,571,478	588,039	4%
NG-0078.4	10/2/17	2016	21,345,398	17,299,143	(4,046,255)	-19%
NG-0078.6	10/10/18	2017	11,809,666	10,524,007	(1,285,659)	-11%

7  
8 **Q. WHAT WAS THE RESULT OF YOUR ADJUSTMENT?**

9 A. As shown on Schedule 3.1, my adjustment to remove forecasted plant *reduces*  
10 jurisdictional Rate Base by \$35.3 million and *increases* jurisdictional net operating income  
11 by \$759,338 to reflect the impact to depreciation expense, property taxes, and income  
12 taxes. Since my adjustment is based on actual plant expenditures through July 2020, I  
13 expect this adjustment to change when the Company provides an update of its known and  
14 measurable actual plant expenditures.

15 **2. Farm Tap Replacement-Cost Overruns**

16 **Q. WHAT IS A FARM TAP?**

17 A. As described in the Company's testimony in NG-0090,

18 A "farm tap" is an outlet off an interstate pipeline, consisting of a  
19 riser and valve. The interstate pipeline also normally owns above-ground  
20 assets above the riser, including several pressure regulators to reduce high

---

<sup>8</sup> Excerpts from Applications filed in Docket Nos. NG-0078.2, NG-0078.3, NG-0078.4, NG-0078.6 (Exhibit DHM-05).

1 pipeline pressure to a lower distribution pressure, and a measurement meter.  
2 The end-use customer, often the land owner, normally owns all assets  
3 downstream of the pipeline tap assets, including a device to inject odorant  
4 (mercaptan) into the natural gas stream, and the fuel line to the premise or  
5 facilities where another regulator reduces the pressure and the natural gas is  
6 consumed.

7 Farm taps were often granted by interstate pipelines to land owners in  
8 return for an easement prior to construction of the pipeline. The uses of natural  
9 gas flowing through farm taps vary, including space heating of homes and other  
10 buildings, grain drying, fuel for irrigation engines, heating of poultry and farm  
11 animal enclosures, and other purposes.<sup>9</sup>

12 **Q. PLEASE DESCRIBE THE COMPANY'S FARM TAP REPLACEMENT PROJECT**  
13 **THAT WAS APPROVED BY THE COMMISSION IN NG-0090.**

14 A. On August 22, 2017, the Commission approved a Stipulation and Agreement with an  
15 understanding that all 671 (later updated to 679) farm taps would be purchased, replaced,  
16 or abandoned by December 31, 2019.<sup>10</sup> The Commission authorized the Company to test  
17 for maximum allowable operating pressure, verify that the construction material met  
18 approved safety, operating, and maintenance standards, and ensured that the lines were  
19 locatable with appropriate access, including easements. For the farm taps that meet all the  
20 above requirements, the Company would assume ownership and liability of the line. For  
21 lines that did not pass the initial testing, the Company would replace the line and assume  
22 ownership and responsibility going forward. The Stipulation also provided a provision that  
23 would allow the Company to reimburse customers who could provide evidence that their  
24 lines were replaced within ten (10) years of the Commission's order. The cost of the testing

---

<sup>9</sup> NG-0090, Direct Testimony of Robert Amdor, page 4, lines 6–22.

<sup>10</sup> Direct Testimony of Jason Bennett, page 27, lines 3–5.

1 and replacement of the farm tap lines would be recovered through a surcharge on all  
2 jurisdictional customers for three (3) years. The total surcharge investment was capped at  
3 \$4 million.<sup>11</sup>

4 **Q. WHAT IS THE STATUS OF THE FARM TAP REPLACEMENT PROJECT?**

5 A. The Company stated that as of April 30, 2020, all but a dozen of the 679 farm taps had  
6 been completed at a cumulative cost of \$7,945,044.

7 **Q. WHAT HAS THE COMPANY INCLUDED IN THIS BASE RATE CASE**  
8 **REGARDING THE RECOVERY OF THE COSTS IT INCURRED RELATED TO**  
9 **ITS FARM TAP REPLACEMENT PROJECT?**

10 A. The Company included the following project costs in plant in service associated with the  
11 Farm Tap Replacement Program.<sup>12</sup>

12 **Table 5: Farm Tap Costs Included in Plant in Service**

Project Costs through 2019	\$ 6,117,295
Forecasted Capital Additions in 2020	<u>683,179</u>
Total Farm Tap included in Plant in Service	<u>\$ 6,800,474</u>

13 The \$6.8 million is the amount of rate base investment recorded at the time the  
14 Revenue Requirements study was prepared.<sup>13</sup>

15  
16 **Q. DID THE COMPANY PROVIDE AN ESTIMATE OF HOW MUCH OF THE**  
17 **FARM TAP REPLACEMENT PROGRAM IT INTENDS TO INCLUDE IN RATES**  
18 **IN THIS PROCEEDING?**

19 A. The Company stated that it continues to complete the remaining Farm Tap Replacement  
20 Program projects and will include the additional costs (i.e., those costs above the \$6.8

---

<sup>11</sup> NG-0090, Order Approving Proposal (August 22, 2017), pages 2–3.

<sup>12</sup> Black Hills response to PA-262 (Exhibit DHM-06).

<sup>13</sup> Direct Testimony of Jason L. Bennett, page 28, lines 19–page 29, line 1.

1 million) in its rebuttal testimony and will true up the costs to the final costs at that time.<sup>14</sup>  
2 Through April 30 2020, the Company stated that it had incurred costs over \$7.9 million.

3 **Q. WHAT WAS THE EXPECTED COSTS OF THE FARM TAP REPLACEMENT**  
4 **PROGRAM WHEN IT WAS INITIALLY APPROVED BY THE COMMISSION?**

5 A. In the Company's Application in NG-0090, Mr. Amdor testified that the Company  
6 assumed a \$10/lineal foot to replace lines and that the projected capital cost was \$5.3  
7 million.

8 **Table 6: Excerpt from Testimony of Robert Amdor with Application in NG-0090**

3	<b>Q. HOW HAS BHE DETERMINED THE PRICE PER LINEAL FOOT FOR</b>
4	<b>REPLACEMENTS?</b>
5	A. BHE assumed \$10 per lineal foot to replace these lines, and this price is consistent
6	with the cost of similar line replacements performed by the Company <sup>7</sup> . Using these
7	assumptions, the projected capital cost for replacement of all customer-owned
8	farm tap fuel lines is estimated to be \$5.3 million.

9  
10 A footnote to the \$10 stated that the 2015 average costs to install 1" PE service lines in  
11 grass and direct was \$8.09 per foot."<sup>15</sup>

12 During the proceeding, the Company modified its initial \$10 per lineal foot to \$8.09  
13 per foot replacement costs and provided an estimated total net plant at the completion of  
14 the project of \$3,787,137. This revision was relied upon by the Public Advocate during  
15 negotiations and was included as Exhibit 2 to the Stipulation and Agreement signed by the  
16 Public Advocate.<sup>16</sup> It was expected that the capitalized costs would be less than \$4 million.

<sup>14</sup> Direct Testimony of Jason L. Bennett, page 30, lines 1–10.

<sup>15</sup> NG-0090 Direct Testimony of Robert J. Amdor, page 22, lines 3–6 and footnote 7.

<sup>16</sup> NG-0090, Stipulation and Agreement, July 20, 2017, Exhibit 2 NEG Farm Tap Cust Impact Support (Exhibit DHM-07).

1 **Q. WHAT WERE THE REASONS FOR THE SIGNIFICANT INCREASE FROM THE**  
2 **ACTUAL ALMOST \$8 MILLION AS COMPARED TO THE INITIAL**  
3 **ESTIMATED \$4 MILLION?**

4 A. The Company stated

5 The three drivers of the total program cost are 1) Number of customers,  
6 2) Average Line Footage and 3) full cost per foot to install. While the number  
7 of customers and the average line foot were higher than expected, had the full  
8 cost per foot been as filed, the total program cost would have been \$4,694,613.  
9 The most significant driver of the variance is the full cost per foot to install.  
10 The approximate \$8/foot used in the original filing appears to have been the  
11 contract labor cost/foot to install which is comparable to \$8.48/foot of contract  
12 labor cost/foot as of April 30, 2020. However, materials, loadings, internal  
13 labor and other miscellaneous costs totaled \$5.79/foot to install, bringing the  
14 total cost/foot to \$14.36.<sup>17</sup> [emphasis added]

15 **Q. WHAT IS THE PUBLIC ADVOCATE'S POSITION ON THE FARM TAP**  
16 **REPLACEMENT PROJECT COST OVERRUNS?**

17 A. Based upon representations made by the Company during the NG-0090 proceeding, the  
18 Public Advocate supported the Company's replacement of the unsafe fuel lines and its  
19 taking ownership of the lines, and the Public Advocate agreed to cost recovery through a  
20 surcharge capped at \$4 million. The Public Advocate accepted the Company's  
21 representation that the Farm Tap Replacement Program total net plant investment would  
22 not exceed \$3.79 million and agreed that it would be appropriate to include the farm tap  
23 investment, less depreciation, in the next general rate proceeding.

---

<sup>17</sup> Black Hills response to PA-262 (Exhibit DHM-06).



1           However, the Public Advocate believes that the Company’s attempt to recover  
2 almost twice its original estimate is a “bait and switch.” Shareholders should not be allowed  
3 a return on the costs overruns that resulted from the Company’s poor initial estimating and  
4 planning. The Company should be allowed to include in rate base only \$4 million. The  
5 excess costs should not be included in rate base in which shareholders would earn a return.  
6 In addition, the Company should not be allowed to update its investment and include the  
7 update in rate base.

8 **Q.   WHAT IS THE IMPACT OF THE PUBLIC ADVOCATE’S POSITION ON**  
9 **EXCLUDING THE COST OVERRUNS FROM RATE BASE?**

10 A.   As shown on Schedule 3.2, the adjustment removes \$2.8 million of cost overrun from rate  
11 base (\$6.8 million included in the Company’s Application less \$4 million agreed to in the  
12 Stipulation in NG-0090). I have not removed the associated depreciation expense nor  
13 property taxes. Thus, the effect is removing only the return on the cost overrun. The effect  
14 of my adjustment *reduces* the Company’s jurisdictional revenue deficiency by \$247,632.

15           ***3. Accumulated Deferred Income Taxes***

16 **Q.   PLEASE DISCUSS THE PURPOSE FOR RELECTING AN ACCUMULATED**  
17 **DEFERRED INCOME TAX (ADIT) OFFSET IN RATE BASE.**

18 A.   Regulated utilities employ provisions of the tax law that accelerate deductions, such as  
19 liberalized depreciation and repair allowances, reducing current income tax expense in the  
20 period the book expense exceeds tax expense. In the periods where such deductions reduce  
21 current income tax expense, utilities still reflect deferred income tax expense as a cost of  
22 service; the deferred tax activity represents an accrued liability owed to the government

1 that will be remitted as the book-tax differences reverse over time. Accordingly, the ADIT  
2 balance is often referred to as an interest-free loan from the government. The accelerated  
3 deductions permissible under the tax code are designed to incentivize taxpayers who can  
4 use the interest-free loan for investment, construction, and other economy-stimulating  
5 activities. For ratemaking purposes, the utility's rate base is generally reduced by the ADIT  
6 balance, or in rare instances, the ADIT is included in the utility's capital structure at zero  
7 cost.

8 **Q. IN REVIEWING THE UNDERLYING BOOK-TAX DIFFERENCES (OR TAX**  
9 **DEDUCTIONS) THAT MAKE UP THE ADIT OFFSET IN RATE BASE, DID YOU**  
10 **NOTICE ANYTHING OUT OF THE ORDINARY?**

11 A. Yes. The Company's Exhibit MCC-2, Schedule M-1, presents an itemization of the various  
12 book-tax differences that make up the ADIT balance of negative \$38.2 million in rate base.  
13 (A negative ADIT balance increases rate base.) Upon review, I immediately noticed items  
14 that were unrelated to plant in service. I, therefore, requested that the Company explain the  
15 cause of each item and indicate whether the temporary timing difference was previously  
16 excluded from rate base or is new since the prior rate case. The Company's response  
17 confirmed that all the non-plant-related items were either not included in rate base or are  
18 new since the last rate case.<sup>18</sup>

19 **Q. WHAT IS THE IMPACT OF REFLECTING ADIT ITEMS ARISING FROM NON-**  
20 **PLANT-RELATED BOOK-TAX DIFFERENCES?**

---

<sup>18</sup> Black Hills response to PA-268 (Exhibit DHM-08).

1 A. The net impact of the non-plant-related items is a \$14.1 million decrease to the ADIT  
2 offset, which increases jurisdictional rate base. Characteristically, these book-tax  
3 differences neither bear a direct relationship to plant in service nor to rate base. They arise  
4 due to differences between financial reporting under the accrual method of accounting as  
5 required by Generally Accepted Accounting Principles (GAAP) and the tax code, which  
6 establishes its own rules for deriving taxable income. As a case in point, GAAP requires  
7 the accrual of losses from uncollectible receivables if a loss is probable and the amount of  
8 the loss can be reasonably estimated, whereas the tax code permits bad debt to be deducted  
9 when the charge off actually occurs.

10 **Q. GIVEN THE MAGNITUDE OF THE IMPACT TO RATE BASE, DID THE**  
11 **COMPANY PROVIDE GOOD REASONS FOR CHANGING THE RATEMAKING**  
12 **PRECEDENT?**

13 A. No. The Company did not discuss the change in its direct testimony, which I believe it  
14 should have for proactive disclosure. In response to discovery, the Company explained the  
15 accounting basis for the non-plant-related book-tax differences.<sup>19</sup> However, it did not  
16 provide a rationale for why the non-plant-related ADIT items should be reflected in rate  
17 base from a ratemaking perspective nor why the non-plant-related items that were not  
18 included in rate base in the last rate case should be included in this proceeding.<sup>20</sup> The  
19 Company's inclusion of the non-plant related items in ADIT is a break with past precedent.  
20 There should be a direct relationship in the rate base components. If the asset or other item

---

<sup>19</sup> Black Hills response to PA-266 (Exhibit DHM-09).

<sup>20</sup> Black Hills response to PA-268 (Exhibit DHM-08).

1 is not in rate base, then any related ADIT should not be reflected in rate base. Thus the  
2 ADIT items that are not directly related to a component of rate base should be excluded.

3 **Q. WHY SHOULD THESE NON-PLANT RELATED ADIT ITEMS BE EXCLUDED**  
4 **FROM RATE BASE?**

5 A. One reason for the exclusion is that the book-tax differences giving rise to the non-plant-  
6 related ADIT items are expense related and trend inconsistently compared to plant-related  
7 items, which have an accumulated balance that grows predictably over the long term. In  
8 other words, currently, the inclusion of the non-plant-related items works in the Company's  
9 favor. However, in some years, the opposite may be true.

10 **Q. WHAT DO YOU RECOMMEND ON THE ISSUE OF ADIT IN RATE BASE?**

11 A. I do not support changing the precedent without good reason. Non-plant-related items were  
12 not included in rate base in the last rate case and should not be included in this proceeding.  
13 Given the long periods between rate cases and the inconsistent nature of non-plant-related  
14 ADIT items, the Company's departure from established ratemaking precedent is unfair to  
15 customers. I recommend removing all the non-plant-related ADIT items the Company  
16 introduced as part of this general rate case proceeding. As shown on Schedule 3.3, the  
17 impact is a \$14.1 million *decrease* to jurisdictional rate base.

18 **4. Excess Deferred Income Taxes (EDIT) / Deferred Deficient Income**  
19 **Taxes (DDIT)**

20 **Q. PLEASE SUMMARIZE THE COMPANY'S PROPOSAL WITH RESPECT TO**  
21 **THE TREATMENT OF EXCESS DEFERRED INCOME TAXES (EDIT) /**

1           **DEFERRED DEFICIENT INCOME TAXES (DDIT) RESULTING FROM THE**  
2           **TAX CUTS AND JOBS ACT (TCJA).**

3    A.    Let me start by establishing that there are three classes of EDIT/DDIT at issue in this case:  
4           (1) Protected Property, (2) Non-Protected Property, and (3) Non-Protected Non-Property.  
5           To simplify an arcane topic, I will not discuss in detail the differences between each class,  
6           except to agree with the Company that state commissions do not have latitude to decide  
7           the treatment of the Protected Property class. The tax code requires utilities to handle the  
8           Protected Property class in accordance with the Average Rate Assumption Method  
9           (ARAM).

10           The Company proposes to satisfy the Protected Plant EDIT liability of \$20.76  
11           million by applying the ARAM amortization to the Protected NOL DDIT regulatory asset  
12           of \$3.72 million until such time the regulatory asset is fully recovered. The Company  
13           represents,

14                    The annual ARAM amortization is trending at approximately \$1  
15                    million. At this pace, the \$3.72 million NOL DDIT regulatory asset balance  
16                    is anticipated to be fully satisfied via ARAM amortizations of Protected  
17                    Plant EDIT regulatory liabilities in approximately four years. Because the  
18                    protected ARAM amortizations are anticipated to satisfy a regulatory asset  
19                    in the next four years, no protected amortizations are reflected in Schedule  
20                    K of the Revenue Requirement Study in this proceeding.<sup>21</sup>

21           With respect to the remaining classes, the Company proposes to provide customers  
22           with a one-time bill credit upon the rate effective date in this proceeding.

---

<sup>21</sup> Direct Testimony of Justin W. Klapperich, page 12, line 7-line 13.

1 **Q. DO YOU AGREE WITH THE COMPANY’S PROPOSAL AS IT RELATES TO**  
2 **THE PROTECTED PROPERTY-RELATED CLASS?**

3 A. I agree with the proposed inclusion of the Protected Property EDIT liability and related  
4 ARAM amortization in base rates. However, I disagree with the Company’s proposal to  
5 use the NOL DDIT regulatory asset to satisfy the ARAM amortization owed to customers  
6 over the next four years. In response to discovery, the Company represented,

7           The IRS held that the NOL carryforward attributable to accelerated  
8 tax depreciation is protected by the normalization rules. The normalization  
9 rules of the TCJA are not a mechanism to limit a regulated public utility’s  
10 ability to receive benefits in rates. The reversal of the NOL DDIT more  
11 rapidly or to a greater extent than the reversal of the Protected Plant EDIT  
12 under the ARAM should be considered a normalization method of  
13 accounting under the TCJA. If the NOL DDIT is collected slower than  
14 ARAM, it may be viewed as having the same effect as passing the benefit  
15 of Protect Planted EDIT to customers too rapidly.<sup>22</sup> [Emphasis added.]

16  
17           The above statement confirms that the Company may recover the NOL DDIT  
18 regulatory asset of \$3.72 million as fast as the Commission will allow. Accordingly, I see  
19 no reason why it should not be used as a more equivalent offset to the Non-Protected Non-  
20 Property EDIT regulatory liability of \$3.62 million proposed in the one-time bill credit.  
21 Furthermore, the Company’s representation that the ARAM amortization is trending at \$1  
22 million per year and should, therefore, satisfy the NOL DDIT regulatory asset in  
23 approximately four years did not prove to be accurate. In response to discovery, the  
24 Company stated the \$1 million was a high-level estimate derived by taking the unrefunded  
25 ARAM and dividing by three, the approximate number of years since the TCJA was

---

<sup>22</sup> Black Hills response to PA-273 (Exhibit DHM-10).

1 passed. The projected figure between 2021 and 2026 indicated an average annual credit  
2 under ARAM of \$736,833.<sup>23</sup>

3 **Q. OTHER THAN RECOVERING THE NOL DDIT REGULATORY ASSET**  
4 **THROUGH THE ONE-TIME BILL CREDIT, DOES YOUR ADJUSTMENT**  
5 **INCLUDE ANY OTHER MODIFICATIONS?**

6 A. Yes. I am adjusting the related tax gross up consistent with the remaining Protected  
7 Property EDIT regulatory liability in rate base. The tax gross up is calculated by applying  
8 the revenue conversion factor to the Protected Property EDIT balance. I am also adjusting  
9 federal income tax expense to reflect the ARAM credits based on the Company's projected  
10 average provided in response to discovery.

11 **Q. PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENT FOR**  
12 **EXCESS/DEFICIENT DEFERRED INCOME TAX.**

13 A. As shown on Schedule 3.4, my adjustment *reduces* jurisdictional rate base by \$13.2 million  
14 and *increases* operating income, net of taxes, by \$736,833.

15 **Q. WHAT IS YOUR OPINION ON THE COMPANY'S PROPOSAL CONCERNING**  
16 **THE OTHER UNPROTECTED CLASSES AND UNREFUNDED ARAM**  
17 **CREDITS?**

18 A. I agree with the Company's proposal to discharge the net liability through a one-time bill  
19 credit. However, I disagree that the Non-Protected Non-Property related DDIT is a  
20 regulatory asset appropriately recoverable from customers. The class represents non-plant-

---

<sup>23</sup> Black Hills response to PA-272 (Exhibit DHM-11).

1 related book-tax differences,<sup>24</sup> and as I previously discussed, such items are typically not  
2 authorized in rate base and should not be included in the ADIT remeasurement date,  
3 December 31, 2017.

4 **Q. PLEASE SUMMARIZE YOUR PROPOSAL AS IT RELATES TO THE ONE-**  
5 **TIME BILL CREDIT?**

6 A. As shown on Schedule 3.4, my adjustment removes the Non-Protected Non-Property  
7 related DDIT of \$2.2 million and reflects the NOL DDIT of \$3.72 million. The net impact  
8 is a \$1.55 million reduction to the one-time bill credit proposed by the Company from  
9 \$4.50 million to \$2.95 million.

10 ***5. Cash Working Capital***

11 **Q. PLEASE EXPLAIN THE RECOMMENDED CASH WORKING CAPITAL**  
12 **ADJUSTMENT.**

13 A. Cash Working Capital was developed through the preparation of a lead-lag study. The lead-  
14 lag is applied to each component of the cost of service to quantify the cash working capital  
15 requirement associated with that cost of service item. I am proposing no adjustments to the  
16 Company's lead-lag study. Thus, my adjustment to Cash Working Capital applies the  
17 factors from the Company's lead-lag study to my revenue and expense adjustments  
18 discussed within this testimony. As shown on Schedule 3.5, my adjustment to Working  
19 Capital *reduces* jurisdictional Rate Base by \$12,403.

---

<sup>24</sup> Black Hills response to PA-270 (Exhibit DHM-12).



1                   **6. Reserve for Depreciation**

2   **Q. PLEASE EXPLAIN THE RATE BASE ADJUSTMENT FOR THE RESERVE FOR**  
3   **DEPRECIATION.**

4   A. Depreciation expense was adjusted for changes in the depreciation accrual rates supported  
5   by the testimony of the Public Advocate's witness William Dunkel. The recommended  
6   change has a related impact on the Reserve for Depreciation and Accumulated Deferred  
7   Income Taxes. The adjustment is reflected on Schedule 3.8 and is discussed later.

8                   **7. Impact of Recommended Adjustments to Rate Base**

9   **Q. WHAT IS THE IMPACT OF YOUR RECOMMENDED ADJUSTMENTS TO THE**  
10   **COMPANY'S REQUESTED RATE BASE?**

11   A. The Company's rate base was \$503,851,889. The Public Advocate's recommended  
12   adjustments *reduce* rate base to \$440,573,929.

13   **E. Adjustments to Operating Income**

14   **Q. WHAT NET OPERATING INCOME HAS THE COMPANY PROPOSED?**

15   A. The Company's proposed operating income at current rates is \$22,975,365.<sup>25</sup>

16   **Q. ARE YOU PROPOSING ANY ADJUSTMENTS TO THE COMPANY'S**  
17   **PROPOSED NET OPERATING INCOME?**

18   A. Yes. The following adjustments are recommended to the Company's proposed  
19   jurisdictional net operating income.

---

<sup>25</sup> Exhibit No. MCC-2, Statement M, page 2, line 17.

- 1           • Revenues
- 2            ○ Weather Normalization
- 3            ○ Miscellaneous Fees
- 4            ○ Late Payment Charge
- 5           • Bad Debt
- 6           • Depreciation
- 7           • Labor Costs
- 8           • Remove Benefits from FICA Tax Calculation
- 9           • Service Company Costs
- 10          ○ Additional Headcount
- 11          ○ Add 2021 CAM Factors
- 12          ○ FTE Reduction for Rate Consolidation
- 13          • Incentive Compensation
- 14          • Remove SERP
- 15          • Sharing of Directors and Officers (“D&O”) Liability Insurance
- 16          • Correct Advertising Exclusion
- 17          • Dues
- 18          • Line Locate Costs
- 19          • Interest Synchronization
- 20          ***1. Revenue***

21   **Q.    WHAT ADJUSTMENTS ARE YOU RECOMMENDING TO OPERATING**  
22   **REVENUE?**

23   A.    There are three adjustments to operating revenue: (1) correction of the Company’s weather  
24   normalization adjustment; (2) miscellaneous revenue related to proposed fee changes; and  
25   (3) recognition of the adoption of consistent late payment fees across the state. Each  
26   adjustment is discussed.

1                                   a) *Weather Normalization*

2   **Q.   PLEASE EXPLAIN THE RECOMMENDED ADJUSTMENT REVENUE–**  
3   **WEATHER NORMALIZATION.**

4   A.   The Public Advocate’s witness Howard Solganick sponsors testimony supporting the  
5       correction of the Company’s weather normalization adjustment. The Company agreed that  
6       the correction should be made.<sup>26</sup> The adjustment *increases* jurisdictional Operating  
7       Revenues by \$64,547 and is presented on Schedule 3.6.

8                                   b) *Miscellaneous Revenues*

9   **Q.   WHAT ADJUSTMENTS RELATED TO MISCELLANEOUS REVENUES HAVE**  
10   **YOU REFLECTED IN YOUR RECOMMENDED REVENUE DEFICIENCY**  
11   **CALCULATION?**

12   A.   As discussed in the testimony of the Public Advocate’s witness Howard Solganick, the  
13       Company did not reflect the incremental Miscellaneous Revenues for the changes that it  
14       has proposed in its fees structure.<sup>27</sup> Mr. Solganick provided the anticipated incremental  
15       revenues for the Company’s changes related to: Connection Charge, Reconnection Charge  
16       (normal hours), Reconnection Charge (after normal hours), and Non-Sufficient Funds  
17       Charge. He also provided an estimate for the Company’s proposed Diversion Fees. This  
18       incremental miscellaneous revenue was added to the revenue deficiency calculation. The  
19       adjustment *increases* jurisdictional Operating Revenues by \$693,669. The adjustment is  
20       presented on Schedule 3.6.

---

<sup>26</sup> Black Hills response to PA-217 (Exhibit DHM-14).  
<sup>27</sup> Black Hills response to PA-283 (Exhibit DHM-15).

1                                   c) *Late Payment Charges*

2   **Q.   PLEASE EXPLAIN YOUR ADJUSTMENT FOR LATE PAYMENT CHARGES.**

3   A.   As discussed in the testimony of the Public Advocate’s witness Howard Solganick, I  
4       reflected the reductions in revenues for late payment charges if the Company had applied  
5       a 1% late payment fee statewide. As shown on Schedule 3.6, the adjustment *reduces*  
6       jurisdictional Operating Revenue by \$207,515.

7   **Q.   WHAT IS THE JURISDICTIONAL EFFECT TO NET OPERATING INCOME**  
8       **FOR THE ADJUSTMENT MADE TO REVENUES?**

9   A.   As shown on Schedule 3.6, the revenue adjustments *increase* jurisdictional operating  
10      income, net of income taxes, by \$401,076.

11                                   **2.   *Bad Debt***

12   **Q.   PLEASE EXPLAIN YOUR ADJUSTMENT FOR BAD DEBT.**

13   A.   The Company calculated an uncollectible rate of 0.4402% based upon a three-year average  
14      of net write-offs and billed revenues. I used the same uncollectible rate to adjust bad debt  
15      to reflect the revised revenue after applying my recommended ratemaking adjustments. As  
16      shown on Schedule 3.7, the adjustment *increases* jurisdictional operating income, net of  
17      income taxes, by \$100,874.

18                                   **3.   *Depreciation***

19   **Q.   WHAT ADJUSTMENTS HAVE YOU REFLECTED IN YOUR REVENUE**  
20      **REQUIREMENTS CALCULATION?**

1 A. Depreciation expense was adjusted to correct a formula in the Company’s depreciation  
2 calculation and to adjust for the changes in the depreciation accrual rates supported by the  
3 testimony of the Public Advocate’s witness William Dunkel.

4 In addition, my recommended change to plant to reflect actual costs incurred also  
5 has depreciation expense, reserve, and deferred tax components. These components are  
6 reflected in my plant-in-service adjustment.

7 **Q. PLEASE EXPLAIN THE ADJUSTMENT RELATED TO A CORRECTION OF A**  
8 **FORMULA IN THE COMPANY’S DEPRECIATION CALCULATION.**

9 A. During my review of the Company’s ratemaking adjustments, I noticed that the Company  
10 inadvertently included depreciation for Other Utility Plant (Vehicles) twice. The Company  
11 agreed that it was an oversight and stated it would make the correction.<sup>28</sup> I have made the  
12 correction as shown on Schedule 3.8 which *reduces* jurisdictional depreciation expense by  
13 \$90,438.

14 **Q. WHAT CHANGES ARE RECOMMENDED TO THE COMPANY’S PROPOSED**  
15 **DEPRECIATION ACCRUAL RATES?**

16 A. As supported by the Public Advocate’s witness William Dunkel, the depreciation accrual  
17 rates were modified for the following accounts.

- 18 • 376 Distribution Plant—Mains
- 19 • 380 Distribution Plant—Services
- 20 • 383.01 Distribution Plant—House Regulators
- 21 • 383.71 Distribution Plant—House Regulators Farm Taps

22 The effect of these changes is shown on Schedule 3.8 and result in *reducing* jurisdictional  
23 depreciation expense by \$1.82 million. A companion adjustment to the reserve for  
24 depreciation and accumulated deferred income taxes *increases* rate base by \$2.31 million.

---

<sup>28</sup> Black Hills response to PA-243 (Exhibit DHM-16).

1                   **4. Payroll Adjustment—Remove Open and Pending Positions**

2   **Q.    WHAT HAS THE COMPANY INCLUDED IN ITS REQUESTED RECOVERY**  
3   **FOR LABOR COSTS?**

4   A.    The Company included labor costs for 375<sup>29</sup> direct positions in its rate request. The  
5   Company stated that it included the direct labor costs for 22 open positions. Nine of those  
6   positions are vacant due to attrition and an additional 13 positions would represent new  
7   headcount.<sup>30</sup> The open positions represent the difference between what is budgeted versus  
8   the actual headcount. By including all 375 budgeted positions, the Company has included  
9   labor costs of all budgeted positions for a full year.

10 **Q.    WHAT IS YOUR CONCERN REGARDING HOW THE COMPANY PREPARED**  
11 **ITS LABOR COST ADJUSTMENT?**

12 A.    The following figure compares the average budgeted versus average actual headcount for  
13   the last four years.<sup>31</sup>

---

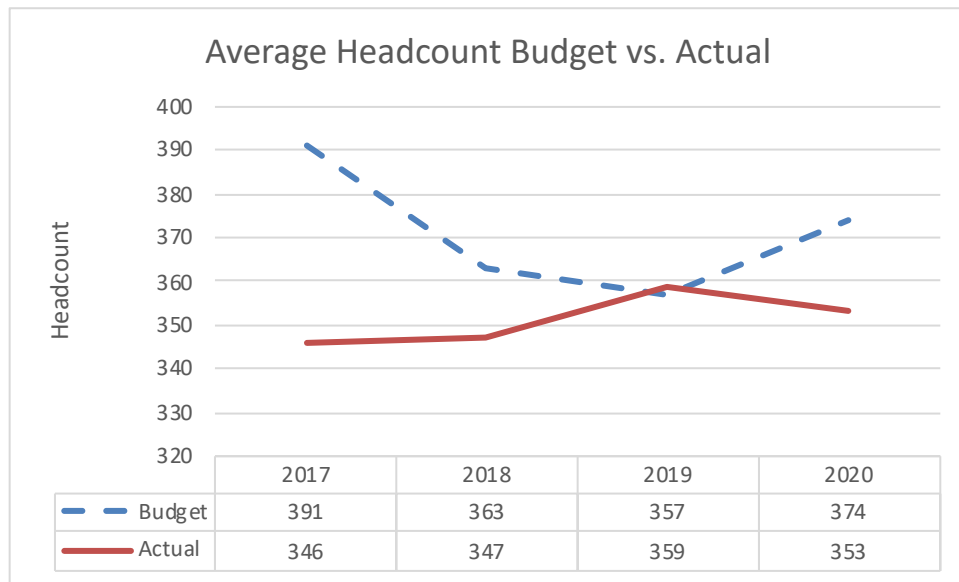
<sup>29</sup> The headcount number vary by one position based on when a document was prepared.

<sup>30</sup> Direct Testimony of Michael C. Clevinger, page 41, lines 3–7.

<sup>31</sup> Black Hills response to PA-50 (Confidential Exhibit DHM-17).

1

**Table 7: Average Headcount Budget vs. Actual 2017-2020**



2

3

As demonstrated in the table above, there is typically a difference between the

4

budgeted and the actual headcount.<sup>32</sup> The Company has included labor costs for a full

5

complement of 375 employees, while only 355 positions have actually been filled.<sup>33</sup> There

6

are 20 open positions included in the Company's Labor Cost adjustment. Of those 20

7

positions, 16 were labeled as pending and four were labeled open. The payroll, benefits,

8

and payroll taxes include labor costs for new positions that have not been approved and for

9

positions that have been vacated and not yet filed. Including the labor costs, assuming a

10

full complement, is not reasonable.

<sup>32</sup> Even if the average budget and average actual headcount are similar as happened in 2019, not all positions are filled for the full year. Thus the total actual Labor Costs would likely be less than budgeted.

<sup>33</sup> 3.9 WP Highly Confidential WP\_Schedule H-4 NE Gas EE Data used by the Company to develop the Labor Costs adjustment includes the following positions.

Filled Positions	343
Hired After 1/1/20	12
Open Positions	20
Total	<u>375</u>

1 **Q. PLEASE EXPLAIN WHY IT IS NOT REASONABLE TO INCLUDE THE COSTS**  
2 **ASSOCIATED WITH A FULL COMPLEMENT OF EMPLOYEES IN THE**  
3 **COMPANY’S RATES.**

4 A. The Company’s adjustment includes Labor Costs for 20 open positions. Within that group,  
5 16 positions are labeled pending and four are identified as open. It is not reasonable for  
6 ratepayers to bear the costs of pending positions, which may not be subsequently approved  
7 and filled. In fact, the Company stated that it “encountered opposition from the Union  
8 regarding the non-union status of the eight Construction Inspector positions without  
9 resolution.”<sup>34</sup> As a result, the Company stated it would remove the eight pending  
10 Construction Inspectors and one pending Construction Inspector Supervision to reflect that  
11 it will now plan to outsource those positions.<sup>35</sup>

12 **Q. WHAT IS THE STATUS OF THE REMAINING PENDING POSITIONS?**

13 A. As just discussed, the Company agreed to remove nine pending positions from the total of  
14 16 pending positions. As of August 6, 2020, of the remaining seven of the 16 new or  
15 pending positions, two positions have been filled and five remain either open or pending.

16 **Q. WITHIN THE ORIGINAL 20 OPEN POSITIONS, FOUR WERE INITIALLY**  
17 **LABELED AS OPEN. WHAT IS THE STATUS OF THE FOUR POSITIONS**  
18 **THAT WERE LABELED OPEN?**

19 A. Two of the four vacated or open positions were filled in 2020.<sup>36</sup> Nevertheless, I recommend  
20 that the payroll, payroll taxes, and benefit costs associated with all the pending positions

---

<sup>34</sup> Black Hills response to PA-233 (Exhibit DHM-18).

<sup>35</sup> Black Hills response to PA-231 (Confidential Exhibit DHM-19).

<sup>36</sup> Black Hills response to PA-232 (Exhibit DHM-20).



1 and all the open positions that were included in the Company's labor cost be excluded. My  
2 adjustment removes the labor costs for 20 positions originally labeled as Open by the  
3 Company.

4 **Q. WHY DO YOU RECOMMEND REMOVING LABOR COSTS ASSOCIATED**  
5 **WITH ALL THE ORIGINAL 20 OPEN POSITIONS WHEN FOUR OF THE**  
6 **POSITIONS WERE SUBSEQUENTLY FILLED?**

7 A. It is not reasonable to expect that every vacated position during a normal test year will be  
8 backfilled seamlessly, without periods of vacancy. While some positions may be replaced  
9 immediately due to advance notice, there will always be positions that are vacant. Some  
10 vacancies can last for months until they are filled. The costs associated with vacant  
11 positions should not be reflected in the Company's rates. Not including the subsequently  
12 filled positions works as a proxy for positions that may have been vacated since the  
13 Company prepare its adjustment. Including the Labor Costs for a full complement results  
14 in ratepayers bearing costs that do not exist.

15 **Q. WHAT IS THE TOTAL EFFECT OF YOUR LABOR COST ADJUSTMENT?**

16 A. As shown on Schedule 3.9, my adjustment *increases* jurisdictional operating income, net  
17 of income taxes, by \$447,307.

18 **5. Remove Benefits from FICA Tax Calculation**

19 **Q. PLEASE EXPLAIN YOUR CORRECTION TO THE COMPANY'S FICA TAX**  
20 **CALCULATION.**

1 A. The Company stated that it adjusted FICA tax by the amount of its Labor Cost adjustment  
2 of \$2,973,428.<sup>37</sup> However, the Company included benefits within the base (\$2,973,428) to  
3 which it applied the 7.65% FICA tax rate. These benefits include 401(k) match, medical,  
4 dental, A&D, and life insurance.<sup>38</sup> The FICA tax rate should be applied to wage-related  
5 items, not to these benefit items. My adjustment removes these benefits from the  
6 Company's FICA tax calculation. My adjustment as shown on Schedule 3.10 *increases*  
7 jurisdictional operating income, net of income taxes, by \$27,805.

8 **6. Charges from Black Hills Service Company**

9 **Q. HOW MUCH WAS ALLOCATED TO THE COMPANY FROM THE SERVICE**  
10 **COMPANY?**

11 A. The Company was allocated \$32.9 million for shared services from the Service Company  
12 for the base year. Several adjustments were made that increase this amount by \$5.5 million.

13 **Q. DO YOU HAVE ANY RECOMMENDED ADJUSTMENTS TO THE AMOUNTS**  
14 **ALLOCATED FROM THE SERVICE COMPANY?**

15 A. Yes. I recommend three adjustments to the amount allocated from the Service Company  
16 regarding (1) headcount additions, (2) 2021 CAM factors update, and (3) a reduction in  
17 full-time equivalents (FTE) due savings associated with the Company's proposed rate  
18 consolidation.

19 **Q. WHAT IS YOUR CONCERN REGARDING THE SERVICE COMPANY**  
20 **HEADCOUNT ADDITIONS ALLOCATED TO THE COMPANY?**

---

<sup>37</sup> Direct Testimony of Michael C. Clevinger, page 66, lines 6–14.

<sup>38</sup> Exhibit No. MCC-2, Schedule L-1, Schedule H-4, and WP Highly Confidential WP\_Sched H-4 NE Gas EE Data.

1 A. The Company has included \$2.4 million for 125 additional headcount.<sup>39</sup> I requested the  
2 status of these new positions (whether the positions had been filled and, if not filled,  
3 whether they had been advertised or had interviews conducted for them). The Company  
4 provided numerous pages of documentation, which I summarized in the following table.

5 **Table 8: Status of Service Company Additional Headcount as of August 24, 2020**

Department	Not Posted	Posted or Interviews	Filled	No Status	Total Additional Headcount
Gas Engineering	28	1	-	-	29
Information Technology	28	1	1	-	30
Training	6	-	-	4	10
Business Development	6	-	-	-	6
Accounting	24	-	-	-	24
Risk	1	-	1	-	2
Regulatory & Finance	5	-	-	-	5
Land	3	-	-	-	3
Environmental	1	-	-	-	1
Human Resources	2	-	-	-	2
Supply Chain	7	-	-	-	7
Asset Programs	3	-	-	-	3
Gas Asset Optimization	2	1	-	-	3
<b>Total</b>	<b>116</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>125</b>

6  
7 Of the 125 additional positions that the Company has included in its rate request,  
8 only two have been filled and three have been posted and/or had interviews conducted.  
9 Based upon the information the Company provided on August 24, 2020, the majority of  
10 the positions in the Company's additional headcount adjustment are not posted. If the  
11 activities to be performed by these new positions are required to supply safe and reliable  
12 service, the Company would probably have already filled them. These positions are not  
13 known and measurable and should be excluded. Ratepayers should not have to pay for  
14 costs that may never occur. My adjustment removes the additional headcount adjustment.

---

<sup>39</sup> Direct Testimony of Michael C. Clevinger, page 48, lines 3–4 as corrected in Black Hills response to PA-299 (Exhibit DHM-21). Information Technology should have been 30 instead of 19. The total additional headcount would then be 125 instead of 114.

1 **Q. DID YOU MAKE AN ADJUSTMENT FOR THE TWO POSITIONS THAT HAVE**  
2 **BEEN FILLED?**

3 A. No, I did not remove the allocated costs for the two positions that have been filled. I  
4 removed the costs for the 123 positions that have not been posted. Since I did not have the  
5 costs by individual position and the allocation, I used averages in my adjustment to remove  
6 the costs for the positions that had not been posted. As shown on Schedule 3.11, this  
7 adjustment *reduces* jurisdictional allocated service company costs by \$2,053,024. I expect  
8 this adjustment will be modified as the Company indicated that the information it provided  
9 on August 24, 2020, may have been flawed.

10 **Q. WHAT IS YOUR OTHER RECOMMENDED ADJUSTMENT TO THE SERVICE**  
11 **COMPANY COSTS ALLOCATED TO THE COMPANY?**

12 A. The Company made a \$63,707 adjustment labeled “Add 2021 CAM Factors Update from  
13 the 2020 Capital Expenditures.” The amount is based on 2020 budgeted plant additions<sup>40</sup>  
14 and is not known and measurable. Therefore, I removed the Company’s adjustment. As  
15 shown on Schedule 3.11, this adjustment *reduces* jurisdictional allocated service company  
16 costs by \$55,522.

17 **Q. HAVE YOU REFLECTED ANY OTHER ADJUSTMENTS RELATED TO**  
18 **ALLOCATED SERVICE COMPANY COSTS?**

19 A. As supported by the testimony of the Public Advocate’s witness Howard Solganick, the  
20 Public Advocate recommends a reduction of three full time employees (FTE) to reflect the  
21 cost savings that should flow to customers as a result of the consolidation of rates. As

---

<sup>40</sup> Black Hills response to PA-298 (Exhibit DHM-22).

1 shown on Schedule 3.11, this adjustment *reduces* jurisdictional allocated service company  
2 costs by \$225,000.

3 **Q. WHAT IS THE OVERALL EFFECT OF YOUR ADJUSTMENTS RELATED TO**  
4 **SERVICE COMPANY COSTS ON JURISDICTIONAL NET OPERATING**  
5 **INCOME?**

6 A. As shown on Schedule 3.11, the adjustments for service company costs *increase*  
7 jurisdictional operating income, net of income taxes, by \$1,699,524.

8 **7. Incentive Compensation**

9 **Q. PLEASE EXPLAIN THE COMPANY'S INCENTIVE COMPENSATION PLANS.**

10 A. The Company provides the following incentive compensation plans and a general  
11 explanation of the program

- 12 • Annual Incentive Plan (AIP)
- 13 • Short-Term Incentive Plan (STIP)
- 14 • Long-Term Incentive Plan (LTIP)

15 **Q. PLEASE SUMMARIZE THE ANNUAL INCENTIVE PLAN (AIP).**

16 A. The AIP is a cash-based awards program that is available to all full-time and part-time  
17 employees unless the employee participates in the STIP. The award is based on  
18 performance against a scorecard. The annual AIP percentage payout is based upon salary  
19 grade and union or non-union status.<sup>41</sup>

20 **Q. PLEASE SUMMARIZE THE SHORT-TERM INCENTIVE PLAN (STIP).**

---

<sup>41</sup> Black Hills response to PA-236 (Exhibit DHM-23).

1 A. The STIP is available to employees in positions of Director and above and is a percent of  
2 annual base salary determined in part by salary grade and market rates. Directors share the  
3 same goals and scorecard of the employees they supervise.<sup>42</sup>

4 **Q. WHAT GOALS AND PERFORMANCE MEASURES ARE REFLECTED ON THE**  
5 **SCORECARD USED TO DETERMINE AWARD?**

6 A. The Company provided the following Scorecard goals and performance measures and their  
7 weighting for the last three years that are used to determine whether an AIP or STIP award  
8 would be made.<sup>43</sup>

9 **Table 9: AIP and STIP Scorecard Goals and Weighting 2018–2020**

<b>Goals and Performance Measures</b>	<b>2018 Weighting</b>	<b>2019 Weighting</b>	<b>2020 Weighting</b>
Earnings per Share-BKH	40.0%	15.0%	15.0%
BHE Consolidated Margin Growth	20.0%		
Operating Income-BHE NEG(2019), NGU (2020)		30.0%	35.0%
Customer Project Completion-NGU		15.0%	
Net Promoter Score-BHE		10.0%	10.0%
Cost per Customer- BHE (2019–2020)	20.0%	10.0%	10.0%
Aggregate Safety (TCIR)-BHC (2018), BHE (2019–2020)	10.0%	10.0%	10.0%
Aggregate Safety (PMVI)-BHC (2018), BHE (2019–2020)	10.0%	10.0%	10.0%
Virgin Pulse-BHE			10.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

10  
11 Additional information was provided in the 2019 Annual Report and Proxy  
12 Statement for the STIP performance measures for executives as summarized in the  
13 following table.<sup>44</sup>

14 **Table 10: Short-Term Incentive Plan–Executives**

<b>Goals and Performance Measures</b>	<b>2019 Weighting</b>
Earnings per Share	80%
Safety-Total Case Incident Rate	10%
Safety-Preventable Motor Vehicle Incident	10%
Total	<u>100.0%</u>

<sup>42</sup> Direct Testimony of Robert J. Amdor, page 81, line 21, page 82, line 2.

<sup>43</sup> Black Hills response to PA-236 (Exhibit DHM-23) and Workpapers for Robert J. Amdor 2018-BH Nebraska Scorecard 5N and 2019-BH Nebraska Scorecard 5N (Exhibit DHM-25).

<sup>44</sup> Black Hills Corporation 2019 Annual Report, Proxy Statement, Form 10k, page 25.

1 **Q. WHO RECEIVE THE MAJORITY OF THE BENEFITS SHOULD THESE GOALS**  
2 **BE ACHIEVED?**

3 A. A large weighting is placed on goals that directly benefit Shareholders. As shown in the  
4 table above, for the executive STIP, the 80% weighting for earnings per share is heavily  
5 oriented to benefiting shareholders.

6 For the majority of other employees that are measured through the Scorecards  
7 provided by the Company, I identified who would receive the most benefit when the goal  
8 is achieved. The following table is sorted between shareholder, customer, and employee  
9 focus.

**Table 11: AIP/STIP Goals Focus 2018-2020**

<u>Goals and Performance Measures</u>	<u>2018 Weighting</u>	<u>2019 Weighting</u>	<u>2020 Weighting</u>	<u>Goal Focus</u>
Earnings per Share-BKH	40.0%	15.0%	15.0%	Shareholder
BHE Consolidated Margin Growth	20.0%			Shareholder
Operating Income-BHE NEG(2019), NGU (2020)		30.0%	35.0%	Shareholder
Customer Project Completion-NGU		15.0%		Customer
Net Promoter Score-BHE		10.0%	10.0%	Customer
Cost per Customer- BHE (2019-2020)	20.0%	10.0%	10.0%	Customer
Aggregate Safety (TCIR)-BHC (2018), BHE (2019-2020)	10.0%	10.0%	10.0%	Employee
Aggregate Safety (PMVI)-BHC (2018), BHE (2019-2020)	10.0%	10.0%	10.0%	Employee
Virgin Pulse-BHE			10.0%	Employee
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

<u>2018 Weighting</u>	<u>2019 Weighting</u>	<u>2020 Weighting</u>	<u>Goal Focus</u>
60.0%	45.0%	50.0%	Shareholder
20.0%	35.0%	20.0%	Customer
20.0%	20.0%	30.0%	Employee
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	

11  
12

13 As the table shows, between 2018 and 2019, the shareholder focus shifted from  
14 60% to 45%, which is consistent with the Company’s statement during discovery that  
15 “...BHC has changed LTIP and other compensation programs to reduce the amounts based  
16 on earnings and increase the amount based on non-earnings goals, like safety, customer

1 service, and employee wellness.”<sup>45</sup> The Company was heading toward a balanced goal  
2 approach, but the switch back to an increased focus on shareholder’s focused goals in 2020  
3 (from 45% to 50%) is an indication that, if not monitored, goals would be heavily oriented  
4 toward financial goals, such as earnings per share and operating income, which can have a  
5 determinantal impact on customers.

6 **Q. PLEASE EXPLAIN WHY FOCUSING ON SHAREHOLDER-RELATED GOALS**  
7 **CAN HURT RATEPAYERS.**

8 A. Financial performance goals are not designed to promote the interests of customers and, at  
9 worst, can be in conflict when competing priorities must be balanced. For example,  
10 expenses can be reduced to increase profitability by deferring maintenance (resulting in  
11 increased outages). Further, expenses can be reduced by failing to adequately staff  
12 Customer Services. As an example, customers could have an outage and be without service  
13 and find it difficult to access Customer Services to report the outage. Customer services  
14 will also have long wait times for other inquiries or complaints if it is understaffed to reduce  
15 costs and drive up profitability. By reducing expenses, the Company’s management can  
16 increase its net income, which influences the Earnings per Share Goals (weighted at 15%)  
17 and Operating Income (weighted at 35%).

18 **Q. WHAT DO YOU RECOMMEND?**

19 A. Having goals to incent performance is a good management practice; however, it is  
20 important that incentive payments are based on performance goals that drive the desired  
21 behaviors. The Company has made the decision to prioritize shareholder goals above those

---

<sup>45</sup> Black Hills response to PA-238 (Exhibit DHM-26).



1 of ratepayers because all net income and dividends accrue to the investors. Therefore,  
2 shareholders should fund the awards that incentivize management to achieve the goals that  
3 benefit them. Ensuring that the competing interests are balanced is also important. This  
4 balance can be achieved by requiring the sharing of incentive compensation between  
5 ratepayers and shareholders. I recommend that the shareholders fund one-third of the AIP  
6 and STIP expense included in the Company's rate request. This shifting would result in  
7 balancing the financing of the goals to those that receive the most benefit from their  
8 achievement. As shown on Schedule 3.12, the Company included \$2.5 million for its AIP,  
9 my recommended adjustment *reduces* jurisdictional incentive compensation for the AIP by  
10 \$834,353. For the STIP, the Company included \$703,070. My adjustment *reduces* the  
11 jurisdictional STIP by \$234,357.

12 **Q. PLEASE SUMMARIZE THE LONG-TERM INCENTIVE PLAN (LTIP).**

13 A. The Long-Term Incentive Plan (LTIP) awards certain employees whose regular pay  
14 includes stock-based pay. LTIP benefits are awarded to Vice Presidents and above and are  
15 comprised of 50% time-based restricted share grant and 50% performance share awards.  
16 The LTIP award is based upon relative total shareholder return among utilities in an Edison  
17 Electric Institute's (EEI) peer group.<sup>46</sup> If relative total shareholder return is in the 90<sup>th</sup>

---

<sup>46</sup> The LTIP awarded is based on relative shareholder returns compared to an EEI peer group. While I am recommending disallowance of all the allocated LTIP, it was interesting that the parent company uses an EEI peer group instead of an AGA peer group to determine the LTIP awarded to its senior executives. A comparison of the electric and gas segments revenue and gross margin in 2019 showed that the gas segment revenues and gross margins (non-GAAP) were significantly larger than the electric segment.

1 percentile or above, the executive would receive 200% as a percent of target. If relative  
2 total shareholder return is less than the 25<sup>th</sup> percentile in the peer group, the payout is zero.<sup>47</sup>

3 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE FUNDING OF LTIP?**

4 A. I recommend that all the costs of the LTIP included in the Company’s rate request should  
5 be transferred to shareholders. The LTIP goal focusing on shareholder returns is driven by  
6 increases to net income or profitability. Shareholder returns or profitability goals are  
7 aligned with the interests of the Company’s shareholders. There is a significant monetary  
8 incentive for management to emphasize efforts on these shareholder-focused goals in order  
9 to obtain payouts through the Restricted Stock Plan and Incentive Compensation. Once  
10 awarded, there is additional incentive to increase the value of the stock with a focus on  
11 profitability. To increase profitability during a period of slow revenue growth, a company  
12 must focus on reducing expenses (or increase its authorized return on its assets). While  
13 reducing expenses can and should benefit ratepayers, taken to an extreme, it can harm  
14 customers. As shown on Schedule 3.12, the Company included jurisdictional LTIP of  
15 \$463,989. My recommended adjustment removes all of it.

16 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO PAYROLL TAXES ASSOCIATED**  
17 **WITH INCENTIVE COMPENSATION CASH AWARDS.**

---

Black Hills Corporation Comparison of 2019 Electric and Gas Segments (in thousands)

Description	Electric	Gas	Total
Revenues	712,752	1,010,030	1,722,782
% of Total Electric and Gas Revenues	41%	59%	100%
Gross Margin (Non-GAAP)	444,455	584,132	1,028,587
% of Gross Margin (Non-GAAP) Electric and Gas Revenues	43%	57%	100%
Gross Margin (Non-GAAP) as % of Revenues	62%	58%	

Source: BHC 2019 Form 10K, pages 16 and 20

<sup>47</sup> Direct Testimony of Robert J. Amdor, page 86, lines 8–12 and Black Hills response to PA-238 (Exhibit DHM-26).

1 A. A portion of incentive compensation is awarded as cash and would be subject to payroll  
2 taxes. The reduction in the cash award would also reduce the payroll taxes associated with  
3 them.

4 **Q. WHAT IS THE TOTAL EFFECT OF YOUR RECOMMENDATION FOR**  
5 **INCENTIVE COMPENSATION?**

6 A. As shown on Schedule 3.12, the adjustment to incentive compensation and the associated  
7 adjustment to payroll tax *increase* jurisdictional operating income, net of income taxes, by  
8 \$1,175,696.

9 **8. SERP**

10 **Q. PLEASE EXPLAIN THE COMPANY'S SUPPLEMENTAL EXECUTIVE**  
11 **RETIREMENT PLAN (SERP).**

12 A. The Company provides supplemental executive retirement plan (SERP) benefits to officers  
13 nominated by the CEO and approved by the Board of Directors. These supplemental  
14 retirement plans for highly compensated individuals are provided because benefits under  
15 the general retirement plans are subject to certain limitations under the Internal Revenue  
16 Code ("Code"). As such, these types of plans are often referred to as non-qualified plans.  
17 Supplemental retirement plans for highly compensated employees are designed to provide  
18 benefits in excess of general pension plans. The Company included \$401,607 in its Total  
19 Company rate request.<sup>48</sup>

20 **Q. WHAT IS YOUR RECOMMENDATION REGARDING RECOVERY OF SERP?**

---

<sup>48</sup> Black Hills response to PA-239 (Exhibit DHM-27). \$173,839 for NE Gas Distribution and \$227,768 for BH Gas Utility.

1 A. I recommend that shareholders pay the costs of the supplemental executive retirement  
2 plans. This recommendation means that ratepayers would pay for the executive benefits  
3 included in the Company's regular pension plan and shareholders will pay for the  
4 additional executive benefits included in the supplemental plans. For ratemaking purposes,  
5 shareholders should bear the additional costs associated with supplemental benefits to highly  
6 compensated executives, since these costs are not necessary for the provision of utility  
7 service but are instead discretionary costs to attract, retain, and reward already highly  
8 compensated executives. The SERP is exclusive to the executive officers and the funding  
9 of this benefit should not be borne by the ratepayers. I recommend removing SERP from  
10 recovery. My adjustment as shown on Schedule 3.13 *increases* jurisdictional operating  
11 income, net of income taxes, by \$254,913.

12 ***9. Sharing of Directors' and Officers' Liability Insurance***

13 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT REGARDING THE**  
14 **SHARING OF DIRECTORS AND OFFICERS ("D&O") LIABILITY**  
15 **INSURANCE.**

16 A. D&O Liability Insurance protects the personal assets of officers and directors from the  
17 costs of lawsuits that may be initiated by employees, vendors, shareholders, and other  
18 parties for alleged wrongful acts in managing the Company. When required to be utilized,  
19 shareholders benefit from payouts under the policy that would reduce the cost not  
20 recoverable from ratepayers. On the other hand, ratepayers benefit because having the  
21 insurance enables the directors and officers to make decisions without fear of personal  
22 liability. As a result, it is reasonable for shareholders to bear a portion of the cost of D&O  
23 Liability Insurance.

1 **Q. WHAT ACTS ARE COVERED UNDER THE COMPANY'S D&O LIABILITY**  
2 **INSURANCE?**

3 A. The Company provided the following:

4 Acts covered by insurance: the policy defines WRONGFUL ACT as any  
5 actual or alleged breach of duty, neglect, error, misstatement, misleading  
6 statement or omission actually or allegedly caused, committed or attempted  
7 by (1) any DIRECTOR or OFFICER while acting individually or  
8 collectively in their capacity as such, or, with respect to any DIRECTORS  
9 or OFFICERS, any other matter claimed against them solely by reason of  
10 their being DIRECTORS or OFFICERS; or (2) solely with respect to  
11 Insuring Agreement. All breaches of duty, neglect, errors, misstatements,  
12 misleading statements or omissions actually or allegedly caused, committed  
13 or attempted by or claimed against one or more of the INSUREDS having  
14 as a common nexus any single or series of related facts, circumstances,  
15 situations, events, transactions or causes shall be deemed to be a single  
16 WRONGFUL ACT.<sup>49</sup>

17 **Q. WHAT ARE YOU RECOMMENDING?**

18 A. The allocated premium for D&O Liability Insurance included in the test year is \$154,779.<sup>50</sup>  
19 My adjustment removes one-half of the D&O Liability Insurance expense. The 50%  
20 removal reflects a sharing of this insurance between shareholders and ratepayers. My  
21 adjustment, as shown on Schedule 3.14, *increases* jurisdictional operating income, net of  
22 income taxes, by \$49,123.

---

<sup>49</sup> Black Hills response to PA-265 (Exhibit DHM-28).

<sup>50</sup> Black Hills response to PA-264 (Exhibit DHM-29). \$88,555 allocated to BH Gas Utility and \$66,224 allocated to BH Gas Distribution.

1                   **10. Advertising**

2   **Q.     PLEASE EXPLAIN YOUR ADJUSTMENT RELATED TO ADVERTISING.**

3   A.     A review of the Company’s supporting detail for advertising found a missing formula that  
4           resulted in advertising costs to be overstated by \$34,443. The Company confirmed the  
5           unintentional error and agreed to make a correction.<sup>51</sup> My adjustment as shown on  
6           Schedule 3.15 *increases* jurisdictional operating income, net of income taxes, by \$23,520.

7                   **11. Dues**

8   **Q.     PLEASE EXPLAIN YOUR ADJUSTMENT RELATED TO DUES?**

9   A.     The Company provided detail on payments made for dues to various associations,  
10          organizations, or trade associations.<sup>52</sup> Several payments were made for annual dues twice  
11          in 2019, presumably to pay for dues in both 2019 and 2020, or covered multiple years. My  
12          adjustment removes \$31,500 associated with duplicative payments.

13 **Q.     ARE THERE ANY OTHER DUES THAT SHOULD BE REMOVED FROM THE**  
14 **TEST YEAR EXPENSES?**

15 A.     The Company provided an invoice for the Lincoln Independent Business Association and  
16          I found that five percent of the dues were related to lobbying activities should be  
17          excluded.<sup>53</sup> While the adjustment is minor, I removed these lobbying charges.

---

<sup>51</sup> Black Hills response to PA-202 (Exhibit DHM-30).

<sup>52</sup> Direct Testimony of Michael C. Clevinger, WP Sched H-2 and Black Hills response to PA-203 (Exhibit DHM-31).

<sup>53</sup> Black Hills response to PA-203C (Exhibit DHM-31).

1 **Q. WHAT IS THE EFFECT OF YOUR ADJUSTMENTS ON NET OPERATING**  
2 **INCOME?**

3 A. My adjustment as shown on Schedule 3.16 *increases* jurisdictional operating income, net  
4 of income taxes, by \$20,004.

5 ***12. Line Locate Costs***

6 **Q. WHAT IS YOUR RECOMMENDED ADJUSTMENT TO THE COMPANY'S**  
7 **PROPOSED LINE LOCATE COSTS?**

8 A. First, costs included in the test year associated with the ALLO project should be removed  
9 from the Company's adjusted cost for line locates. Second, I am concerned that the  
10 Company has not selected the most cost-effective solution for future line locates.

11 **Q. PLEASE EXPLAIN YOUR RECOMMENDATION RELATED TO ALLO COSTS**  
12 **INCLUDED IN THE TEST YEAR.**

13 A. During discovery, it was determined that \$147,841 of the 2019 costs included line locate  
14 costs associated with the ALLO project. Since the ALLO project is a non-recurring event,  
15 those costs are not reflective of going-forward costs. The Company stated that it does not  
16 object to adjusting the cost of service to exclude the 2019 costs related to the ALLO  
17 Fiberoptic Installation Costs.<sup>54</sup> My adjustment as shown on Schedule 3.17 *increases*  
18 jurisdictional operating income, net of income taxes, by \$93,572.

19 **Q. WHAT HAS THE COMPANY REFLECTED IN ITS PROPOSED RATES FOR**  
20 **FUTURE LINE LOCATE COSTS?**

---

<sup>54</sup> Black Hills response to PA-206 (Exhibit DHM-32).

1 A. The Company adjusted the test year costs associated with line locates to (1) recognize that  
2 line locates outside Lincoln, NE, will no longer be completed by contractors but rather by  
3 Company employees (a reduction of \$248,193) and (2) recognize a price increase for line  
4 locates by the contractor used in Lincoln, NE (an increase of \$410,191). The net effect of  
5 the Company's adjustments *increases* costs by \$161,999.<sup>55</sup>

6 **Q. WHAT IS YOUR OTHER CONCERN REGARDING THE COMPANY'S**  
7 **CHANGE IN HOW LINE LOCATES WILL BE DONE IN THE FUTURE?**

8 A. The line locates in 2019 were performed by contractors. Line locates within Lincoln will  
9 continue to be performed by a contractor. However, going forward, line locates outside  
10 Lincoln will be performed by Company employees.<sup>56</sup> Based upon information provided by  
11 the Company in this proceeding and in Docket No. NG-0093 (the ALLO Regulatory Asset  
12 docket), the Company has not made the most cost effective decision to use internal labor  
13 for the locates.

14 **Q. PLEASE EXPLAIN.**

15 A. In Docket No. NG-0093 (the ALLO Regulatory Asset docket), the Company argued that  
16 contractor costs were significantly less than using internal resources. The following table  
17 compares the internal labor line locate costs used by the Company in NG-0093 to justify  
18 using contractors and the internal labor costs for line locates provided in this case. Even  
19 with the increase in contractor costs from \$13.67 to \$19.00 per locate, contractor-  
20 performed locates are half the cost of having internal labor perform the locates.

---

<sup>55</sup> Direct Testimony of Michael C. Clevinger, page 61, lines 3–10.

<sup>56</sup> Direct Testimony of Michael C. Clevinger, page 60, lines 17–21.



1 **Table 12: Comparison Internal Labor vs. Contractor of Line Locate Costs 2017-2020 YTD<sup>57</sup>**

<b>Period</b>	<b>Average Cost Internal</b>	<b>Contractor</b>	<b>% Difference</b>
2017	\$ 26.80	\$ 13.67	51%
2018	30.22	13.67	45%
2019	27.32	13.67	50%
2020 YTD	37.19	19.00	51%

2  
3 **Q. DID THE COMPANY PROVIDE AN EXPLANATION WHY IT MADE THE**  
4 **DECISION TO USE INTERNAL LABOR RATHER THAN CONTRACTORS?**

5 A. The Company stated “USIC’s costs of locates are less competitive than they were in 2017.  
6 It is not unreasonable to expect that future negotiations with USIC will result in costs per  
7 locate that exceed internal costs.”<sup>58</sup>

8 **Q. WHAT IS YOUR OPINION OF THE COMPANY’S JUSTIFICATION FOR ITS**  
9 **DECISION?**

10 A. The Company’s justification to use internal labor for line locates instead of contractors is  
11 based on the expectation that contractor costs will increase in the future. The Company  
12 ignores the reality that internal labor costs will also increase in the future due to wage and  
13 salary increases. The Company’s logic is flawed.

14 **Q. WHAT OTHER CONCERNS DO YOU HAVE REGARDING THE COMPANY’S**  
15 **DECISION?**

16 A. I requested a copy of the cost/benefit analysis performed to support its decision to have  
17 line locates performed by internal labor. The Company’s response was “Locates will be  
18 performed by existing employees at no incremental employee costs. Locates performed by

---

<sup>57</sup> Black Hills responses to PA-205 (Exhibit DHM-33) and PA-257 (Exhibit DHM-34).

<sup>58</sup> Black Hills responses to PA-257 (Exhibit DHM-34).

1 contractors are incremental costs. It is therefore more effective to have this work performed  
2 by employees whose wages are already included in the Cost of Service.”<sup>59</sup>

3 **Q. DO YOU AGREE WITH THIS STATEMENT?**

4 A. No. The Company’s decision increases costs to the ratepayer. Beyond the fact that the use  
5 of internal force to do line locates is more expensive than continuing past practices to use  
6 a contractor, the Company failed to take advantage of costs savings that would have  
7 occurred by reducing headcount to reflect the decline in the amount of work that will be  
8 performed by Service Technicians as a result of the changes made to the appliance  
9 protection program.

10 **Q. PLEASE ELABORATE.**

11 A. The Company’s non-regulated private business services will be reduced as a result of  
12 changes made to the appliance protection program. In the past, a customer could request  
13 repairs for nearly all the appliances within a house. As of 2020, services offered are limited  
14 to air conditioning, furnace, stove range, and fireplace protection. The Company  
15 acknowledges that as a result, there is less work to be performed by Company Service  
16 Technicians. However, instead of reducing headcount to reflect the reduced activity, the  
17 Company stated that there would be no headcount adjustment since employees outside  
18 Lincoln will now have the additional responsibility to do line locates.<sup>60</sup>

---

<sup>59</sup> Black Hills responses to PA-257 (Exhibit DHM-34).

<sup>60</sup> Direct Testimony of Michael C. Clevinger, page 39, line 17–page 40, line 9.

1 **Q. WHAT IS THE SIGNIFICANCE OF THE COMPANY'S DECISION?**

2 A. The reduction in Service Technicians' responsibilities should have resulted in a reduced  
3 headcount and, thus, a reduction in labor costs. Instead of reducing headcount, the  
4 Company added the responsibility of line locates that could have continued to be performed  
5 at a lesser cost by an outside contractor.

6 **Q. WHAT ARE YOU RECOMMENDING?**

7 A. I am not recommending a specific adjustment to reflect the shift in responsibilities of the  
8 Service Technicians and the Company's unsupported decision to use internal forces instead  
9 of reducing headcount. However, the Company's decision further supports my  
10 recommendation to adjust labor costs to remove pending and vacant positions discussed  
11 earlier. The Company has inflated labor costs and should not recover a full complement of  
12 employees for a full year.

13 ***13. Interest Synchronization***

14 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT TO INTEREST**  
15 **SYNCHRONIZATION.**

16 A. The interest synchronization adjustment synchronizes the rate base and cost of capital with  
17 the tax calculation using the Public Advocate's recommended weighted cost of debt. The  
18 adjustment is shown on Schedule 3.18. *reduces* jurisdictional operating income, net of  
19 income taxes, by \$479,856.

1                   **14. Impact of Recommended Adjustments on Net Operating Income**

2   **Q.    WHAT IS THE IMPACT OF YOUR RECOMMENDED ADJUSTMENTS TO THE**  
3   **COMPANY’S OPERATING INCOME?**

4   A.    The Company’s net operating income is \$22,975,365. The Public Advocate’s adjustments  
5   *increase* net operating income to \$29,676,062.

6                   **V.    RATE CASE EXPENSES**

7   **Q.    WHAT HAS THE COMPANY PROPOSED REGARDING THE RECOVERY OF**  
8   **EXPENSES ASSOCIATED WITH THIS PROCEEDING?**

9   A.    The Company estimated rate review expenses of \$750,000 and proposes recovering those  
10   costs over thirty-six (36) months through the State Regulatory Assessment charge  
11   (authorized through Nebraska Statute §66-1841). Based on 288,071 jurisdictional  
12   customers,<sup>61</sup> the Company estimates that the \$750,000 would result in an additional charge  
13   of \$0.07 per customer per month. At the end of thirty-six (36) months, the surcharge would  
14   be discontinued.<sup>62</sup>

15   **Q.    WHAT IS YOUR RECOMMENDATION?**

16   A.    I recommend that the Company’s proposed methodology for recovery of rate review  
17   expenses through a surcharge be approved and terminated at the end of thirty-six (36)  
18   months. However, the amount recovered should be based on actual costs incurred but  
19   limited to the Company’s estimated \$750,000.

---

<sup>61</sup> Black Hills response to PA-256 (Exhibit DHM-35).

<sup>62</sup> Direct Testimony of Jason Bennett, page 51, line 16–page 52, line 12.

1                                   **VI.    GAS STORAGE INVENTORY COSTS**

2   **Q.    PLEASE EXPLAIN THE PURPOSE OF GAS STORAGE INVENTORY AND**  
3       **HOW THE ASSOCIATED COSTS ARE TREATED FOR RATEMAKING**  
4       **PURPOSES.**

5    A.    The Company states that gas storage acts as a physical price hedge and provides supply  
6           reliability and delivery flexibility to address customer usage. The Company does not own  
7           gas storage facilities and contracts with other entities to provide gas storage. In the past,  
8           while not a part of utility plant, BH Gas Utility was allowed in NG-0061 to include gas  
9           storage inventory in rate base and was allowed to earn a return equal to the authorized  
10          return on rate base. Conversely, BH Gas Distribution did not record Gas Storage Inventory  
11          and did not seek recovery of associated costs. BH Gas Distribution contracts with Tallgrass  
12          Interstate Gas Transmission for firm transportation and storage costs to ensure primary  
13          firm deliverability for Choice Gas customers. The capacity associated with these services  
14          is released to the participating Choice Gas suppliers via a limited-term capacity release,  
15          and allowed capacity is based on each supplier's customer enrollment profile. As a result  
16          of the capacity release, the cost of the capacity is paid by the suppliers directly to Tallgrass  
17          Interstate Gas Transmission.<sup>63</sup>

18   **Q.    WHAT IS THE COMPANY PROPOSING REGARDING GAS STORAGE**  
19       **INVENTORY COSTS?**

20    A.    The Company is proposing, instead of including gas storage inventory in rate base, to  
21          recover gas storage inventory carrying costs through a Gas Storage Inventory Cost (GSIC)

---

<sup>63</sup> Direct Testimony of Jason Bennet, page 52, line 13–54, line 2.

1 component through the Gas Cost Adjustment mechanism applied to Rate Areas One, Two,  
2 and Three. Rate Area Five GSIC would continue as it has in the past. The Company  
3 proposes calculating the carrying costs by multiplying the annual average storage inventory  
4 balances by the weighted average cost of capital approved in this proceeding.<sup>64</sup>

5 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE COMPANY'S**  
6 **PROPOSAL FOR GAS STORAGE INVENTORY COSTS?**

7 A. I recommend accepting the Company's proposed treatment of Gas Storage Inventory  
8 Costs. Historically, gas storage costs were included in rate base and a return was earned on  
9 the twelve (12) month average balance. Thus, the carrying costs were reflected in base  
10 rates. Under the Company's proposal, recovery of those costs will be transferred to the Gas  
11 Cost Adjustment mechanism where they more appropriately belong.

12 **VII. RENEWAL OF THE SSIR**

13 **Q. WHAT IS THE PUBLIC ADVOCATE'S POSITION REGARDING THE**  
14 **RENEWAL OF THE SSIR?**

15 A. The Public Advocate supports the renewal of the SSIR. The SSIR revenue requirements  
16 should reflect the Cost of Capital and Depreciation accrual rates approved in this  
17 proceeding.

18 **Q. THE COMPANY HAS REQUESTED SEVERAL CHANGES TO THE SSIR.**  
19 **WHAT IS THE PUBLIC ADVOCATES POSITION REGARDING THE**  
20 **PROPOSED MODIFICATION?**

---

<sup>64</sup> Direct Testimony of Jason Bennet, page 54:3-15.

1 A. The Public Advocate's witness Charles A. Fijnvandraat discusses several concerns  
2 regarding the Company's requested expansion of the SSIR. He also discussed the 2021  
3 projects the Company proposes to include in the SSIR.

4 Regarding the Company's other proposed changes, the Public Advocate agrees  
5 with several:

- 6 1. Extend the SSIR to Rate Areas 1, 2, and 3.
- 7 2. The SSIR application should be filed by September of each year and the  
8 proposed change in the SSIR Charge will take effect on the following January  
9 1. The SSIR filing should continue to be subject to review by the Public  
10 Advocate.
- 11 3. Consistent with the prior SSIR, the annual SSIR application should include a  
12 reconciliation of forecast to actual project costs and in-service dates of the  
13 prior year's projects. Variances from the Company's original plan should be  
14 fully explained.
- 15 4. Surveillance filings should be made on an annual basis within sixty days of the  
16 end of each calendar year.
- 17 5. A general rate case application pursuant to §66-1838 must be filed at least  
18 every sixty months.

19 **VIII. CONCLUSION**

20 **Q. IN CONCLUSION, WHAT IS THE PUBLIC ADVOCATE'S BASE REVENUE**  
21 **RECOMMENDATION?**

22 A. The Public Advocate is recommending a *decrease* to the Company's distribution base rates  
23 of \$1,789,234.

24 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

25 A. Yes.

**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 CITY, )  
SOUTH DAKOTA, SEEKING )  
APPROVAL OF A GENERAL RATE )  
INCREASE. )

Application No. NG-109

**AFFIDAVIT OF WITNESS**

STATE OF North Carolina )  
 ) ss.  
COUNTY OF Henderson )

I, Donna H. Mullinax, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing prepared testimony filed in the above-captioned action and I am familiar with its contents, and that the facts set forth therein are true to the best of my knowledge, information, and belief.

Donna Mullinax

SUBSCRIBED and sworn to before me this 8 day of September, 2020.

(SEAL)



[Signature]  
Notary Public

My Commission Expires: 9/3/23



## **Professional Experience and Qualifications** **Donna H. Mullinax, CPA, CIA, CFP**

---

---

### ***Summary***

Mrs. Mullinax has over forty-one years of financial, management and consulting experience. She is President of Blue Ridge Consulting Services, Inc. Prior to becoming President, she held the position of Vice President and Chief Financial Officer for Blue Ridge and her former employer. She has served on various Boards of Directors. She has extensive experience in project management; regulatory and litigation support; financial, administration, and human resource management. She has performed numerous financial, compliance and management audits. Mrs. Mullinax has designed and implemented accounting and business systems and developed policy and procedure manuals to support those systems.

### ***Key Qualifications and Selected Professional Experience***

#### **Financial, Administration, and Human Resource Management**

As Chief Financial Officer and Vice President she was responsible for all aspects of financial, administration, and human resources. Her responsibilities included accounting, cash management, budgeting, tax planning and preparation, fixed assets, human resources, and employee benefits. Records under her control have been subject to an IRS compliance audit with no findings.

#### **Project Management**

Mrs. Mullinax has successfully managed numerous projects controlling cost, schedule, and scope. These projects included management, financial, and compliance audits, M&A due diligence reviews, economic viability studies, prudence reviews, and litigation/regulatory support for construction contract claims and regulatory proceedings. She has worked with diverse team members and reconciled various viewpoints while maintaining effective working relationships among cross-functional teams.

#### **Financial, Compliance, and Management Auditing**

Mrs. Mullinax is a skilled auditor. She has performed numerous financial, compliance, and management audits for governmental entities, businesses, and public utilities. As a CPA and CIA, she is knowledgeable about sound internal control processes and procedures and has made numerous recommendations for modifications to provide reasonable assurance regarding the achievement of objectives related to effectiveness and efficiency of operations; reliability of financial records, and compliance with laws and regulations.

She has also conducted detailed base rates revenue requirements and rider compliance audits. She has analyzed financial information and budget projections, performed risk identification, and evaluated performance against industry benchmarks. Her extensive professional experience allows her to effectively analyze and evaluate methods and procedures and to thoroughly document her findings. She has successfully testified to her audit findings.

- ❖ Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska
  - Application NG-107 Deferred Accounting Order to Record and Preserve Costs Related to the COVID-19 Pandemic, April 2020–August 2020  
Project Manager. Led the review of the Company's request for an accounting order
  - Application NG-0095 Effects of Tax Cuts and Jobs Act of 2017 Nebraska Gas Utility Company, LLC and Black Hills Gas Distribution, LLC, March 2018–May 2018  
Project Manager. Led the review of the Company's proposed refund to ratepayers related to the tax-rate change.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- Application NG-0078.7 System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2019–December 2019.
- Application NG-0078.6 System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2018–December 2018.
- Application NG-0078.5 Extension of the System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, June 2018–December 2018.
- Application NG-0078.4, System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2017–December 2017.
- Application NG-0078.3, System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska (formerly SourceGas Distribution LLC), October 2016–December 2016.
- Application NG-0078.2, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, October 2015– January 2016
- Application NG-0078.1, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, November 2014– February 2015

Project Manager and Lead Auditor. Led the review of the Company's applications for a system safety and integrity rider for compliance to the Commission directives. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed plant to be placed in service and the verification of planned versus actual plant placed in service for the prior year. Summarized the transactional testing results and calculated the impact to the customer charge.

- Application NG-0072.1, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC May 2014–August 2014.
- Application No. NG-0074, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, July–November 2013.
- Application No. NG-0072, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC March 2013–May 2013.

Project Manager and Lead Auditor. Led the review of the Company's applications for an infrastructure system replacement cost recovery charge for compliance to the Nebraska Natural Gas Regulation Act. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of plant work order supporting the requested recovery of utility plant in service. Summarized the transactional testing results and calculated the impact to the customer charge.

❖ On behalf of the Staff of the Public Utilities Commission of Ohio (PUCO)

Plant in Service and Capital Spending Prudence Audits

Columbia Gas of Ohio

- Case No. 17-2202-GA-ALT, May 2018–October 2018
- Case No. 19-0438-GA-RDR, April 2019–August 2019

Dominion Energy Ohio

- Case No. 19-468-GA-ALT, October 2019-August 2020

Duke Energy Ohio

- Case No. 19-664-GA-RDR, March 2020-August 2020

Vectren Energy Delivery of Ohio

- Case No. 20-0099-GA-RDR and Case No. 20-0101-GA-RDR, March 2020-September 2020

## Professional Experience and Qualifications Donna H. Mullinax, CPA, CIA, CFP

---

Project Manager and Lead Auditor. Led the review to determine if the company has accurately determined and account for its plant in service balance. Also reviewed the necessity, reasonableness, and prudence of the Company's capital expenditures and associated assets..

- Case No. 15-1830-EL-AIR: Plant in Service Balance Audit of Dayton Power and Light Company, April 2017–August 2018.

Project Manager and Lead Auditor. Led the review to ensure the accuracy and reasonableness of the Company's plant in service balances placed in service from April 1991 through September 2015.

### Distribution Infrastructure Rider Compliance Audits

#### First Energy

- Case No. 11-5428-EL-RDR, November 2011–April 2012
- Case No. 12-2885-EL-RDR, December 2012–July 2013
- Case No. 13-2100-EL-RDR, December 2013–April 2014
- Case No. 14-1929-EL-RDR, December 2014–May 2015
- Case No. 15-1739-EL-RDR, January 2016–July 2016
- Case No. 16-2041-EL-RDR, January 2017–November 2017
- Case No. 17-2009-EL-RDR, December 2017–May 2018
- Case No. 18-1542-EL-RDR, December 2018–April 2019
- Case No. 19-1887-EL-RDR, January 2020–August 2020

#### AEP-Ohio

- Case No. 13-0419-EL-RDR, March–August 2013
- Case No. 16-0021-EL-RDR, March–August 2016
- Case No. 17-0038-EL-RDR, April–November 2017
- Case No. 18-0230-EL-RDR, April 2018–August 2018
- Case No. 20-0169-EL-RDR, May 2020–present

#### Dayton Power & Light

- Case No. 19-439-EL-RDR, April 2019–October 2019

Project Manager and Lead Auditor. Led the review to ensure the accuracy and reasonableness of the Companies' compliance with its Commission-approved infrastructure cost recovery rider filings. The reviews included a detailed mathematical verification and validation of the support of the riders' revenue requirements model, development of sensitivity analysis that supported the PPS sampling techniques used to isolate specific plant work order for further testing. Summarized the transactional testing results and calculated the impact to the rider's revenue requirements. Detailed variance analyses of historical data with investigations into any significant changes..

- Case No. 08-0072-GA-AIR Columbia Gas of Ohio, April–August 2008
- Case No. 07-0829-GA-AIR Dominion East Ohio, November 2007–July 2008
- Case No. 07-0589-GA-AIR Duke Energy Ohio, November 2007–February 2008

Lead Auditor and assistant project manager. Performed a comprehensive rate case audit of companies' gas rate filings to validate the filings, provided conclusions and recommendations concerning the reliability of the information, and supported Staff in its evaluation of the reasonableness of the filing.

### ❖ Before the New Hampshire Public Utilities Commission on behalf of Staff

- Docket No. DE 16-822 Public Service of New Hampshire d/b/a Eversource Energy. Project Manager and Lead Auditor. Led the review of the Company's revised cash working capital study in its 2017 Energy Service rate calculations. February 2017–May 31, 2017.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- ❖ On behalf of the Massachusetts Department of Public Utilities, Case No. D.P.U. 08-110, regarding the Petition and Complaint of the Massachusetts Attorney General for an Audit of New England Gas Company (NEGC), February–August 2010. Lead Auditor and Assistant Project Manager. Conducted a management audit on how NEGC manages its accounting and financial reporting functions and whether sufficient controls are in place to ensure that the information included in the company’s filings can be reasonably relied upon for setting rates – areas reviewed included general accounting, financial reporting, and internal controls; plant accounting; income tax; accounts receivable; accounts payable; cash management; payroll; cost allocations; and capital structure.
- ❖ On behalf of the Staff of the Connecticut Public Utilities Regulatory Authority (PURA)
  - Management Audit of Yankee Gas Services Company. June 2014–April 3, 2015. Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company’s business processes, procedures, and policies relating to the management operations and system of internal controls of the company’s executive management and financial operations. Lead auditor for scope areas of accounting and financial reporting, internal audit practices, and capital/O&M budgeting.
  - Diagnostic Management Audit of Connecticut Light and Power Company, July 2008–June 2009, Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company’s business processes, procedures, and policies relating to the management operations and system of internal controls of the company’s executive management, system operations, financial operations, marketing operations, human resources, customer service, external relations, and support services. In addition, supported an in-depth review of the development and implementation process of the company’s new customer information system.
- ❖ Before the Oregon Public Utilities Commission (ORPUC), Docket No. UP 205: Examination of NW Natural’s Rate Base and Affiliated Interests Issues, Co-sponsored between NW Natural, ORPUC Staff, Northwest Industrial Gas Users, Citizens Utility Board, August 2005-January 2006, Lead Auditor and Assistant Project Manager. Examined NW Natural’s Financial Instruments, Deferred Taxes, Tax Credits, and Security Issuance Costs to ensure Company compliance with orders, rules, and regulations of the ORPUC and with Company policies.

***Partial List of Reports and Publications***

- Compliance Audit of the 2019 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 28, 2020
- Audit of the Capital Expenditure Program for the 2019 Annual Adjustment to the CEP Rider for Columbia Gas of Ohio, Inc. June 17, 2020
- Audit of the Capital Expenditure Program and Infrastructure Replacement Program for Vectren Energy Delivery of Ohio, Inc, June 17, 2020
- Compliance Audit of the 2019 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, June 5, 2020
- Audit of the Plant in-Service and Used and Useful (Rider AU) for Duke Energy Ohio, Inc., July 6, 2020.
- Plant in Service and Capital Spending Audit of the East Ohio Gas Company d/b/a Dominion Energy Ohio, for the Period Covering April 1, 2007 through December 31, 2018, April 27, 2020.
- Review and Recommendation Regarding Black Hills Nebraska Gas, LLC Application for a Deferred Accounting Order (COVID-19 Pandemic) June 1, 2020
- Examination of Black Hills Gas Distribution, LLC Application to Adjust System Safety and Integrity Costs in 2020 on Behalf of the Nebraska Public Advocate, December 9, 2019
- Compliance Audit of the Distribution Investment Rider (DIR) for the Period Covering October 1, 2015 through January 21, 2019, of The Dayton Power & Light company, September 11, 2019

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- Audit of the Capital Expenditure Program for the 2018 Annual Adjustment to the CEP Rider for Columbia Gas of Ohio, Inc. July 10, 2019
- Compliance Audit of the 2018 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 30, 2019
- Examination of Black Hills Gas Distribution, LLC Application to Adjust System Safety and Integrity Costs in 2019 on Behalf of the Nebraska Public Advocate, December 7, 2018
- Prudence Audit of Plant in Service and Capital Expenditure Program Spending for Columbia Gas of Ohio, September 3, 2018
- Compliance Audit of the 2017 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 23, 2018
- Compliance Audit of the 2017 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, May 11, 2018
- Examination of Black Hills Gas Distribution, LLC Application to Increase Eligible System Safety and Integrity Costs in 2018 on Behalf of the Nebraska Public Advocate, December 11, 2017
- Audit of Plant in Service for Dayton Power & Light's Application to Increase Rates, September 28, 2107
- Compliance Audit of the 2016 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 9, 2017
- Review of Public Service Company of New Hampshire d/b/a Eversource Energy Cash Working Capital and Lead-lag Methodology, May 31, 2017
- Compliance Audit of the 2016 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, May 1, 2017
- Examination of Black Hills Gas Distribution, LLC Application for Recovery of 2017 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, December 2, 2016
- Compliance Audit of the 2015 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 5, 2016
- Compliance Audit of the 2015 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 22, 2016
- Examination of SourceGas Distribution LLC Application for Recovery of 2015 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, January 8, 2015
- Compliance Audit of the 2014 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 30, 2015
- Management Audit of Yankee Gas Services Company, April 3, 2015
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, June 30, 2014
- Compliance Audit of the 2013 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 9, 2014
- Examination of the Infrastructure System Replacement Cost Recovery Charge of Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, October 4, 2013
- Compliance Audit of the 2012 Distribution Investment Rider (DIR) of Columbus Southern Power and Ohio Power Company d/b/a AEP-Ohio, June 19, 2013
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, May 16, 2013
- Compliance Audit of the 2012 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 22, 2013
- Compliance Audit of the Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 12, 2012
- Revenue Requirements Audit of New England Gas Company, May 12, 2011

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- Accounting and Financial Reporting Review of New England Gas Company, August 5, 2010
- Management Audit of The Connecticut Light & Power Company, May 29, 2009
- Report of Conclusions and Recommendations on the Financial Audit of the Columbia Gas of Ohio, Inc. in Regards to Case No. 08-0074-GA-AIR, August 13, 2008
- Report of Conclusions and Recommendations on the Financial Audit of the East Ohio Gas Company d/b/a Dominion East Company in Regards to Case No. 07-0829-GA-AIR, April 16, 2008
- Report of Conclusions and Recommendations on the Financial Audit of Duke Energy Ohio, Inc. in Regards to Case No. 07-0589-GA-AIR, December 17, 2007
- Report of Conclusions and Recommendations of NW Natural's Rate Base and Affiliated Interest Issues in Support of Oregon Public Utilities Commission Docket UM1148, December 23, 2005

**Regulatory and Civil Litigation**

She has provided or supported civil or regulatory testimony in Arizona, Colorado, Connecticut, Delaware, Illinois, Maryland, Michigan, Missouri, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Texas, and Utah. She has also served as an advisor to public service commissioners in the District of Columbia and Connecticut. In addition to providing analytical support, she has served as an expert witness and routinely works with other highly specialized expert witnesses. She has developed defensible analyses and testimony in connection with rate cases, audit findings, and other regulatory issues. She has also supported various civil litigations including delay and disruption construction claims and financial fraud. She has supported counsel with interrogatories, depositions, and hearings/trials support.

**Regulatory Proceedings**

- ❖ Before the New Hampshire Public Utilities Commission on behalf of Staff
  - Docket No. DE 19-064 Liberty Utilities (Granite State Electric) Distribution Service Rate Case, May 2019–August 2020
  - Docket No. DE 19-067 Eversource Energy Distribution Service Rate Case, May 2019–present  
Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments.
  - Docket No. DW 18-047 Abenacki Water Company, Inc.
  - Docket No. DW 18-054 Aquarion Water Company of NH, Inc.
  - Docket No. DW 18-056 Lakes Region Water Company, Inc.  
Project Manager and Expert Witness. Led the review and reporting of the Company's tax rate change effect compliance filings following passage of the Tax Cut and Jobs Act of 2017 and changes to state taxes. December 2018–August 2019.
  - Docket No. DG 17-0048 – Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities general rate case. June 2017–December 2018.  
Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Supported Staff with Settlement discussions. Also evaluated the

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

Company's calculated Rate Effects on the Federal and State Corporate Tax Reductions provided during Settlement. Testified March 21, 2018.

- Docket No. DE 16-384 – Unitil Energy Systems, Inc. general rate case. Testimony was filed on November 16, 2016. July 2016– January 2017.
- Docket No. DE 16-383 – Liberty Utilities (Granite State Electric) Corp general rate case. Testimony was filed on December 16, 2016. July 2016– January 2017.

Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Supported Staff with Settlement discussions.

- Docket No. DG 17-0070 Northern Utilities, Inc. Rate Effects on the Federal and State Corporate Tax Reductions. January 2018– February 2018.

Project Manager. Led the review of the Company's proposed changes in its revenue requirement to reflect the change in federal and state corporate income tax rates. Supported Staff with Settlement discussions.

- ❖ Before the Kentucky Public Service Commission on behalf of the Office of Attorney General, Louisville/Jefferson County Metro Government, and Lexington-Fayette Urban County Government

- Case No. 2018-00294, Kentucky Utilities, October 2018–May 2019.
- Case No. 2018-00295 Louisville Gas and Electric Company, October 2018–May 2019.

Expert Witness testifying to the Company's revenue requirements. Direct Testimony filed January 16, 2019.

- ❖ Before the Pennsylvania Public Utility Commission on behalf of the Office of Consumer Advocate

- Docket No. R-2018-3000019, The York Water Company, May 2018–November 2018. Expert Witness testifying to the Company's revenue requirements. Direct Testimony filed August 23, 2018. Surrebuttal Testimony filed October 4, 2018.

- ❖ Before the Massachusetts Department of Public Utilities on behalf of the Massachusetts Attorney General Office

- D.P.U. 16-106, Fitchburg Gas and Electric Light Company d/b/a Unitil. January 2017–May 2017. Expert Witness reviewing the Company's Capital Cost Adjustment filing for compliance to the Department's Order.

- ❖ Before the Arizona Corporation Commission (AZCC) on behalf of Staff

- Docket No. E-01933A-19-0028, Tucson Electric Power Company, general rate case January 2019–August 2020. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Testimony was filed on October 21, 2019 and December 16, 2019.
- Docket No. E-01933A-15-0322, Phase I, Tucson Electric Power Company, general rate case January 2016–August 2016. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

incorporating recommended adjustments. Testimony was filed on June 3, 2016. Supported Staff during Settlement of revenue requirements. Agreement filed with Commission August 15, 2016.

- Docket No. E-04204A-15-0142, UNS Electric, Inc. general rate case August 2015–January 2017. Project Manager and Expert Witness. Led the review of the Company’s proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company’s positions and incorporating recommended adjustments. Direct Testimony was filed on November 6, 2016. Surrebuttal Testimony was filed February 23, 2016.

❖ Before the Connecticut Public Utilities Regulatory Authority

- Docket No. 18-05-10 Yankee Gas Services Company d/b/a Eversource Energy general rate case July 2018– February 2019
- Docket No. 18-05-16 Connecticut Natural Gas Corporation (CNG) general rate case July 2018– February 2019

Project Manager supporting a team of experts assisting Staff in its regulatory oversight of Yankee Gas and CNG with a focus on revenue forecasting, rate mechanisms, and rate design; depreciation; rate base analysis; cash working capital; and environmental remediation. Team developed interrogatories, summarized parties positions, and developed questions for cross examination.

❖ Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska

- Application NG-0093, Black Hills Energy/Nebraska Gas Utility LLC d/b/a Black Hills Energy, September 2017–March 2018. Project Manager and Expert Witness. Led the evaluation of the Company’s request for approval of accounting and regulatory treatment related to a regulatory asset comprised of increased location costs with the ALLO Fiber Optics Project. Testimony filed on December 18, 2017.
- Application NG-0090, Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, December 2016–August 2017. Project Manager and Expert Witness. Led the evaluation of the Company’s Farm Tap Safety Proposal. Testimony filed on March 17, 2017. Supported the Public Advocate during Settlement discussions.
- Application NG-0088, SourceGas Distribution LLC, December 2015–March 2016. Project Manager and Expert Witness. Led the evaluation of the company’s request for regulatory asset treatment related to net buyout costs of gas-supply-related contracts. Testimony filed on February 24, 2016. Supported the Public Advocate during Settlement discussions
- Application NG-0084, Black Hills Holdings, Inc. acquisition of SourceGas Holdings, LLC, October 2015–December 2015. Project Manager and Expert Witness. Led the analysis of the impact of the proposed acquisition on whether it would be consistent with the public interest and not adversely affect the utility’s ability to service its ratepayers. Testimony was filed on November 6, 2015.
- Application NG-0078, SourceGas Distribution, LLC May 2014–November 2014. Project Manager, Lead Auditor, and Expert Witness. Led the review of the Companies’ applications to replace its infrastructure system replacement (ISR) cost recovery charge with a prospective System Safety and Integrity Rider (SSIR). The SSIR was subject to a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed projects supporting the requested recovery of utility plant in service. Testimony on the analysis was filed in August 2014.



**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- ❖ On behalf of the Commissioners and Staff of the District of Columbia Public Service Commission (DCPSC)
  - Formal Case No. 1162 Washington Gas Light Company (WGL) base gas rates case, July 2020-present
  - Formal Case No. 1156 Potomac Electric Power Company (Pepco) base electric rate case, December 2019-present
  - Formal Case No. 1151 Washington Gas Light Company's Application for Approval of Reduction of Distribution Rates to Reflect the Tax Cuts and Jobs Act of 2017 March 2018–July 2018
  - Formal Case No. 1150/FC1151 Pepco base electric rate case, March 2018–November 2018. (includes rate impact associated with Tax-Change Effect)
  - Formal Case No. 1139 Pepco base electric rates case, October 2016–November 2017.
  - Formal Case No. 1137 Washington Gas Light Company (WGL) base gas rates case, May 2016–March 2017.
  - Formal Case No. 1103 Potomac Electric Power Company (Pepco) base electric rate case, June 2013–August 2014. Project Manager.
  - Formal Case No. 1093 Washington Gas Light Company (WGL) base gas rates case, July 2011–July 2013. Project Manager.
  - Formal Case No. 1087 Pepco base electric rates case, September 2011–December 2012
  - Formal Case No. 1076 Pepco base electric rates case, July 2009–December 2009
  - Formal Case No. 1053 Pepco base electric rates case, February 2007–June 2008

Lead Consultant advising Commissioners and Staff of the Office of Technical and Regulatory Analysis regarding Companies' proposed rate base, net operating income and revenue requirements. Assessed the companies' and Intervenors' positions on various issues and provided defensible recommendations for the Commissioners' consideration. Developed "what if" revenue requirement model used during Commission deliberations to analyze the impact of various adjustments. Supported the drafting of the Commission's Order and supplied the revenue requirement schedules to support the final decision. Supported the Commissioners' legal team in addressing motions for reconsideration.

  - Formal Case No. 1032 Pepco base electric rates case, January–March 2005.  
Senior Technical Consultant and Assistant Project Manager. Reviewed and evaluated Company's compliance filings for class cost of service and revenue requirements for distribution service pursuant to a settlement approved in May 2002. Provided analysis and recommended adjustments to Staff. Proceeding was settled in anticipation of a full rate case for rates to be effective August 8, 2007.
  - Formal Case No. 1016 WGL natural gas base rates case, June–December 2003. Senior Technical Consultant and Project Manager. Analyzed and recommended adjustments regarding the company's proposed increase to base rates – advised the Commission on party positions during deliberations Review and evaluation of company's depreciation study filed with the Commission.
- ❖ Before the Missouri Public Service Commission, Case No. HR-2011-0241, on behalf of the City of Kansas City: Veolia Energy Company 2011 and 2012 electric base rates case, July–September 2011. Senior Technical Consultant. Analyzed Company's proposed net operating income, rate base, and revenue requirements. Supported testifying witness with drafted testimony and development of a model to calculate an alternative revenue requirement incorporating recommended adjustments.
- ❖ Before the North Dakota Public Service Commission, Case No. PU-10-657/PU-11-55: Northern States Power Company (NSP) 2011 and 2012 electric base rates case, April–November 2011. On behalf of the Commission Staff, Lead Consultant and Assistant Project Manager. Led the analysis of NSP's rate increase filings and supported adjustments for the Commission's consideration. Developed a model to calculate the appropriate revenue requirements and exhibits to support Staff recommended adjustments.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- ❖ Before the Connecticut Public Utilities Regulatory Authority (PURA), Docket 10-02-13: Aquarion Water Company base rates case, on behalf of the PURA, April–August 2010. Senior Technical Consultant and Assistant Project Manager. Reviewed the expense component of the company’s revenue requirement and recommended adjustments for Staff consideration.
- ❖ Before the of the Delaware Public Service Commission on behalf of Staff
  - Docket No. 09-414: Delmarva Power & Light Company (DPL) electric base rates case, September 2009–May 2010. Expert Witness and Assistant Project Manager. Analyzed the company’s rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.
  - Docket No. 06-284: DPL’s gas base rates case, October 2006–March 2007. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company’s filings, checked the mathematical accuracy of the Company’s revenue requirements calculations, and provided analytical support to testifying witness.
- ❖ Before the Michigan Public Service Commission (MIPSC) on behalf of the Michigan Attorney General
  - Case No. U-15506: Consumers Energy Company base gas rates case, May–November 2008. Expert Witness and Assistant Project Manager. Analyzed the company’s rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – proceeding was settled through negotiations.
  - Case No U-15244 Detroit Edison electric base rates case, September 2007–October 2008.
  - Case No. U-15245 Consumers Energy Company base gas rates case, July 2007–April 2008.  
Senior Technical Consultant and Assistant Project Manager. Analyzed the Company’s filings, checked the mathematical accuracy of the Company’s revenue requirements calculations, and provided analytical support to testifying witness.
  - Case No. U-14547 Consumers Energy Company base gas rates case, December 2005–April 2006. Expert Witness and Assistant Project Manager. Analyzed Company’s rate increase filings and provided testimony offering adjustments for Commission consideration related to the rate base and revenue requirements.
- ❖ Before the Maryland Public Service Commission (MDPSC)
  - Case No. 9092 Pepco electric base rates case, on behalf of the Staff of the MDPSC, December 2006–June 2007. Expert Witness and Assistant Project manager. Analyzed Company’s rate increases filings and provided direct and rebuttal testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.
  - Case No. 9062 Chesapeake Utilities Corporation gas base rates case, on Behalf of the Maryland Office of People’s Counsel, May 2006–August 2006. Expert Witness and Assistant Project Manager. Analyzed Company’s rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – participated in settlement negotiations that were ultimately accepted by all parties.
- ❖ Before the Illinois Commerce Commission, Case No. 05-0597, on behalf of the Illinois Citizens Utility Board, Cook County State Attorney’s Office and City of Chicago, November 2005–May 2006. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company’s filings, checked the mathematical accuracy of the Company’s revenue requirements calculations, and provided analytical support to testifying witness.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- ❖ Before the Hawaii Public Utilities Commission (HPUC), Docket No. 05-0075: Instituting a Proceeding to Investigate Kauai Island Utility Cooperative's Proposed Revised Integrated Resource Planning and Demand Side Management Framework, On behalf of the Staff of the HPUC, June–November 2005. Senior Technical Consultant and Assistant Project Manager. Conducted and reported on the results of an industry survey of other cooperatives and Commissions to obtain an overview of how other entities approach the specific issues identified within this docket.
- ❖ Before the Public Utilities Commission of the State of Colorado (COPUC), Docket No. 04A-050E: Review of the Electric Commodity Trading Operations of Public Service Company of Colorado (PSCo), On behalf of the COPUC Staff, March–September 2004. Expert Witness and Assistant Project Manager. Performed a transaction audit of PSCo's electric commodity trading operations and submitted testimony describing the process used to conduct the investigation, a summary of the audit findings, and discussion of the significance of the findings.
- ❖ Before the New York Public Service Commission, Case No. 00-E-0612: Proceeding on Motion of the Commission to Investigate the Forced Outage at Consolidated Edison Company of New York, Inc.'s Indian Point No. 2 Nuclear Generation Facility, On behalf of Consolidated Edison Company of New York, Inc., October 2000–September 2003. Project Manager. Supervised cross functional teams to assist scheduling and nuclear engineering experts with the development of three comprehensive rebuttal testimonies on the prudence of extended outages at the Indian Point 2 nuclear power plant. The proceeding settled prior to filing of testimony.

**Civil Litigation**

- ❖ ADF Construction vs. Kismet, On Behalf of ADF Construction, December 2003–February 2004. Assistant Project Manager for a delay and disruption construction claim related to a large hotel complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages.
- ❖ On behalf of New Carolina Construction, July 2002–January 2003
  - New Carolina Construction vs. Atlantic Coast
  - New Carolina Construction vs. Acousti

Project Manager for a delay and disruption claim related to construction of a large high school complex in South Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ State of Nevada Bureau of Consumer Protection, September-December 2003. Assistant Project Manager for damage assessment project related to potential litigation regarding the Western Market Manipulation.
- ❖ Oakwood Homes, On behalf of Oakwood Homes, February 1999–May 2000. Assistant Project Manager for a delay and disruption claim related to the construction of a large manufacturing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute was settlement through mediation.
- ❖ McMillan Carter, On behalf of McMillan Carter, June–September 2002. Project Manager for a delay and disruption claim related to construction of a large high school complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ Fluor Daniel Inc. vs. Solutia, Inc., On behalf of Fluor Daniel, May 2000–August 2001. Assistant Project Manager for a delay and disruption construction claim related to large chemical processing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute proceeded through mediation.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

- ❖ First National Bank of South Carolina vs. Pappas, On Behalf of First National Bank of South Carolina, 1991–1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Supported counsel and expert witnesses during civil proceeding.
- ❖ First Union vs. Pappas, On Behalf of First Union, 1991–1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Dispute was settled out of court.

***Testimony proffered***

Before the Arizona Corporation Commission

- Tucson Electric Power Company – Docket No. E-01933A-19-0028
- Tucson Electric Power Company – Docket No. E-01933A-15-0239
- UNS Electric, Inc. – Docket No. E-04204A-15-0142

Before the Colorado Public Utilities Commission

- Public Service Company of Colorado - Docket No. 04A-050E

Before the Delaware Public Service Commission

- Delmarva Power & Light Company - Docket No. 09-414

Before the Kentucky Public Service Commission

- Kentucky Utilities Company-Case No. 2018-00294
- Louisville Gas and Electric Company - Case No. 2018-00295

Before the Maryland Public Service Commission

- Potomac Electric Power Company - Case No. 9092
- Chesapeake Utilities Corporation - Case No. 9062

Before the Michigan Public Service Commission

- Consumers Energy Company - Case No. U-15506
- Consumers Energy Company - Case No. U-14547

Before the Pennsylvania Public Service Commission

- The York Water Company - Docket No. R-018-3000019

Before the Public Service Commission of Nebraska

- SourceGas Distribution LLC – Docket No. NG-0078
- Black Hills Utility Holdings, Inc. and Source Gas Holdings Inc. – Docket No. NG-0084
- SourceGas Distribution LLC – Docket No. NG-0088
- Black Hills Energy – Docket No. NG-0090

Before the New Hampshire Public Utilities Commission

- Unitil Energy Systems, Inc. – Docket No. DE 16-384
- Liberty Utilities (Granite State Electric) Corp. – Docket No. DE 16-383
- Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities – Docket No. DG 17-0048
- Liberty Utilities (Granite State Electric) – Docket No. DE 19-064
- Eversource Energy – Docket No. DE 19-067

**System Implementation**

Mrs. Mullinax has worked with various business and local governmental entities to design and implement accounting and business systems that addressed real world problems and concerns. She has developed accounting policy and procedure manuals for county governments, a library, and a water utility.

**Professional Experience and Qualifications**  
**Donna H. Mullinax, CPA, CIA, CFP**

---

***Professional Experience***

**Blue Ridge Consulting Services, Inc.: 2004 - Present**

*President*

*Vice President and Chief Financial Officer*

*Senior Technical Consultant / Expert Witness*

**Hawks, Giffels & Pullin, Inc.: 1993 - 2004**

*Vice President and Chief Financial Officer*

*Executive Consultant*

*Controller*

**Cherry, Bekaert & Holland, CPAs: 1991 - 1993**

*Accounting Supervisor*

*Senior Accountant*

*Staff Accountant*

**Smith, Kline and French Pharmaceutical Company: 1988 - 1991**

*Professional Sales Representative*

**Milliken & Company: 1979 - 1988**

*Quality Assurance Manager*

*Technical Cause Analyst*

*Department Manager*

***Professional Certification***

Certified Public Accountant (CPA), State of South Carolina - 1993

Certified Financial Planner (CFP) - 1994

Certified Internal Auditor (CIA) - 2006

Chartered Global Management Account (CGMA) - 2012

***Professional Affiliations***

Member of the American Institute of Certified Public Accountants (AICPA)

Member of the South Carolina Association of Certified Public Accountants (SCACPA)

Member of the Institute of Internal Auditors (IIA)

Member of the Western Carolinas Chapter of the Institute of Internal Auditors (WCIIA)

***Education***

Clemson University, B.S. Administrative Management with honors, 1978

Clemson University, M.S. in Management, 1979

College for Financial Planning, 1994

NARUC Utility Rate School, 32<sup>nd</sup> Annual Eastern

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109

**Black Hills Energy**

Twelve Months Ending December 31, 2019

List of Schedules

Line #	Description	
1	Schedule 1	Summary of Company vs. Recommended Jurisdictional Revenue Requirements and Revenue Deficiency
2	Schedule 1.1	Jurisdictional Revenue Requirements and Revenue Deficiency with Recommended Adjustments
3	Schedule 1.2	Computation of Gross Up Factor
4	Schedule 2	Rate of Return Calculation
5	Schedule 2.1	Impact of Recommended Rate of Return on Company's Revenue Deficiency
6	Schedule 3	Ratemaking Adjustments
7	Schedule 3.1	Adjustment 1 Remove Forecasted Plant
8	Schedule 3.1 WP	Adjustment 1 Remove Forecasted Plant ADIT Impact
9	Schedule 3.1 WP	Adjustment 1 Remove Forecasted Plant Composite Factors
10	Schedule 3.2	Adjustment 2 Remove Farm Tap Plant Over Cap
11	Schedule 3.3	Adjustment 3 Accumulated Deferred Income Taxes
12	Schedule 3.4	Adjustment 4 Excess Deferred Federal Income Taxes (EDFIT)
13	Schedule 3.5	Adjustment 5 Cash Working Capital
14	Schedule 3.5 WP	Adjustment 5 Cash Working Capital Workpaper
15	Schedule 3.6	Adjustment 6 Revenue Adjustments
16	Schedule 3.7	Adjustment 7 Bad Debt
17	Schedule 3.8	Adjustment 8 Depreciation
18	Schedule 3.8 WP	Adjustment 8 Depreciation Workpaper
19	Schedule 3.9	Adjustment 9 Labor Costs
20	Schedule 3.10	Adjustment 10 Remove Benefits from FICA Tax Calculation
21	Schedule 3.11	Adjustment 11 Service Company Costs
22	Schedule 3.12	Adjustment 12 Incentive Compensation
23	Schedule 3.13	Adjustment 13 Remove SERP
24	Schedule 3.14	Adjustment 14 Sharing of D&O Insurance
25	Schedule 3.15	Adjustment 15 Correct Advertising Exclusion
26	Schedule 3.16	Adjustment 16 Dues
27	Schedule 3.17	Adjustment 17 Line Locate Costs
28	Schedule 3.18	Adjustment 18 Interest Synchronization

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 1

**Black Hills Energy**

**Twelve Months Ending December 31, 2019**

Summary of Company vs. Recommended Jurisdictional Revenue Requirements and Revenue Deficiency

<b>Line</b>	<b>Description</b>	<b>Company</b>	<b>Recommended</b>	<b>Difference</b>
		<b>(A)</b>	<b>(B)</b>	<b>(C)</b>
1	Rate Base	\$ 503,851,889	\$ 440,573,929	\$(63,277,960)
2	Rate of Return	7.06%	6.44%	-0.62%
3	Return Requirement	35,571,943	28,372,961	(7,198,982)
4	Adjusted Net Operating Income	22,975,365	29,676,062	6,700,697
5	Income Deficiency (Sufficiency)	12,596,578	(1,303,101)	(13,899,679)
6	Income Tax Effect	4,699,263	(486,133)	(5,185,396)
7	Revenue Deficiency (Sufficiency)	17,295,841	(1,789,234)	(19,085,075)
8	Percent of Original Request		-10.34%	

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 1.1  
 Page 1 of 1

**Black Hills Energy**

Twelve Months Ending December 31, 2019

Jurisdictional Revenue Requirements and Revenue Deficiency with Recommended Adjustments

Line	Description	Company	Recommended Adjustments	Adjusted Balance
		(A)	(B)	(C)
1	<b>Rate Base</b>			
2	Utility Plant in Service	\$ 800,335,628	\$(40,480,858)	\$ 759,854,770
3	Reserve for Depreciation	(247,820,907)	2,680,012	(245,140,895)
4	Net Plant in Service	\$ 552,514,720	\$(37,800,847)	\$ 514,713,873
5	Cash Working Capital	(1,715,132)	(140,261)	(1,855,393)
6	Materials & Supplies	4,349,013	-	4,349,013
7	Prepaid Expenses	340,416	-	340,416
8	Deferred Income Taxes	(48,298,686)	(25,336,852)	(73,635,538)
9	Customer Advances	(3,338,443)	-	(3,338,443)
10	Total Rate Base	\$ 503,851,889	\$(63,277,960)	\$ 440,573,929
11	<b>Rate of Return</b>	7.06%		6.44%
12	<b>Return Requirement</b>	\$ 35,571,943	\$ (7,198,982)	\$ 28,372,961
13	<b>Operating Revenues</b>			
14	Total Sales-Jurisdictional	\$ 115,299,571	\$ 64,547	\$ 115,364,118
15	Total Sales-Non Jurisdictional	-	-	-
16	Other Operating Revenues	4,703,784	486,154	5,189,938
17	Total Operating Revenues	\$ 120,003,355	\$ 550,701	\$ 120,554,056
18	<b>Operating Expenses</b>			
19	O&M Expense-Transmission	\$ 203,144	\$ -	\$ 203,144
20	O&M Expense-Distribution	25,070,389	(1,773,539)	23,296,850
21	Customer Expenses	7,743,183	(138,506)	7,604,677
22	Sales Expenses	294,335	-	294,335
23	Administrative & General Expense	32,513,005	(3,274,753)	29,238,252
24	Depreciation and Amortization Expense	20,260,396	(2,771,375)	17,489,021
25	Taxes Other than Income Taxes	6,137,633	(338,731)	5,798,902
26	Income Taxes	4,805,904	2,146,908	6,952,812
27	Total Operating Expenses	\$ 97,027,990	\$ (6,149,996)	\$ 90,877,994
28	<b>Net Operating Income</b>	\$ 22,975,365	\$ 6,700,697	\$ 29,676,062
29	<b>Income Deficiency (Sufficiency)</b>	\$ 12,596,578	\$(13,899,679)	\$ (1,303,101)
30	Revenue Conversion Factor	1.37306		1.37306
31	<b>Revenue Deficiency (Sufficiency)</b>	\$ 17,295,841	\$(19,085,075)	\$ (1,789,234)
32	Percent of Original Request			-10.34%

**Notes and Sources**

Column A: Exhibit MCC-2, Statement N  
 Line 30: Schedule 1.2



**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 1.2  
 Page 1 of 1

**Black Hills Energy**

Twelve Months Ending December 31, 2019  
 Computation of Gross Up Factor

<b>Line</b>	<b>Description</b>	<b>Company</b>	<b>Adjustment</b>	<b>Adjusted Amount</b>
		(A)	(B)	(C)
1	NE State Tax Rate	7.81%		7.81%
2	Federal Statutory Tax rate	21.00%		21.00%
3	Federal Effective Tax rate (1-State rate*Federal rate)	19.36%		19.36%
4	Total Composite Tax rate	27.17%		27.17%
5	Revenue Requirement Gross-Up Factor	72.83%		72.83%
6	Revenue Conversion Factor	1.37306		1.37306

**Notes and Sources**

Column A, Lines 1-4: Exhibit MCC-2, Reference and Schedule N

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 2  
 Page 1 of 1

**Black Hills Energy**

Twelve Months Ending December 31, 2019  
 Rate of Return Calculation

<u>Line</u>	<u>Description</u>	<u>Balance</u> (A)	<u>Capital</u> <u>Structure</u> (B)	<u>Cost %</u> (C)	<u>Weighted</u> <u>Cost %</u> (D)
<b><u>Company Proposed Rate of Return</u></b>					
1	Short-Term Debt	\$ -	0.00%		0.00%
2	Long-Term Debt	325,000,000	50.00%	4.11%	2.06%
3	Common Equity	325,000,000	50.00%	10.00%	5.00%
4	<b>Tota</b>	<b>\$ 650,000,000</b>	<b>100.00%</b>		<b>7.06%</b>
<hr/>					
<b><u>Recommended Rate of Return</u></b>					
5	Short-Term Debt		0.00%		0.00%
6	Long-Term Debt		50.00%	3.91%	1.96%
7	Common Equity		50.00%	8.97%	4.49%
8	<b>Tota</b>		<b>100.00%</b>		<b>6.44%</b>

**Notes and Sources**

Lines 1-4: Direct testimony of Witness Cevinger, Tab e MCC-3, Exhibit MCC-2, Statement G  
 Lines 5-7: See testimony of Public Advocate Witness Dr. S. Keith Berry

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 2.1  
 Page 1 of 1

**Black Hills Energy**

Twelve Months Ending December 31, 2019

Impact of Recommended **Rate of Return** on Company's Revenue Deficiency

<b>Line</b>	<b>Description</b>	<b>Company (A)</b>	<b>Adjustment (B)</b>	<b>Recommended (C)</b>
1	<b>Total Rate Base</b>	\$ 503,851,889		\$ 503,851,889
2	<b>Rate of Return</b>	7.06%	-0.62%	6.44%
3	<b>Return Requirement</b>	\$ 35,571,943	\$ (3,123,882)	\$ 32,448,062
4	<b>Net Operating Income</b>	\$ 22,975,365		\$ 22,975,365
5	<b>Income Deficiency</b>	\$ 12,596,578		\$ 9,472,697
6	Revenue Conversion Factor	1.37306		1.37306
7	Revenue Deficiency	\$ 17,295,841	\$ (4,289,273)	\$ 13,006,568

**Notes and Sources**

Column A: Summary Totals from Schedule 1

Line 2: Schedule 2

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 3  
 Page 1 of 2

**Black Hills Energy**

Twelve Months Ending December 31, 2019  
 Ratemaking Adjustments

Line	Description	Company Company	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	Adjustment 6	Adjustment 7	Adjustment 8	Adjustment 9	Adjustment Subtotal
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Reference Schedule		Schedule 3.1	Schedule 3.2	Schedule 3.3	Schedule 3.4	Schedule 3.5	Schedule 3.6	Schedule 3.7	Schedule 3.8	Schedule 3.9	
1	<b>Rate Base</b>											
2	Utility Plant in Service	\$ 800,335,628	\$(37,680,384)	\$ (2,800,474)								\$ (40,480,858)
3	Reserve for Depreciation	(247,820,907)	860,568							1,819,444		2,680,012
4	Net Plant in Service	\$ 552,514,720	\$(36,819,816)	\$ (2,800,474)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,819,444	\$ -	\$(37,800,847)
5	Cash Working Capital	\$ (1,715,132)					\$ (140,261)					\$ (140,261)
6	Materials & Supplies	4,349,013										-
7	Prepaid Expenses	340,416										-
8	Deferred Income Taxes	(48,298,686)	1,507,097		(14,129,769)	(13,208,523)				494,343		(25,336,852)
9	Customer Advances	(3,338,443)										-
10	Total Rate Base	\$ 503,851,888	\$(35,312,719)	\$ (2,800,474)	\$(14,129,769)	\$ (13,208,523)	\$ (140,261)	\$ -	\$ -	\$ 2,313,786	\$ -	\$(63,277,960)
11	<b>Rate of Return</b>	7.06%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%
12	<b>Return Requirement</b>	\$ 35,571,943	\$(2,274,139)	\$ (180,351)	\$(909,957)	\$(850,629)	\$(9,033)	\$ -	\$ -	\$ 149,008	\$ -	\$(4,075,101)
13	<b>Operating Revenues</b>											
14	Total Sales-Jurisdictional	\$ 115,299,571						\$ 64,547				\$ 64,547
15	Total Sales-Non Jurisdictional	-										-
16	Other Operating Revenues	4,703,784						486,154				486,154
17	Total Operating Revenues	\$ 120,003,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550,701	\$ -	\$ -	\$ -	\$ 550,701
18	<b>Operating Expenses</b>											
19	O&M Expense-Transmission	\$ 203,144										\$ -
20	O&M Expense-Distribution	25,070,389									(576,349)	(576,349)
21	Customer Expenses	7,743,183							(138,506)			(138,506)
22	Sales Expenses	294,335										-
23	Administrative & General Expense	32,513,005										-
24	Depreciation and Amortization Expense	20,260,396	(861,493)							(1,909,882)		(2,771,375)
25	Taxes Other than Income Taxes	6,137,633	(181,123)								(37,830)	(218,953)
26	Income Taxes	4,805,904	283,278			(736,833)		149,625	37,632	518,913	166,872	419,487
27	Total Operating Expenses	97,027,990	(759,338)	-	-	(736,833)	-	149,625	(100,874)	(1,390,969)	(447,307)	(3,285,696)
28	<b>Net Operating Income</b>	\$ 22,975,365	\$ 759,338	\$ -	\$ -	\$ 736,833	\$ -	\$ 401,076	\$ 100,874	\$ 1,390,969	\$ 447,307	\$ 3,836,397
29	<b>Income Deficiency</b>	\$ 12,596,578	\$(3,033,477)	\$(180,351)	\$(909,957)	\$(1,587,462)	\$(9,033)	\$(401,076)	\$(100,874)	\$(1,241,961)	\$(447,307)	\$(7,911,498)
30	Revenue Conversion Factor	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306	1.37306
31	<b>Revenue Deficiency</b>	\$ 17,295,841	\$(4,165,142)	\$(247,632)	\$(1,249,424)	\$(2,179,679)	\$(12,403)	\$(550,701)	\$(138,505)	\$(1,705,285)	\$(614,179)	\$(10,862,951)
32	Percent of Total		-24.1%	-1.4%	-7.2%	-12.6%	-0.1%	-3.2%	-0.8%	-9.9%	-3.6%	-62.8%

- Adjustment 1 Remove Forecasted Plant
- Adjustment 2 Remove Farm Tap Plant Over Cap
- Adjustment 3 Accumulated Deferred Income Taxes
- Adjustment 4 Excess Deferred Federal Income Taxes - (EDFIT)
- Adjustment 5 Cash Working Capital
- Adjustment 6 Revenue Adjustments
- Adjustment 7 Bad Debt
- Adjustment 8 Depreciation
- Adjustment 9 Labor Costs



BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 3.1  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 1**

Remove Forecasted Plant

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	<b>RATE BASE</b>							
2	Plant in Service Distribution & General	\$ 893 669 931	\$(43 701 654)	\$ 849 968 277	86%	\$ 770 538 947	\$(37 680 384)	\$ 732 858 563
3	Accumulated Depreciation & Amortization	(283 910 546)	998 208	(282 912 338)	86%	(244 762 988)	\$ 860 568	(243 902 420)
4	Accumulated Deferred Income Taxes	(4 604 549)	\$ 1 745 576	(2 858 973)	86%	(3 975 479)	\$ 1 507 097	(2 468 382)
5	<b>Total Impact to Rate Base</b>	<u>\$ 605 154 836</u>	<u>\$(40 957 870)</u>	<u>\$ 564 196 966</u>		<u>\$ 521 800 480</u>	<u>\$(35 312 719)</u>	<u>\$ 486 487 760</u>
6	<b>EXPENSES</b>							
7	Plant in Service	\$ 893 669 931	(43 701 654)	849 968 277		\$ 770 538 947	(37 680 384)	732 858 563
8	Composite Depreciation Rate	2.28%		2.28%		2.29%		2.29%
9	Depreciation Expense	\$ 20 412 694	\$(998 208)	\$ 19 414 486	86%	\$ 17 616 970	\$(861 493)	\$ 16 755 477
10	Property Tax Rate	0.50%		0.50%		0.50%		0.50%
11	Property Tax Expense	\$ 4 483 226	\$(210 066)	\$ 4 273 160	86%	\$ 3 865 522	\$(181 123)	\$ 3 684 399
12	<b>Total Expenses</b>	<u>\$ 24 895 921</u>	<u>\$(1 208 274)</u>	<u>\$ 23 687 647</u>		<u>\$ 21 482 492</u>	<u>\$(1 042 616)</u>	<u>\$ 20 439 876</u>
13	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
14	Effect on NE income tax expense	\$(1 944 371)	\$ 94 366	\$(1 850 005)		\$(1 677 783)	\$ 81 429	\$(1 596 354)
15	Federal Taxable	\$ 22 951 550		\$ 21 837 642		\$ 19 804 709		\$ 18 843 522
16	Federal Income Tax Rate	21%		21%		21%		21%
17	Effect on Federal income tax expense	\$(4 819 825)	\$ 233 920	\$(4 585 905)		\$(4 158 989)	\$ 201 849	\$(3 957 140)
18	<b>Total Taxes</b>	<u>\$(6 764 196)</u>	<u>\$ 328 286</u>	<u>\$(6 435 910)</u>		<u>\$(5 836 772)</u>	<u>\$ 283 278</u>	<u>\$(5 553 494)</u>
19	<b>Impact to Operating Income</b>	<u>\$(18 131 725)</u>	<u>\$ 879 988</u>	<u>\$(17 251 737)</u>		<u>\$(15 645 720)</u>	<u>\$ 759 338</u>	<u>\$(14 886 382)</u>

**Notes and Sources**

Column A and E Lines 1-2 Exhibit MCC-2 Statement N

Line 4-3-1 WP AD T mpact

Column B Exhibit MCC-2 Schedules D-2 and D-3 Updated Response PA 204-3-1 WP ATTACHMENT NO PA 06-204C Plant Additions through July 2020

	Additions	Retirements	Net Plant
<u>Schedule D-2 and D-3</u>			
Distribution	\$ 80 025 519	\$(4 361 456)	\$ 75 664 063
General	18 099 262	(3 359 949)	14 739 313
Distribution and General Totals	\$ 98 124 781	\$(7 721 405)	\$ 90 403 376
<u>Updated PA-204 Spent Through 7/31/20</u>			
Distribution and General Totals	60 971 960	(14 270 238)	46 701 722
Forecasted Spend 8/1/20-12/31/20	37 152 821	6 548 833	43 701 654

Composite Depreciation and Property Tax from 3-1 WP Composite Factors

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**Black Hills Energy**

**Adjustment 1**

Remove Forecasted Plant-AD impact

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		1 Year	Book	Accumulated	MACRS HY	Tax	(a) * (f)	(g) - (c)		(h) * (i)
	Plant in Service	Depreciation	Depreciation	Depreciation	Convention	Depreciation	Tax	Difference	Tax Rate	Ending
		Rate	Expense	Adjustment		Rate	Depreciation			Deferred Tax
Project Category	Program type									
Growth	Additional Assets		9 697 987							
Integrity Programs	Externally Mandated Projects	2 29%	\$ 809 141	\$ 110 863	20 Yr HYC	3 75%	\$ 363 675	\$ (141 948)	27 17%	\$ (38 567)
	Other (use only with approval)	2 29%	18 500	9 250	20 Yr HYC	3 75%	30 343	(11 843)	27 17%	(3 218)
	Plastic Main Programs	2 29%	22 474	11 237	20 Yr HYC	3 75%	36 861	(14 387)	27 17%	(3 909)
	Replacement	2 29%	5 799 905	66 302	20 Yr HYC	3 75%	217 496	(84 892)	27 17%	(23 065)
	Service Line/Meter Programs	2 29%	7 469 206	85 385	Repair	100 00%	7 469 206	(7 298 436)	27 17%	(1 982 978)
	Steel Main Programs	2 29%	1 936 174	22 134	20 Yr HYC	3 75%	72 607	(28 339)	27 17%	(7 700)
	Third Party Damage Prevention	2 29%	12 295 667	140 559	20 Yr HYC	3 75%	461 087	(179 969)	27 17%	(48 898)
Reliability	Constraint Remediation	2 29%	224 848	2 570	20 Yr HYC	3 75%	8 432	(3 291)	27 17%	(894)
	Equipment Mod and Auto	2 29%	1 904 308	21 769	20 Yr HYC	3 75%	71 412	(27 873)	27 17%	(7 573)
	Other (use only with approval)	2 29%	929 234	10 623	20 Yr HYC	3 75%	34 846	(13 601)	27 17%	(3 695)
	Replacement	2 29%	601 446	6 875	20 Yr HYC	3 75%	22 554	(8 803)	27 17%	(2 392)
type1 0	type3 0	2 29%	708 529	8 100	Repair	100 00%	708 529	(692 330)	27 17%	(188 105)
Plant-General	Additional Assets	2 29%	551 897	6 309	20 Yr HYC	3 75%	20 696	(8 078)	27 17%	(2 195)
<b>Grand Total</b>		2 52%	<b>\$ 17 060 655</b>	<b>\$ 214 593</b>	<b>7 Yr HYC</b>	<b>14 29%</b>	<b>\$ 2 437 968</b>	<b>\$ (2 008 782)</b>	<b>27 17%</b>	<b>\$ (545 784)</b>
			<b>\$ 1,433,138</b>	<b>\$ 716,569</b>			<b>\$ 11,955,712</b>	<b>\$ (10,522,574)</b>		<b>\$ (2,858,973)</b>

PA Calculation \$ (2 858 973)  
 Exh No MCC-2 Sch M-2 Line 66 (4 604 549)  
 Adjustment to AD O set **\$ 1 745 576**

**Notes and Sources**

Exhibit MCC-2 Schedule M-2  
 Column A Response to PA-204 and Attachment PA-204C and 3 1 WP Attachment No PA 06-204C Plant Additions through July 2020

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 3.1 WP  
 Page 2 of 2

**Black Hills Energy**

**Adjustment 1**

Remove Forecasted Plant - Composite Factors

	Base Year	Test Year	Ratio	Jurisdictional \$
<b>Plant-in-Service</b>				
Intangible	\$ 1,364,199	\$ 1,364,199	87.15%	\$ 1,188,936
Transmission	6,163,725	6,163,725	55.76%	3,436,592
Distribution	715,468,698	791,132,761	86.10%	681,175,069
General	87,797,857	102,537,170	87.15%	89,363,878
Other Utility Plant	45,535,472	27,774,365	90.63%	25,171,152
<b>Total</b>	<b>\$ 856,329,951</b>	<b>\$ 928,972,220</b>	<b>86.15%</b>	<b>\$ 800,335,628</b>
<i>Distribution &amp; General Plant Only</i>	<i>\$ 803,266,555</i>	<i>\$ 893,669,931</i>	<i>86.22%</i>	<i>\$ 770,538,947</i>
<b>Accumulated Depreciation</b>				
Intangible	\$ (988,584)	\$ (1,052,018)	87.15%	\$ (916,861)
Transmission	(4,260,643)	(4,310,806)	55.76%	(2,403,495)
Distribution	(249,936,085)	(266,471,712)	86.10%	(229,435,432)
General	(15,862,916)	(17,438,834)	87.89%	(15,327,556)
Other Utility Plant	(14,863,661)	244,419	107.37%	262,438
<b>Total</b>	<b>\$ (285,911,890)</b>	<b>\$ (289,028,951)</b>	<b>85.74%</b>	<b>\$ (247,820,907)</b>
<i>Distribution &amp; General Plant Only</i>	<i>\$ (265,799,002)</i>	<i>\$ (283,910,546)</i>	<i>86.21%</i>	<i>\$ (244,762,988)</i>
<b>Depreciation Expense</b>				
Intangible	33,980	75,057	87.15%	65,414
Transmission	49,688	40,586	55.76%	22,629
Distribution	19,753,043	18,103,068	86.10%	15,586,965
General	868,501	2,309,626	87.89%	2,030,006
Other Utility Plant	3,331,474	2,841,311	89.94%	2,555,383
<b>Total</b>	<b>24,036,687</b>	<b>23,369,648</b>	<b>86.70%</b>	<b>20,260,396</b>
<i>Distribution &amp; General Plant Only</i>	<i>\$ 20,621,544</i>	<i>\$ 20,412,694</i>	<i>86.30%</i>	<i>\$ 17,616,970</i>
<b>Composite Depreciation Rate</b>				
Intangible	2.49%	5.50%		5.50%
Transmission	0.81%	0.66%		0.66%
Distribution	2.76%	2.29%		2.29%
General	0.99%	2.25%		2.27%
Other Utility Plant	7.32%	10.23%		10.15%
<b>Total Plant</b>	<b>2.81%</b>	<b>2.52%</b>		<b>2.53%</b>
<i>Distribution &amp; General Plant Only</i>	<i>2.57%</i>	<i>2.28%</i>		<i>2.29%</i>
<b>Property Taxes</b>				
<b>Total</b>	<b>3,909,166</b>	<b>4,660,325</b>	<b>86.34%</b>	<b>4,023,635</b>
<b>Assessment Rate</b>	<b>0.46%</b>	<b>0.50%</b>		<b>0.50%</b>

**Notes and Sources**

Exhibit MCC-2, Statement N



**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 3.2  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 2**

Remove Farm Tap Plant Over Cap

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company	Adjustment	Recommended		Company	Adjustment	Recommended
		(A)	(B)	(C)	(D)	(E)	(F)	(G)
	<b><u>RATE BASE</u></b>							
1	Plant in Service	\$ 6,800,474	<b>\$(2,800,474)</b>	\$ 4,000,000	100%	\$ 6,800,474	<b>\$(2,800,474)</b>	\$ 4,000,000
2	<b>Total Impact to Rate Base</b>	<b>\$6,800,474</b>	<b>\$(2,800,474)</b>	<b>\$ 4,000,000</b>		<b>\$6,800,474</b>	<b>\$(2,800,474)</b>	<b>\$ 4,000,000</b>

**Notes and Sources**

Column A, Line 1: Response to PA-262

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.3  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 3**

Accumulated Deferred Income Taxes

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company	Adjustment	Recommended		Company	Adjustment	Recommended
		(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Employee Benefits	\$ 701,917	\$ (701,917)	\$		\$ 606,022	\$ (606,022)	\$
2	Retiree Healthcare	2,046,802	(2,046,802)			1,767,170	(1,767,170)	
3	Pension	2,071,414	(2,071,414)			1,788,419	(1,788,419)	
4	Investment Tax Credits	57,286	(57,286)			49,460	(49,460)	
5	Bad Debt Reserve	784,732	(784,732)			677,523	(677,523)	
6	Net Operating Loss (NOL)	8,508,697		8,508,697		7,346,246		7,346,246
7	Regulatory Liabilities	89,074	(89,074)			76,905	(76,905)	
8	Parent Related	(42,905,975)		(42,905,975)		(37,044,194)		(37,044,194)
9	Regulatory Assets	(525,886)	525,886			(454,040)	454,040	
10	Prepaid Expense	(19,692)	19,692			(17,002)	17,002	
11a	State Income Taxes Non Parent	3,759,544	(3,759,544)			3,245,918	(3,245,918)	
11b	State Income Taxes NOL	3,750,208		3,750,208				
11c	State Income Taxes Parent Related	(14,981,386)		(14,981,386)		(12,934,641)		(12,934,641)
11d	State Income Taxes Non Protected DDIT	7,400,436	(7,400,436)				(6,389,394)	
12	Service Company Allocated	(8,954,892)		(8,954,892)		(7,731,482)		(7,731,482)
13	Total Accumulated Deferred Income Tax	<u>(38,217,720)</u>	<u>(16,365,628)</u>	<u>(54,583,348)</u>	86%	<u>(32,996,445)</u>	<u>(14,129,769)</u>	<u>(47,126,214)</u>
14	Impact to Rate Base	<u>(38,217,720)</u>	<u>(16,365,628)</u>	<u>(54,583,348)</u>		<u>(32,996,445)</u>	<u>(14,129,769)</u>	<u>(47,126,214)</u>

**Notes and Sources:**

Column A: See 3.3 3.4 WP Adjustment to ADIT EDIT n Rate Base

Column D: Jurisdictional Allocation on Exhibit MCC 2, Statement N

3.3 3.4 WP Adjustment to ADIT EDIT n Rate Base

Exhibit MCC 2, Schedule M 1

Response to PA 266

Response to PA 268

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG 109  
 Schedule 3.4  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 4**

Excess Deferred Federal Income Taxes (EDFIT)  
 & Deficient Deferred Federal Income Taxes (DDFIT)

Line	Description	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)
1	<b><u>BASE RATES</u></b>			
2	Protected Property (ARAM)	\$ (20,763,764)		\$ (20,763,764)
3	Net Operating Loss	3,722,221	(3,722,221)	
4	Net EDFIT Before Gross Up	\$ (17,041,543)		\$ (20,763,764)
5	Tax Gross Up Adjusted Book (FAS 109)	1,740,200		
6	Tax Gross Up Public Advocate 1.3731			(7,746,102)
7	<b>Impact to Rate Base Excess/Deficient Deferred Income Taxes</b>	<b>\$ (15,301,343)</b>	<b>\$ (13,208,523)</b>	<b>\$ (28,509,866)</b>
8	Federal Income Tax Expense (ARAM)		\$ (736,833)	\$ (736,833)
9	<b>Impact to Operating Income</b>	<b>\$</b>	<b>\$ 736,833</b>	<b>\$ 736,833</b>
10	<b><u>ONE-TIME BILL CREDIT</u></b>			
11	Non Protected Property	\$ (3,620,477)	\$	\$ (3,620,477)
12	Non Protected Non Property	2,172,577	(2,172,577)	
13	Regulatory Liability for Non Refunded ARAM	(3,049,952)		(3,049,952)
14	Net Operating Loss		3,722,221	3,722,221
15	<b>Refund of EDIT/DDIT (Non-ARAM)</b>	<b>\$ (4,497,852)</b>	<b>\$ 1,549,644</b>	<b>\$ (2,948,208)</b>

**Notes and Sources:**

Column A: See 3.3 3.4 WP Adjustment to ADIT EDIT n Rate Base  
 Column B, Line 8: PA 272 (fcst avg from 2021 2026)  
 Column B, Line 12: PA 270

3.3 3.4 WP Adjustment to ADIT EDIT n Rate Base  
 Exhibit MCC 2, Schedule M 1  
 Response to PA 270  
 Response to PA 272  
 Response to PA 308

**BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION**

Docket No. NG-109  
 Schedule 3.5  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 5**  
 Cash Working Capital

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Purchased Gas Working Capital	\$ 1,282,220	\$ -	\$ 1,282,220	100%	\$ 1,276,638	\$ -	\$ 1,276,638
2	Property Tax Working Capital	(3,806,239)	171,568	(3,634,672)	86%	(3,286,234)	148,128	(3,138,106)
3	Other Working Capital Allowance	337,871	(330,901)	6,970	87%	294,463	(288,389)	6,074
4	Total Cash Working Capital	<u>\$(2,186,148)</u>	<u>\$ (159,333)</u>	<u>\$ (2,345,482)</u>		<u>\$(1,715,132)</u>	<u>\$ (140,261)</u>	<u>\$ (1,855,393)</u>
5	Materials & Supplies	5,048,023		5,048,023	86%	4,349,013	-	4,349,013
6	Prepaid Expenses	394,283		394,283	86%	340,416	-	340,416
7	Total Working Capital	<u>\$ 3,256,158</u>	<u>\$ (159,333)</u>	<u>\$ 3,096,824</u>		<u>\$ 2,974,297</u>	<u>\$ (140,261)</u>	<u>\$ 2,834,037</u>
8	Impact to Rate Base	<u>\$ 3,256,158</u>	<u>\$ (159,333)</u>	<u>\$ 3,096,824</u>		<u>\$ 2,974,297</u>	<u>\$ (140,261)</u>	<u>\$ 2,834,037</u>

**Notes and Sources:**

Column A and E: Exhibit MCC-2, Statement N  
 Column B: Schedule 3.1 CWC WP  
 Column D: Jurisdictional Allocation Exhibit MCC-2, Statement N

(159,333)

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**Black Hills Energy**  
**Adjustment 5**

Cash Working Capital Workpaper

Line	Description	Total Company	Total Company	Revised	Daily Expense	Company	Adjusted	Company	Difference	Carryforward to CWC			
		Annual Expense	Adjustments	Annual Expense		Net Days		Position		Purchased Gas	Property Tax	Other	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)				
1	<b>O&amp;M Expense</b>												
2	Federal Income Tax Withheld	\$ 5,482,949		\$ 5,482,949	15,022	23.70	\$ 356,010	\$ 356,010	\$ -				
3	FICA Taxes Withheld - Employee	2,492,433		2,492,433	6,829	23.70	161,835	161,835	-				
4	Net Payroll	15,512,604	(5,060,697)	10,451,907	28,635	23.70	678,647	1,007,240	(328,593)			(328,593)	
5	Gas Purchases - PGA - NEG	75,442,264		75,442,264	206,691	6.20	1,282,220	1,282,220	-				
6	Other O & M	52,047,386	(692,395)	51,354,991	140,699	(7.93)	(1,115,090)	(1,130,125)	15,034			15,034	
9	Total O&M	\$ 150,977,636	\$ (5,753,091)	\$ 145,224,545	\$ 397,875		\$ 1,363,622	\$ 1,677,181	\$ (313,559)				
10	Gas Purchases (ChoiceGas Supplier Payments) - NEGD						\$ 206,513	\$ 206,513	\$ -	\$ -			
11	<b>Taxes other than Income Taxes</b>												
12	Property Taxes	4,660,325	(210,066)	4,450,259	12,192	(298.11)	(3,634,672)	(3,806,239)	171,568		171,568		
13	FICA Taxes - Employer's	2,492,433	(180,759)	2,311,675	6,333	23.70	150,098	161,835	(11,737)			(11,737)	
14	Unemployment Taxes (FUTA & SUTA)	51,886		51,886	142	23.70	3,369	3,369	-				
15	City Franchise Taxes	6,969,285		6,969,285	19,094	(28.10)	(536,459)	(536,459)	-				
16	Sales Taxes	18,239,542		18,239,542	49,971	2.50	124,909	124,909	-				
17	Total Taxes other than Income Taxes	\$ 32,413,472	\$ (390,824)	\$ 32,022,648	\$ 87,733		\$ (3,892,754)	\$ (4,052,585)	\$ 159,831				
18	Current Income Taxes-Federal and State	7,869,975	1,997,859	9,867,834	27,035	(0.80)	(21,638)	(17,258)	(4,381)			(4,381)	
19	Interest Synchronization		558,245	558,245	1,529	(0.80)	(1,224)	-	(1,224)			(1,224)	
20	Total Income Taxes	\$ 7,869,975	\$ 2,556,103	\$ 10,426,079	\$ 28,565		\$ (22,863)	\$ (17,258)	\$ (5,605)				
21	Total	\$ 191,261,083	\$ (3,587,812)	\$ 187,673,271	\$ 514,173		\$ (2,345,482)	\$ (2,186,148)	\$ (159,333)	-	171,568	(330,901)	\$ (159,333)

**Notes and Sources**

Columns A, E, G: MCC-2, Schedule F-2

Interest Synchronization	Jurisdictional			Total Company	86%	Manually enter Interest Synth on line 19 to avoid circular reference
	w/o Int Sync	w/ Int Sync	Int Sync			
Income Taxes	(6,629,852)	(6,149,996)	479,856	558,245		

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 3 6  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 6**  
 Revenue Adjustments

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Operating Revenues							
2	Sales of Gas							
3	480-482 489 Total Sales-Jurisdictional	\$ 115,299,571	\$ 64,547	\$ 115,364,118	100%	\$ 115,299,571	\$ 64,547	\$ 115,364,118
4	Total Sales-Non Jurisdictional	26,011,867	-	26,011,867	0%	-	-	-
5	Total Sales of Gas	<u>\$ 141,311,438</u>	<u>\$ 64,547</u>	<u>\$ 141,375,985</u>		<u>\$ 115,299,571</u>	<u>\$ 64,547</u>	<u>\$ 115,364,118</u>
6	Other Operating Revenue							
7	483 Sales or Resale	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -
8	487 Forfeited Dis/Late Payment Charge	715,622	(207,515)	508,107	100%	715,622	(207,515)	508,107
9	488 Miscellaneous Service Revenues	2,910,285	795,924	3,706,209	87%	2,536,391	693,669	3,230,060
10	493 Rent From Gas Property	1,023,704	-	1,023,704	86%	881,949	-	881,949
11	495 Other Gas Revenues	653,820	-	653,820	87%	569,821	-	569,821
12	Total Other Operating Revenue	<u>\$ 5,303,431</u>	<u>\$ 588,409</u>	<u>\$ 5,891,840</u>		<u>\$ 4,703,784</u>	<u>\$ 486,154</u>	<u>\$ 5,189,938</u>
13	Total Operating Revenues	<u>\$ 146,614,869</u>	<u>\$ 652,956</u>	<u>\$ 147,267,825</u>		<u>\$ 120,003,355</u>	<u>\$ 550,701</u>	<u>\$ 120,554,056</u>
14	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
15	Effect on NE income tax expense	<u>\$ 11,450,621</u>	<u>\$ 50,996</u>	<u>\$ 11,501,617</u>		<u>\$ 9,372,262</u>	<u>\$ 43,010</u>	<u>\$ 9,415,272</u>
16	Federal Taxable	\$ 135,164,248		\$ 135,766,208		\$ 110,631,093		\$ 111,138,784
17	Federal Income Tax Rate	21%		21%		21%		21%
18	Effect on Federal income tax expense	<u>\$ 28,384,492</u>	<u>\$ 126,412</u>	<u>\$ 28,510,904</u>		<u>\$ 23,232,530</u>	<u>\$ 106,615</u>	<u>\$ 23,339,145</u>
19	Total Taxes	<u>\$ 39,835,113</u>	<u>\$ 177,408</u>	<u>\$ 40,012,521</u>		<u>\$ 32,604,792</u>	<u>\$ 149,625</u>	<u>\$ 32,754,417</u>
20	Impact to Operating Income	<u>\$ 106,779,756</u>	<u>\$ 475,548</u>	<u>\$ 107,255,304</u>		<u>\$ 87,398,563</u>	<u>\$ 401,076</u>	<u>\$ 87,799,639</u>

**Notes and Sources**

Column A and E Lines 1-5 MCC-2 Statement M  
 Column A and E Lines 6-12 MCC-2 Statement N  
 Column D Jurisdictional Allocation Exhibit MCC-2 Statement N

Column B and F Adjustments

Testimony of Howard Solganick

**Weather Normalization**

Sales of Gas-Jurisdictional (MCC-2 Statement Corrected-Response to PA-217)	\$ (4,118,020)
Adjustment to Sales of Gas-Jurisdictional	<u>(4,053,473)</u>
	<u>\$ 64,547</u>

**Miscellaneous Fees**

Connection Charge	\$ 680,434
Reconnection Charge (normal hours)	-
Reconnection Charge (after normal hours)	53,509
Non-Sufficient Funds Charge	25,866
Diversion Fees	36,115
Total Incremental Miscellaneous Fees	<u>\$ 795,924</u>

**Late Payment Charge**

Actual 2019-Response to PA-290	\$ 714,956
1% Applied Statewide-Response to State-26 Change in Revenue	<u>507,441</u>
	<u>\$ (207,515)</u>

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No NG-109  
 Schedule 3 7  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 7**  
 Bad Debt

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Operating Revenues	\$ 146 614 869		\$ 147 287 692	81 85%	\$ 120 003 355		\$ 120 554 056
2	Revenue Deficiency	11 733 366		(1 213 802)	147 41%	17 295 841		(1,789,234)
3	Adjusted Revenues	\$ 158 348 235	\$ (12 274 346)	\$ 146 073 889		\$ 137 299 196	\$ (18 534 374)	\$ 118 764 822
4	Average Effective Uncollectible Rate	0 4402%		0 4402%	100%			0 4402%
5	Net Write Off Calculated	\$ 697 023		\$ 642 994	94 87%	\$ 661 289		\$ 522 783
6	Base Year Uncollectible Accounts (FERC 904)	519 241		519 241	94 87%	492 621		492 621
7	Bad Debt	\$ 177 782	\$ (54 030)	\$ 123 753		\$ 168 668	\$ (138 506)	\$ 30 163
8	NE State Tax Rate	7 81%		7 81%		7 81%		7 81%
9	Effect on NE income tax expense	\$ (13 885)	\$ 4 220	\$ (9 665)		\$ (13 173)	\$ 10 817	\$ (2 356)
10	Federal Taxable	\$ 163 897		\$ 114 088		\$ 155 495		\$ 27 807
11	Federal income Tax Rate	21%		21%		21%		21%
12	Effect on Federal income tax expense	\$ (34 418)	\$ 10 460	\$ (23 958)		\$ (32 654)	\$ 26 815	\$ (5 839)
13	Total Taxes	\$ (48 303)	\$ 14 680	\$ (33 623)		\$ (45 827)	\$ 37 632	\$ (8 195)
14	Impact to Operating Income	\$ (129 479)	\$ 39 350	\$ (90 130)		\$ (122 841)	\$ 100 874	\$ (21 968)

**Notes and Sources**

Column A Exhibit MCC-2 Schedule H-7  
 Column A and E Lines 1 3 Exhibit MCC-2 Schedule M  
 Column A and E Lines 5 6 Exhibit MCC-2 Schedule N  
 Column C lines 1 2 Backsolved based on Jurisdictional differences in Exhibit MCC-2 Statement M  
 Column G Lines 1 2 Schedule 1 1

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No NG-109  
 Schedule 3 8  
 Page 1 o 1

**Black Hills Energy**  
**Adjustment 8**  
 Depreciation

Line	Description	Total Company			Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)	Company (D)	Adjustment (E)	Recommended (F)
1	<b>Operating Income</b>						
2	Depreciation Expense						
3	Intangible	\$ 75 057		\$ 75 057	\$ 65 414	\$ -	\$ 65 414
4	Gathering and Processing Plant	-		-		-	
5	Storage Plant	-		-		-	
6	Transmission	40 586		40 586	22 629	-	22 629
7	Distribution	18 103 068	\$ (2 113 145)	15 989 924	15 586 965	(1 819 444)	13 767 522
8	General (less Vehicles)	2 097 454		2 097 454	1 843 521	-	1 843 521
9	Amortization of Unrecovered Reserve	212 172		212 172	186 485	-	186 485
10	Other Utility Plant-BHSC (less Vehicles)						
11	Allocated on Customer Count	1 024 594		1 024 594	972 066	-	972 066
12	Allocated on Blended Rate	1 816 717		1 816 717	1 583 318	-	1 583 318
13	Total Depreciation Other Utility Plant	\$ 23 369 648		\$ 21 256 504	\$ 20 260 397		\$ 18 440 953
14	Depreciation charged to O&M Accounts (Vehicles)	2 441 182	(102 895)	2 338 287	2 145 634	(90 438)	2 055 196
15	Depreciation charged to O&M Accounts (Vehicles)	102 895		102 895	90 438	-	90 438
16	Total Depreciation	\$ 25 913 725	\$ (2 216 040)	\$ 23 697 685	\$ 22 496 469	\$ (1 909 882)	\$ 20 586 587
17	NE State Tax Rate	7.81%		7.81%	7.81%		7.81%
18	Effect on NE income tax expense	\$ (2 023 862)		\$ (1 850 789)	\$ (1 756 974)		\$ (1 607 812)
19	Federal Taxable	\$ 23 889 863		\$ 21 846 896	\$ 20 739 495		\$ 18 978 775
20	Federal Income Tax Rate	21%		21%	21%		21%
21	Effect on Federal income tax expense	\$ (5 016 871)		\$ (4 587 848)	\$ (4 355 294)		\$ (3 985 543)
22	Total Taxes	\$ (7 040 733)	\$ 602 096	\$ (6 438 637)	\$ (6 112 268)	\$ 518 913	\$ (5 593 355)
23	<b>Impact to Operating Income</b>	\$ (18 872 992)	\$ 1 613 944	\$ (17 259 048)	\$ (16 384 201)	\$ 1 390 969	\$ (14 993 232)
24	<b>Rate Base</b>						
25	Reserve for Depreciation	\$ (25 913 725)	\$ 2 213 145	\$ (23 800 580)	\$ (22 496 469)	\$ 1 819 444	\$ (20 677 025)
26	Accumulated Deferred Income Taxes	\$ -	\$ 574 141	\$ 574 141	\$ -	\$ 494 343	\$ 494 343
27	<b>Impact to Operating Income</b>	\$ (25 913 725)	\$ 2 687 286	\$ (23 226 439)	\$ (22 496 469)	\$ 2 313 786	\$ (20 182 682)

**Notes and Sources**

Line 5 Depreciation Workpaper  
 Line 12 Remove Double Count of Vehicle Expense Response to PA-243

Line 7 Statement J line 14			
Unrecovered Reserve	\$ 1 060 862		\$ 1 060 862
# of Years	5		5
Amortization of Unrecovered Reserve	212 172		212 172
Jurisdictional Percent	88%		88%
Amortization of Unrecovered Reserve-Jurisdictional	\$ 186 485		\$ 186 485



BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No NG 09  
 Schedule 3 8 WP  
 Page of

**Black Hills Energy**  
 Adjustment 8  
 Depreciation Workpaper

Line	FERC Acct	Description	Total Company					Jurisdictional		
			Company Proposed		Recommended		Jurisdictional Allocation (F)	Company (G)	Adjustment (H)	Recommended (I)
			Depreciable Plant (A)	Accrual Rate (B)	Depreciation Expense (C)	Accrual Rate / Adjustment (D)				
<b>INTANGIBLE PLANT</b>										
2	30	Intangibles Organization	\$		\$		\$			
3	302	Intangibles Franchises & Consents	2,062	0.58%	702	0.58%	702			
4	303	Intangibles Miscellaneous	742,88	6.6%	49,04	6.6%	49,04			
5	303.0	Intangibles Miscellaneous Easements	500,000	5.05%	25,250	5.05%	25,250			
6		total Intangible Plant	\$ 363,943		\$ 75,057	\$ 75,057	87%	\$ 65,444	\$	\$ 65,444
<b>TRANSMISSION PLANT</b>										
7		Right of Way	\$ 70,272	0.76%	\$ 294	0.76%	\$ 294			
9	366.0	Structures and Improvements	8,74	0.49%	40	0.49%	40			
0	367	transmission Plant Mains	5,36,47	0.49%	26,270	0.49%	26,270			
3	369.03	transmission Plant Meas & Reg Sta Equip	624,32	2.08%	2,982	2.08%	2,982			
2		total transmission Plant	\$ 6,63,725		\$ 40,586	\$ 40,586	56%	\$ 22,629	\$	\$ 22,629
<b>DISTRIBUTION PLANT</b>										
3		Distribution Plant Land	\$		\$		\$			
4	374.0	Land Rights (Non Depreciable)								
5	374.03	Land Rights Right of Way (Depreciable)	6,797,36	0.95%	64,573	0.95%	64,573	86%	\$ 55,598	\$ 55,598
6	375.0	Structures and Improvements	3,42,284	0.76%	25,933	0.76%	25,933	86%	\$ 22,329	\$ 22,329
8	375.20	Structures and Improvements Other	2,9	2.4%	259	2.4%	259	86%	223	223
9	376	Distribution Plant Mains	444,506.27	4.5%	6,445,340	1.37%	6,089,735	86%	5,549.57	(306,80) 5,243,337
20	378	Distribution Plant Meas & Reg Sta Equip General	25,407,97	2.7%	688,535	2.7%	688,535	86%	592,837	592,837
2	379	Measuring & Regulating Station Equip City Gate Check Stn	5,952,374	4%	83,928	4%	83,928	86%	72,263	72,263
22	380	Distribution Plant Services	54,387,443	3.54%	5,465,35	2.68%	4,37,583	86%	4,705,704	(,43,94) 3,562,50
23	38	Meters	45,960.65	4.79%	2,20,53	4.79%	2,20,53	86%	895,530	,895,530
24	382.0	Meter Installations	2,295,676	2.67%	328,295	2.67%	328,295	86%	282,666	282,666
25	383.0	Distribution Plant House Regulators	73,600,998	3.26%	2,399,393	2.68%	,972,507	86%	2,065,907	(367,554) ,698,353
26	383.7	Distribution Plant House Regulators Farm apps	,043,532	2.49%	25,984	2.21%	23,062	86%	22,373	(2,56) 9,857
27	384.0	House regulator installations	,553,793	2%	8,80	2%	8,80	86%	6,88	6,88
28	385	Industrial Measuring & Regulating Station Equipment	3,427.6	2.58%	346,432	2.58%	346,432	86%	298,283	298,283
29	386	Other Property on Customers' Premises	35,279	0.4%	367	0.4%	367	86%	36	36
30	387	Other Equipment	407,725	2.06%	8,399	2.06%	8,399	86%	7,232	7,232
3		total Distribution Plant	\$ 788,799,999		\$ 8,03,068	\$ (2,345)	\$ 5,989,924	86%	\$ 5,586,965	\$(,89,444) \$ 3,767,522
<b>GENERAL PLANT</b>										
32		Land	\$		\$		\$			
33	389.0	Land Rights Right of Way								
34	389.02	Structures and Improvements	4,88,060	2.98%	248,056	2.98%	,248,056	88%	,096,956	,096,956
35	390.5	Leasehold Improvements	93,09	9.28%	8,639	9.28%	8,639	88%	7,593	7,593
36	39.0	Office Machines	475,350	4.98%	23,672	4.98%	23,672	88%	20,806	20,806
37	39.02	Office Furniture								
38	39.03	Computer Hardware	607,48	9.77%	20,099	9.77%	20,099	88%	05,559	05,559
39	39.04	Software	7,4,847	0.8%	,287	0.8%	,287	88%	,3	,3
4	39.05	System Development								
40	39.07	Ipaid Hardware	6,479	20.00%	22,296	20.00%	22,296	88%	07,490	07,490
43	392.0	ransportation Equipment								
44	392.02	Cars	2,99,325	9.87%	288,37	9.87%	288,37	88%	253,253	253,253
45	392.03	Light rucks	20,337,254	7.00%	,423,608	7.00%	,423,608	88%	25,255	,25,255
46	392.04	Medium rucks	,524,755	2.56%	9,509	2.56%	9,509	88%	68,324	68,324
47	392.05	Heavy rucks	3,274,42	4.76%	55,849	4.76%	55,849	88%	36,98	36,98
48	392.06	railers	,04,429	6.59%	68,630	6.59%	68,630	88%	60,32	60,32
49	393	Stores Equipment	28,78	4.00%	,27	4.00%	,27	88%	99	99
50	394	ools, Shop, and Garage Equipment	5,338,054	3.95%	605,853	3.95%	605,853	88%	532,504	532,504
5	395	Laboratory Equipment	88,803	4.6%	4,094	4.6%	4,094	88%	3,598	3,598
52	396	Power Operated Equipment	5,497,464	3.83%	2,0,553	3.83%	2,0,553	88%	85,062	85,062
53	397	Communication Equipment	846,080	6.66%	56,349	6.66%	56,349	88%	49,527	49,527
54	398	Miscellaneous Equipment	77,568	5.00%	8,878	5.00%	8,878	88%	7,803	7,803
55	399	Other tangible Property								
56		total General Plant	\$ 95,456,358		\$ 4,538,636	\$	\$ 4,538,636		\$ 3,989,55	\$ 3,989,55
<b>OTHER UTILITY PLANT (less Vehicles)</b>										
57	8	Other Utility Plant (Corporate Shared Assets Note a)	\$ 6,80,747	5.75%	\$ 39,383	5.75%	\$ 39,383	95%	\$ 37,37	\$ 37,37
58	8	Other Utility Plant (Corporate Shared Assets Note b)	5,637,556	8.27%	466,095	8.27%	466,095	95%	442,200	442,200
59	9	Other Utility Plant (Corporate Unrecovered Reserve Note c)	,67,6	0.00%	67,6	0.00%	67,6	95%	58,548	58,548
6	8	Other Utility Plant (Corporate Shared Assets Note 2a)	8,094,533	7.72%	624,975	7.72%	624,975	87%	544,682	544,682
62	8	Other Utility Plant (Corporate Shared Assets Note 2b)	4,3,652	5.2%	73,627	5.2%	73,627	87%	64,68	64,68
63	8	Other Utility Plant (Corporate Shared Assets Note 2c)	4,734,353	3.55%	64,503	3.55%	64,503	87%	559,087	559,087
64	9	Other Utility Plant (Corporate Unrecovered Reserve Note 2d)	4,766,25	0.00%	476,62	0.00%	476,62	87%	4,5,380	4,5,380
65		total Other Utility Plant (less Vehicles)	\$ 33,28,26		\$ 2,84,3	\$	\$ 2,84,3		\$ 2,555,383	\$ 2,555,383
<b>OTHER UTILITY PLANT (Vehicles)</b>										
66	8	Other Utility Plant (Corporate Shared Assets Note a)	\$ 23,9	9.30%	\$ 2,57	9.30%	\$ 2,57	88%	\$ ,896	\$ ,896
67	8	Other Utility Plant (Corporate Shared Assets Note b)	28,252	7.4%	2,08	7.4%	2,08	88%	,774	,774
68	8	Other Utility Plant (Corporate Shared Assets Note 2a)	580,355	9.70%	56,270	9.70%	56,270	88%	49,458	49,458
69	8	Other Utility Plant (Corporate Shared Assets Note 2b)	80,963	9.6%	7,780	9.6%	7,780	88%	6,838	6,838
7	8	Other Utility Plant (Corporate Shared Assets Note 2c)	370,763	9.35%	34,67	9.35%	34,67	88%	30,473	30,473
72		total Other Utility Plant (Vehicles)	\$ ,083,525		\$ 02,895	\$	\$ 02,895		\$ 90,438	\$ 90,438
73		total Gas Plant In Service	\$ 925,995,677		\$ 25,70,554	\$ (2,345)	\$ 23,588,409		\$ 22,309,984	\$(,89,444) \$ 20,490,540

**Notes and Sources**

Column A, B, C Exhibit MCC 3, Schedule J  
 Column D testimony of William Dunkel  
 Column F Jurisdictional Allocation Exhibit MCC 2, Statement N

Notes on Company's Schedule J included above  
 (Note a) Figure represents Other Utility Plant, Corporate Shared Assets allocated on customer count of all regulated utilities per CAM  
 (Note b) Figure represents Other Utility Plant, Corporate Shared Assets allocated on customer count of all regulated gas utilities per CAM  
 (Note c) Figure represents Other Utility Plant, Corporate Unrecovered Reserve allocated on customer count per CAM  
 (Note 2a) Figure represents Other Utility Plant, Corporate Shared Assets allocated on the blended ratio to all entities per CAM  
 (Note 2b) Figure represents Other Utility Plant, Corporate Shared Assets allocated on the blended ratio to all regulated utilities per CAM  
 (Note 2c) Figure represents Other Utility Plant, Corporate Shared Assets allocated on the blended ratio to all regulated gas utilities per CAM  
 (Note 2d) Figure represents Other Utility Plant, Corporate Unrecovered Reserve allocated on general ratio per CAM

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.9  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 9**

Labor Costs

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	<b>Payroll and Benefits</b>							
2	Payroll and Benefits Charged to O&M	\$ 23,487,986	\$ (660,041)	\$ 22,827,945	87%	\$ 20,509,755	\$ (576,349)	\$ 19,933,406
3	<b>Payroll Taxes</b>							
4	Total Payroll	\$ 23,487,986	(660,041)	\$ 22,827,945				
5	Remove Benefits Included in FICA Calculation		93,718	93,718				
6	Adjusted Payroll to remove benefits for FICA Calculation	23,487,986	(566,323)	22,921,663				
7	Test Year Payroll and Benefits	(20,514,558)		(20,514,558)				
8	Amount used for FICA Tax Calculation	2,973,428	(566,323)	2,407,105				
9	FICA Tax 7.65%			7.65%				
10	Total Payroll Taxes	\$ 227,467	\$ (43,324)	\$ 184,144	87%	\$ 198,625	\$ (37,830)	\$ 160,794
11	<b>Income Taxes</b>							
12	Total Payroll & Payroll Taxes	\$ 23,715,453		\$ 23,012,089		\$ 20,708,380		\$ 20,094,200
13	NE State Tax Rate 7.81%			7.81%		7.81%		7.81%
14	Effect on NE income tax expense	\$ (1,852,177)	\$ 54,933	\$ (1,797,244)		\$ (1,617,324)	\$ 47,967	\$ (1,569,357)
15	Federal Taxable	\$ 21,863,276		\$ 21,214,845		\$ 19,091,056		\$ 18,524,843
16	Federal Income Tax Rate 21%			21%		21%		21%
17	Effect on Federal income tax expense	\$ (4,591,288)	\$ 136,171	\$ (4,455,117)		\$ (4,009,122)	\$ 118,905	\$ (3,890,217)
18	Total Income Taxes	\$ (6,443,465)	\$ 191,104	\$ (6,252,361)		\$ (5,626,446)	\$ 166,872	\$ (5,459,574)
19	<b>Impact to Operating Income</b>	\$ (17,271,988)	\$ 512,261	\$ (16,759,728)		\$ (15,081,934)	\$ 447,307	\$ (14,634,626)

**Notes and Sources**

Column A, Line 1: Exhibit MCC 2, Schedule H 4  
 Column A, Line 8: Exhibit MCC 2, Schedule L 1  
 Column B, Lines 2 and 5: Labor Cost Summary Workpaper  
 Column D: Jurisdictional Allocation Exhibit MCC 2, Statement N  
 Composite Jurisdictional Allocations

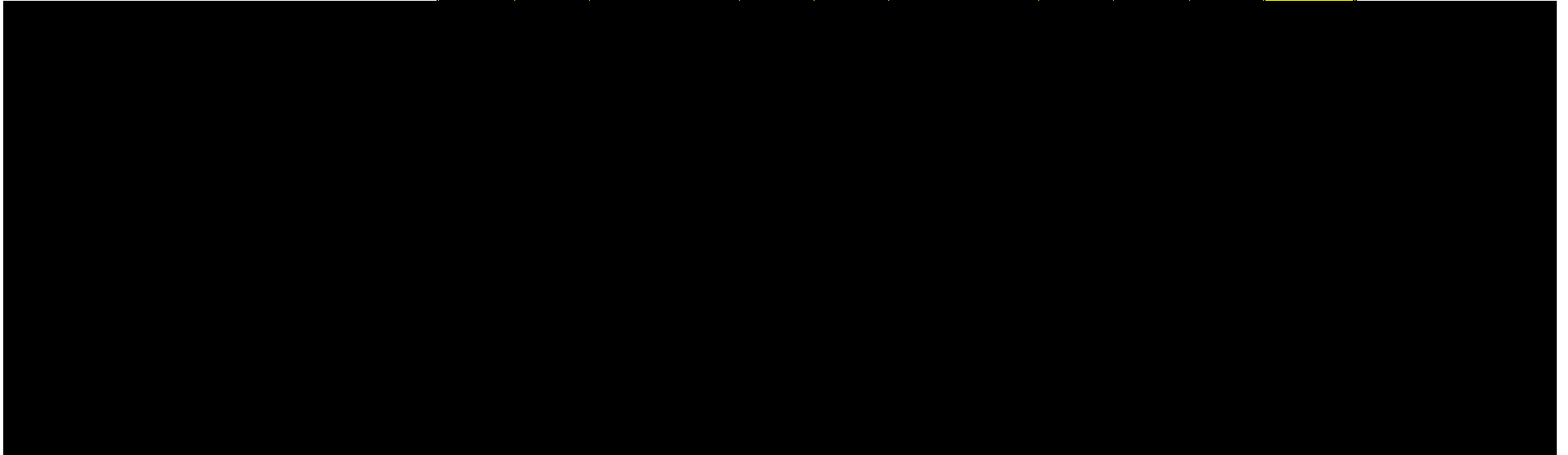
	Total	Jurisdiction \$	Allocation Factor	Weighting
Transmissions	367,284	203,144	55%	1%
Distribution	29,255,462	25,070,389	86%	77%
Customer Expense	8,188,343	7,743,183	95%	22%
	<u>37,811,089</u>	<u>33,016,716</u>		<u>87%</u>

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

CONFIDENTIAL

Docket No. NG-109  
Schedule 3.9 WP  
Page 1 of 1

Black Hills Energy  
Adjustment 9  
Labor Costs Summary Workpaper-Confidential



BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No NG-109  
 Schedule 3 10  
 Page 1 o 1

**Black Hills Energy**  
**Adjustment 10**

Remove Benefits from FICA Tax Calculation

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Annualized Payroll and Benefits Charged to O&M	\$ 23 487 986		\$ 23 487 986				
2	Isolate Total Benefits or FICA Tax Calculation							
3	Retirement Contribution		\$ (81 088)					
4	401(k) Match		(135 486)					
5	2020 Medical		(333 773)					
6	2020 Dental		(19 308)					
7	2020 A&D		(704)					
8	2020 Life Insurance		(2 277)					
9	Total Benefits Charged to O&M		(572 635)	(572 635)				
10	Adjusted Payroll to remove benefits or FICA Calculation	23 487 986		22 915 351				
11	Best Year Payroll and Benefits	(20 514 558)		(20 514 558)				
12	Amount used or FICA Tax Calculation	2 973 428		2 400 793				
13	FICA Tax	7 65%		7 65%				
14	Total Payroll Taxes	\$ 227 467	\$ (43 807)	\$ 183 661	87%	\$ 198 244	\$ (38 179)	\$ 160 065
15	<b>Income Taxes</b>							
16	Total FICA Taxes	\$ 227 467		\$ 183 661		\$ 198 244		\$ 160 065
17	NE State Tax Rate	7 81%		7 81%		7 81%		7 81%
18	Effect on NE income tax expense	\$ (17 765)	\$ 3 421	\$ (14 344)		\$ (15 483)	\$ 2 982	\$ (12 501)
19	Federal Taxable	\$ 209 702		\$ 169 317		\$ 182 761		\$ 147 564
20	Federal Income Tax Rate	21%		21%		21%		21%
21	Effect on Federal income tax expense	\$ (44 037)	\$ 8 481	\$ (35 556)		\$ (38 380)	\$ 7 392	\$ (30 988)
22	Total Income Taxes	\$ (61 802)	\$ 11 902	\$ (49 900)		\$ (53 863)	\$ 10 374	\$ (43 489)
23	<b>Impact to Operating Income</b>	\$ (165 665)	\$ 31 905	\$ (133 761)		\$ (144 381)	\$ 27 805	\$ (116 576)

**Notes and Sources**

Column A Line 1 and 13 Exhibit MCC-2 Schedule H-4  
 Column A Lines 10 and 14 Exhibit MCC-2 Schedule L-1  
 Column D Jurisdictional Allocation Exhibit MCC-2 Statement N  
 Column B Lines 3 2 3 4 7 8 See Below

Total Payroll and Benefits	\$ 40 269 868		
Labor Costs in O&M	23 487 986		
Composite Labor Costs Charged to O&M		58%	
Adjusted Payroll and Benefits			\$ 23 487 986
Incremental Increase			2 973 428
% Increase			13%
	<b>Total</b>	<b>Charged to O&amp;M</b>	<b>Incremental % of Total</b>
Total Payroll and Benefits	\$ 40 269 868	\$ 23 487 986	\$ 2 973 428
Benefits			
Retirement Contribution	\$ (1 098 188)	\$ (640 534)	\$ (81 088)
401(k) Match	(1 834 918)	(1 070 243)	(135 486)
2020 Medical	(4 520 376)	(2 636 575)	(333 773)
2020 Dental	(261 488)	(152 517)	(19 308)
2020 A&D	(9 533)	(5 560)	(704)
2020 Life Insurance	(30 839)	(17 987)	(2 277)
Total Benefits	\$ (7 755 342)	\$ (4 523 416)	\$ (572 635)
Total Payroll	\$ 32 514 526	\$ 18 964 570	\$ 2 400 793

totals from WP Highly Confidential WP Sched H-4 NE Gas EE Data

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.11  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 11**  
 Service Company Costs

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Add tiona Headcount							
2	920 A&G Sa ares	\$ 1,496,697	\$ (1,472,750)	\$ 23,947	87%	\$ 1,304,411	\$ (1,283,541)	\$ 20,871
3	926 Emp oye e Pens ons and Benef ts	897,270	(882,914)	14,356	87%	781,995	(769,483)	12,512
4	Tota Add tiona Headcount	\$ 2,393,967	\$ (2,355,664)	\$ 38,303		\$ 2,086,406	\$ (2,053,024)	\$ 33,382
5	Add 2021 CAM Factors	\$ 63,707	\$ (63,707)	\$	87%	\$ 55,522	\$ (55,522)	\$
6	FTE Reduct on for Rate Conso dat on	\$ 225,000	\$ (225,000)	\$	100%	\$ 225,000	\$ (225,000)	\$
7	Tota	\$ 2,682,674	\$ (2,644,371)	\$ 38,303	87%	\$ 2,366,928	\$ (2,333,546)	\$ 33,382
8	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
9	Effect on NE ncome tax expense	\$ (209,517)	\$ 206,525	\$ (2,992)		\$ (184,857)	\$ 182,250	\$ (2,607)
10	Federa Taxab e	\$ 2,473,157		\$ 35,311		\$ 2,182,071		\$ 30,775
11	Federa Income Tax Rate	21%		21%		21%		21%
12	Effect on Federa ncome tax expense	\$ (519,363)	\$ 511,948	\$ (7,415)		\$ (458,235)	\$ 451,772	\$ (6,463)
13	Tota Taxes	\$ (728,880)	\$ 718,473	\$ (10,407)		\$ (643,092)	\$ 634,022	\$ (9,070)
14	Impact to Operating Income	\$ (1,953,794)	\$ 1,925,898	\$ (27,896)		\$ (1,723,836)	\$ 1,699,524	\$ (24,312)

**Notes and Sources**

Co umn A, L nes 1, 2, 3, 5: Exh b t MCC 2, Schedu e H 6

Co umn A, L ne 6: Supported by the Test mony of Howard So gan ck

Co umn D: Jursd ct ona A ocat on Exh b t MCC 2, Statement N

Co umn B, L nes 2, 3, 6: Response to PA 299

	Total	Unfiled
Headcount	125	123
920 A&G Sa ares	\$ 1,496,697	1,472,750
926 Emp oye e Pens ons and Benef ts	897,270	882,914
	\$ 2,393,967	\$ 2,355,664

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 3 12  
 Page 1 o 1

**Black Hills Energy**  
**Adjustment 12**  
 ncentive Compensation

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
<b>Incentive Compensation</b>								
1	Long-erm ncentive Compensation							
2	Direct Charged	\$ 25 888	\$ (25 888)	\$ -	87%	\$ 22 562	\$ (22 562)	\$ -
3	Allocated	506 499	(506 499)	-	87%	441 427	(441 427)	-
5	otal Long-erm ncentive Compensation	<u>\$ 532 387</u>	<u>\$ (532 387)</u>	<u>\$ -</u>		<u>\$ 463 989</u>	<u>\$ (463 989)</u>	<u>\$ -</u>
<b>Annual ncentive Plan</b>								
6	Annual ncentive Plan							
7	Direct Charged	1 497 979	(499 326)	\$ 998 653	87%	\$ 1 308 038	\$ (436 013)	\$ 872 025
8	Allocated	1 368 552	(456 184)	912 368	87%	1 195 022	(398 341)	796 682
9	otal Annual ncentive Plan	<u>\$ 2 866 531</u>	<u>\$ (955 510)</u>	<u>\$ 1 911 021</u>		<u>\$ 2 503 060</u>	<u>\$ (834 353)</u>	<u>\$ 1 668 707</u>
<b>Short-erm ncentive Plan</b>								
10	Short-erm ncentive Plan							
11	Direct Charged	97 530	(32 510)	\$ 65 020	87%	\$ 85 163	\$ (28 388)	\$ 56 776
12	Allocated	707 633	(235 878)	471 755	87%	617 907	(205 969)	411 938
13	otal Short-erm ncentive Plan	<u>\$ 805 163</u>	<u>\$ (268 388)</u>	<u>\$ 536 775</u>		<u>\$ 703 070</u>	<u>\$ (234 357)</u>	<u>\$ 468 713</u>
14	otal ncentive Compensation	<u>\$ 4 204 081</u>	<u>\$ (1 756 285)</u>	<u>\$ 2 447 796</u>		<u>\$ 3 670 120</u>	<u>\$ (1 532 700)</u>	<u>\$ 2 137 420</u>
<b>Payroll Taxes</b>								
15	Payroll Taxes							
16	otal Cash-Based ncentive Compensation	3 671 694		2 447 796				
17	Composite Payroll ax Rate	7 65%		7 65%				
18	otal Payroll axes	<u>\$ 280 885</u>	<u>\$ (93 628)</u>	<u>\$ 187 256</u>	87%	<u>\$ 244 798</u>	<u>\$ (81 599)</u>	<u>\$ 163 199</u>
<b>Income Taxes</b>								
19	Income Taxes							
20	otal ncentive Comp & Payroll axes	4 484 966		2 635 052		3 914 918		2 300 619
21	NE State ax Rate	7 81%		7 81%		7 81%		7 81%
22	E ect on NE income tax expense	<u>\$ (350 276)</u>	<u>\$ 144 478</u>	<u>\$ (205 798)</u>		<u>\$ (305 755)</u>	<u>\$ 126 077</u>	<u>\$ (179 678)</u>
23	Federal axable	\$ 4 134 690		\$ 2 429 254		\$ 3 609 163		\$ 2 120 941
24	Federal ncome ax Rate	21%		21%		21%		21%
25	E ect on Federal income tax expense	<u>\$ (868 285)</u>	<u>\$ 358 142</u>	<u>\$ (510 143)</u>		<u>\$ (757 924)</u>	<u>\$ 312 526</u>	<u>\$ (445 398)</u>
26	otal ncome axes	<u>\$ (1 218 561)</u>	<u>\$ 502 620</u>	<u>\$ (715 941)</u>		<u>\$ (1 063 679)</u>	<u>\$ 438 603</u>	<u>\$ (625 076)</u>
27	<b>Impact to Operating Income</b>	<u>\$ (3 266 405)</u>	<u>\$ 1 347 293</u>	<u>\$ (1 919 111)</u>		<u>\$ (2 851 239)</u>	<u>\$ 1 175 696</u>	<u>\$ (1 675 543)</u>

**Notes and Sources**

Column A Lines 2 3 7 8 11 12 Response to PA-237  
 Column B  
 Lines 2 3 Disallow 100%  
 Lines 7-8 and 11-12 Disallow 33 3%  
 Column D Jurisdictional Allocation Exhibit MCC-2 Statement N  
 Composite Jurisdictional Allocations

	Total	Jurisdiction \$	Allocation Factor	Weighting
ransmission	367 284	203 144	55%	1%
Distribution	29 255 462	25 070 389	86%	77%
Customer Expense	8 188 343	7 743 183	95%	22%
	<u>37 811 089</u>	<u>33 016 716</u>		87%

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**Black Hills Energy**  
**Adjustment 13**  
 Remove SERP

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	50513 SERP Allocated to BH Gas Distribution	\$ 173,839	\$ (173,839)	\$	87%	\$ 151,505	\$ (151,505)	\$
2	50506 SERP Allocated to BH Gas Utility	227,768	(227,768)		87%	198,506	(198,506)	
3	Total Allocated SERP from BHSC	\$ 401,607	\$ (401,607)	\$		\$ 350,011	\$ (350,011)	\$
4	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
5	Effect on NE income tax expense	\$ (31,366)	\$ 31,366	\$		\$ (27,336)	\$ 27,336	\$
6	Federal Taxable	\$ 370,241		\$		\$ 322,675		\$
7	Federal Income Tax Rate	21%		21%		21%		21%
8	Effect on Federal income tax expense	\$ (77,751)	\$ 77,751	\$		\$ (67,762)	\$ 67,762	\$
9	Total Taxes	\$ (109,117)	\$ 109,117	\$		\$ (95,098)	\$ 95,098	\$
10	Impact to Operating Income	\$ (292,490)	\$ 292,490	\$		\$ (254,913)	\$ 254,913	\$

**Notes and Sources**

Column A, Lines 1-2: Response to PA 239  
 Column D: Jurisdictional Allocation on Exhibit MCC 2, Statement N

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.14  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 14**

Sharing of D&O Insurance

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company	Adjustment	Recommended		Company	Adjustment	Recommended
		(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	D&O Insurance Allocated to BH Gas Distribution	\$ 66,224	\$ (33,112)	\$ 33,112	87%	\$ 57,716	\$ (28,858)	\$ 28,858
2	D&O Insurance Allocated to BH Gas Utility	88,555	(44,278)	44,278	87%	77,178	(38,589)	38,589
3	Total D&O Insurance Allocated	\$ 154,779	\$ (77,390)	\$ 77,390		\$ 134,894	\$ (67,447)	\$ 67,447
4	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
5	Effect on NE income tax expense	\$ (12,088)	\$ 6,044	\$ (6,044)		\$ (10,535)	\$ 5,267	\$ (5,268)
6	Federal Taxable	\$ 142,691		\$ 71,346		\$ 124,359		\$ 62,179
7	Federal Income Tax Rate	21%		21%		21%		21%
8	Effect on Federal income tax expense	\$ (29,965)	\$ 14,982	\$ (14,983)		\$ (26,115)	\$ 13,057	\$ (13,058)
9	Total Taxes	\$ (42,053)	\$ 21,026	\$ (21,027)		\$ (36,650)	\$ 18,324	\$ (18,326)
10	Impact to Operating Income	\$ (112,726)	\$ 56,364	\$ (56,363)		\$ (98,244)	\$ 49,123	\$ (49,121)

**Notes and Sources**

Column A, Lines 1-2: Response to PA 264

Column D: Jurisdictional Allocation on Exhibit MCC 2, Statement N



BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

**Black Hills Energy**

**Adjustment 15**

Correct Advertising Excursion

Line	Description	Total Company			Jurisdictional Allocation	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Proposed (E)	Adjustment (F)	Adjusted (G)
1	Account 893	\$ 47	\$ (47)	\$	87%	\$ 41	\$ (41)	\$
2	Account 903	33,996	(33,996)		95%	32,253	(32,253)	
3	Total Jurisdictional	\$ 34,043	\$ (34,043)	\$		\$ 32,294	\$ (32,294)	\$
4	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
5	Effect on NE income tax expense	\$ (2,659)	\$ 2,659	\$		\$ (2,522)	\$ 2,522	\$
6	Federal Taxable	\$ 31,384		\$		\$ 29,772		\$
7	Federal Income Tax Rate	21%		21%		21%		21%
8	Effect on Federal income tax expense	\$ (6,591)	\$ 6,591	\$		\$ (6,252)	\$ 6,252	\$
9	Total Taxes	\$ (9,250)	\$ 9,250	\$		\$ (8,774)	\$ 8,774	\$
10	Impact to Operating Income	\$ (24,793)	\$ 24,793	\$		\$ (23,520)	\$ 23,520	\$

**Notes and Sources**

Line 1 and 2: Response to PA 202

Column D: Jurisdictional Allocation Exhibit MCC 2, Statement N

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG-109  
 Schedule 3 16  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 16**  
 Dues

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Dues Expense	\$ 234 277		\$ 234 277				
2	Duplicative Charges							
3	Alliance Chamber Of Commerce		\$ (645)	\$ (645)				
4	Beatrice Chamber Of Commerce nc		(1 000)	(1 000)				
5	Cass County Nebraska Economic		(2 250)	(2 250)				
6	Chadron Chamber Of Commerce		(890)	(890)				
7	Cheyenne County Chamber Of Commerce		(345)	(345)				
8	Greater Omaha Chamber Of Commerce		(6 000)	(6 000)				
9	Holdrege Area Chamber Of Commerce		(700)	(700)				
10	Nebraska Broadcasters Association nc		(150)	(150)				
11	Norfolk Area Chamber Of Commerce		(1 500)	(1 500)				
12	Ord Chamber Of Commerce		(385)	(385)				
13	Sarpy County Chamber Of Commerce		(6 300)	(6 300)				
14	Sarpy County Economic Development Corp		(9 935)	(9 935)				
15	South Platte United Chambers Of Commerce		(400)	(400)				
16	Twin Cities Development Association nc		(1 000)	(1 000)				
			(31 500)		87%		\$ (27 453)	
17	Lobbying Expenses included in Dues		(14)	(14)	87%		(12)	
18	Total	\$ 234 277	\$ (31 514)	\$ 202 763	87%	\$ 204 179	\$ (27 466)	\$ 176 713
19	NE State Tax Rate	7 81%		7 81%		7 81%		7 81%
20	Effect on NE income tax expense	\$ (18 297)	\$ 2 461	\$ (15 836)		\$ (15 946)	\$ 2 145	\$ (13 801)
21	Federal Taxable	\$ 215 980		\$ 186 927		\$ 188 233		\$ 162 912
22	Federal income Tax Rate	21%		21%		21%		21%
23	Effect on Federal income tax expense	\$ (45 356)	\$ 6 101	\$ (39 255)		\$ (39 529)	\$ 5 317	\$ (34 212)
24	Total Taxes	\$ (63 653)	\$ 8 562	\$ (55 091)		\$ (55 475)	\$ 7 462	\$ (48 013)
25	Impact to Operating Income	\$ (170 624)	\$ 22 952	\$ (147 672)		\$ (148 704)	\$ 20 004	\$ (128 700)

**Notes and Sources**

Column A Line 1 Michael C Clevinger WP Sched H-2 Total Dues with 100% Allowance  
 Column B 3 16 WP Dues Adjustment Workpaper and Response to PA-203  
 Column D Jurisdictional Allocation Exhibit MCC-2 Statement N

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.17  
 Page 1 of 1

**Black Hills Energy**  
**Adjustment 17**  
 Line Locate Costs

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Company (E)	Adjustment (F)	Recommended (G)
1	Account 874 Line Locate Costs	\$ 6,849,347	\$ (147,841)	\$ 6,701,506	87%	\$ 5,952,350	\$ (128,480)	\$ 5,823,870
2	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
3	Effect on NE income tax expense	\$ (534,934)	\$ 11,546	\$ (523,388)		\$ (464,879)	\$ 10,035	\$ (454,844)
4	Federal Taxable	\$ 6,314,413		\$ 6,178,118		\$ 5,487,471		\$ 5,369,026
5	Federal Income Tax Rate	21%		21%		21%		21%
6	Effect on Federal income tax expense	\$ (1,326,027)	\$ 28,622	\$ (1,297,405)		\$ (1,152,369)	\$ 24,873	\$ (1,127,496)
7	Total Taxes	\$ (1,860,961)	\$ 40,168	\$ (1,820,793)		\$ (1,617,248)	\$ 34,908	\$ (1,582,340)
8	Impact to Operating Income	\$ (4,988,386)	\$ 107,673	\$ (4,880,713)		\$ (4,335,102)	\$ 93,572	\$ (4,241,530)

**Notes and Sources**

Column A, Line 1: Exhibit MCC 2, Schedule H 11  
 Column B, Line 1: Response to PA 205, Attachment B and PA 206  
 Column D: Jurisdictional Allocation Exhibit MCC 2, Statement N

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

Docket No. NG 109  
 Schedule 3.18  
 Page 1 of 1

**Black Hills Energy**

**Adjustment 18**

Interest Synchronization

Line	Description	Total Company			Jurisdictional Allocation (D)	Jurisdictional		
		Company (A)	Adjustment (B)	Recommended (C)		Proposed (E)	Adjustment (F)	Adjusted (G)
1	Rate Base	\$ 586,160,478	(73,614,965)	512,545,513	86%	\$503,851,889	(63,277,960)	440,573,929
2	Interest Component of Rate of Return	2.06%		1.96%		2.06%		1.96%
3	Interest Attribution to Rate Base	12,074,906		10,020,265		10,379,349		8,613,220
4	NE State Tax Rate	7.81%		7.81%		7.81%		7.81%
5	Effect on NE income tax expense	\$ (943,050)	\$ 160,467	\$ (782,583)		\$ (810,627)	\$ 137,935	\$ (672,692)
6	Federal Taxable	\$ 11,131,856		\$ 9,237,682		\$ 9,568,722		\$ 7,940,528
7	Federal Income Tax Rate	21%		21%		21%		21%
8	Effect on Federal income tax expense	\$ (2,337,690)	\$ 397,777	\$ (1,939,913)		\$ (2,009,432)	\$ 341,921	\$ (1,667,511)
9	Total Taxes	\$ (3,280,740)	\$ 558,244	\$ (2,722,496)	86%	\$ (2,820,059)	\$ 479,856	\$ (2,340,203)
10	Impact to Operating Income	\$ 3,280,740	\$ (558,244)	\$ 2,722,496		\$ 2,820,059	\$ (479,856)	\$ 2,340,203

**Notes and Sources**

Column A and C, Line 2: Schedule 2

Column B, Line 1: Schedule 1.1

Exhibit MCC 2, Statement K NOL results on current taxes

Column D: Jurisdictional Allocation Exhibit MCC 2, Statement N

Rate Base

Total Company 586,160,478

Jurisdictional 503,851,889

Composite Jurisdictional Factor 86%

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-19**

**DATE OF REQUEST:** 06/10/20  
**DATE RESPONSE DUE:** 06/23/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Rachel R. Schuldt  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 06/23/20  
**SUBJECT:** Accounting Information

---

**REQUEST: PA-19 Accounting Information:** Please provide in Excel format total Company and jurisdictional balance sheets and income statements for 2016 through 2019.

**RESPONSE:**

Total company balance sheets for BH Gas Utility and BH Gas Distribution as of December 31 for 2016, 2017, and 2018 are included in Attachment No. PA 1-19A. The December 31, 2019 balance sheet for BH Gas Utility is included in the workpaper 'WP\_50506 NEG Statement A-B-H Financials' on tab 'FERC BS 2019' and the December 31, 2019 balance sheet for BH Gas Distribution is included in the workpaper 'WP\_50513 NEGD Statement A-B-H Financials' on tab 'FERC BS 2019'.

Total company income statements for BH Gas Utility and BH Gas Distribution for 2016, 2017, and 2018 are included in Attachment No. PA 1-19A. The 2019 income statement for BH Gas Utility is included in the workpaper 'WP\_50506 NEG Statement A-B-H Financials' on tab 'FERC IS 2019' and the 2019 income statement for BH Gas Distribution is included in the workpaper 'WP\_50513 NEGD Statement A-B-H Financials' on tab 'FERC IS 2019'.

The Company defines jurisdictional as business transactions for regulated activities only. Because the revenue requirement is developed at a total company level and uses rate design to allocate to jurisdictional and non-jurisdictional activities, specific financial information for jurisdictional activity is not maintained in separate accounts. Financials for the companies are presented on a total company basis. Jurisdictional-only balance sheets and income statements for 2016 through 2019 are not available.

**ATTACHMENTS:**

Attachment No. PA 1-19A

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-204 – SUPPLEMENTAL RESPONSE**

**DATE OF REQUEST:** 07/09/20  
**DATE RESPONSE DUE:** 08/27/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael C. Clevinger  
**WITNESS:** Michael C. Clevinger  
**DATE RESPONDED:** 08/27/20  
**SUBJECT:** Plant Additions - July 2020

---

**REQUEST:** PA-204: Plant in Service: 2020 Plant Additions. Reference: Clevinger Workpaper, WP-plant additions summary.

- a. Please update the attached schedule through the most current month available (June 2020) for actual additions to plant, actual in-service dates, and actual work order total dollars. **Thereafter, please update the schedule monthly.**
- b. Please provide the associated retirements for each replacement project.

**SUPPLEMENTAL RESPONSE:**

- a. A schedule of **January – July 2020** actual additions to plant for BH Nebraska Gas, actual in-service dates, and actual work order total dollars is included in **Attachment No. PA 06-204C Plant Additions through July 2020**. Blanket Workorders are placed in service monthly and are indicated as such in the schedule. Items with no in-service date are part of the CWIP balance for that month.

The schedule does not include BHSC plant additions that are allocated to BH Nebraska Gas as included in Schedule D2 lines 48-52.

BH Nebraska Gas will also update this schedule as part of its rebuttal testimony due in October.

- b. A schedule of **January – July 2020** actual retirements to plant, Plant FERC accounts, and actual retirement dollars is included in **Attachment No. PA 06-204E Plant Retirements through July 2020**.

BH Nebraska Gas will also update this schedule as part of its rebuttal testimony.

**ATTACHMENTS:**

Attachment No. PA 06-204C Plant Additions through July 2020

Attachment No. PA 06-204D Plant Retirements through July 2020

For Report

SSIR Forecasted vs. Actual Amounts Placed in Service

<b>Docket No.</b>	<b>Application Date</b>	<b>Project Year</b>	<b>Original Forecast</b>	<b>Actual In-Service</b>	<b>Difference</b>	<b>% Difference</b>
NG-0078.2	10/1/15	2014	\$ 10,041,416	\$ 9,913,491	\$ (127,925)	-1%
NG-0078.3	9/30/16	2015	13,983,439	14,571,478	588,039	4%
NG-0078.4	10/2/17	2016	21,345,398	17,299,143	(4,046,255)	-19%
NG-0078.6	10/10/18	2017	11,809,666	10,524,007	(1,285,659)	-11%



SourceGas Distribution LLC  
630 12th Street  
Suite 300  
Golden, CO 80401  
1 800 563 0012  
303 243 3490  
303 243 3693 Fax  
www.SourceGas.com



October 1, 2015

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

Attn: Mr. Jeff Pursley  
Executive Director

Re: SourceGas Distribution LLC  
Docket No. NG-0078.2 – In the matter of the application of SourceGas Distribution LLC  
for an order authorizing it to increase the System Safety and Integrity Rider Charges

Dear Mr. Pursley:

Pursuant to the Final Order entered on October 28, 2014 and the Order Modifying Order Approving Application, In Part entered on November 4, 2014 in Docket No. NG-0078, SourceGas Distribution LLC (SourceGas Distribution or the Company) herewith submits for filing with the Nebraska Public Service Commission (Commission) the original and one paper copy of the following tariff sheet:

Twenty-third Revised Sheet No. 7

Canceling Twenty-second Revised Sheet No. 7

By this Application, SourceGas Distribution is proposing to adjust the Safety and Integrity Charges applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

The change in the rates submitted with this Application reflects an increase in the overall Safety and Integrity Charges applicable to the referenced rate schedules to cover the incremental annual revenue requirement impact of costs incurred by SourceGas Distribution with respect to System Safety and Integrity Rider (“SSIR”) Projects as defined on Tariff Sheet No. 13. These eligible projects were not included in the rate base calculation in SourceGas Distribution’s most recently completed rate case, Docket No. NG-0067, or in the calculation of its Infrastructure System Replacement Cost Recovery Charges that became effective on July 1, 2013 and September 1, 2014, and in service and used and useful or will be in service and used and useful by December 31, 2016. If approved by the Commission, the monthly Safety and Integrity Charges shall increase as follows: for the Residential Customer class to \$2.82 per month; for the Small

SourceGas Distribution LLC - Nebraska  
 2014 SSIR Variance Report  
 October 1, 2015

Exhibit 5  
 Page 1 of 3

2014 Projects	Internal Order or Budget ID	Original In-Service Date	Months Advance/ (Delayed)	Sum of Original Net Additions to In-Service	Revised Net Additions to In-Service (a)	Variance	
TOG Replacement - NW Gothenberg	1008586	Jun-14	(2)	1,375,627	1,190,594	(185,033)	Note (b)
Red Cloud to Blue Hill Replacement	1008678	Jun-14	-	853,374	870,115	16,741	
TOG - 4701809 NW of Ragan	1010843	Jun-14	1	14,810	5,834	(8,976)	
Mitchell - surface ground	1010579	Jun-14	-	7,520	7,520	0	
TOG - 4701727 NW of Ragan	1010888	Jun-14	1	21,443	20,885	(558)	
Arapahoe #1 Mag Anode Bed	1010670	Jul-14	(1)	7,611	7,611	0	
Arapahoe #2 Mag Anode Bed	1010672	Jul-14	(1)	7,267	7,267	0	
Scottsbluff- 21st Ave Spa	1010809	Jul-14	(2)	107,113	102,671	(4,442)	
Overton #1- Install Anode Bed Bed	1010673	Aug-14	-	7,839	7,839	0	
Nebraska MAOP- Lindsay Project	1010495	Aug-14	-	5,220	692	(4,528)	
Oshkosh - County Rd 62 -T	1011067	Sep-14	1	22,091	20,703	(1,388)	
Litchfield- Install Anode Bed	1010951	Sep-14	3	6,693	6,693	0	
Reroute Arapahoe 240-0020 Sec B	1008578	Sep-14	-	567,590	571,140	3,550	
St. Paul to Dannebrog TOG	1010300	Oct-14	1	474,112	453,943	(20,169)	
Oshkosh HCA Reroute. Oshkosh, NE.	1008672	Oct-14	2	362,509	322,154	(40,355)	Note (b)
Mitchell - main replacement	1011296	Oct-14	-	49,695	43,300	(6,395)	
Sidney- Rural Distribution #1	1010404	Oct-14	-	550,000	995,358	445,358	Note (b)
Farnum Surface Ground bed	1010539	Oct-14	5	14,522	7,649	(6,874)	
Sutton - Cathodics	1010562	Oct-14	-	8,482	8,482	0	
Sidney- Illinois Street	1010408	Nov-14	-	219,161	279,243	60,082	Note (b)
Nebraska MAOP- Edgar Lateral	1011066	Nov-14	2	61,034	30,142	(30,893)	Note (b)
Wood River - Service lateral	1010798	Nov-14	-	104,747	110,430	5,683	
Kearney Division old casings	1011567	Nov-14	(1)	17,639	27,520	9,880	
METER GUARDS & BARRICADES	1011658	Nov-14	-	7,560	0	(7,560)	
Sutton - Barricades	1011510	Nov-14	(1)	96,775	79,729	(17,046)	
McCook South TOG replacement	1010499	Nov-14	4	761,696	857,932	96,236	Note (b)
Brule regulator Setting	1020156	Dec-14	1	12,599	4,010	(8,589)	
TOG - Gothenburg Northwest	1010430	Dec-14	-	2,247,454	2,096,621	(150,833)	Note (b)
Holdrege Meter Baricades	1011829	Dec-14	-	25,199	29,789	4,590	
McCook Meter Barricades and Guards	1010538	Dec-14	-	25,394	196	(25,198)	Note (b)
Gering - North 10th street	1011696	Dec-14	-	7,560	8,257	697	
Oshkosh - Blocks 14-19	1010767	Dec-14	-	37,798	40,837	3,039	
Red Cloud to Blue Hill Replacement	1010799	Dec-14	-	1,515,134	1,315,573	(199,561)	Note (b)
Country Club Road - canal	1011695	Dec-14	-	6,796	10,623	3,827	
Bayard - Block 25 - Span replacement	1010768	Dec-14	-	7,542	7,778	236	
Danbury Lateral TOG Replacement	1010500	Dec-14	1	423,808	364,362	(59,447)	Note (b)
<b>Total</b>				<b>10,041,416</b>	<b>9,913,491</b>	<b>(127,924)</b>	

**Notes**

- (a) Includes FERC Accounts 106 and 101 for gas plant which have been completed and placed in service.
- (b) Variance explanation provided for projects with variances greater than 10% or \$10,000.

**TOG Replacement - NW Gothenberg – Project ID 1008586**

This project was completed at \$185,033 less than the original estimate. The positive variance was due to a change in scope of the project and savings in the cost of materials. The total installed footage of 4" steel pipe was reduced by 2,400'.

**Oshkosh HCA Reroute. Oshkosh, NE – Project ID 1008672**

This project was completed at \$40,355 less than the original estimate. The positive variance was due to the use of internal labor to install the pipe. The original estimate was for a construction contractor to perform the installation.

**Sidney- Rural Distribution #1 – Project ID 1010404**

The cost estimate provided to determine the 2014 SSIR revenue requirement for the 2015 SSIR was incorrectly stated as \$550,000 for this project. The understated cost estimate included in the SSIR accounted for \$359,467 of the variance. This project was completed at \$85,891 more than its original cost estimate of \$909,467.

**Sidney- Illinois Street – Project ID 1010408**

This project was completed at \$60,082 more than the original estimate. The negative variance is due to a change in scope of the project. An additional 100' of pipe was replaced due to corrosion issues and more footage of pipe was required to be directionally drilled under roadways than originally estimated.

**Nebraska MAOP- Edgar Lateral – Project ID 1011066**

The cost estimate provided to determine the 2014 SSIR revenue requirement for the 2015 SSIR was incorrectly stated as \$61,034 for this project. The overstated cost estimate included in the SSIR accounted for \$24,689 of the variance. This project was completed at \$6,203 less than its original cost estimate of \$36,345.

**McCook South TOG replacement – Project ID 1010499**

This project was completed at \$96,236 more than the original estimate. The negative variance is due to additional right of way reclamation costs. Additional costs were incurred to control weeds. In addition, more vegetation was disturbed on part of the right of way while traversing rough terrain than originally estimated. Please note that since the Company's filing on November 10, 2014, the McCook Division has become part of the Holdrege Division.

**TOG - Gothenburg Northwest – Project ID 1010430**

This project was completed at \$150,833 less than the original estimate. The positive variance is due to a change in scope of the project and savings on the cost of materials. The installed footage of 2" steel pipe was reduced by 2,600'

**McCook Meter Barricades and Guards – Project ID 1010538**

The \$25,198 positive variance is due to the project being cancelled. The McCook division did not have a welder available to complete the project in 2014. Since this is a multi-year program with a similar project planned for 2015, the decision was made to cancel this project. Please note that since the Company's filing on November 10, 2014, the McCook Division has become part of the Holdrege Division.

**Red Cloud to Blue Hill Replacement-3 – Project ID 1010799**

This project was completed at \$199,561 less than the original estimate. The positive variance is due to a reduction in cost for 4" steel pipe, pipeline inspectors and pressure testing of the pipe from the original cost estimate.

**Danbury Lateral TOG Replacement – Project ID 1010500**

This project was completed at \$59,477 less than the original estimate. The positive variance is due to a change in scope of the project. A pressure reducing station for MAOP protection was not needed due to timing of the project. Another project was completed prior to this project which eliminated the need for MAOP protection for this project.

Black Hills Energy  
1515 Wynkoop Street  
Suite 500  
Denver, CO 80202  
720 210 1300  
720 210 1301 Fax  
[www.blackhillscorp.com](http://www.blackhillscorp.com)



September 30, 2016

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

Attn: Mr. Jeff Pursley  
Executive Director

Re: Black Hills Gas Distribution, LLC  
Docket No. NG-0078.3 – In the matter of the application of Black Hills Gas Distribution, LLC d/b/a Black Hills Energy for an order authorizing it to increase the Safety and Integrity Charges and to decrease the Pipeline Replacement Charges in its Nebraska Gas Tariff

Dear Mr. Pursley:

Pursuant to the Final Order entered on October 28, 2014 and the Order Modifying Order Approving Application, In Part entered on November 4, 2014 in Docket No. NG-0078 and the Final Order entered on January 26, 2016 in Docket No. NG-0084, Black Hills Gas Distribution, LLC, d/b/a Black Hills Energy, (“BHGD-NE” or the “Company”) herewith submits for filing with the Nebraska Public Service Commission (Commission) the original and one paper copy of the following tariff sheet:

Twenty-eighth Revised Sheet No. 7  
Canceling Twenty-seventh Revised Sheet No. 7

By this Application, BHGD-NE is proposing to adjust the Safety and Integrity Charges and the Pipeline Replacement Charges applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

The change in the rates submitted with this Application reflects an increase in the overall Safety and Integrity Charges applicable to the referenced rate schedules to cover the incremental annual revenue requirement impact of costs incurred by BHGD-NE with respect to System Safety and Integrity Rider (“SSIR”) Projects as defined on Tariff Sheet No. 13 and the inclusion of the 2017 annual revenue requirement of the Projects that are currently being collected through the Pipeline Replacement Charge in the calculation of the SSIR rate.<sup>1</sup> In addition, this Application reflects a

<sup>1</sup> The final Order issued by the Nebraska Public Service Commission in Docket No. NG-0084 contains the following provision under the Rate Moratorium and Acquisition Premium Section on page 10: “The agreement further

Black Hills Gas Distribution, LLC - Nebraska d/b/a Black Hills Energy  
 2015 SSIR Variance Report

Exhibit 5

2015 Projects	Internal Order or Budget ID	Original In-Service Date	Revised In-Service Date	Sum of Original Net Additions to In-Service	Revised Net Additions to In-Service (a)	Variance	Explanation (b)
Fullerton Meter Relocation	015-269	Jul-15	Jul-15	44,458	39,682	(4,776) (c)	
St Edward Span Replacement	015-272	Jul-15	Jul-15	27,545	24,204	(3,341) (c)	
Gordon - Blk 54 - 4" Span removal from road bridge	014-331	Aug-15	Aug-15	54,873	10,562	(44,312) (c)	
Scottsbluff- Span replacement	014-409	Aug-15	Apr-15	42,665	19,518	(23,147) (c)	
Kearney TOG 370-1720 (Area 8)	015-248	Sep-15	Jul-15	1,463,743	1,762,957	299,214	Cost increase was primarily due to the additional installation of 1,672 feet of pipe not included in the original estimate.
Plainview Line Heater	015-279	Sep-15	Sep-15	48,776	48,444	(332) (c)	
O'Neill #2 Line Heater Replacement	015-280	Sep-15	Sep-15	48,776	30,846	(17,930) (c)	
Bayard - Blks 42&43/72&73 - Bare Steel Replacement	014-201	Sep-15	Aug-15	182,911	171,942	(10,969) (c)	
Holdrege 480-1739 Anode Bed #1	015-326	Sep-15	Jun-15	7,926	5,997	(1,929) (c)	
Holdrege 480-1739 Anode Bed #2	015-327	Sep-15	Jun-15	7,926	5,997	(1,929) (c)	
Holdrege 480-1739 Anode Bed #3	015-328	Sep-15	Jun-15	7,926	6,065	(1,861) (c)	
Holdrege 480-1739 Anode Bed #4	015-329	Sep-15	Jun-15	7,926	5,842	(2,084) (c)	
Holdrege 480-2365 Anode Bed #1	015-330	Sep-15	Jun-15	7,926	6,005	(1,921) (c)	
Holdrege 480-2365 Anode Bed #2	015-331	Sep-15	Jun-15	7,926	6,005	(1,921) (c)	
Loomis TBS Replacement	014-615	Sep-15	Aug-15	75,597	48,470	(27,127) (c)	
Arapahoe TBS Replacement	014-616	Sep-15	Sep-15	75,597	58,544	(17,054) (c)	
Kearney TOG 370-1720 (Area 9)	015-249	Sep-15	Sep-15	822,641	1,507,760	685,120	The original project was for 23,890 feet of 2 inch and 4 inch pipe. 24,419 of incremental pipe footage was necessary to replace adjacent tie-ins that needed to be replaced.
Sutton / Deshler Baremain Changeout	015-414	Sep-15	Sep-15	99,445	76,235	(23,210) (c)	
Sutton 4 Mag Anode Beds	015-412	Sep-15	Jun-15	28,778	23,424	(5,354) (c)	
Alliance - Meter Relocation - Blks 112/113	015-368	Oct-15	Aug-15	149,865	155,348	5,483	
Broadwater - Span at Broadwater Canal - Remove span on 6" Trans. to Lewell	014-435	Oct-15	Apr-15	84,834	54,854	(29,980) (c)	
NorthPort - Span RPLC - Transmission	015-399	Oct-15	Apr-15	128,038	76,671	(51,367) (c)	
Kearney TIGT Reg at Assumption	015-253	Oct-15	Canceled	30,851	-	(30,851) (c)	
Kearney TIGT Reg at Roseland/Holstein	015-254	Oct-15	Aug-15	30,851	36,043	5,192	Cost increase was due to dirt settling. Additional dirt had to be hauled into this site and additional internal labor was required for dirt work and soil compaction.
Kearney TIGT Reg at Campbell/Bladen	015-255	Oct-15	Sep-15	30,851	53,946	23,095	Cost increase was due to one additional isolation valve and blow down stack, additional barricades and higher main excavation cost.
Kearney TIGT Reg at Upland N Feed	015-256	Oct-15	Jul-15	30,851	41,809	10,958	Increased cost was related to unbudgeted relief valves, extra spools to get footage to make pilot work, and internal labor was higher than expected.
Kearney TIGT Reg at Upland S Feed	015-257	Oct-15	Jul-15	30,851	37,229	6,378	Project experienced higher excavation cost due to difficult terrain and one additional high pressure shortstop was added.
Kearney TIGT Reg at Macon	015-258	Oct-15	Canceled	30,851	-	(30,851) (c)	
Mitchell - Main change out - Block 81	014-451	Oct-15	Jun-15	24,388	21,503	(2,886) (c)	
Kearney TOG 370-8007 (Area 10)	015-250	Oct-15	Nov-15	1,083,139	1,392,753	309,614	Cost increase was primarily due to the additional installation of 9,172 feet of pipe and 13 farm taps not included in the original estimate.
Creighton Lateral Replacement	015-274	Nov-15	Nov-15	279,608	327,709	48,101	Cost increase was due to higher outside inspector costs.
Rushville - TBS Replacement	015-400	Nov-15	Oct-15	91,456	101,481	10,025	Cost increase was due to higher material costs and project completion took longer than expected.
270-0030 Arapahoe to Holbrook Main Replacement	015-322	Nov-15	Nov-15	835,294	792,462	(42,832) (c)	
Holdrege - TOG 250-1813	015-323	Nov-15	Nov-15	31,705	42,894	11,189	Cost increase was due to project estimate was based on using in-house crew and a contractor was used for installation of this project, which caused increased cost.
Grant Lateral MAOP Verification	015-290	Nov-15	Nov-15	54,249	15,832	(38,417) (c)	
McCook South TBS Replacement	015-289	Nov-15	Oct-15	146,329	128,331	(17,998) (c)	
Chester TBS Replacement	015-415	Nov-15	Sep-15	73,164	68,046	(5,118) (c)	
Waco TBS Replacement	015-419	Nov-15	Oct-15	73,164	145,062	71,897	The original estimate was to replace Town Border Station (TBS) at existing site. It was later decided for safety concerns to move TBS out of residential area to the north side of town, which resulted in extra costs for boring 1200 feet of 4 inch PE line, ROW for new TBS location, extra materials for setting new TBS, and additional labor.

Black Hills Gas Distribution, LLC - Nebraska d/b/a Black Hills Energy  
 2015 SSIR Variance Report

Exhibit 5

2015 Projects	Internal Order or Budget ID	Original In-Service Date	Revised In-Service Date	Sum of Original Net Additions to In-Service	Revised Net Additions to In-Service (a)	Variance	Explanation (b)
Sidney- Golf Course main replacement	015-382	Nov-15	Sep-15	124,867	167,099	42,232	Project experienced a three week delay due to internal labor constraints and additional rock boring, which caused cost increases related to multiple inspectors and rock boring charges.
Scottsbluff- Bare main replacement - Block 65	015-344	Nov-15	Jul-15	18,291	16,384	(1,907)	(c)
Scottsbluff - Bare main replacement - Blocks 64,81,96.	015-373	Nov-15	Sep-15	48,776	1,424	(47,352)	(c)
Sutton 400-1750 (14) 50,260' of 2" steel TOG	015-580	Dec-15	Oct-15	1,300,535	1,400,678	100,144	Work scope changed to include 5000 feet of incremental 2 Inch pipe.
Sutton 400-1750 (15) 52,640' of 2" steel TOG	015-581	Dec-15	Nov-15	1,437,959	1,415,215	(22,745)	(c)
Sutton 390-3308 (9) 37500' of 4" steel, and 61,000' of 2" steel TOG	015-582	Dec-15	Jul-15	2,716,840	2,749,981	33,141	Cost increase was due to more boring and less trenching than anticipated.
Albion Meter Guards & Barricades	015-313	Dec-15	Dec-15	79,261	69,593	(9,668)	(c)
Holdrege Meter Guards & Barricades	015-332	Dec-15	Dec-15	24,388	21,243	(3,146)	(c)
Kearney Meter Guards & Barricades	015-263	Dec-15	May-15	28,961	30,682	1,721	
McCook Division Meter Guards & Barricades	015-297	Dec-15	Dec-15	41,460	36,117	(5,342)	(c)
Isolated Bare Steel replacement Ogallala NE	015-286	Dec-15	Nov-15	482,885	259,908	(222,978)	(c)
Replace Crane Valves to Mueller valves, Cambridge to McCook	015-287	Dec-15	Dec-15	60,970	47,488	(13,483)	(c)
McCook TOG replacement Famum to Curtis	015-288	Dec-15	Oct-15	47,143	39,094	(8,050)	(c)
Sutton Barricades	015-507	Dec-15	Dec-15	60,970	56,667	(4,303)	(c)
Sutton 460-0160 Deshler-Chester Lateral Mainline Replacement	015-422	Dec-15	Jul-16	888,040	200,649	(687,391)	(c)
Sutton Tallgrass Reg Projects	015-512	Dec-15	Various	215,957	494,029	278,072	Cost increase was primarily due to unforeseen de-watering costs including well drilling. Also, project estimate was based on using in-house crew and a contractor was used at a higher cost and the environmental costs were higher than original estimate.
Phillips TBS Replacement	015-421	Dec-15	Dec-15	73,164	129,380	56,216	Cost increase was due to contractor costs came in higher than original estimate.
Nebraska Highway Relocation Program	014-695	Dec-15	Mar-15	-	54,542	54,542	At the time of filing no funds were allocated because the Company was unaware of any state or municipal infrastructure project.
Scottsbluff Division - meter gaurds / barricades	015-343	Dec-15	Dec-15	29,266	30,833	1,568	
Centerline Survey	015-681	Dec-16	Dec-16	-	-	-	
<b>Total</b>				<b>13,983,439</b>	<b>14,571,478</b>	<b>588,039</b>	

**Notes**

(a) Includes FERC Accounts 106 and 101 for gas plant which have been completed and placed in service.

(b) Variance explanation provided for projects with variances greater than 10% or \$10,000.

(c) Lower actual construction costs were incurred compared to estimates due to lower contractor costs, change in scope reducing costs, other project cost efficiencies, etc.

Black Hills Energy  
1515 Wynkoop Street  
Suite 500  
Denver, CO 80202  
720 210 1300  
720 210 1301 Fax  
[www.blackhillscorp.com](http://www.blackhillscorp.com)



October 2, 2017

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

Attn: Mr. Mike Hybl  
Executive Director

Re: Black Hills Gas Distribution, LLC  
Docket No. NG-0078.4 – In the matter of the application of Black Hills Gas Distribution, LLC d/b/a Black Hills Energy for an order authorizing it to increase the Safety and Integrity Charges

Dear Mr. Hybl:

Pursuant to the Final Order entered on October 28, 2014 and the Order Modifying Order Approving Application, In Part entered on November 4, 2014 in Docket No. NG-0078 and the Final Order entered on January 26, 2016 in Docket No. NG-0084, Black Hills Gas Distribution, LLC, d/b/a Black Hills Energy, (“BHGD-NE” or the “Company”) herewith submits for filing with the Nebraska Public Service Commission (Commission) the original and one paper copy of the following tariff sheets:

Third Revised Sheet No. 15  
Canceling Second Revised Sheet No. 15

Thirty Second Revised Sheet No. 7  
Canceling Thirty-first Revised Sheet No. 7

By this Application, BHGD-NE is proposing to clarify the language related to the System Safety and Integrity Rider filing provisions and to adjust the Safety and Integrity Charges applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

The clarifying tariff language submitted with the Application on Third Revised Sheet No. 15, reflects discussions between the Company and the Public Advocate where it was agreed between the parties that the general intent of the language contained in Section 1.6 of the System Safety and Integrity Rider Tariff was simply to preclude applications for additional new projects after the deadline, and it was not the intention to preclude adjustments for true-ups or updates to the SSIR Charge to continue to be made on an annual basis consistent with all of the other



Black Hills Gas Distribution, LLC - Nebraska d/b/a Black Hills Energy  
 2016 SSRR Variance Report

Exhibit 4

2016 Projects	Project ID	Original In-Service Date	Revised In-Service Date	Sum of Original Net Additions to In-Service	Revised Net Additions to In-Service (a)	Variance	Explanation (b)
Holdrege TOG 250-0020 Phase 1	F0011010	Jan-16	Jan-16	2,767,401	2,284,347	(483,054) (e)	
Holdrege TOG 250-0020 Phase 2	F0011037	Jan-16	Jan-16	2,699,688	2,194,281	(505,407) (e)	
Keamey TOG 470-0040 Replacement	F0011120	Aug-16	Jul-16	3,080,191	2,549,529	(530,662) (e)	
Keamey Division 500-2324 (16) TOG replacement	F0011121	Oct-16	Oct-16	2,400,630	1,903,895	(496,735) (e)	
Sutton Division 390-2555 (17) TOG replacement	F0011123	Nov-16	Nov-16	1,214,432	1,300,268	85,836	Cost increase was primarily due to additional loading costs, additional 2" trenched and bored pipe were installed above the estimate.
Sutton Division 390-1734 (13) TOG replacement	F0011124	Nov-16	Jul-16	1,154,384	777,470	(376,894) (e)	
Sutton TOG 390-0190	F0011127	Nov-16	May-16	702,054	683,888	(18,166) (e)	
Benedict PVC Distribution Replacement	F0011119	Jun-16	Jun-16	533,774	671,928	138,154	Cost increase was primarily due to additional loading costs, three blocks of steel replacement were added. Additional boring, additional sewer scopes and additional inspection costs than were originally estimated.
Glenvil PVC Replacement	F0011146	Oct-16	Oct-16	636,560	972,884	336,325	Cost increase was primarily due to additional loading costs, additional boring, additional sewer scopes and additional inspection costs than were originally estimated.
Valley Grange RDS PVC Replacement	F0011160	Nov-16	Jun-16	277,008	(96,094)	(373,101) (e)	
SCBF_2733 Project Line	F0011144	Oct-16	Jun-16	331,681	(192,834)	(524,515) (e)	
Albion Division 420-2763 Humphrey PVC Replacement	F0011145	Nov-16	Sep-16	898,546	885,174	(13,372) (e)	
Chappell, NE TBS Replacement	F0011134	Aug-16	Aug-16	135,205	63,666	(71,540) (e)	
Byron, NE TBS Replacement	F0011136	Jul-16	Jun-16	135,086	136,316	1,230	
Hazard, NE TBS Replacement	F0011135	Aug-16	Aug-16	135,038	104,766	(30,282) (e)	
Foster, NE TBS Replacement	F0011138	Oct-16	Sep-16	135,038	61,927	(73,111) (e)	
Lexington South TBS Replacement	F0011137	Oct-16	Sep-16	242,841	320,991	78,150	Cost increase was primarily due to additional loading costs, additional labor costs and more material costs than expected due to the fact that several large stopple fittings were required for the tie-in to make sure the Tyson Plant would not be shut down.
Litchfield, NE TBS Replacement	F0011133	Jul-16	Jun-16	135,205	63,302	(71,903) (e)	
Crawford, NE TBS Replacement	F0011139	Sep-16	Sep-16	135,803	85,603	(50,000) (e)	
Inman, NE TBS Replacement	F0011132	Sep-16	Sep-16	135,038	155,066	20,028	Cost increase was primarily due to additional loading cost, additional purchase of property, installation of drive and additional labor costs.
Elgin Meter Relocation Project	F0011143	Jul-16	Jul-16	63,369	68,120	4,750	
SCBF_Affiance_BLK 112&113_Meter relocate	F0011147	Oct-16	Jun-16	162,736	93,263	(69,473) (e)	
Albion Meter Barricades	F0011142	Dec-16	Nov-16	44,151	21,456	(22,693) (e)	
Holdrege Meter Barricades 2016	F0011161	Dec-16	Dec-16	30,117	19,218	(10,899) (e)	
SCBF_Affiance Meter Barricades	F0011148	Dec-16	Dec-16	52,581	44,139	(8,442) (e)	
Sutton Meter Barricades	F0011140	Dec-16	Dec-16	46,873	44,120	(2,753) (e)	
Keamey Meter Barricades	F0011130	Dec-16	Apr-16	26,175	20,775	(5,400) (e)	
SCBF_Gering_Changeout_BLK227	F0011151	Jul-16	Jul-16	105,869	62,661	(43,208) (e)	
SCBF_Gering_Changeout_BLK 226 225	F0011150	Jul-16	Jul-16	37,266	26,032	(11,235) (e)	
SCBF_Gering_Changeout_Country Club Rd	F0011152	Sep-16	Aug-16	155,129	135,593	(19,535) (e)	
Skeeter Flats Main Replacement BLKS 357, 358, 359	F0011125	Nov-16	Jun-16	162,538	83,847	(78,691) (e)	
Sidney_North side Main Replacement Block #s 116 117 118 119 171 172	F0011129	Oct-16	Oct-16	333,905	220,751	(113,153) (e)	
Sidney main replacement blocks 142N 142S 143N 143S 144N 144S	F0011128	Oct-16	May-16	99,366	97,520	(1,846) (e)	
015-422 Sutton 460-0160 Deshler (Deshler to Chester Mainline Replacement)	F2000434	Sep-16	Jul-16	577,677	(7,538)	(585,216) (e)	
Holdrege Anode Beds 2016	F0011162	Aug-16	Jul-16	54,562	42,255	(12,308) (e)	
Keamey Corrosion Projects	F0011131	Sep-16	Jul-16	66,016	9,878	(56,138) (e)	
Sutton-Install Anode Beds	F0011141	Oct-16	Sep-16	69,976	60,074	(9,903) (e)	
SCBF_Scottsbluff_21Ave River Crossing	F0011153	Dec-16	Sep-16	174,211	206,722	32,511	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
015-681 Centerline Survey (Project was delayed until May 2017)	F2000645	Jul-16	May-17	1,178,096	1,208,083	29,987	Slightly higher internal labor cost compared to the original estimate.
Nebraska Highway Relocation Program	F2000041	Dec-16	Various	-	115,610	115,610	Cost increase was primarily due to additional loading costs and WCH# 10054887 (Chadron Hwy 20 project) - more concrete removal/replacement than anticipated, more boring than anticipated, NDOR adding 4 more crossings, project took longer than estimated. WCH# 1020542 (Bloomington Project) has not been billed out to NDOR for reimbursement \$56,165.93.
<b>Total</b>				<b>21,345,398</b>	<b>17,299,143</b>	<b>(4,046,255)</b>	

Notes

- (a) Includes FERC Accounts 106 and 101 for gas plant which have been completed and placed in service.
- (b) Variance explanation provided for projects with variances greater than 10% or \$10,000.
- (c) Lower actual construction costs were incurred compared to estimates due to lower contractor costs, change in scope reducing costs, other project cost efficiencies, etc.



1102 East 1<sup>st</sup> Street  
Papillion, NE 68046  
P: 402-221-2635

October 10, 2018

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

Attn: Mr. Mike Hybl  
Executive Director

Re: Black Hills Gas Distribution, LLC  
Docket No. NG-0078.6 – In the matter of the application of Black Hills Gas Distribution, LLC d/b/a Black Hills Energy for an order authorizing it to decrease the Safety and Integrity Charges

Dear Mr. Hybl:

Pursuant to the Final Order entered on October 28, 2014 and the Order Modifying Order Approving Application, In Part entered on November 4, 2014 in Docket No. NG-0078 and the Final Order entered on January 26, 2016 in Docket No. NG-0084, Black Hills Gas Distribution, LLC, d/b/a Black Hills Energy, (“BHGD-NE” or the “Company”) herewith submits for filing with the Nebraska Public Service Commission (Commission) the original and one paper copy of the following tariff sheets:

Thirty-eighth Revised Sheet No. 7  
Canceling Thirty-seventh Revised Sheet No. 7

By this Application, BHGD-NE is proposing to adjust the Safety and Integrity Charges applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

The change in the rates submitted with this Application reflects a decrease in the overall Safety and Integrity Charges applicable to the referenced rate schedules to cover the incremental annual revenue requirement impact of costs incurred by BHGD-NE with respect to System Safety and Integrity Rider (“SSIR”) Projects as defined on Tariff Sheet No. 13 along with the 2019 annual revenue requirement of the Projects that were originally included in the calculation of the Pipeline Replacement Charge, but were included in the calculation of the currently effective SSIR rates pursuant to the Commission’s Order in Docket No. NG-0078.3.<sup>1</sup> These eligible

<sup>1</sup> The final Order issued by the Nebraska Public Service Commission in Docket No. NG-0084 contains the following provision under the Rate Moratorium and Acquisition Premium Section on page 10: “The agreement further

Black Hills Gas Distribution, LLC - Nebraska d/b/a Black Hills Energy  
 2017 SSIR Variance Report

Exhibit 4

2017 Projects	Project ID	Original In-Service Date	Revised In-Service Date	Sum of Original Net Additions to In-Service	Revised Net Additions to In-Service (a)	Variance	Explanation (b)
Sutton 16 TOG 390-1653	10056221	Aug-17	Jul-17	2,637,483	2,150,182	(487,301) (c)	
Kearney 12 TOG 370-0060	10056215	Aug-17	Jun-17	2,516,553	2,342,617	(173,936) (c)	
Holdrege 7 TOG 250-1856	10056216	Dec-17	Nov-17	2,546,429	2,446,609	(99,821) (c)	
Sutton 2 TOG 390-0180	10056219	Oct-17	Oct-17	1,651,406	1,577,755	(73,652) (c)	
Holdrege 13 PVC 220-2260 (Holen Line- Bertrand 4 miles west)	10056186	Sep-17	Jun-17	243,352	321,727	78,375	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Sutton 16 PVC 460-2507 (Exeter 2 miles south)	10056201	Aug-17	May-17	888,268	725,712	(162,556) (c)	
Gordon TBS Relocation and Replacement	10056203	Nov-17	Sep-17	208,270	121,122	(87,148) (c)	
Bloomfield At-Risk Meters (15 Total)	10056214	Sep-17	Sep-17	60,161	59,475	(686) (c)	
Crofton At-Risk Meters (21 Total)	10056224	Sep-17	Aug-17	83,850	139,295	55,444	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Wausa At-Risk Meters (4 Total)	10056227	Sep-17	Apr-17	26,243	(30,406)	(56,648) (c)	
Alliance Meter relocation (45 Total)	10056171	Sep-17	Sep-17	217,350	233,065	15,715	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Albion - Meter Barricades	10056211	Dec-17	Dec-17	40,500	33,183	(7,317) (c)	
Holdrege - Meter Barricades	10056212	Dec-17	Dec-17	33,750	32,249	(1,501) (c)	
Kearney - Meter Barricades	10056210	Dec-17	Sep-17	17,010	15,292	(1,718) (c)	
Axtell Bare Main Replacement - Blocks 16, 17, & 18	10056209	Oct-17	Sep-17	72,963	89,300	16,336	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Alliance - Poorly coated/low CP transmission pipe	10056206	Jul-17	May-17	516,191	208,172	(308,020) (c)	
Holdrege - Install 1 Rectifier & 1 Anode Bed	10056228	Oct-17	Aug-17	20,531	28,674	8,143	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Kearney - Install Anode Beds @ 6 locations	10056220	Oct-17	Aug-17	9,785	5,822	(3,963) (c)	
Scottsbluff - Install Anode Beds @ 2 locations	10056222	Oct-17	Aug-17	3,262	4,721	1,459	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Sutton - Install Anode Beds @ 10 locations	10056223	Oct-17	Aug-17	16,308	19,441	3,133	Cost increase was primarily due to additional loading costs. Higher than estimated material costs and some unanticipated internal labor costs also attributed to the overage.
Nebraska Highway Relocation Program	Unassigned	Dec-17	Dec-17	-	-	-	
<b>Total</b>				<b>11,809,666</b>	<b>10,524,007</b>	<b>(1,285,658)</b>	

**Notes**

(a) Includes FERC Accounts 106 and 101 for gas plant which have been completed and placed in service.

(b) Variance explanation provided for projects with variances greater than 10% or \$10,000.

(c) Lower actual construction costs were incurred compared to estimates due to lower contractor costs, change in scope reducing costs, other project cost efficiencies, etc.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-262**

**DATE OF REQUEST:** 08/07/20  
**DATE RESPONSE DUE:** 08/17/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Jason Bennett/Michael Clevinger  
**WITNESS:** Jason Bennett/Michael Clevinger  
**DATE RESPONDED:** 08/17/20  
**SUBJECT:** Farm Tap Replacement Program

---

**REQUEST: PA-262.** Farm Tap: Reference Direct Testimony of Jason Bennett, pages 28–30. The Commission authorized a cap of \$4 million for the farm tap replacement program. The Company states that as of April 30, 2020, the Company has a cumulative investment of \$7.95 million.

- a. Please provide explanations for and a reconciliation of the cost overruns above the \$4 million authorized by the Commission.
- b. Please describe the steps taken by the Company to mitigate the cost overruns.
- c. Identify where (exhibit, schedule, and line number) the Company has reflected the inclusion of farm tap costs in rate base in its filing.
- d. Please provide the workpapers supporting the amount of farm tap costs included in rate base.
- e. If not provided on the workpaper, provide the account number and in-service dates for the farm tap additions that the Company proposes to include in rate base.
- f. How did the Company reflect the farm tap investment in its depreciation study?

**RESPONSE:**

- A. To clarify, the Commission authorized surcharges based on up to \$4 million, but did not cap the total cost of the project at \$4 million. The Order entered on August 22, 2017 in Application No. NG-0090 states:

“The total Surcharge investment by the Applicant will be capped at \$4 million over the three-year replacement period.

The Stipulation and Agreement included a detailed implementation plan and includes the requirement the Applicant file an annual request for Commission approval of the upcoming year's expenditures. Pursuant to the Stipulation and Agreement, Black Hills will be permitted to include the farm tap investment, less depreciation, and representative levels of related cost of service as part of its next general rate proceeding.”

At the time of the filing, the total number of customers and the length of pipe to be replaced was unknown.

The reconciliation of the excess of the investment as of April 30, 2020 and the \$4 million authorized by the Commission is below:

	Installation Costs					Comments
	Total Project Costs	Average Line Costs	Average Line Footage	Average Cost per Foot	Total Project Count	
As of April 30, 2020	\$ 7,945,044	\$ 11,912	830	\$ 14.36	667	Line 31 of Exhibit JLB-4
As Filed	\$ 4,000,000	\$ 6,240	736	\$ 8.48	641	Avg Cost/Foot Calculated
Excess	\$ (3,945,044)	\$ (5,671)	(94)	\$ (5.88)	(26)	
As Filed - Adjusted	\$ 4,694,613	\$ 7,038	830	\$ 8.48	667	Using April 2020 Count and Average Line Footage
	<i>Column E of Exhibit JLB-4</i>					
	Total Project	Cost Per Foot				
External Labor	\$ 4,742,160	\$ 8.57				
Materials	\$ 1,110,906	\$ 2.01				
Internal Labor	\$ 450,691	\$ 0.81				
Vehicle Expense	\$ 50,098	\$ 0.09				
Office Expense	\$ 13,603	\$ 0.02				
Travel Expense	\$ 1,570	\$ 0.00				
IT Costs	\$ 536	\$ 0.00				
Loadings	\$ 1,575,480	\$ 2.85				
Total	\$ 7,945,044	\$ 14.36				

The three drivers of the total program cost are 1) Number of customers, 2) Average Line Footage and 3) full cost per foot to install. While the number of customers and the average line foot were higher than expected, had the full cost per foot been as filed, the total program cost would have been \$4,694,613. The most significant driver of the variance is the full cost per foot to install. The approximate \$8/foot used in the original filing appears to have been the contract labor cost/foot to install which is comparable to \$8.48/foot of contract labor cost/foot as of April 30, 2020. However, materials, loadings, internal labor and other miscellaneous costs totaled \$5.79/foot to install, bringing the total cost/foot to \$14.36.

B. BH Nebraska Gas took several steps to mitigate the cost overruns.

- a. An additional RFP (Request for Proposal) was issued to ensure that the Company was getting competitive contractor rates.
  - b. BH Nebraska Gas identified and monitored some parameters that affected cost. For example, before a contractor would utilize direct boring vs the less expensive alternative of trenching, they were required to give an explanation to the inspector and receive approval before commencement.
  - c. BH Nebraska Gas added a scheduler to make the inspection and installation process more efficient.
- C. The installation cost of the Farm Tap Project would have been included Distribution Plant – Services in Application Exhibit No. 1, Section 2, Exhibit A, Sched D-1, Line 24. The Accumulated Depreciation associated with the Farm Tap Project would have been included in Total Distribution Application Exhibit No. 1, Section 2, Exhibit A, Statement E, Line 9. The Accumulated Depreciation Income Tax associated with the Farm Tap Project would have been included in Application Exhibit No. 1, Section 2, Exhibit A, Sched M-1, Line 35. The Depreciation Expense associated with the Farm Tap Project would have been included in Application Exhibit No. 1, Section 2, Exhibit A, Statement J, Line 11.
- D. As rate base includes the initial cost of capital projects offset by Accumulated Depreciations and Accumulated Deferred Income Taxes, no workpapers were prepared to calculate the rate base from the Farm Tap Project. However, the project costs through 2019 are included in Exhibit JLB-4 totaling \$6,117,295. The 2020 Capital Additions of \$683,179 is included in WP\_Schedule D-2 & M-2 NE 2020 Capital by Plant FERC with Tax. The total of \$6,800,474 is included in the Revenue Requirement model.
- E. All capital additions are recorded in FERC Account 107 until placed in service. The Farm Tap Project was treated as a blanket project, and costs were placed in service each month. Therefore, all \$6,117,295 was placed in service in 2019, and the estimated \$683,179 would be placed in service in 2020.
- F. The depreciation study included all assets that were in service as of 11/30/2019. Since the Farm Tap Project was treated as a blanket project, charges through that date would have been included in sub-account 380 Distribution Plant - Services.

#### **ATTACHMENTS:**

Attachment No. PA 13-262 Direct Testimony of Robert J. Amdor



**Adam Buhrman**  
Corporate Counsel  
Adam.buhrman@blackhillscorp.com

1102 E 1st Street  
Papillion, NE, 68046  
P: 402.221.2630

July 20, 2017

**VIA HAND DELIVERY AND ELECTRONIC DELIVERY**

Jeff Pursley  
Executive Director  
Nebraska Public Service Commission  
300 The Atrium, 1200 "N" Street  
P.O. Box 94927  
Lincoln, NE 68509-4927

**RE: Black Hills/Nebraska Gas Utility, LLC, d/b/a Black Hills Energy**  
**Farm Tap Safety Proposal-Docket No. NG-0090**  
*Stipulation and Agreement*

Dear Mr. Pursley:

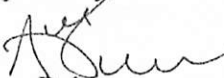
Enclosed please find for filing the following original and 8 copies of Black Hills Energy regarding the above referenced:

- Cover Letter
- Stipulation and Agreement
- Exhibit 1A-Tariff-Redline
- Exhibit 1B-Tariff-Clean
- Exhibit 2-NEG Farm Tap Customer Impact Support
- Exhibit 3-NEG Farm Tap Implementation Plan
- Exhibit 4- Purchased Line Payment Chart

Please stamp-date the extra copy of the filing for our records.

Thank you for your assistance.

Respectfully,

  
Adam Buhrman  
Corporate Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA**

**IN THE MATTER OF BLACK HILLS/  
NEBRASKA GAS UTILITY COMPANY,  
LLC d/b/a BLACK HILLS ENERGY,  
PAPILLION, SEEKING APPROVAL OF A  
FARM TAP SAFETY PROPOSAL AND  
ASSOCIATED TARIFF.**

**Application No. NG-0090**

---

**STIPULATION AND AGREEMENT**

---

Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy (“Applicant”) and the Public Advocate of Nebraska (“Public Advocate”) (collectively, “Settling Parties”) enter into this Stipulation and Agreement (“Stipulation”) to resolve all issues between them related to the Applicant’s application filed in Application No. NG-0090. The Settling Parties specifically request that the Public Service Commission of Nebraska (“Commission”) approve this Stipulation as consistent with the public interest.

**I. BACKGROUND AND PROCEDURAL HISTORY**

1. On December 5, 2016, Applicant filed an application seeking approval of a Farm Tap Safety Proposal and the associated tariff.
2. The petitions for Formal Intervention of the Public Advocate and Northern Natural Gas Company (“NNG”) were granted by the Commission in this proceeding.
3. The Hearing Officer convened a Planning Conference establishing a procedural schedule and other discovery matters.



Docket No. NG-0090

EXHIBIT 2-NEG Farm Tap Cust Impact Support

**NEBRASKA FARM TAP REPLACEMENTS  
 ESTIMATED CUSTOMER IMPACTS**

**Assumptions:**

**641 farm tap customers**  
**736 feet average line length**  
**\$8.09/foot replacement cost**

**\$ 4,000,000 Program Cost**  
**\$ 6,240 Avg per customer**

**\$425 estimated cost per safety test**

**Farm tap replacements, beginning of year**  
**New Investment (\$4 million total, replaced 33% per year)**  
**Annual depreciation expense**  
**Net plant at year end**

	Year 1	Year 2	Year 3
Farm tap replacements, beginning of year	-	1,309,200	2,571,007
New Investment (\$4 million total, replaced 33% per year)	1,333,333	1,333,333	1,333,333
Annual depreciation expense	24,133	71,526	117,204
Net plant at year end	1,309,200	2,571,007	3,787,137

**Farm Tap Tracker Surcharge:**

**Carrying Charge (((0.52\*9.6%)/(1-0.4008))+(0.48\*4.4%))**  
**Annual depreciation expense (3.62%)**  
**Deferred Testing costs (estimated cost of 214 per year)**

Carrying Charge (((0.52*9.6%)/(1-0.4008))+(0.48*4.4%))	136,721	268,493	395,495
Annual depreciation expense (3.62%)	24,133	71,526	117,204
Deferred Testing costs (estimated cost of 214 per year)	90,950	90,950	90,950

**Average impact on 199,121 customers per month**

<b>\$ 0.11</b>	<b>\$ 0.18</b>	<b>\$ 0.25</b>
----------------	----------------	----------------

**BLACK HILLS NEBRASKA GAS, LLC  
 NEBRASKA GAS RATE REVIEW  
 APPLICATION NO. NG-109  
 RESPONSE TO PUBLIC ADVOCATE  
 DATA REQUEST NO. PA-268**

**DATE OF REQUEST:** 08/11/20  
**DATE RESPONSE DUE:** 08/21/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Justin Klapperich/Ken Crouch  
**WITNESS:** Justin Klapperich  
**DATE RESPONDED:** 08/21/20  
**SUBJECT:** ADIT

**REQUEST: PA-268.** Accumulated Deferred Income Taxes (ADIT). List all the book-tax differences reflected in rate base that were either excluded from or are new since the prior rate case (if there are any).

**RESPONSE:**

Please refer to the table below which summarizes the ADIT that is reflected in rate base that were either excluded from or are new since the prior rate case:

Line	(a) Inventory of Book/Tax Timing Differences included in Rate Base that were excluded or new from the Prior Rate Case	(b) Deferred Tax Asset ("DTA")/(Deferred Tax Liability) ("DTL")	(c) Revenue Requirement Reference
1	Employee benefits	\$ 701,917	Sched M-1, Lines: 2, 4, 5, 6, 10
2	Retiree Healthcare	2,046,802	Sched M-1, Lines: 8,15,16
3	Pension	2,071,414	Sched M-1, Lines: 12, 14, 50
4	Income Tax Credits	57,286	Sched M-1, Lines: 20, 21
5	Bad Debt	785,471	Sched M-1, Line 3
6	Deferred Tax Asset on Regulatory Liabilities	89,074	Sched M-1, Lines: 7, 13, 22
7	Deferred Tax Liability on Regulatory Assets	(526,926)	Sched M-1, Lines: 11, 53, 55
8	Prepaid Expenses	(19,692)	Sched M-1, Line 51

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
 NEBRASKA GAS RATE REVIEW  
 APPLICATION NO. NG-109  
 RESPONSE TO PUBLIC ADVOCATE  
 DATA REQUEST NO. PA-266**

**DATE OF REQUEST:** 08/11/20  
**DATE RESPONSE DUE:** 08/21/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger/Justin Klapperich/  
 Ken Crouch  
**WITNESS:** Michael Clevinger/Justin Klapperich  
**DATE RESPONDED:** 08/21/20  
**SUBJECT:** ADIT

**REQUEST: PA-266.** Accumulated Deferred Income Taxes (ADIT). The revenue requirement reflects a net offset in rate base of \$38,218,760 (Statement N, Line 87) before jurisdictional allocation. For each underlying item listed on Schedule M-1, explain in detail:

- a. the book-tax timing difference that causes the ADIT,
- b. how the book-tax timing difference relates to an item in utility rate base, utility revenue and/or utility expense, and
- c. how the related utility rate base, utility revenue and/or utility expense has been reflected in the Company's filing for ratemaking purposes.

**RESPONSE:**

- (a) Please refer to the table below which summarizes the ADIT that is included as an offset in rate base on Statement N, Line 87.

	(a)	(b)	(c)	(d)
Line	Inventory of Book/Tax Timing Differences included in Rate Base	Deferred Tax Asset ("DTA")/(Deferred Tax Liability) ("DTL")	Revenue Requirement Reference	Notes
1	Employee benefits	\$ 701,917	Sched M-1, Lines: 2, 4, 5, 6, 10	1
2	Retiree Healthcare	2,046,802	Sched M-1, Lines: 8,15,16	1

3	Pension	2,071,414	Sched M-1, Lines: 12, 14, 50	1
4	Income Tax Credits	57,286	Sched M-1, Lines: 20, 21	2
5	Bad Debt	785,471	Sched M-1, Line 3	3
6	Net Operating Loss	8,508,697	Sched M-1, Lines: 19, 49	4
7	Deferred Tax Asset on Regulatory Liabilities	89,074	Sched M-1, Lines: 7, 13, 22	5
8	Plant Related Book/Tax differences	(42,905,975)	Sched M-1, Line 35	6
9	Deferred Tax Liability on Regulatory Assets	(526,926)	Sched M-1, Lines: 11, 53, 55	7
10	Prepaid Expenses	(19,692)	Sched M-1, Line 51	7
11	State taxes Allocated ADIT from Black Hills Service	(71,198)	Sched M-1, Line 44	8
12	Company	(8,954,892)	Sched M-1, Line 60	9
13	<b>Total</b>	<b>\$ (38,218,022)</b>		

1. The financial statement (aka “book”) expense for employee benefits, retiree healthcare expenses, and pension expenses occur as the expenses are accrued. The tax deductions occur when the expenditures are paid. The delay of the tax deduction results in a current year increase in taxable income and a future deduction from taxable income. The future deduction from taxable income results in recording a DTA.
2. A DTA is recorded for tax credits if they are not utilized in the year they are generated and result in a carryforward to a future tax year. The future reduction in taxes results in recording a DTA.
3. The book expense for bad debts occur as the expenses are accrued. The tax deductions for bad debt occur when the only when the debt becomes wholly worthless under the tax code. The delay of the tax deduction results in a current year increase in taxable income and a future deduction from taxable income. The future deduction in taxable income results in recording a DTA.
4. A DTA is recorded for net operating losses if they are not utilized in the year they are generated and result in a carryforward to a future tax year. The future reduction in taxable income results in recording a DTA.
5. A regulatory liability represents a future reduction in utility rates which translates into lower future earnings before taxes. A DTA for a regulatory liability is recorded to reflect such lower future earnings before taxes.
6. DTLs are recorded on plant related differences when tax deductions occur before the book deduction occurs. For example, accelerated federal tax depreciation results in depreciation on an asset occurring on the tax return before the depreciation deduction for book occurs. Another example includes repairs that are classified as current year deductions for tax purposes while at the same time are capitalized and depreciated for book.

The acceleration of tax deductions results in a current year decrease in taxable income and a future increase to taxable income. The future increase in taxable income results in recording a DTL.

7. The tax deduction for prepaid expenses and regulatory assets occurs when the expenditures are incurred. The acceleration of deductions for tax versus book results in a current year decrease in taxable income and a future increase to taxable income. The future increase in taxable income results in recording a DTL.
8. A net DTL is recorded for the state income tax effects of the book/tax timing differences listed above. Nebraska conforms to the Internal Revenue Code, thus, federal tax rules are generally applicable for state income tax purposes.
9. A DTL is allocated from Black Hills Service Company in connection with the plant in service that is allocated to the rate base of the Company. Accelerated federal tax depreciation results in depreciation on allocated shared assets occurring for tax before the depreciation deduction for book occurs.

(b and c) See the table below for the references to where the underlying revenue requirement component is located within the Revenue Requirement Study. The table references each item presented in part (a) along with the Component type and the location of that statement in Exhibit No. MCC-2. Note: Expense items would also have an underlying rate base component through the Cash Working Capital calculation presented on Schedule F-2.

<b>Line</b>	<b>Description</b>	<b>Revenue Requirement Component</b>	<b>Exhibit No. MCC-2 Statement/Schedule Location</b>
1	Employee Benefits	Expense	Schedule H-4
2	Retiree Healthcare	Expense	Schedule H-5 Lines 2 and 4
3	Pension	Expense	Schedule H-5 Lines 7 and 9
4	Income Tax Credits	Rate Base	Statement D & E
5	Bad Debt	Expense	Schedule H-7
6	Net Operating Loss	Expense	Statement K Line 51
7	Deferred Tax Asset on Regulatory Liabilities	Expense	Statement H Line 153,
8	Plant Related Book/Tax Differences	Rate Base	Statement D and E
9	Deferred Tax Liability on Regulatory Assets	Expense	Statement H and Schedule H-9
10	Prepaid Expenses	Rate Base	Schedule F-1 Column (b) Statement K Line 63 (the 27.17% includes the State Tax Expense)
11	State Taxes	Expense	Statement D Line 15 and Statement E Lines
12	Allocated ADIT from Black Hills Service Company	Rate Base	13-19

**ATTACHMENTS:** None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-273**

**DATE OF REQUEST:** 08/11/20  
**DATE RESPONSE DUE:** 08/21/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Justin Klapperich, Ken Crouch  
**WITNESS:** Justin Klapperich  
**DATE RESPONDED:** 08/21/20  
**SUBJECT:** ARAM

---

**REQUEST: PA-273.** ARAM. The Company's testimony states at Klapperich, page 12:

The Company proposes reflecting annual ARAM amortizations of Protected Plant EDIT regulatory liabilities as satisfaction of Protected NOL DDIT regulatory asset until such time as the regulatory asset is satisfied. Using historical data, the annual ARAM amortization is trending at approximately \$1 million. At this pace, the \$3.72 million NOL DDIT regulatory asset balance is anticipated to be fully satisfied via ARAM amortizations of Protected Plant EDIT regulatory liabilities in approximately four years. Because the protected ARAM amortizations are anticipated to satisfy a regulatory asset in the next four years, no protected amortizations are reflected in Schedule K of the Revenue Requirement Study in this proceeding.

- a. The Company's proposal appears to accelerate Black Hills Nebraska Gas's recovery of the Protected NOL DDIT while delaying its credit of the Protected EDIT owed to customers. Explain the benefit of the proposal to ratepayers.
- b. Does the specific recovery of the \$3.72 million NOL DDIT in four years comport with ARAM? If it does not, what support (i.e. tax code reference or private letter ruling) can the Company provide to show that adoption of the proposal does not result in a normalization violation?
- c. Quantify the impact on income tax expense and the proposed revenue requirement if the Company were to reflect both the Protected NOL DDIT and Protected EDIT at the normal pace under ARAM. Provide supporting source documents and calculations.

**RESPONSE:**

- a. The Company's proposal credits Protected EDIT to customers as fast as the TCJA allows (i.e. under the ARAM method). Accordingly, it would be unfair to characterize the Company's proposal on this item as "delayed." The Protected NOL DDIT regulatory asset, on the other hand, is proposed to be collected/satisfied with the ARAM credits. This method of collection approximates the speed in which the DTANOL would have been monetized under pre-TCJA law. Secondly, the Company's proposal results in using regulatory liabilities to first satisfy regulatory assets which results in no net impact to the revenue requirement. The netting regulatory liabilities with regulatory assets, and subsequent amortization of the net balance, produces the same net amortization as if both of the balances were amortized over the same period and both amortizations were included in the revenue requirement. Although the collection of the NOL DDIT will occur before refund of the complete Protected Plant EDIT, customers will benefit from a reduction to rate base as the regulatory asset is fully satisfied and extinguished. The remaining Protected Plan EDIT remains as a reduction to rate base and provides customers cost free capital. It is commonplace for regulatory assets and liabilities to be amortized during the anticipated period between rate reviews to settle the recovery of regulatory assets and liabilities so that the same items are not relitigated in the next rate case.
  
- b. Under section 13001(d) of the Tax Cuts and Jobs Act ("TCJA"), the regulated public utility is not permitted to reduce the Protected Plant EDIT more rapidly or to a greater extent than such reserve would be reduced under the average rate assumption method ("ARAM"). A normalization method of accounting is a limitation on the provision of tax benefits to the customers of a regulated public utility. ARAM specifies that the utility cannot return to customers any of the Protected Plant EDIT until the year in which the book depreciation expense is more than the tax depreciation on the underlying assets. Once this occurs, the utility begins to record the associated amount under ARAM at a rate no faster than the remaining book life of that asset

The IRS held that the NOL carryforward attributable to accelerated tax depreciation is protected by the normalization rules. The normalization rules of the TCJA are not a mechanism to limit a regulated public utility's ability to receive benefits in rates. The reversal of the NOL DDIT more rapidly or to a greater extent than the reversal of the Protected Plant EDIT under the ARAM should be considered a normalization method of accounting under the TCJA. If the NOL DDIT is collected slower than ARAM, it may be viewed as having the same effect as passing the benefit of Protected Plant EDIT to customers too rapidly.



- c. Although ARAM could be an appropriate method to collect NOL DDIT, it would be administratively impractical to assign the NOL to specific classes of assets as required by ARAM. Deferred taxes related to NOLs do not reverse over the remaining lives of the assets. NOL-related deferred taxes reverse as they are used to offset the tax liability of a company. The Company is proposing to apply the Protect Plant ARAM amounts calculated and recorded on the books each year to reduce the protected NOL DDFIT until the NOL DDFIT balance is zero. This approach results in using regulatory liabilities to first satisfy regulatory assets and has no impact to the revenue requirement.

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
 NEBRASKA GAS RATE REVIEW  
 APPLICATION NO. NG-109  
 RESPONSE TO PUBLIC ADVOCATE  
 DATA REQUEST NO. PA-272**

**DATE OF REQUEST:** 08/11/20  
**DATE RESPONSE DUE:** 08/21/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Justin Klapperich, Ken Crouch  
**WITNESS:** Justin Klapperich  
**DATE RESPONDED:** 08/21/20  
**SUBJECT:** ARAM

**REQUEST: PA-272.** Average Rate Assumption Method (ARAM) Amortization. Provide the historical data supporting the Company’s representation that the ARAM amortization is trending at approximately \$1 million annually. Does the \$1 million reflect both the Protected NOL DDIT and Protected EDIT components?

**RESPONSE:**

The ARAM trend in testimony was a rounded high-level estimate derived by taking the figure in the table on p.12 line 1 labelled “NON-REFUNDED ARAM” and dividing by three, since it has been approximately three years since TCJA was passed.

The figure reflected all Plant-related EDIT components. The figure did not reflect the Protected NOL DDIT component. An ARAM amount for Protected NOL DDIT is not able to be reasonably calculated.

The following table summarizes the data supporting the forecasted trend:

		2018	2019	2020	Projection -->					
					2021F	2022F	2023F	2024FF	2025F	2026F
Total	Protected Property ARAM	385,354	430,400	335,027	312,339	406,833	735,702	773,229	764,745	747,959
	Non Protected Property ARAM	222,410	193,292	161,421	-					
	Disposal Assumption_Fcst Only				100,000	105,000	110,250	115,763	121,551	127,628
	<b>Total ARAM</b>	<b>607,765</b>	<b>623,692</b>	<b>496,448</b>	<b>412,339</b>	<b>511,833</b>	<b>845,952</b>	<b>888,992</b>	<b>886,295</b>	<b>875,587</b>
									9 yr avg	683,211
									5 yr fcst avg	736,833

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-270**

**DATE OF REQUEST:** 08/11/20  
**DATE RESPONSE DUE:** 08/21/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Justin Klapperich/Ken Crouch  
**WITNESS:** Justin Klapperich  
**DATE RESPONDED:** 08/21/20  
**SUBJECT:** ADIT

---

**REQUEST: PA-270.** Non-Protected Non-Property - (EDFIT)/DDFIT. Provide a detailed breakdown of the underlying ADIT items that constitute the net DDFIT balance of \$2,172,577 (Schedule M-1, Line 30) the Company seeks to recover as part of the proposed one-time credit to ratepayers.

**RESPONSE:**

Please refer to the table below which provides a detailed breakdown of the net DDFIT balance of \$2,172,577:

**BLACK HILLS NEBRASKA GAS, LLC  
INVENTORY NON-PROTECTED, NON-PROPERTY DEFICIENT DEFERRED  
INCOME TAXES ("DDIT")  
AS OF DECEMBER 31, 2019**

<b>Line No.</b>	<b>Description</b>	<b>Company Total</b>
1	<b>Non-Protected Non-Property - DDIT</b>	
2	Asset Retirement Obligation	625,638
3	Bad Debt Reserve	1,323,163
4	Bonus	1,963
5	Deferred Rate Case	(114,576)
6	Employee Compensation	147,734
7	Employee Group Insurance	24,326
8	Insurance Reserve	30,983
9	Line Extension Deposits	1,280
10	Other	133,268
11	Pension	(1,652,822)
12	Prepaid Expenses	(13,995)

13	PUC Fees	50,028
14	Retiree Healthcare	1,353,473
15	Vacation	129,246
16	Workman's Compensation	132,868
17	<b>Total Non-Protected Non-Property - DDFIT</b>	<b>2,172,577</b>

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-308**

**DATE OF REQUEST:** 08/14/20  
**DATE RESPONSE DUE:** 08/24/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Justin Klapperich  
**WITNESS:** Justin Klapperich  
**DATE RESPONDED:** 08/24/20  
**SUBJECT:** ADIT

---

**REQUEST: PA-308.** The Joint Stipulation in Docket No. NG-0095-PI-213, et. al, dated May 17, 2018, states beginning at the bottom of page 11:

Black Hills Energy shall establish a regulatory liability account for BH Nebraska and for BHGD to capture tax savings relating to excess ADIT. BH Nebraska and BHGD will provide a report of the balances in the ADIT Regulatory Account to the Public Advocate and Commission upon request by either the Public Advocate or the Commission. The Parties have agreed to defer any issues regarding the amount of tax savings relating to excess ADIT and how those savings should be passed on to customers to the Company's next general rate case filing.

- a. Please provide a report of the balances in the ADIT Regulatory Account by Protected Property, Unprotected Property, and Unprotected Non-Property categories as of year-end 2017, 2018, 2019, and YTD 2020. Include a reconciliation and explanation of all activity, including true-ups, adjustments and amortizations.
- b. Provide the accounting workpapers supporting the valuation of the excess ADIT balances by category as of December 31, 2017, per the Audited Financial Statements.
- c. If the reported book balances by category in the ADIT Regulatory Account as of December 31, 2019, do not match those reported at Schedule M-1, please provide a reconciliation to the balances reflected in jurisdictional rate base.

**RESPONSE:**

- a. Please refer to Attachment No. PA 17-308 Regulatory Liabilities for EDIT for a report of the total regulatory liabilities for excess deferred income taxes ("EDIT") as a result of the Tax Cuts and Jobs Act for the years 2017 to 2020 to date.

- b. Please refer to Attachment No. PA 17-308 Regulatory Liabilities for EDIT for a copy of the accounting work papers which support the regulatory liabilities for EDIT as of December 31, 2017.
- c. The reported book balances of as of December 31, 2019 as reported in response to PA 17-308(a) match the amounts reported at Schedule M-1.

**ATTACHMENTS:**

Attachment No. 17-308 Regulatory Liabilities for EDIT

Black Hills Nebraska Gas, LLC  
 Attachment to PA 17-308

Line	Regulatory Liabilities for (EDFIT)	(a) 12/31/17	(b) True Up Adjustment to Tax Return As- Filed	(c) Annual Amortization	(d) 12/31/18	(e) True Up Adjustment	(f) Annual Amortization	(g) 12/31/19	(h) True Up Adjustment	(i) Annual Amortization	(j) 6/30/20
1											
2	Protected Property - (EDFIT)	(19,870,756)	(545,642)	368,514	(20,047,884)	(1,146,280)	430,400	(20,763,764)	(568,959)	167,513	(21,165,210)
3	Non-Protected Plant - (EDFIT)	(1,630,785)	(3,589,863)	212,690	(5,007,957)	1,143,777	243,703	(3,620,477)	444,842	109,822	(3,065,812)
4	Protected NOL - Deficient Deferred Federal Income Taxes ("DDFIT)	2,768,192	760,359	-	3,528,551	193,670	-	3,722,221	(0)	-	3,722,221
5	Non-Protected Non-Property - (EDFIT)/DDFIT	-	2,059,536	-	2,059,536	113,041	-	2,172,577	-	-	2,172,577
6	Regulatory Liability for non-refunded ARAM	-	-	(581,204)	(581,204)	(1,794,645)	(674,103)	(3,049,952)	126,716	(277,336)	(3,200,572)
7	<b>Total Regulatory Liabilities for (EDFIT)</b>	<b>(18,733,349)</b>	<b>(1,315,610)</b>	<b>-</b>	<b>(20,048,958)</b>	<b>(1,490,436)</b>	<b>-</b>	<b>(21,539,395)</b>	<b>2,598</b>	<b>-</b>	<b>(21,536,796)</b>
8											
9											
10	Black Hills Nebraska Gas Utility Company, LLC per 17(b)	(16,995,552)									
11	Black Hills Gas Distribution, LLC - Nebraska per 17 (b)	(1,737,796)									
12	<b>Total Regulatory Liabilities for (EDFIT) per 17(b)</b>	<b>(18,733,348)</b>									
13	check	(0)									
14											
15											

**Note column (b)** Column (b) contains the adjustments to the 2017 year end estimated amounts to the 2017 tax return amounts filed in October 15, 2018. Adjustment to the estimated book/tax differences from 12/31/17 require a true up of accumulated deferred income taxes ("ADIT") subject to remeasurement under the Tax Cuts and Jobs Act ("TCJA")

16  
 17  
 18

**Note columns (e) and (i)** Columns (e) and (f) contains additional adjustments to the regulatory liability for EDIT. These subsequent adjustments include: corrections the income tax gross up factor used in the regulatory liability calculation, and additional refinements of the ADIT subject to remeasurement based on new information and additional IRS, FERC and accounting guidance, e.g. bonus depreciation clarification released by the IRS in 2018.

19

M-Item Rollforward by Month Type - Report #51052				Deferral/Deferred Federal Income Taxes ("DDFT") Excess/Deferred Federal Income Taxes ("EDFT")					
2018 Master Case (P3)				Prior Tax Rate	New Tax Rate	Tax Gross Up Factor			
NH Nebraska Gas Utility Co LLC				35%	21%	125.5574%			
January				33.97%	20.38%	125.5574%			
M-Adj Detail	Gross Timing Difference - 12/31/2017	92% Jurisdictional	92.00%	ADIT @ 35% Federal Income Tax Rate	ADIT @ 21% Federal Income Tax Rate	DDFT/(EDFT) before Tax Gross Up	254015 DDFT/(EDFT)	aus/astic	M-Adjustment
BENDEF Deferred Compensation	190300	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00		NPNP
BENGRP Employee Group Insurance		(\$2,595.20)		(\$881.52)	(\$528.91)	(\$352.61)	(\$442.87)		Employee Group Insurance
BENPEN Pension		(\$8,544,593.19)		(\$2,902,384.69)	(\$1,741,430.82)	(\$1,160,953.88)	(\$1,450,127.57)		Pension
BENPER Performance Plan Bonus		\$12,037.53		\$4,088.85	\$2,433.31	\$1,635.54	\$2,054.19		Bonus
BENRET Retiree Healthcare LT		\$4,706,279.38		\$1,598,605.45	\$959,163.27	\$639,442.18	\$803,122.58		Retiree Healthcare
BENRET Retiree Healthcare ST		\$609,000.00		\$206,862.08	\$124,117.25	\$82,744.83	\$103,929.33		Retiree Healthcare
BENVAC Vacation		\$283,651.68		\$95,330.36	\$57,198.22	\$38,132.14	\$47,892.97		Vacation
CRDARV Alternative Refuel Vehicle Credit		\$50,000.00							Exclude
CRDROJ R & D Credit Carryover		\$2,016.00							Exclude
NOLNOL Net Operating Loss Carryforward		(\$15,347,500.18)							Exclude
NOLST3 State NOL 2011		(\$30,168,813.71)							Exclude
NOLST4 State NOL 2014		(\$9,206,626.06)							Exclude
NOLST6 State NOL 2015		(\$17,284,184.31)							Exclude
NOLST7 State NOL 2016		(\$19,432,989.00)							Exclude
NOLST8 State NOL 2013		(\$19,098,161.57)							Exclude
CRHBN Results Compensation/Bonus/Etc		\$615,987.34		\$209,235.50	\$125,541.30	\$83,694.20	\$105,117.72		NPNP
CRHNS Insurance Reserve		\$190,032.90		\$64,349.43	\$38,729.66	\$25,812.77	\$32,428.95		Insurance Reserve
CRHNS Line Extension Deposits		(\$6,966.27)		(\$2,300.56)	(\$1,296.34)	(\$821.22)	(\$1,035.20)		Line Extension Deposits
CRHNS Other		\$18,298.51		\$6,215.55	\$3,729.33	\$2,486.22	\$3,122.63		Other
CRHNS Workman's Compensation		\$86,939.56		\$28,994.56	\$13,221.15	\$8,815.44	\$109,017.91		Workman's Compensation
RESERV Bad Debt Reserve		\$5,486,936.87		\$1,863,775.28	\$1,186,265.17	\$745,510.11	\$936,361.12		Bad Debt Reserve
RGAPT Excess Tax - Non Protected Property RB		(\$16,141,101.39)							Exclude
RGAPT Excess Tax - Protected Property		(\$8,453,434.18)							Exclude
RGAPT Reg Pension DT		\$14,295,407.31							Exclude
RGAPT Reg Retiree Healthcare - DT		\$467,609.89							Exclude
<b>Total 190300</b>		<b>(\$201,318,851.09)</b>							
=====									
DEFENL Environ Cleanup Liab	190501	\$1,330,028.16							Exclude
OTH143 Aro Fash 143 Asset		(\$437,318.04)							Exclude
OTHAR10 Aro Fash 143 Liability		\$1,606,284.89							Exclude
OTHFDD Rate Refund		\$1,834,499.47							Exclude
PREAPP Appraisal Adjust		\$306,046.00							Exclude
<b>Total 190501</b>		<b>\$4,697,640.58</b>							
=====									
PF162 Sec 162 Ordinary & Necessary Busin	282300	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00		NPP
PF174 Section 174 Develop & Engineer Cos		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00		NPP
PF481 Sec 481(a)		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00		NPP
PF48U 481A Adjustment		\$0.00		\$0.00	\$0.00	\$0.00	\$0.00		NPP
PF5AM Amortization		(\$6,591,069.52)	(\$6,063,763.96)	(\$2,059,715.82)	(\$1,238,820.49)	(\$823,886.33)	(\$1,034,770.58)		PP
PF5AC Acquisition Costs		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		PP
PF5CC Contributions in Aid of Const Gas		\$13,733,330.95	\$12,634,572.47	\$4,291,648.41	\$2,574,989.04	\$1,716,659.36	\$2,156,079.06		NPP
PF5CC Cost of Removal Gas		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		PP
PF5PD Depreciation		(\$1,879,969.74)	(\$1,729,572.16)	(\$587,492.42)	(\$352,490.45)	(\$234,996.97)	(\$295,150.02)		NPP
PF5PFD Interest		(\$4,118,098.02)	(\$7,388,602.21)	(\$2,386,989.76)	(\$1,577,125.81)	(\$1,014,795.90)	(\$1,206,307.41)		PP
PF5PFD Int 5 Gas		(\$9,731,513.37)	(\$8,952,992.30)	(\$3,041,107.66)	(\$1,824,664.60)	(\$1,216,443.06)	(\$1,527,820.53)		NPP
PF5PNT Capitalized Interest		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		NPP
PF5PNT Units of Property		(\$18,077,847.83)	(\$17,547,940.00)	(\$5,966,596.12)	(\$3,576,357.91)	(\$2,384,238.61)	(\$2,994,541.06)		NPP
PF5PRA Repair Allowance		\$0.71	\$0.65	\$0.22	\$0.13	\$0.09	\$0.11		NPP
TD1504 Book/Tax Gain Difference		(\$932,203.14)	(\$853,946.93)	(\$290,064.44)	(\$174,038.66)	(\$116,025.78)	(\$145,725.33)		NPP
<b>Total 282300</b>		<b>(\$108,589,470.09)</b>							
=====									
<b>Total 282301</b>		<b>\$0.00</b>							Exclude
=====									
DEFOTM Reg Other Asset	283300	\$2.74		\$0.93	\$0.56	\$0.37	\$0.47		NPNP
DEFRAF Deferred Rate Case		(\$1.53)		(\$0.52)	(\$0.31)	(\$0.21)	(\$0.26)		NPNP
NOLST3 State NOL 2011		(\$30,168,813.71)							Exclude
NOLST4 State NOL 2014		(\$9,206,626.06)							Exclude
NOLST6 State NOL 2015		(\$17,284,184.31)							Exclude
NOLST7 State NOL 2016		(\$19,432,989.00)							Exclude
NOLST8 State NOL 2013		(\$19,098,161.57)							Exclude
OTHARO Aro - Reg		(\$42,036.26)		(\$14,278.67)	(\$8,567.20)	(\$5,717.47)	(\$7,173.45)		NPNP
CRHNS Other		\$18,298.51		\$6,215.55	\$3,729.33	\$2,486.22	\$3,122.63		Exclude
CRHNS Pension - Reg		\$767,459.55		\$260,686.82	\$156,412.09	\$104,274.73	\$130,966.32		NPNP
CRHNS Ret Hc - Reg		(\$0.35)		(\$0.12)	(\$0.07)	(\$0.05)	(\$0.06)		NPNP
PREAPP Prepaid Expenses		(\$41,144.56)		(\$14,655.81)	(\$8,793.48)	(\$5,862.22)	(\$7,261.92)		NPNP
TD1805 LIE Deferral		\$38,537,291.68		\$13,090,154.55	\$7,854,092.73	\$5,236,061.82	\$6,576,356.10		Exclude
TD1806 1013 Gain Deferral		(\$4,759,162.00)	(\$4,378,429.04)	(\$1,487,242.88)	(\$892,345.73)	(\$594,897.15)	(\$747,175.20)		NPP
<b>Total 283300</b>		<b>(\$70,714,006.87)</b>							
=====									
DEFEA Reg Energy Efficient Asset	283301	\$0.00							Exclude
DEFENV Reg Environ Cleanup		(\$610,109.16)							Exclude
DEFOTM Reg Other Asset		\$2.74							Exclude
OTHARO Aro - Reg		(\$42,036.26)							Exclude
OTHFDD Purchase Gas Adjustments		(\$13,008,213.46)							Exclude
CRHNS Severance		(\$1,573,375.71)							Exclude
PREGDW Goodwill		(\$16,506,927.00)							Exclude
TD1805 LIE Deferral		\$38,537,291.68							Exclude
<b>Total 283301</b>		<b>(\$5,701,223,120.64)</b>							
=====									
						<b>254015 DDFT/(EDFT)</b>			
						Protected Property Rate Base (EDFT)	(\$4,241,087)	PP	
						Non-Protected Property Rate Base (EDFT)	(\$1,564,313)	NPP	
						Protected NOL Rate Base (DDFT)	-	NOL	
						Non-Protected Rate Base Non Property (DDFT)	799,868	NPNP	
						<b>Tax Gains and Losses Act</b>	<b>(\$6,995,522)</b>		



M Item Rollforward by Month Type - Report 051052

2018 Master Case (PP)  
 Big Gas Distribution Nebraska  
 January

Excess Deferred Federal Income Taxes ("DDFIT")  
 Excess Deferred Federal Income Taxes ("EDFIT")

M-Adj Detail	Gross Timing Difference - 12/31/2017	76% Regulatory haircut	76.00%	Prior Tax Rate	35%	New Tax Rate	21%	Tax Gross Up Factor	1.25 (1.20/38%)	Classification	M-Adjustment
				ADIT @ 35% Federal Income Tax Rate	33.97%	ADIT @ 21% Federal Income Tax Rate	30.38%	254015 DORFI(EDFIT)			
BENDEF Deferred Compensation	190300	\$0.00		\$0.00		\$0.00		\$0.00		NFNP	
BENEMP Employee Group Insurance		\$18,758.45		\$4,818.15		\$3,740.89		\$24,967.26		NFNP	Employee Group Insurance
BENFEN Pension		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Pension
BENFPB Performance Plan Bonus		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Bonus
BENRET Retiree Healthcare LT		\$3,614,993.73		\$1,227,993.00		\$736,753.80		\$491,169.20		NFNP	Retiree Healthcare
BENRET Retiree Healthcare ST		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Retiree Healthcare
BENVAC Vacation		\$648,996.00		\$218,428.69		\$131,657.21		\$87,771.48		NFNP	Vacation
CEDMAY Alternative Fuel Vehicle Credit		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	
CREDIT R & D Credit Carryover		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	
NOLNOL Net Operating Loss Carryforward		\$30,517,048.20		\$10,365,878.35		\$6,219,527.01		\$4,146,351.34		NOL	
NOLSTS State NOL 2011		\$18,718,516.47		\$6,358,212.08		\$3,814,927.25		\$2,543,284.83		NOL	
NOLSTS State NOL 2014		\$0.00		\$0.00		\$0.00		\$0.00		NOL	
NOLSTS State NOL 2015		\$0.00		\$0.00		\$0.00		\$0.00		NOL	
NOLSTS State NOL 2016		\$63,937,840.58		\$21,718,086.00		\$13,030,851.60		\$8,687,234.40		NOL	
OTHB02 Bowdoin Reg Liab		\$1,109,667.00		\$388,383.45		\$233,030.07		\$155,353.38		Exclude	Bowdoin Reg Liab
OTHB03 Results Compensation/Bonus/Etc		\$251,230.20		\$119,304.15		\$71,582.69		\$47,721.66		NFNP	Employee Compensation
OTHLED Line Extension Deposits		\$18,307.08		\$6,538.13		\$3,934.88		\$2,623.25		NFNP	Line Extension Deposits
OTHLED Line Extension Deposits		(\$2,898.56)		(\$984.57)		(\$590.74)		(\$393.83)		NFNP	Line Extension Deposits
OTHMFC Fuel Fees		\$389,828.00		\$133,621.33		\$76,372.80		\$50,248.53		NFNP	Fuel Fees
OTHMFC Other Current		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	Other Current
OTHMFC Workman's Compensation		\$213,046.00		\$71,386.40		\$43,419.84		\$28,546.56		NFNP	Workman's Compensation
RESDRD Bad Debt Reserve		\$180,526.23		\$129,251.25		\$77,553.15		\$51,702.10		NFNP	Bad Debt Reserve
RGARTE Excess Tax - Non-Protected NOL RB		\$16,620,510.00		\$0.00		\$0.00		\$0.00		Exclude	
RGARTE Excess Tax - Non-Protected Property RB		\$6,584,743.63		\$0.00		\$0.00		\$0.00		Exclude	
RGARTE Excess Tax - Protected Property		(\$12,989,725.97)		\$0.00		\$0.00		\$0.00		Exclude	
RGARPD Reg Pension DT		\$580,486.25		\$0.00		\$0.00		\$0.00		Exclude	
RGARH2 Reg Retiree Healthcare - DT		\$1,292,988.81		\$0.00		\$0.00		\$0.00		Exclude	
<b>Total 190300</b>		<b>\$111,149,844.24</b>									
DECHT Derivatives - Short Term	190301	\$264,479.97		(\$294,143.37)						Exclude	
DEFEA Reg Energy Efficient Asset		(\$294,143.37)								Exclude	
DELING Derivatives - Long Term		(\$264,479.97)								Exclude	
OTHLA3 Aro Fab 143 Liab		\$2,380,266.46		\$810,894.06		\$486,536.43		\$324,357.62		NFNP	Aro Fab 143 Liab
OTHLA1 Aro Fab 143 Liability		\$5,689,785.00		\$1,932,677.72		\$1,159,606.63		\$773,071.09		NFNP	Aro Fab 143 Liability
OTHB02 Bowdoin Reg Liab		\$1,109,667.00		\$0.00		\$0.00		\$0.00		Exclude	
OTHMFC Purchase Gas Adjustments		(\$511,412.28)		\$0.00		\$0.00		\$0.00		Exclude	
OTHMFC Other Current		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	
<b>Total 190301</b>		<b>\$4,310,968.55</b>									
PF162 Sec 162 Ordinary & Necessary Busin	282300	\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Ordinary and Necessary Business Deductions
PF174 Section 174 Develop & Engineer Cos		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Research and Development Deduction
PF481 Sec 481(a)		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Change in Method of Accounting
PF484 484 Adjustment		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Change in Method of Accounting
PF6AM Amortization		\$0.00		\$0.00		\$0.00		\$0.00		PP	Accelerated Depreciation - Method and Life
PF743 743 Step Up		(\$1,387,947.00)		(\$1,054,619.72)		(\$318,320.68)		(\$143,311.07)		NFNP	743 Step Up
PF6C6 Contributions in Aid of Constn Gas		\$90,992.56		\$23,490.00		\$14,094.00		\$9,396.00		NFNP	Contribution in Aid of Construction
PF6C5 Cost of Removal Gas		(\$2,297,100.07)		(\$618,821.03)		(\$418,821.03)		(\$271,208.41)		NFNP	Cost of Removal
PF6DP Depreciation		(\$4,407,534.20)		(\$1,989,725.99)		(\$1,205,783.18)		(\$6,723,471.11)		NFNP	Accelerated Depreciation - Method and Life
PF6AD DD 5 Gas		\$1,572,680.57		\$405,992.21		\$248,396.32		\$162,396.88		NFNP	Capitalization of Overhead
PF6PNT Capitalized Interest		\$26,181.00		\$19,988.96		\$11,950.58		\$7,837.58		NFNP	Capitalization of Overhead
PF6UCP Unit of Property		(\$14,620,041.73)		(\$3,511,131.71)		(\$1,917,677.63)		(\$1,259,606.58)		NFNP	Capitalization of Overhead
PF6PRA Repair Allowance		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Capitalization of Overhead
TD150A Book/Tax Gain Difference		(\$2,981,968.00)		(\$2,246,295.68)		(\$769,803.99)		(\$461,882.39)		NFNP	Tax Repair Deduction
<b>Total 282300</b>		<b>(\$3,076,744.37)</b>									
DECHT Derivatives - Short Term	282301	\$0.00		\$0.00		\$0.00		\$0.00		Exclude	
<b>Total 282301</b>		<b>\$0.00</b>									
BENFEN Pension	283300	\$449,971.66		\$152,844.12		\$91,706.47		\$61,137.65		NFNP	Pension
EDRFR Deferred Rate Cap		(\$12,467.63)		(\$18,158.28)		(\$53,719.15)		(\$42,479.43)		NFNP	Deferred Rate Cap
NOLSTS State NOL 2011		\$18,718,516.47		\$6,358,212.08		\$3,814,927.25		\$2,543,284.83		NOL	
NOLSTS State NOL 2014		\$0.00		\$0.00		\$0.00		\$0.00		NOL	
NOLSTS State NOL 2015		\$0.00		\$0.00		\$0.00		\$0.00		NOL	
NOLSTS State NOL 2016		\$63,937,840.58		\$21,718,086.00		\$13,030,851.60		\$8,687,234.40		NOL	
NOLSTS State NOL 2013		\$0.00		\$0.00		\$0.00		\$0.00		NOL	
OTHB02 Bowdoin Reg Liab		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	
OTHMFC Reg		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Aro-Reg
OTHMFC Other		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	
OTHMFC Pension - Reg		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Pension Reg
OTHMFC Ret Hc - Reg		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	Ret Hc-Reg
PF6AD Prepaid Expenses		(\$71,821.32)		(\$1,395.91)		(\$14,857.24)		(\$7,738.30)		NFNP	Prepaid Expenses
TD1801 LSE Deferral		\$0.00		\$0.00		\$0.00		\$0.00		Exclude	LSE Deferral
TD1806 1033 Gain Deferral		\$0.00		\$0.00		\$0.00		\$0.00		NFNP	1033 Gain Deferral
<b>Total 283300</b>		<b>\$42,721,859.76</b>									
DECHT Derivatives - Short Term	283301	\$264,479.97		(\$294,143.37)						Exclude	
DEFEA Reg Energy Efficient Asset		(\$294,143.37)								Exclude	
DEOTO Reg Other Asset		(\$20,688.01)								Exclude	
OTHB02 Bowdoin Reg Liab		(\$1,109,667.00)								Exclude	
PF6C1 Goodwill - Prior		(\$9,200,747.55)								Exclude	
PF6C2 Goodwill - 2%		\$19,846.91								Exclude	
PF6C2 Goodwill - Purchase		(\$9,011,360.87)								Exclude	
<b>Total 283301</b>		<b>(\$6,086,248.80)</b>									

254015 DORFI(EDFIT)  
 Protected Property Rate Base (EDFIT) (5,629,669) PP  
 Non-Protected Property Rate Base (EDFIT) (1,261,059) NFP  
 Protected NOL Rate Base (DOFIT) 2,768,192 NOL  
 Non-Protected Rate Base Non Property (DOFIT) 2,386,740 NFNP  
**Tax Cuts and Jobs Act 8,722,972**

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-217**

**DATE OF REQUEST:** 07/14/20  
**DATE RESPONSE DUE:** 07/24/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Douglas N. Hyatt  
**WITNESS:** Douglas N. Hyatt  
**DATE RESPONDED:** 07/24/20  
**SUBJECT:** Operations

---

**REQUEST:** PA-217. Please refer to Exhibit No. DNH-2. The predicted annual 10-year usage per customer for residential customers is under 1,000 except for the Sioux City Weather Station. Similarly, the predicted annual 10-year usage per customer for commercial customers is over 2,500 except for the Sioux City Weather Station. Is the data for lines 146-152 transposed from lines 310-322? If so, did this transposition impact the company's analysis or the weather normalization adjustment?

**RESPONSE:**

The statistical results for all customer classes and weather stations were not properly aligned in Exhibit DNH-2.

In the work paper file named 'Exhibits\_WPs\_Billing Determinants.xls', tab labeled 'Regression Results', cell O4 should have been a numeral 1 instead of numeral 2, and cell O5 should have been a numeral 14 instead of a numeral 15. These two numerals determine the matching of regression results for all classes and weather stations in the 'WNA Statistical Results' and 'DNH-2 WNA Stats'. The adjustments are then reflected in Section 3, Exhibit B and Exhibit C of the Application. Exhibit DNH-6 Load Factor Analysis includes weather normalized therms and is also impacted by the correction.

Based on the above correction, BH Nebraska Gas anticipates that the jurisdictional revenues will increase based on the difference between the filed WNA and a corrected WNA. BH Nebraska Gas will reflect this correction (along with any other corrections that are appropriate or necessary) in its Rebuttal Testimony. BH Nebraska Gas believes that the impact of this adjustment to be very small on the overall revenue deficiency.

**ATTACHMENTS:**

Attachment No. PA 07 – 217 Exhibits\_WPs\_Billing Determinants Corrected

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-283**

**DATE OF REQUEST:** 08/12/20  
**DATE RESPONSE DUE:** 08/24/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Tyler Frost/Michael Clevinger  
**WITNESS:** Tyler Frost/Michael Clevinger  
**DATE RESPONDED:** 08/24/20  
**SUBJECT:** Misc. Fees Revenue

---

**REQUEST:** PA-283. How is the additional revenue due to increased Miscellaneous Revenue accounted for as part of the Company's proposed overall revenue increase? Please provide the references to the supporting workpapers including the determinants for these items and the resulting revenue proof for this revenue. How is this revenue allocated to residential and commercial customers?

**RESPONSE:**

The Company did not make an adjustment to the Miscellaneous Revenues in Exhibit No. MCC-2 to account for changes in the proposed Miscellaneous Revenue rates.

Miscellaneous Service Revenues in FERC Account 488 are allocated based upon the Supervised O&M Allocation as shown on line 18 of Table 4, Section 4 of Exhibit A. The Company provided an allocation of these revenues by customer class in workpaper file BH Nebraska Consolidated CCOS 05\_19\_2020 v12.1.xls.

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-243**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Depreciation

---

**REQUEST: PA-243.** Depreciation Expense: Reference Exhibit MCC-2, Statement J and J-1. Schedule J brings forward depreciation expense by FERC Account from Schedule J-1. Schedule J, line 22, includes Schedule J-1, lines 72–76. Schedule J, line 23, includes Schedule J-1, line 77, which is the total of lines 72–76. Please confirm that the above recording is an oversight. If it is not an oversight, please explain why Total Depreciation and Amortization Expense includes the individual account balances AND the total of those individual account balances.

**RESPONSE:**

The recording is an oversight. Statement J line 22 will be updated to remove the sum of Schedule J-1, lines 72-76 at the appropriate time in the procedural schedule.

**ATTACHMENTS:** None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-50**

**DATE OF REQUEST:** 06/10/20  
**DATE RESPONSE DUE:** 06/23/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Jason Bennett  
**WITNESS:** Robert J. Amdor  
**DATE RESPONDED:** 06/23/20  
**SUBJECT:** Labor Costs - Employees

---

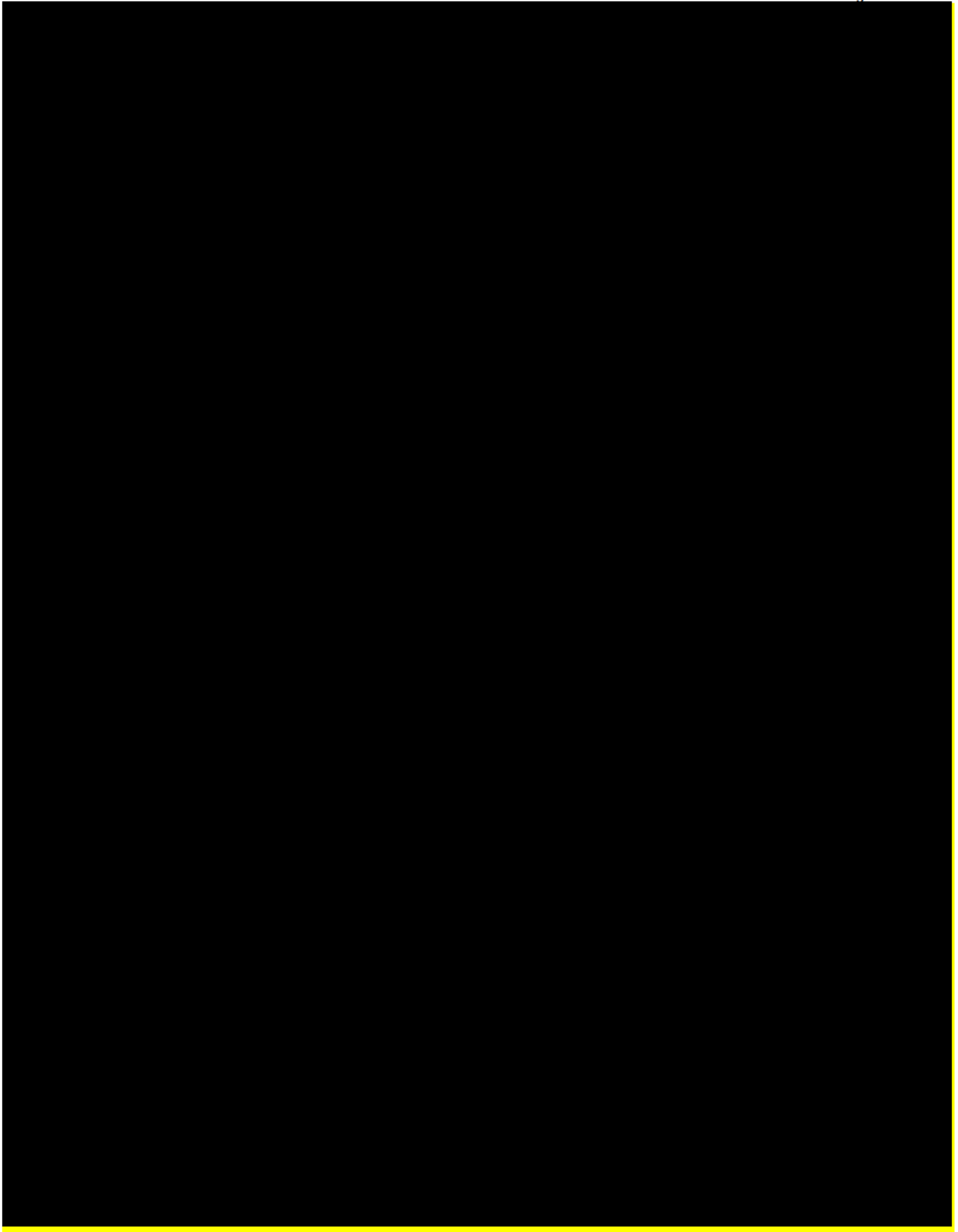
**REQUEST:** PA-50. **Labor Costs—Employees.** Please provide the budgeted and actual number of full-time equivalent employees for the test year and the three preceding calendar years. Provide the data by functional areas where available, by exempt and nonexempt, or management and non-management, as may be appropriate.

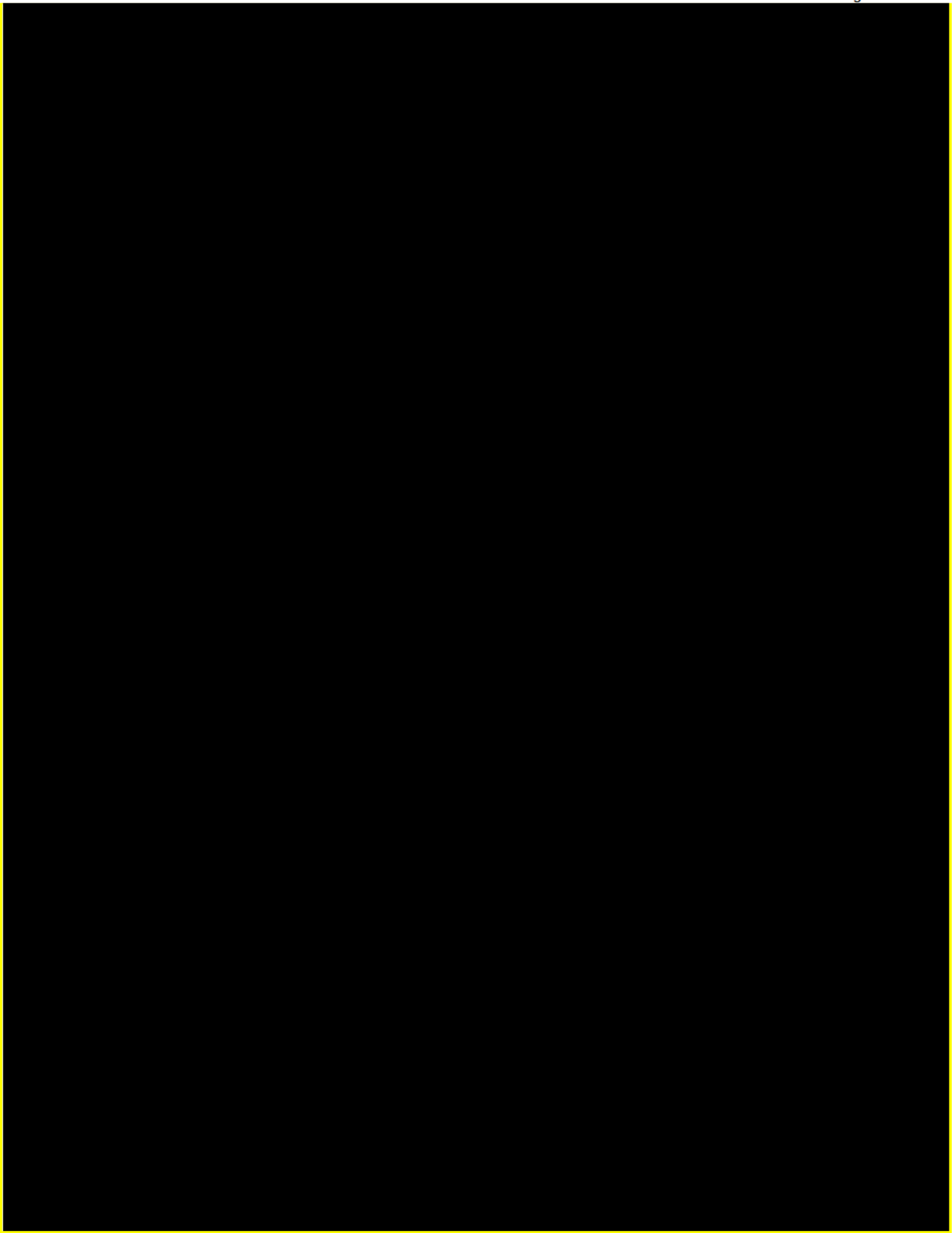
**RESPONSE:**

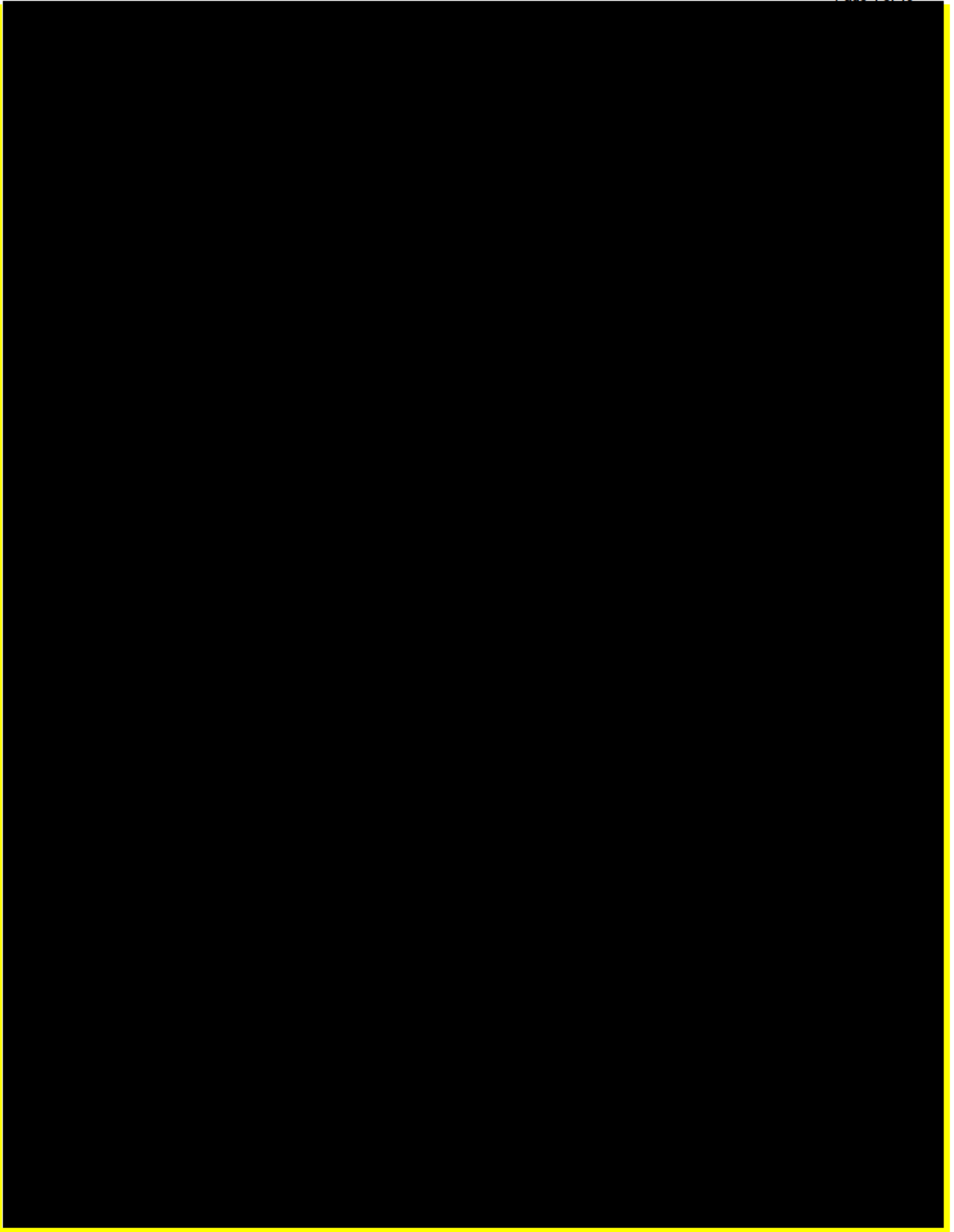
Please see the confidential attachment identified below for actual full-time equivalent, part-time equivalent and total employees for the past three years for BH Nebraska Gas. The budgeted headcount for 2020 reflects the employees proposed by BH Nebraska Gas during for the test year and is consistent with Confidential Workpaper Schedule H-4 NE Gas EE Data included in the testimony of Mr. Clevinger.

**ATTACHMENTS:**

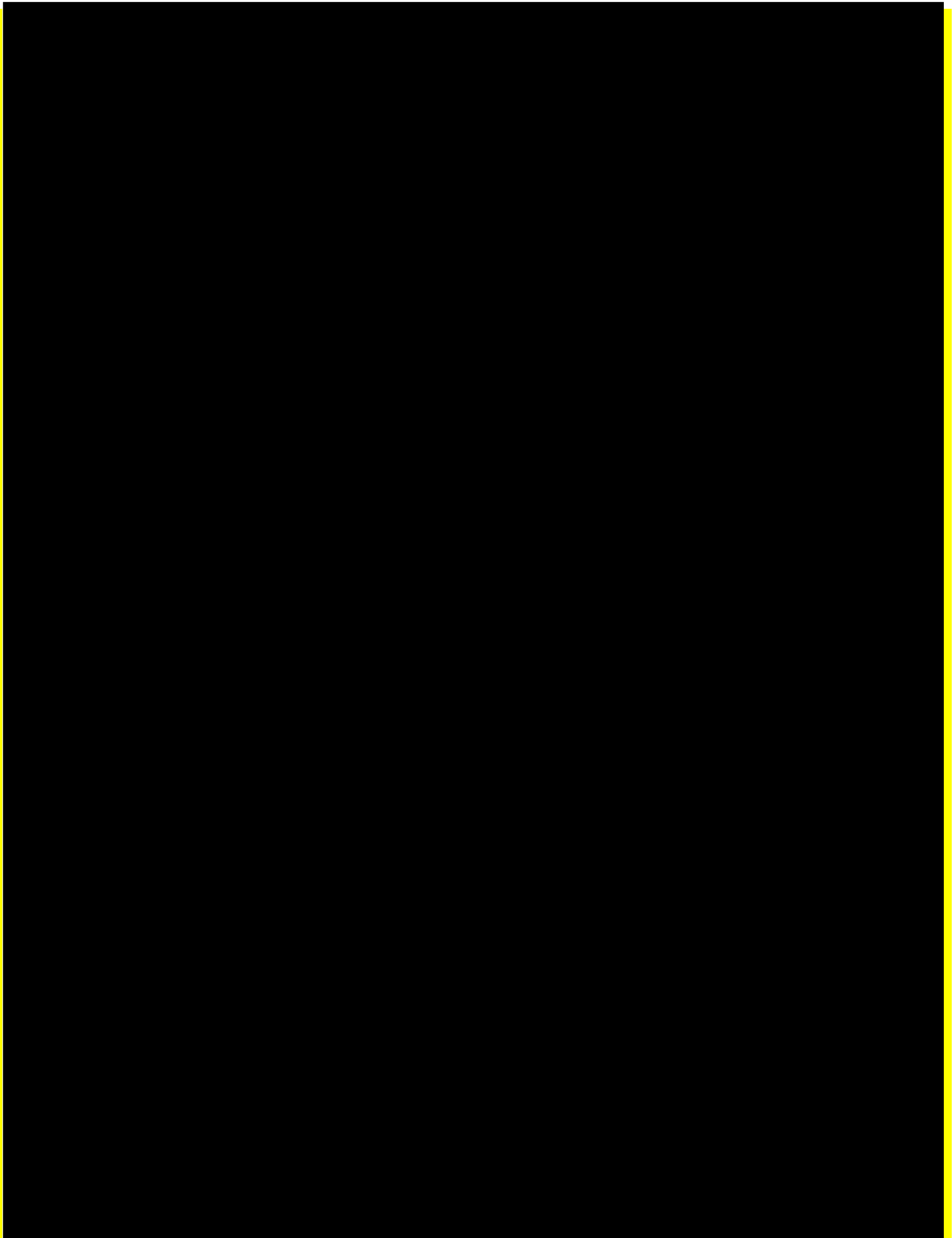
Confidential Attachment No. PA 1-50

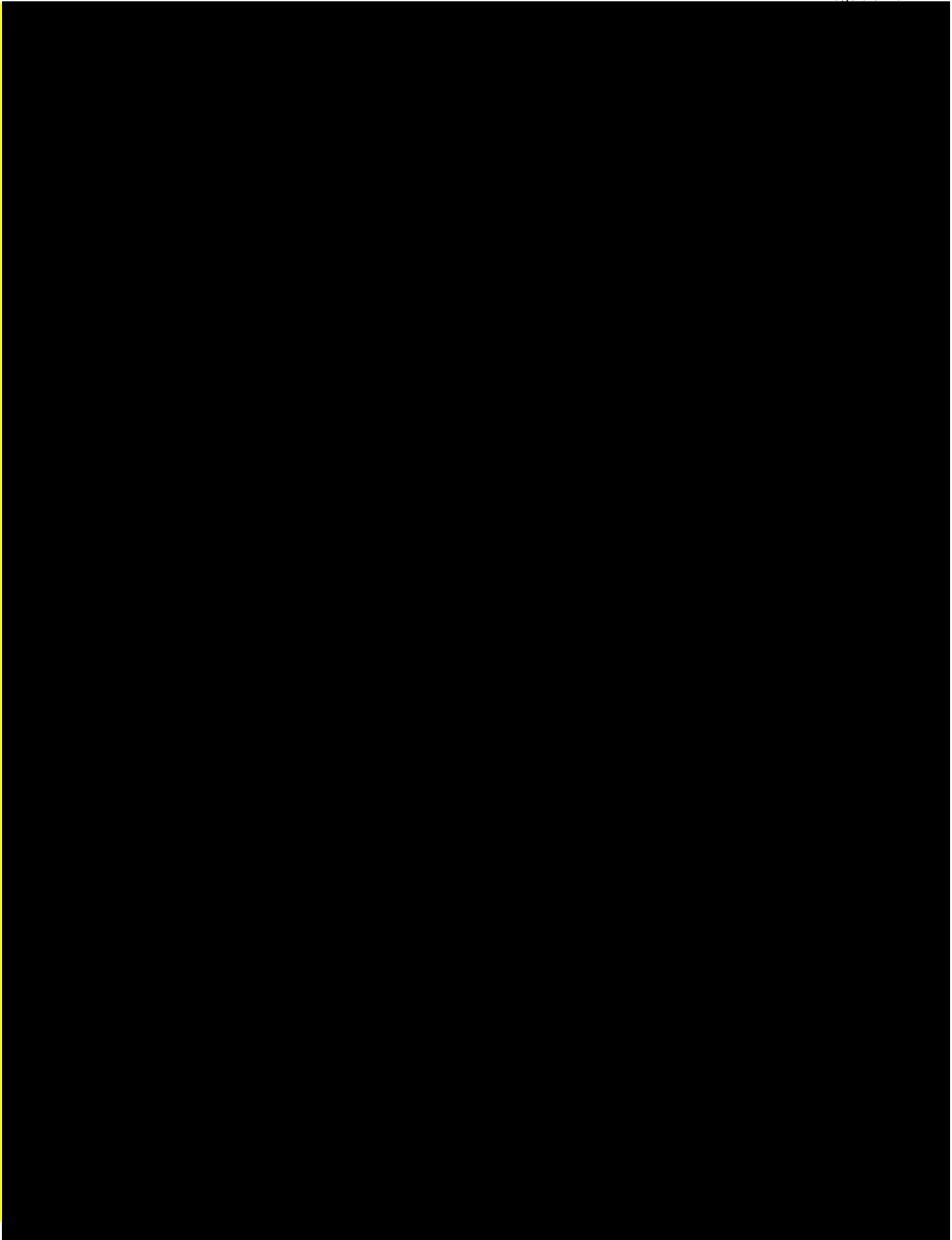


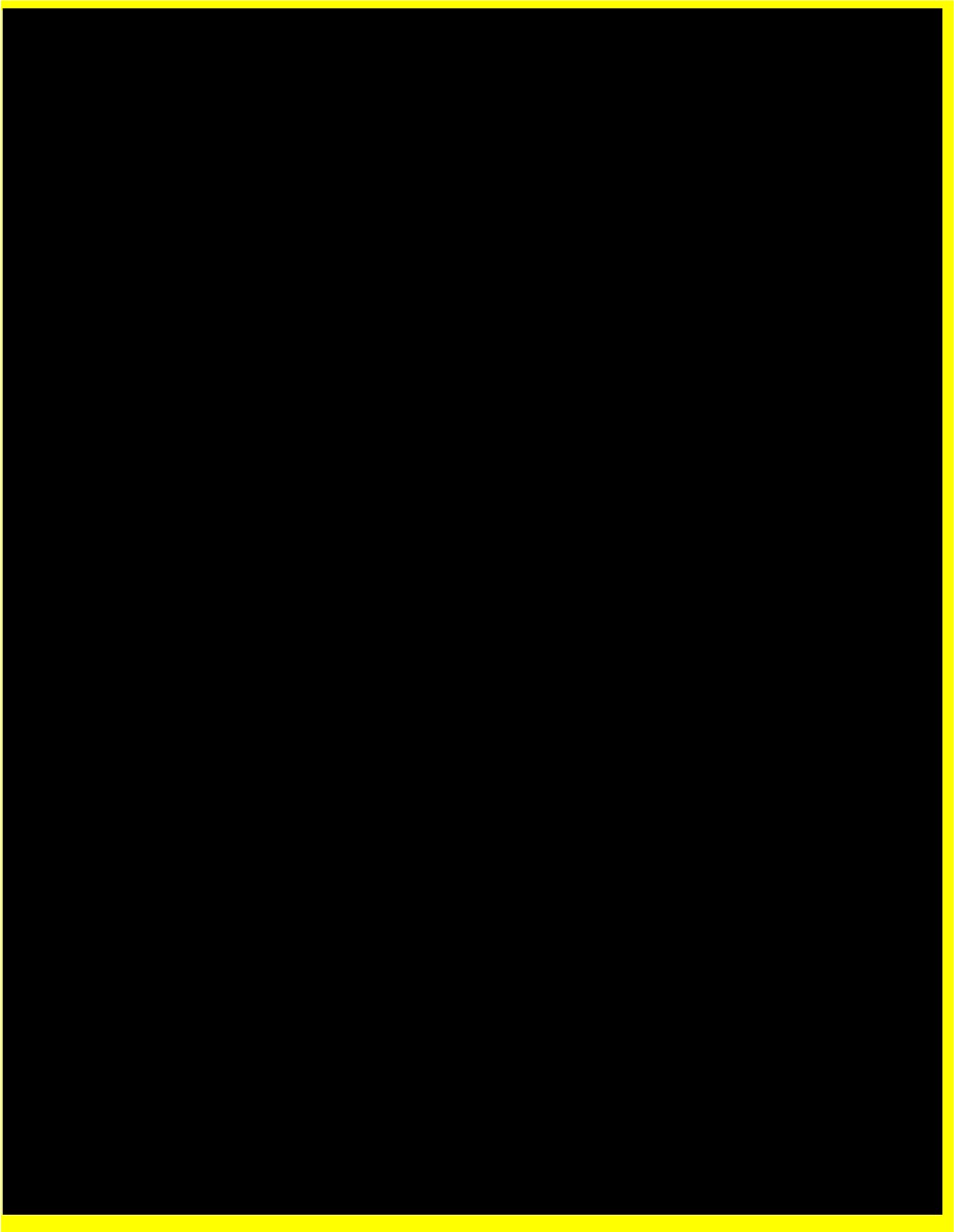


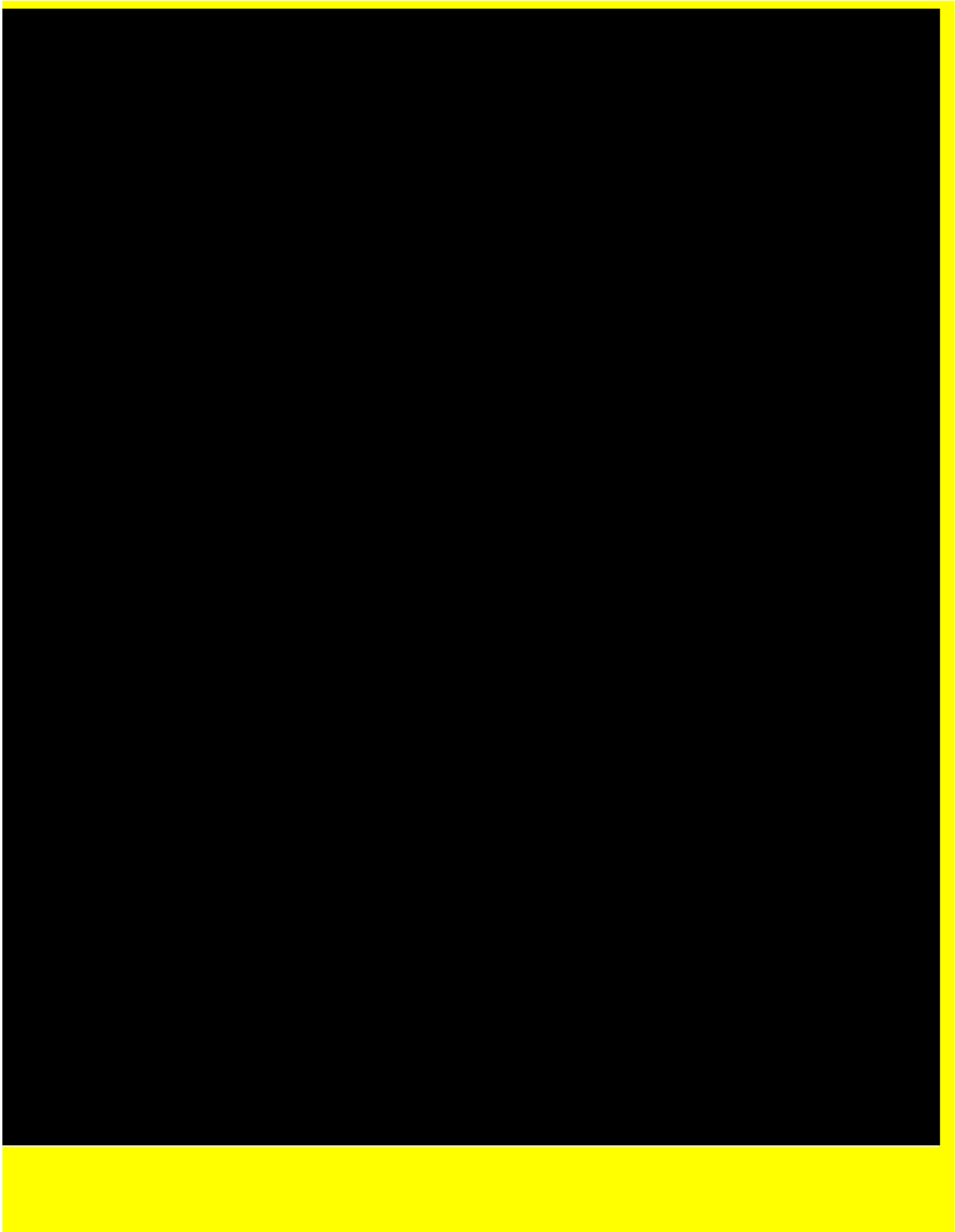


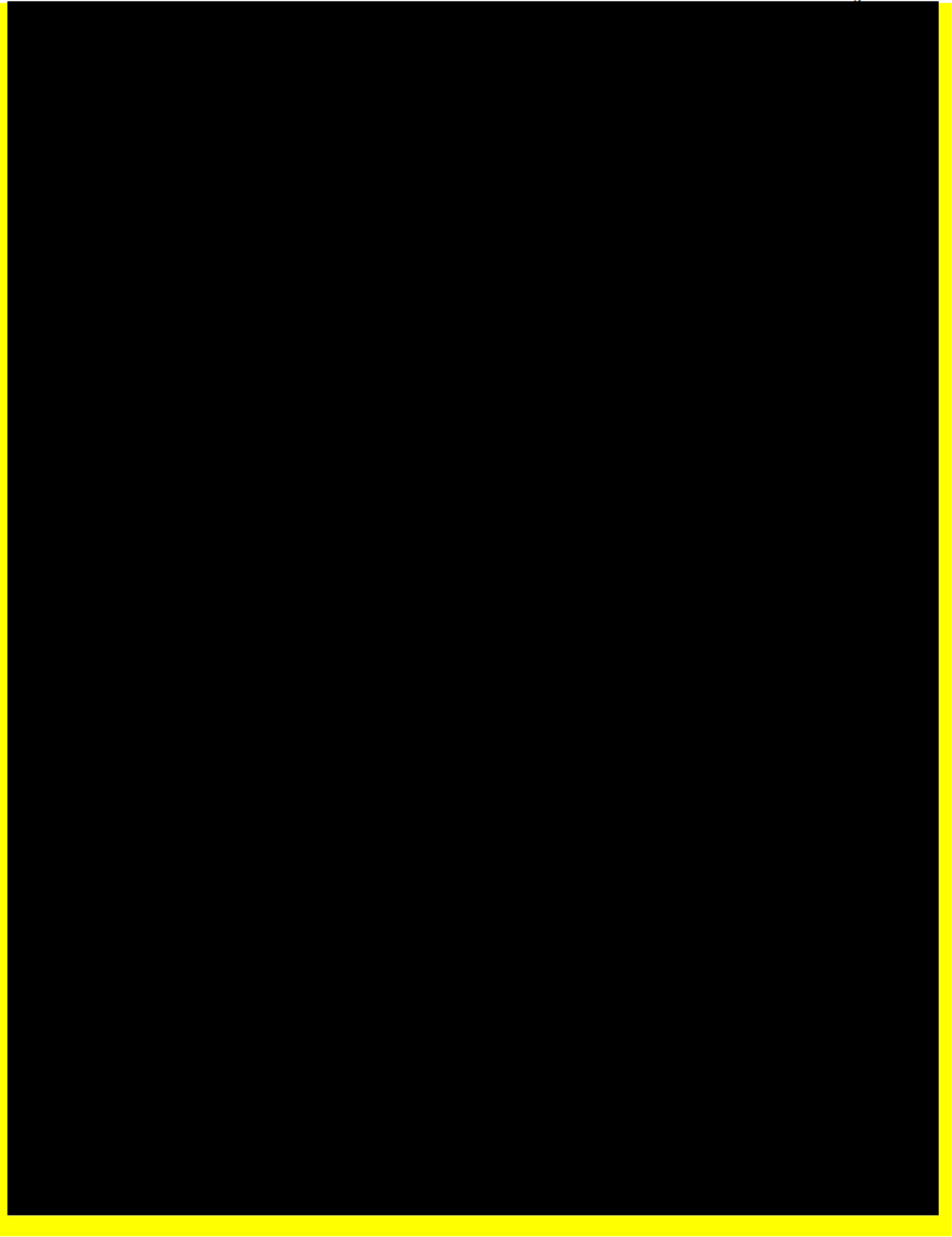


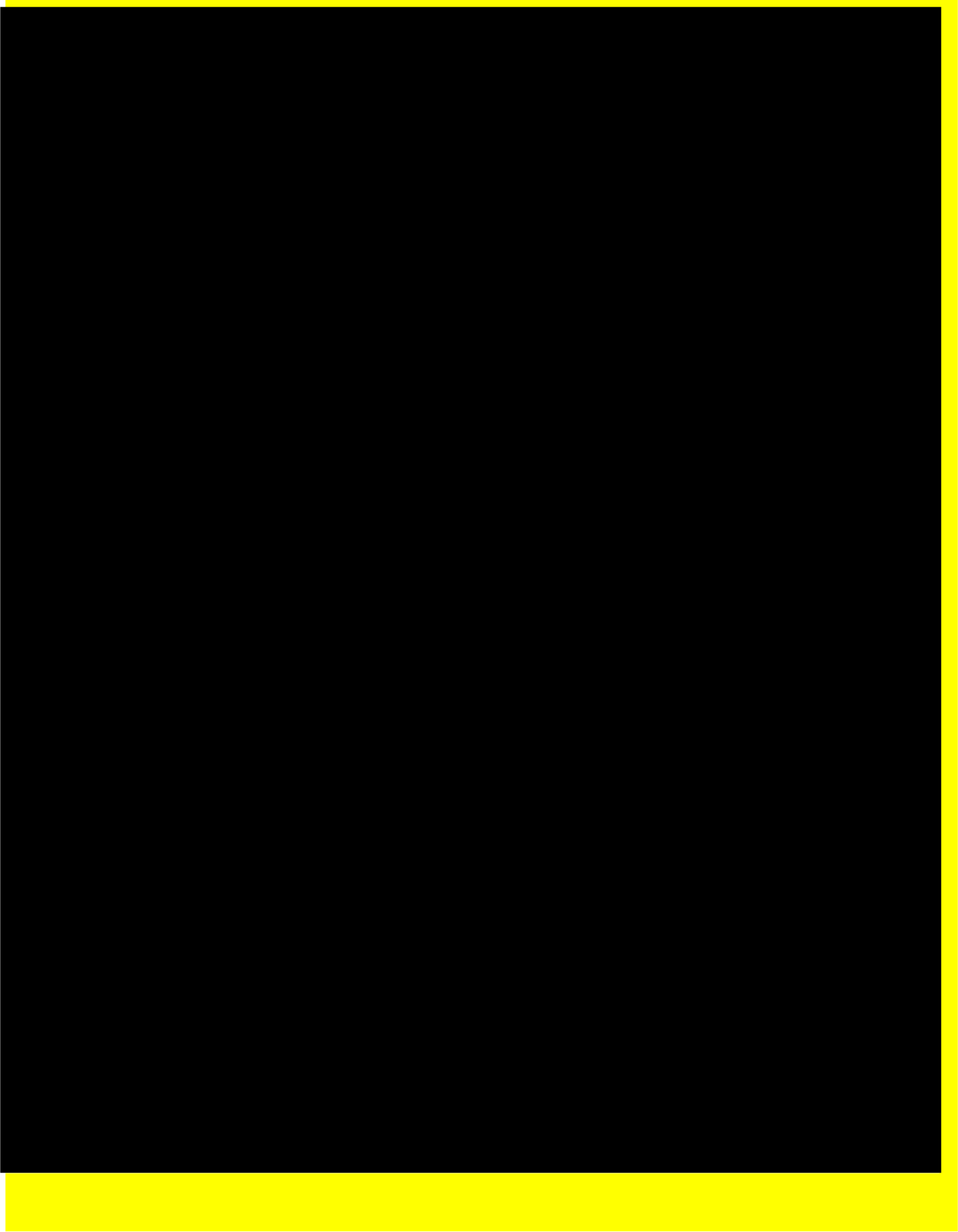


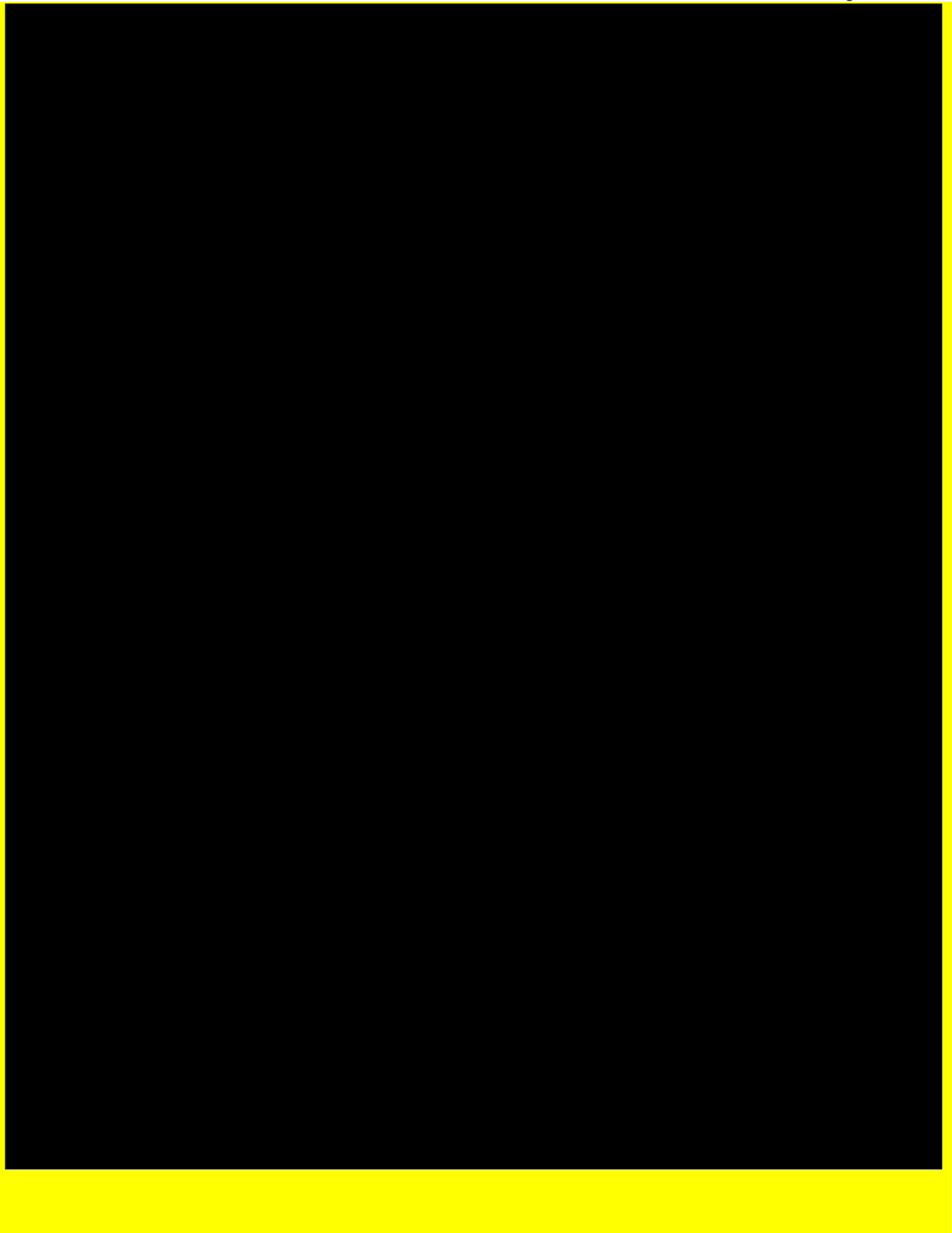


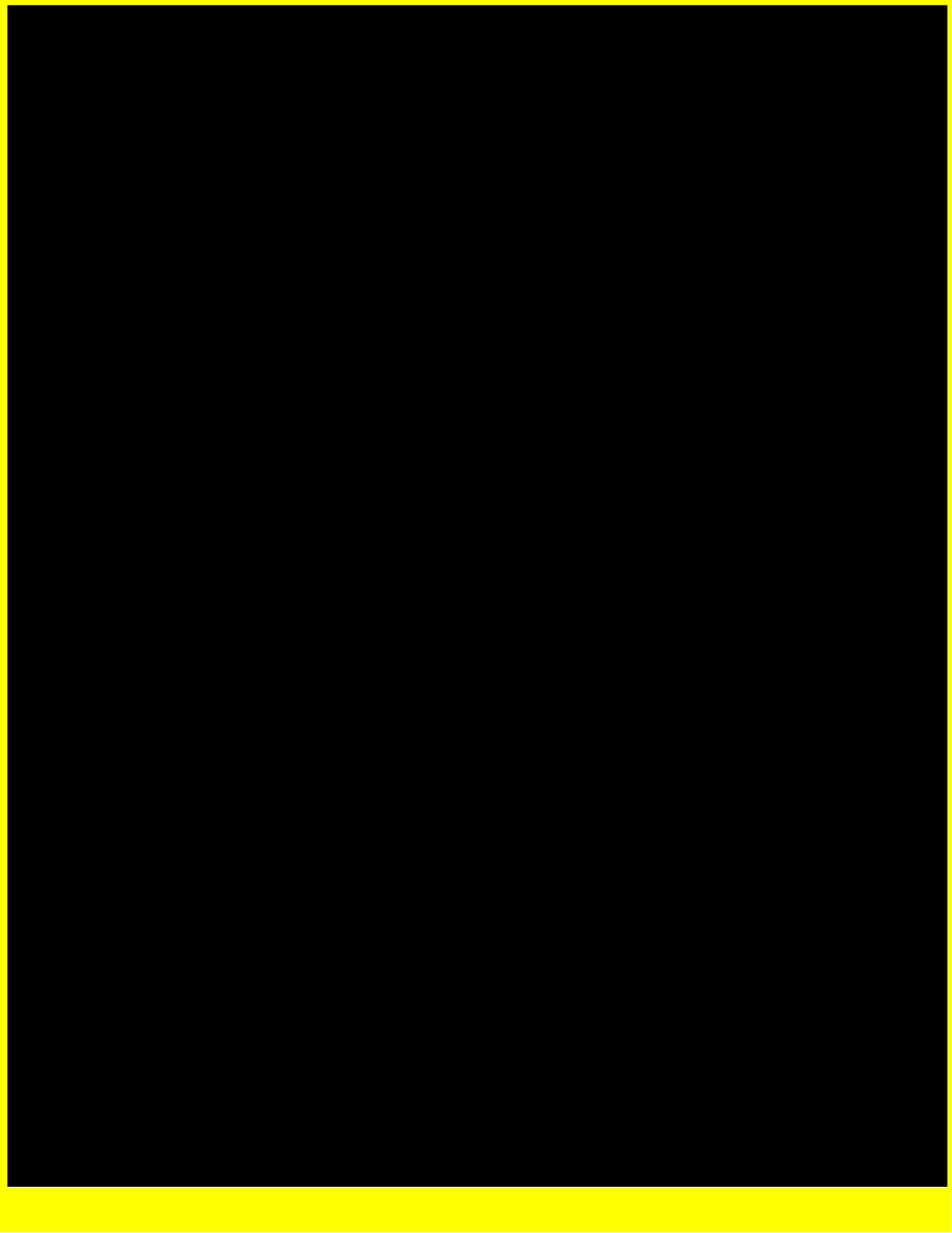




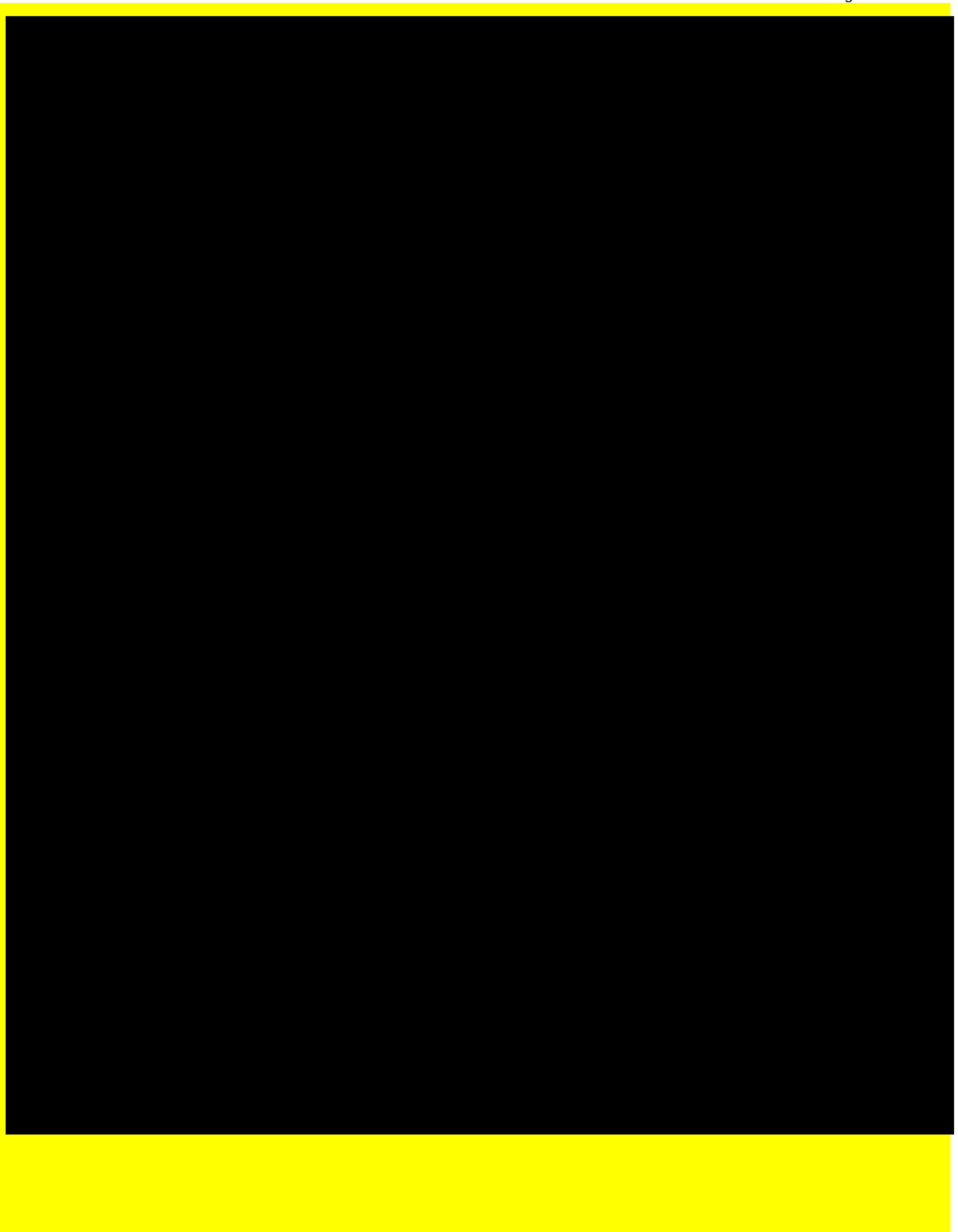


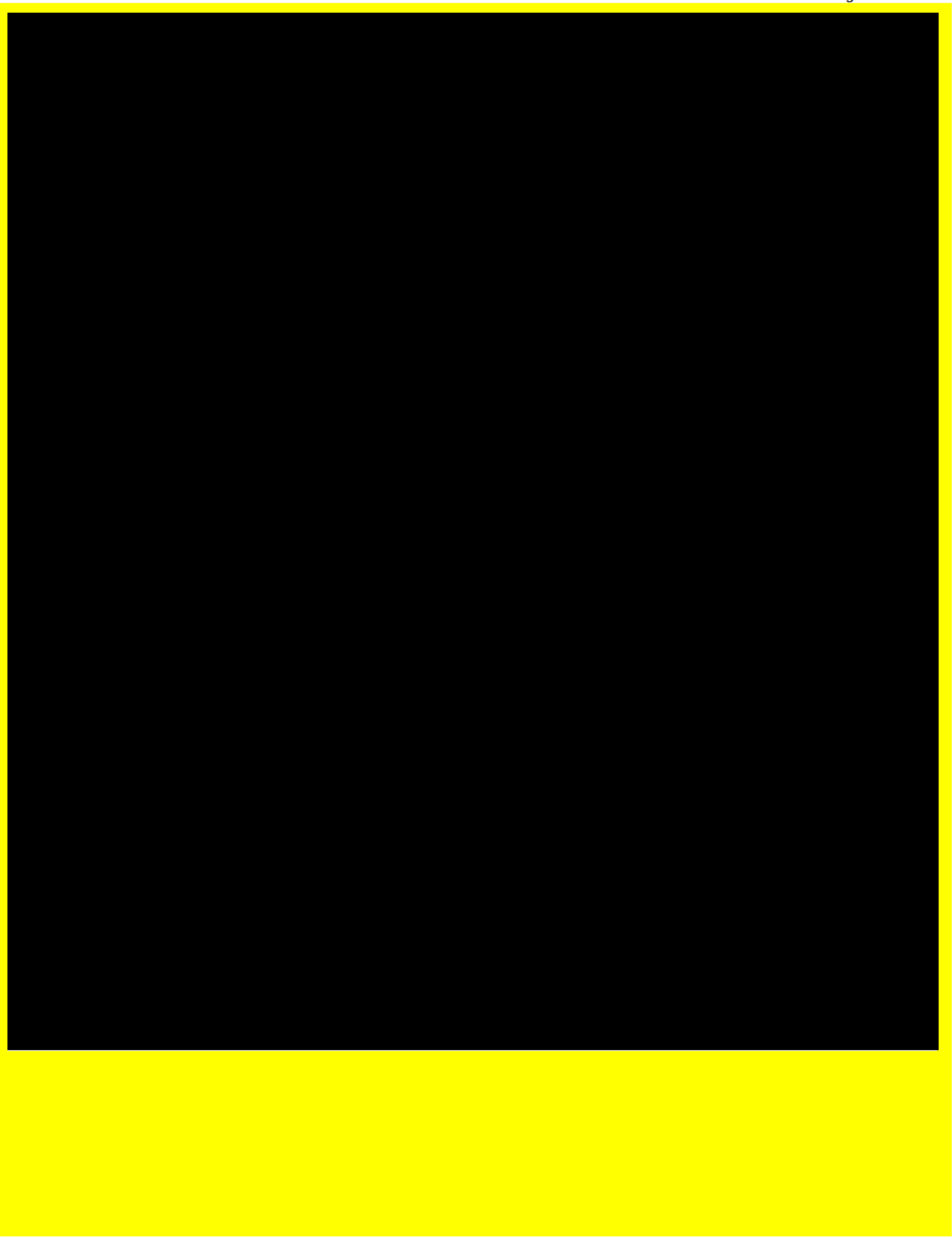


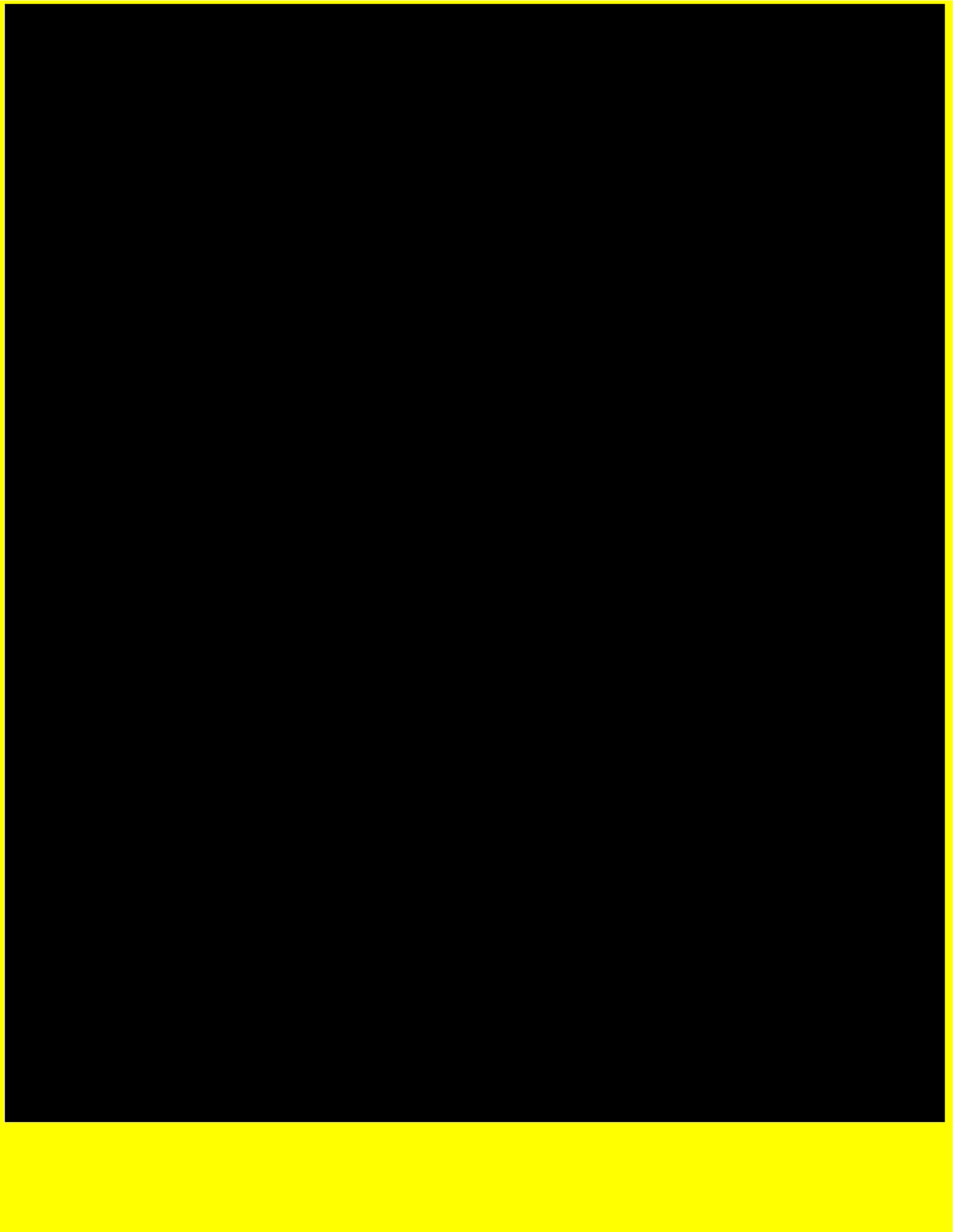


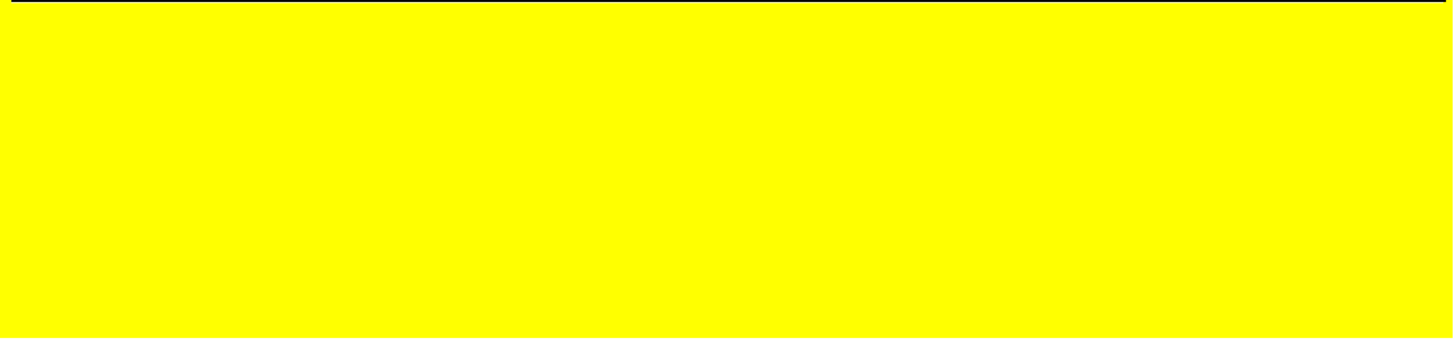
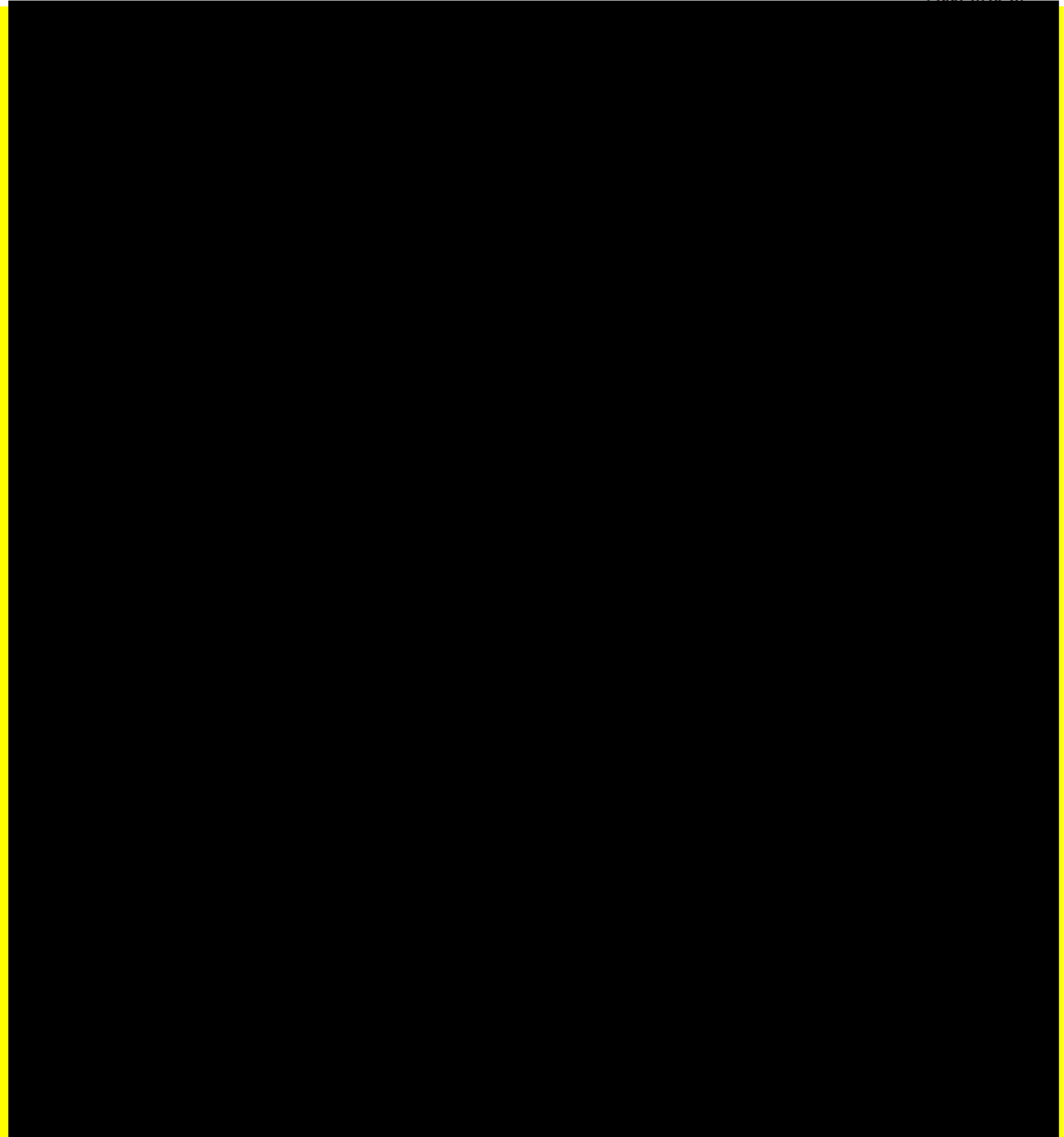


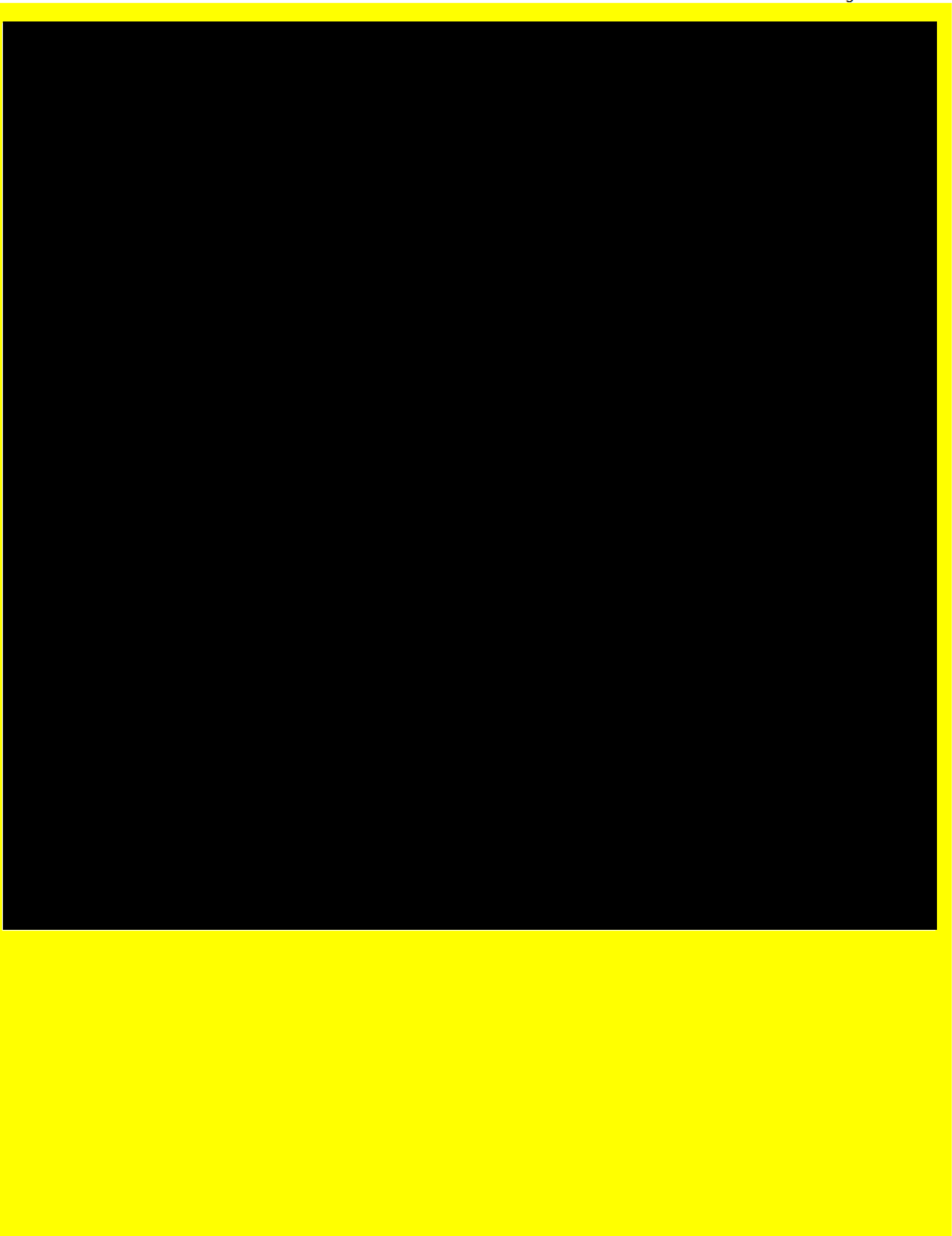


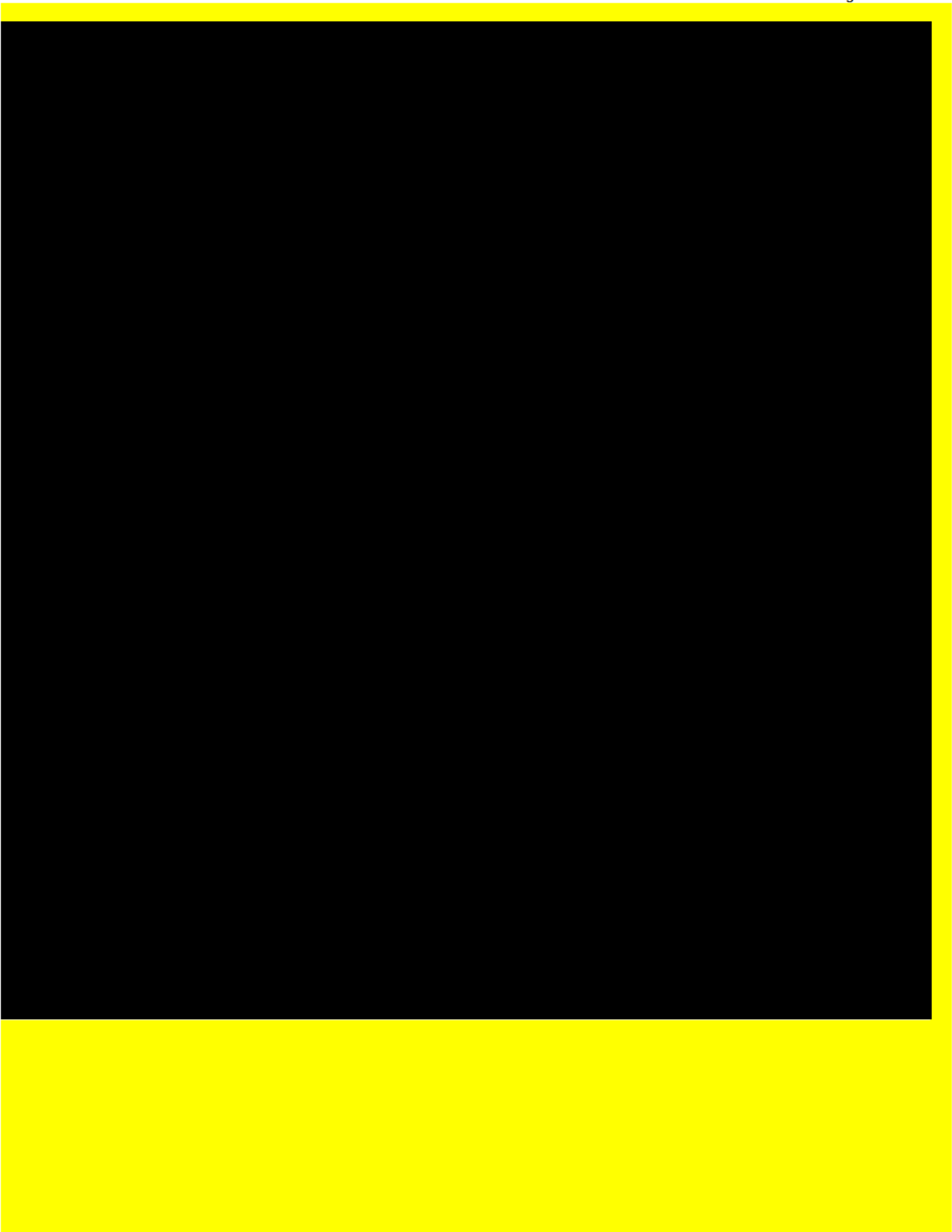


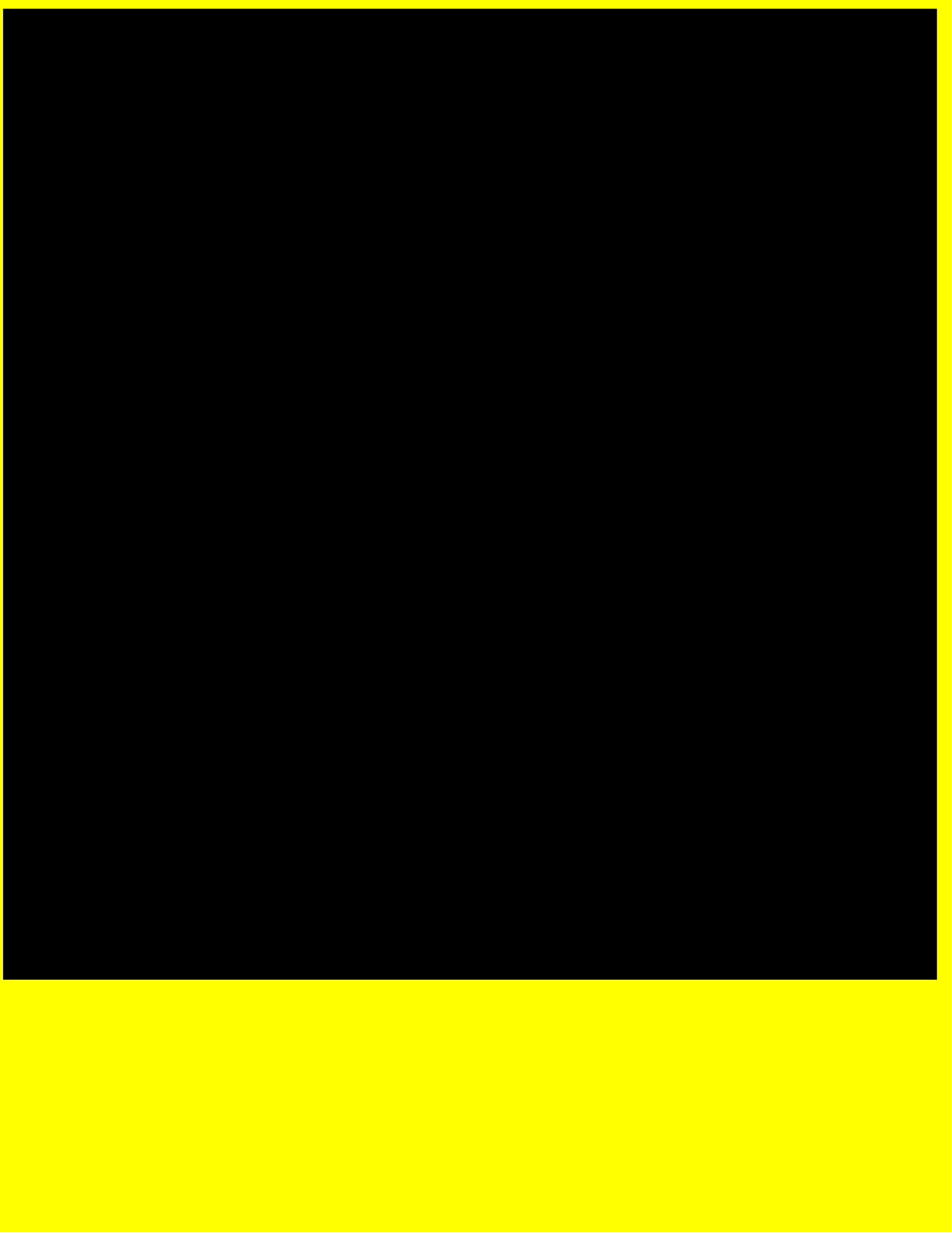












**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-233**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Kristi Johnson; Chandra Mengel  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Headcount

---

**PA-233.** Employee Headcount: Reference Highly Confidential WP\_Sched H-4 NE Gas EE Data, Tab EE Data Confidential. For the 16 Pending positions,

- a. Please explain the different classification of Open vs. Pending.
- b. Please explain the need for each position?
- c. Who is currently performing the work expected to be done by these new hires?
- d. Have the positions been filled, if so for each position filled, provide when it was filled?
- e. If the positions have not been filled, for each please answer the following questions.
  - i. Have the positions been advertised?
  - ii. Have interviews been conducted?
  - iii. When does the Company expect to fill the positions?

**RESPONSE:**

- a) "Open" positions are posted and accepting applicants and/or in the process of applicants being reviewed or interviewed. "Pending" positions are not yet posted but waiting for approvals (from next level management).
- b) Due to expanding business needs, the additional positions are required to provide safe and reliable service.



c) Multiple other current positions are covering the responsibilities of these open positions. However, these new positions are needed to provide adequate resources, focus, and support for the areas of responsibility assigned to the respective positions.

d) See Attachment No. PA 9-233

e) i) All open positions have been posted and advertised.

ii) Interviews for open position ID 32866 are completed.

iii) An exact hire date is not known at this time. The Company has encountered opposition from the Union regarding the non-union status of the 8 Construction Inspector positions without resolution. The Company will remove the 8 construction inspectors and 1 Construction Inspector Supervisor from its request at the appropriate time in the procedural schedule.

**ATTACHMENTS:** Attachment No. PA 9-233

<b>ID</b>	<b>Company</b>	<b>Job Title</b>	<b>Reason for Hire</b>	<b>Days Position Vacant</b>	<b>Current Status</b>	<b>Date Filled</b>
32846	513	Appliance Repair Technician / Service Technician B (UN244)	Employee Replacement	9	Closed/Filled	7/20/2020
32866	513	Service Specialist (UN747)	Employee Replacement	197	Open	
32890	513	Service Specialist (UN747)	Employee Replacement	70	Closed/Filled	7/13/2020
32985	506	Spec Utility Construction	New Position	29	Open	
32986	506	Spec Utility Construction	New Position	29	Open	
32987	506	Spec Utility Construction	New Position	29	Open	
	506	Construction Planning Manager	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Inspector Construction	New Position		Pending	
	513	Supv Construction Inspector	New Position		Pending	

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-231**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger; Jason Bennett;  
Kevin Jarosz  
**WITNESS:** Michael Clevinger; Jason Bennett;  
Kevin Jarosz  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Headcount

---

**PA-231.** Employee Headcount: Reference Direct Testimony of Michael Clevinger, page 34, lines 10–12, Exhibit No. MCC-2, Schedule H-4, and confidential response to PA-50. Mr. Clevinger’s testimony states that the wages, salaries, and benefits adjustment is calculated for 377 direct employees.

- a. Mr. Clevinger’s testimony (page 34) refers to 377 direct employees. The 377 headcount is significantly larger than the 359 average employees in 2019, and, as reported through May 2020, the head count is 354. Please explain the difference.
- b. The response to PA-50 reports an average head count of 347 for 2018. The average head count for 2019 is 359. Please explain the need for the additional headcount.
- c. The budgeted headcount in 2019 was 357. The budgeted headcount in 2020 is 374. Please explain the increase.

**RESPONSE:**

- a. The Company added the following positions that were not budgeted in 2019 along with the line references in Confidential WP\_Sched H-4 NE Gas EE Data provided with Mr. Clevinger’s workpapers:

3 Utility Construction Specialists (Excel Rows 372 – 374)  
8 Construction Inspectors (Excel Rows 376 – 383)  
1 Construction Planning Manager (Excel Row 375)  
1 Construction Inspector Supervisor (Excel Row 384)

During the review of this request the Company found there was an error in the direct testimony of Mr. Clevinger the Company is requesting the recovery of 375 employees instead of 377. This accounts for 2 positions of the difference.

The remaining 3 positions of the difference is due to timings of terminations and hiring of replacements. Mr. Jarosz Direct testimony describes these positions.

- b. The response to PA-50 reports show an average head count of 348 for 2018 and 359 for 2019. Both years include one part time positions that is also included in the 375 as-filed. The reconciliation the average headcount from 2018 to 2019 to as-filed is included in Confidential Attachment No. PA-231 Headcount Reconciliation.

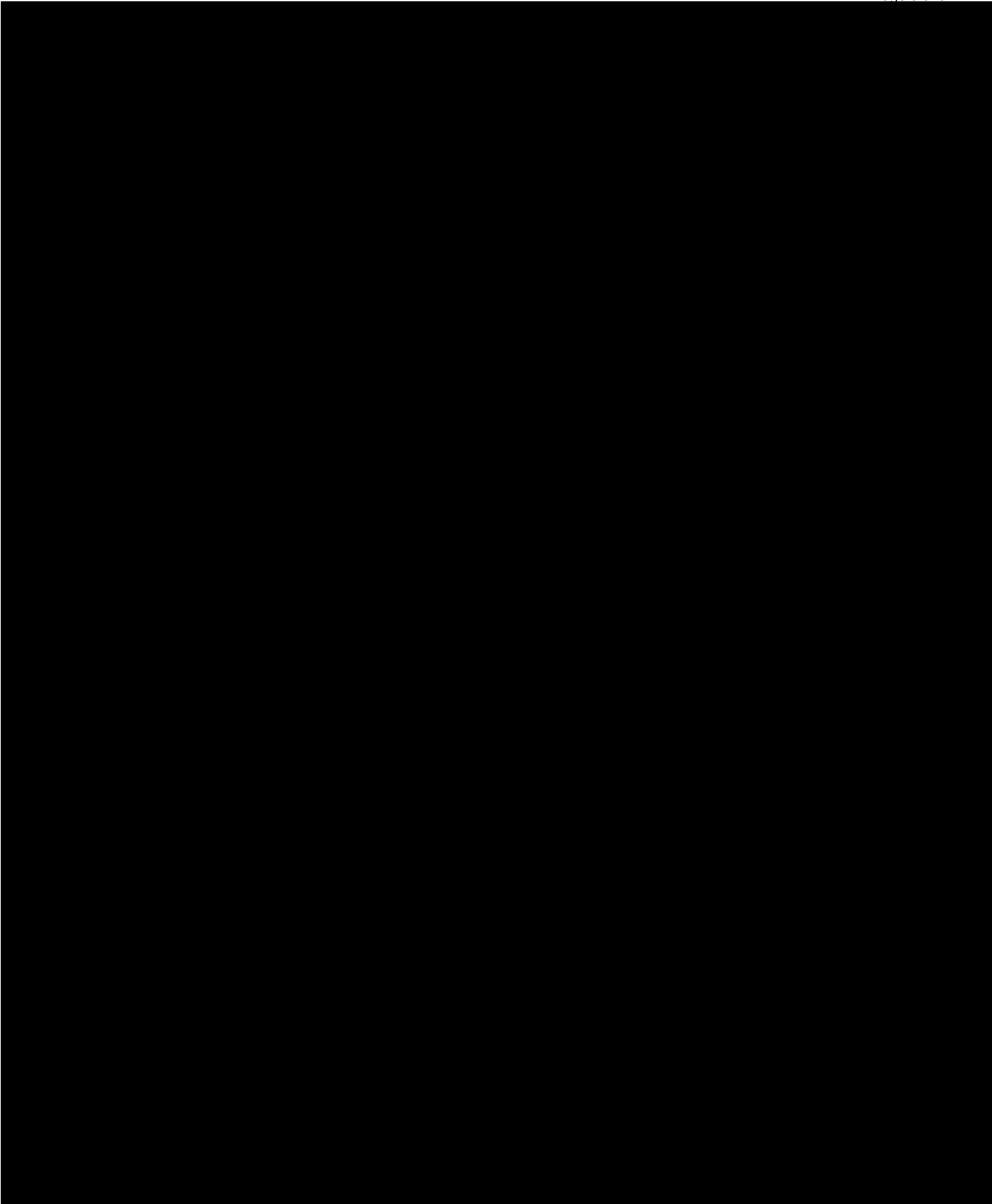
Because of the nature of the industry and the industry knowledge of veteran employees, fluctuations in headcount from year to year sometimes include overlap of retiring employees and new employees, commonly referred to “hire-aheads”. The adjusted 375 employees as-filed do not include “hire-aheads”.

The support for the additional headcount as filed is included in the Direct Testimony of Kevin Jarosz, beginning on page 42. However, please note that the Company will reduce its headcount downward for the 8 Construction Inspectors and 1 Construction Inspector Supervisor in its Rebuttal testimony to reflect the change of hiring those positions to instead outsourcing the positions.

- c. Please refer to Confidential Attachment No. PA 1-50 Headcount pages 10 through 13 for the change in position by Job Type.

**ATTACHMENTS:**

Confidential Attachment No. PA-231 Headcount Reconciliation



**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-232**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Kristi Johnson; Chandra Mengel  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Headcount

---

**PA-232.** Employee Headcount: Reference Highly Confidential WP\_Sched H-4 NE Gas EE Data, Tab EE Data Confidential. For the 4 Open positions,

- a. Were the open positions previously filled that were vacated? If so, how long has the position been open?
- b. Who performed the work while the position is (was) open?
- c. Have the positions been filled, if so for each position filled, provide when it was filled?
- d. If the positions have not been filled, for each please answer the following questions.
  - i. Have the positions been advertised?
  - ii. Have interviews been conducted?
  - iii. When does the Company expect to fill the positions?

**RESPONSE:**

- a) See Attachment No. PA 9-232.
- b) Work was completed by current employees as assigned by their respective manager or supervisor, depending on their skills and availability. In some instances, work may have been postponed or delayed due to open positions, coverage and the prioritization of work.
- c) See Attachment No. PA 9-232

- d) i) Yes, all open positions are advertised.
- ii) Yes, interviews have been conducted.
- iii) An exact hire date is not known at this time as it varies depending on completion of interviews, background check and pre-employment drug screening process as well as the candidates start date requirements.

**ATTACHMENTS:** Attachment No. PA 9-232 Open Positions Status

<b>ID</b>	<b>Company</b>	<b>Job Title</b>	<b>Reason for Hire</b>	<b>Days Position Vacant</b>	<b>Current Status</b>	<b>Date Filled</b>
32719	506	Operations Analyst II	Employee Replacement	203	Open	
32813	506	Operations Supervisor II	Employee Replacement	0-Position was filled prior to previous employee's retirement	Closed/Filled	6/10/2020
32817	513	Measurement Technician (UN747)	Employee Replacement	37	Closed/Filled	4/29/2020
32843	506	Director of Operations	Employee Replacement	140	Open	



**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-299**

**DATE OF REQUEST:** 08/12/20  
**DATE RESPONSE DUE:** 08/24/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger/Kristi Johnson/  
Chandra Mengel  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/24/20  
**SUBJECT:** Staff Adds

---

**REQUEST: PA-299.** Intercompany charges, BHSC Staff Additions: Reference Direct Testimony of Michael Clevinger, page 48, Table MCC-7. For each of the 5 additional positions BHSC (100%) Direct Charge and 114 BHSC additional indirect charge, please answer the following:

- a. Have the positions been filed? If so,
  - i. When was it filled?
  - ii. Was the salary/wage consistent with what the Company reflected in its adjustment?
- b. If the position has not been filled,
  - iii. Has the position been advertised?
  - iv. Have interviews been conducted?

**RESPONSE:**

See Attachment No. PA 15-299 BHSC Headcount status for the requested information.

The attachment contains a tab for each department with additional headcount. The status column denotes whether the position is filled, posted, or not posted with notes containing additional comments such as the status such as hire date and beginning salary.

Note: Table MCC-7 in Mr. Clevinger's testimony had a typo for Information Technology on line 17. The amount should reflect 30 headcount instead of 19.

**ATTACHMENTS:**

Attachment No. PA 15-299 BHSC Headcount status

Department		Job Title	Status	Notes	Indirect	Direct
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	To be Hired 1	S191_JC-Mgr Engineering	Not Posted		1	
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	To be Hired 2	S017_JC-Anly GIS	Not Posted		1	
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	To be Hired 3	S739_JC-Coord Compliance	Not Posted		1	
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	To be Hired 4	S739_JC-Coord Compliance	Not Posted		1	
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	To be Hired 5	S454_JC-Engineer Gas II	Not Posted		1	
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	TBH 6	S563_JC-Coord Damage Prevention	Not Posted	This position is ready for posting, but not yet approved.		1
4803.Dpt SC-PIPELINE AND SYSTEM INTEGRITY	TBH 7	S563_JC-Coord Damage Prevention	Not Posted	This position is ready for posting, but not yet approved.		1
4804.Dpt SC-COMPLIANCE GAS	To be Hired 1	S644_JC-Proj Mgr Operations	Not Posted		1	
4804.Dpt SC-COMPLIANCE GAS	To be Hired 2	S644_JC-Proj Mgr Operations	Not Posted		1	
4804.Dpt SC-COMPLIANCE GAS	To be Hired 3	S644_JC-Proj Mgr Operations	Not Posted		1	
4804.Dpt SC-COMPLIANCE GAS	To be Hired 4	S644_JC-Proj Mgr Operations	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 1	S280_JC-Tech Gas Engineering	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 2	S112_JC-Engineer Gas Sr	Posted	Posted 8/14/20, no interviews as of yet.	1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 3	S112_JC-Engineer Gas Sr	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 4	S112_JC-Engineer Gas Sr	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 5	S454_JC-Engineer Gas II	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 6	S112_JC-Engineer Gas Sr	Not Posted		1	
4805.Dpt SC-GAS DESIGN ENGINEERING	To be Hired 7	S280_JC-Tech Gas Engineering	Not Posted		1	
4806.Dpt SC-PIPELINE SAFETY AND COMPLIANCE	To be Hired 1	N039_JC-Spec Safety	Not Posted		1	
4806.Dpt SC-PIPELINE SAFETY AND COMPLIANCE	To be Hired 2	N039_JC-Spec Safety	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 1	S001_JC-AMI Sys Admin/Mtr Technologist	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 2	S024_JC-Anly Operations II	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 3	S001_JC-AMI Sys Admin/Mtr Technologist	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 4	S801_JC-Coord Meter Shop	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 5	S024_JC-Anly Operations II	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 6	S859_JC-Anly Gas Measurement	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 7	O215_JC-Tech Meter Repair Sr	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 8	S734_JC-Mgr Gas Control Sr	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 9	O234_JC-Spec Gas Control Sr	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 10	O234_JC-Spec Gas Control Sr	Not Posted		1	
4824.Dpt SC-GAS MEASUREMENT SERVICES	To be Hired 11	S734_JC-Mgr Gas Control Sr	Not Posted		1	
					29	2

Department		Job Title	Status	Notes	Indirect	Direct
4746.Dpt SC-IT BUS APPS-WHLSLE&ENTPRISE.Dpt	To be Hired 1	S030_JC-Anly Software Dev II	Posted	Interviews have taken place.		1
4746.Dpt SC-IT BUS APPS-WHLSLE&ENTPRISE.Dpt	To be Hired 2	S030_JC-Anly Software Dev II	Not posted			1
4746.Dpt SC-IT BUS APPS-WHLSLE&ENTPRISE.Dpt	To be Hired 3	S030_JC-Anly Software Dev II	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 1	S009_JC-Anly Corp Security II	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 2	S009_JC-Anly Corp Security II	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 3	S009_JC-Anly Corp Security II	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 4	N116_JC-Anly Corp Security I	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 5	N116_JC-Anly Corp Security I	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 6	S469_JC-Anly Corp Security Sr	Not posted			1
4751.Dpt SC-IT COMPLIANCE.Dpt	To be Hired 7	S363_JC-Spec IT Compliance	Not posted			1
4742.Dpt SC-IT ADMINISTRATION.Dpt	To be Hired 1	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 1	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 10	N009_JC-Anly Software Dev I	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 11	N009_JC-Anly Software Dev I	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 12	S660_JC-Supv IT	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 13	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 14	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 15	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 16	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 17	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 18	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 19	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 2	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 20	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 21	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 22	N009_JC-Anly Software Dev I	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 23	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 24	S030_JC-Anly Software Dev II	Not posted			
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 25	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 26	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 3	S030_JC-Anly Software Dev II	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 4	N009_JC-Anly Software Dev I	Not posted			1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 5	N009_JC-Anly Software Dev I	Not posted			1

4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 6	N009_JC-Anly Software Dev I	Not posted		1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 7	N009_JC-Anly Software Dev I	Not posted		1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 8	N009_JC-Anly Software Dev I	Not posted		1
4744.Dpt SC-IT BUS APPLICATIONS REG.Dpt	To be Hired 9	N009_JC-Anly Software Dev I	Not posted		1
4745.Dpt SC-IT BUS APPS-WEB SERV SUPP.Dpt	To be Hired 1	S030_JC-Anly Software Dev II	Not posted		1
4747.Dpt SC-IT INFRASTRUCTURE SERV.Dpt	To be Hired 1	S466_JC-Consultant Technical I	Position Filled	Position hired at salary of \$69000 on 7/13/20.	1
4747.Dpt SC-IT INFRASTRUCTURE SERV.Dpt	To be Hired 2	S002_JC-Admin Database II	Not posted		1
4749.Dpt SC-IT USER SERVICES.Dpt	To be Hired 1	S030_JC-Anly Software Dev II	Not posted		1
4749.Dpt SC-IT USER SERVICES.Dpt	To be Hired 2	S030_JC-Anly Software Dev II	Not posted		1
					30
					0

Department		Job Title	Status	Indirect	Direct
4874.Dpt	To be Hired 2	S347_JC-Trainer DOT Technical			1
4874.Dpt	To be Hired 3	S347_JC-Trainer DOT Technical			1
4874.Dpt	To be Hired 5	S347_JC-Trainer DOT Technical			1
4874.Dpt	To be Hired 6	S347_JC-Trainer DOT Technical			1
4874.Dpt	To be Hired 7	S347_JC-Trainer DOT Technical	Not Posted		1
4874.Dpt	To be Hired 8	S347_JC-Trainer DOT Technical	Not Posted		1
4874.Dpt	To be Hired 9	S526_JC-Prg Mgr Occ Health/Safety/Well	Not Posted		1
4876.Dpt	To be Hired 1	S807_JC-Trainer Utility Process and Sys	Not Posted		1
4876.Dpt	To be Hired 2	S807_JC-Trainer Utility Process and Sys	Not Posted		1
4876.Dpt	To be Hired 3	S807_JC-Trainer Utility Process and Sys	Not Posted		1
				10	0

Department		Job Title	Status	Indirect	Direct
4880.Dpt	To be Hired 1	S483_JC-Anly Energy Forecasting	Not posted		
4880.Dpt	To be Hired 2	S483_JC-Anly Energy Forecasting	Not posted		1
4880.Dpt	To be Hired 3	S005_JC-Admin Mktng/Cust Comm	Not posted		1
4880.Dpt	To be Hired 4	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 5	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 6	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 7	S533_JC-Prog Mgr Key Accounts	Not posted		1
4880.Dpt	To be Hired 8	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 9	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 10	S533_JC-Prog Mgr Key Accounts	Not posted		
4880.Dpt	To be Hired 13	S498_JC-Dir Utility Busines Develop	Not posted		1
4880.Dpt	To be Hired 14	S235_JC-Rep Key Customer Relations	Not posted		1
4880.Dpt	To be Hired 15	S594_JC-Mgr Special Projects	Not posted		1
4880.Dpt	To be Hired 16	S132_JC-Mgr Bus Relations II	Not posted		1
				6	1

Department		Job Title	Status	Notes	Indirect	Direct
4700.Dpt SC-ACCOUNTING SYSTEMS.Dpt	To be Hired 1	S013_JC-Anly Financial Systems Sr	Not posted			1
4700.Dpt SC-ACCOUNTING SYSTEMS.Dpt	To be Hired 3	S013_JC-Anly Financial Systems Sr	Not posted			1
4700.Dpt SC-ACCOUNTING SYSTEMS.Dpt	To be Hired 4	S417_JC-Anly Financial Systems II	Not posted			1
4700.Dpt SC-ACCOUNTING SYSTEMS.Dpt	To be Hired 6	S417_JC-Anly Financial Systems II	Not posted			1
4700.Dpt SC-ACCOUNTING SYSTEMS.Dpt	To be Hired 9	S013_JC-Anly Financial Systems Sr	Not posted			1
4704.Dpt SC-TAX.Dpt	To be Hired 1	S224_JC-Prof Finance I	Not posted			1
4704.Dpt SC-TAX.Dpt	To be Hired 2	S225_JC-Prof Finance II	Not posted			1
4712.Dpt SC-FINANCE & TREASURY.Dpt	To be Hired 1	S157_JC-Mgr Finance I	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 1	S159_JC-Mgr Finance Sr	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 2	S157_JC-Mgr Finance I	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 3	S157_JC-Mgr Finance I	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 4	S228_JC-Prof Finance Sr	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 5	S225_JC-Prof Finance II	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 6	S316_JC-Dir Finance III	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 7	S226_JC-Prof Finance Prin	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 8	S226_JC-Prof Finance Prin	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 9	S228_JC-Prof Finance Sr	Not posted			1
4715.Dpt SC-ACCOUNTING MGMT.Dpt	To be Hired 10	S158_JC-Mgr Finance II	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 1	S158_JC-Mgr Finance II	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 2	S157_JC-Mgr Finance I	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 3	S157_JC-Mgr Finance I	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 4	S225_JC-Prof Finance II	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 5	S224_JC-Prof Finance I	Not posted			1
4729.Dpt SC-PROPERTY ACCOUNTING.Dpt	To be Hired 6	S316_JC-Dir Finance III	Not posted			1
					24	0



Department		Job Title	Status	Notes	Indirect	Direct
4705.Dpt SC-CREDIT AND RISK Dpt	To be Hired 1	S316_JC-Dir Finance III	Not Posted			1
4705.Dpt SC-CREDIT AND RISK Dpt	To be Hired 2	S013_JC-Anly Financial Systems Sr	Position Filled	Hired at annual salary of \$68500 on 7/13/20.	1	
					2	0

Department		Job Title	Status	Notes	Indirect	Direct
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 1	S832_JC-Anly Rates	Not posted			1
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 2	S360_JC-Anly Regulatory II	Not posted			
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 3	S877_JC-Mgr Regulatory and Finance	Not posted			
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 4	S360_JC-Anly Regulatory II	Not posted			
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 6	S360_JC-Anly Regulatory II	Not posted			
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 7	S644_JC-Proj Mgr Operations	Not posted		1	
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 8	S877_JC-Mgr Regulatory and Finance	Not posted		1	
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 9	S085_JC-Dir Regulatory	Not posted			
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 10	S644_JC-Proj Mgr Operations	Not posted		1	
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 11	S360_JC-Anly Regulatory II	Not posted		1	
4822.Dpt SC-REGULATORY & FINANCE	To be Hired 13	S360_JC-Anly Regulatory II	Not posted			1
					5	1

<b>Department</b>		<b>Job Title</b>	<b>Status</b>	<b>Indirect</b>	<b>Direct</b>
4879.Dpt	To be Hired 1	S602_JC-Agent Right of Way	Not posted		
4879.Dpt	To be Hired 2	S603_JC-Agent Right of Way Sr	Not posted		1
4879.Dpt	To be Hired 3	S603_JC-Agent Right of Way Sr	Not posted		1
4879.Dpt	To be Hired 4	S603_JC-Agent Right of Way Sr	Not posted		
4879.Dpt	To be Hired 5	S602_JC-Agent Right of Way	Not posted		1
4879.Dpt	To be Hired 6	S602_JC-Agent Right of Way	Not posted		
4879.Dpt	To be Hired 7	S602_JC-Agent Right of Way	Not posted		
				3	0

Department		Job Title	Status	Indirect	Direct
4840.Dpt SC-COMMUNITY AFFAIRS	To be Hired 1	S154_JC-Prog Mgr External Affairs	Not Posted		1
4840.Dpt SC-COMMUNITY AFFAIRS	To be Hired 2	S154_JC-Prog Mgr External Affairs	Not Posted		
4840.Dpt SC-COMMUNITY AFFAIRS	To be Hired 3	S154_JC-Prog Mgr External Affairs	Not Posted		
4840.Dpt SC-COMMUNITY AFFAIRS	To be Hired 4	S154_JC-Prog Mgr External Affairs	Not Posted		
					1

**Department**

4709.Dpt SC-ENVIRONMENTAL  
 SERV.Dpt

**Job Title**

To be Hired 1 S278\_JC-Prof Environmental II

**Status**

Not posted

**Notes**

**Indirect**

**Direct**

1

1

Department		Job Title	Status	Notes	Indirect	Direct
4720.Dpt SC-LABOR AND EMPL RELATIONS.Dpt	To be Hired 1	S123_JC-HR Generalist I	Not posted			1
4720.Dpt SC-LABOR AND EMPL RELATIONS.Dpt	To be Hired 3	S172_JC-Mgr Human Resources	Not posted			1
						2

<b>Department</b>		<b>Job Title</b>	<b>Status</b>	<b>Notes</b>	<b>Indirect</b>	<b>Direct</b>
4731.Dpt SC-SUPPLY CHAIN MGMT.Dpt	To be Hired 1	S561_JC-Mgr Supply Chain Systems	Not posted			1
4731.Dpt SC-SUPPLY CHAIN MGMT.Dpt	To be Hired 2	S178_JC-Mgr Materials	Not posted			1
4731.Dpt SC-SUPPLY CHAIN MGMT.Dpt	To be Hired 3	S308_JC-Buyer I	Not posted			1
4731.Dpt SC-SUPPLY CHAIN MGMT.Dpt	To be Hired 4	S541_JC-Mgr Special Projects	Not posted			1
4732.Dpt SC-SUPPLY CHAIN.Dpt	To be Hired 2	S053_JC-Coord Training	Not posted			1
4732.Dpt SC-SUPPLY CHAIN.Dpt	To be Hired 3	S843_JC-Spec Material Logistics Sr	Not posted			1
4732.Dpt SC-SUPPLY CHAIN.Dpt	To be Hired 4	S216_JC-Negotiator Strategic Sourcing	Not posted			1
						7

<b>Department</b>		<b>Job Title</b>	<b>Status</b>	<b>Notes</b>	<b>Indirect</b>	<b>Direct</b>
4825.Dpt	To be Hired 1	S024_JC-Anly Operations II	Not posted			1
4825.Dpt	To be Hired 2	X003_JC-Operations Support Specialist	Not posted			1
4825.Dpt	To be Hired 3	S277_JC-Anly System Operations	Not posted			1
						3



<b>Department</b>	<b>Job Title</b>	<b>Status</b>	<b>Notes</b>	<b>Indirect</b>	<b>Direct</b>
4871.Dpt	To be Hired 1	S448_JC-Sr Contract Specialist	Not posted		
4871.Dpt	To be Hired 11	S496_JC-Dir Gas Supply	Posted	Interviews have not started.	1
4871.Dpt	To be Hired 2	S544_JC-Anly Utility Systems I	Not posted		
4871.Dpt	To be Hired 3	S544_JC-Anly Utility Systems I	Not posted		1
4871.Dpt	To be Hired 8	N119_JC-Operator Sr	Not posted		1
4871.Dpt	To be Hired 9	S215_JC-Scheduler Natural Gas Sr	Not posted		
					3

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-298**

**DATE OF REQUEST:** 08/12/20  
**DATE RESPONSE DUE:** 08/24/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/24/20  
**SUBJECT:** CAM

---

**REQUEST: PA-298.** Add 2021 CAM Factors Update from 2020 Capital Expenditures: Reference Exhibit No. MCC-2, Schedule H-6 and Direct Testimony of Michael Clevinger, page 44, lines 14–17.

- a. Please explain the adjustment.
- b. Is the adjustment based on a forecast?
- c. If the CAM is updated on September 30 of each year to be effective January 1 of the next year, since the Company filed testimony in June 2020 (three months before September 2020) how did the Company derive the 2021 CAM factors?

**RESPONSE:**

- a. The plant additions in any of the BHC affiliates have an attendant impact on the factors used to allocate costs from BHSC. This adjustment reflects the CAM factors to be used for calendar year 2021 based on the inclusion of both the plant additions presented in this case for BH Nebraska Gas and the budgeted plant additions of all BHC affiliates.
- b. Yes.
- c. The adjustment is based on the budgeted 2020, year-end plant balances of all BHC affiliates to reflect the expected CAM factors to be used in 2021.

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-236**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Kristi Johnson/Robert Amdor  
**WITNESS:** Robert Amdor  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Incentive Comp

---

**PA-236.** Employee Incentive Compensation: Follow up to Response PA-49 and workpapers provided with Robert Amdor's Direct Testimony. Please provide:

- a. 2020 Scorecard
- b. 2020 Annual Incentive Plan
- c. Excel file that created Highly Confidential Attachment No. PA 1-49B.

**RESPONSE:**








- a) See Attachment No. PA 9-236A 2020 AIP Card
- b) See Attachment No. PA 9-236B AIP Plan Documents
- c) See Confidential Attachment No. PA 9-236C Excel File for PA1-49B

**ATTACHMENTS:**

Attachment No. PA 9-236A  
Attachment No. PA 9-236B  
Highly Confidential Attachment No. PA 9-236C

## Scorecard #5: Natural Gas Utilities Group Employees

### 2020 Annual Incentive Plan

Goals & Performance Measures	Weight %	Performance Levels		
		Threshold (50%)	Target (100%)	Maximum (150%)
 <b>Earnings Per Share - BKH</b> - 90% min / 110% max	15.0%	\$3.258	\$3.620	\$3.982
 <b>Total Operating Income - NGU</b> - (in millions) Direct only, aggregate of all gas utilities	35.0%	\$338.301	\$365.731	\$393.161
 <b>Net Promoter Score - BHE</b>	10.0%	55	58	61
 <b>Cost per Customer - BHE</b>	10.0%	\$415.604	\$395.813	\$376.022
 <b>Aggregate Safety (TCIR) - BHE</b>	10.0%	1.43	1.19	0.95
 <b>Aggregate Safety (PMVI) - BHE</b>	10.0%	2.83	2.36	1.89
 <b>Virgin Pulse - BHE</b>	10.0%	8,000	12,000	16,000

Goal metrics are subject to change based on budget and/or SMT discretion.

# BLACK HILLS CORPORATION ANNUAL INCENTIVE PLAN

## **INTRODUCTION**

This document serves as a comprehensive single source of information about the Black Hills Corporation (“BHC”) Annual Incentive Plan (the “AIP”). The AIP is granted under the Cash-Based Awards provision of the Black Hills Corporation 2015 Omnibus Incentive Plan (the “Plan”) and describes the objectives of the AIP, its various elements, and how they function. If you have questions that are not addressed by this document, please direct them to the Black Hills Corporation Compensation Department or your assigned Human Resources Business Partner.

## **PLAN OBJECTIVES**

The AIP is designed to motivate and reward participants for achieving and exceeding goals that benefit our customers and our shareholders, and includes the following objectives:

- Reward eligible participants who contribute significantly to the success and profitable operation of the business.
- Reward participants who contribute to the quality of service provided to customers, including but not limited to, the provision of safe, reliable and affordable service.
- Motivate work performance and behavior that supports the financial and non-financial goals of the business.
- Create incentives for participants to maximize Company value.

## **EFFECTIVE DATES**

The AIP is effective from January 1 through December 31 each year (each, a new “Plan Year”). The Senior Management Team (“SMT”) reserves the right and retains the full authority to adjust, amend, suspend or terminate the AIP at its discretion at any time during the Plan Year.

## **ADMINISTRATION**

### • **Plan Year Goals**

AIP “Scorecard” goals will be developed and approved by the SMT and will be communicated to all eligible participants as soon after the beginning of the Plan Year as feasible. For certain company financial goals, approval by the Compensation Committee of the Board of Directors may be required as well.

### • **Incentive Award Approvals and Payout Timing**

Shortly after the end of the Plan Year, the SMT will review AIP Scorecard performance levels as determined by each Business Unit and, in its sole discretion, determine the final performance results that will be used to calculate awards, if any. Participants must be actively employed on the date of any payout to be eligible for payment under the AIP, unless they qualify under the

provisions described in the section “Pro-Rata Awards for Partial Service Periods” described below.

The payment, generally, will be made no later than March 15 following the end of the Plan Year. If it is administratively impractical to make the payment by that time, the payment shall be made as soon as reasonably practical. The payments also may be delayed in accordance with regulations issued pursuant to Section 409A of the Internal Revenue Code of 1986. All AIP awards will be issued to participants in the form of cash.

If a participant inadvertently receives an underpayment through the AIP, any additional award will be paid upon SMT approval. If a participant inadvertently receives an overpayment from the AIP, then the overpayment must be immediately returned to BHC. At the SMT’s discretion, the excess amount may be repaid in cash or may be deducted from any subsequent form of compensation including, but not limited to, base salary, paid time off, or severance pay.

## **ETHICS**

The purpose of the AIP is to fairly reward the achievement of performance goals. Any participant who manipulates or attempts to manipulate the AIP for personal gain and/or at the expense of customers, other employees or company objectives will be subject to appropriate disciplinary action, up to and including termination of employment, and will forfeit any award under this AIP.

## **ELIGIBILITY**

All regular full-time and part-time employees who are hired and working by September 30<sup>th</sup> of the Plan Year are eligible to participate in the AIP, unless the participant is in one of the following groups:

- Employees participating in the Short-Term Incentive Plan (STIP);
- Employees participating in any other company incentive plan that is designed to reward performance and for which participation expressly excludes participation in the AIP or other company incentive plans;
- Contract, temporary, co-op employees and interns;
- Union employees whose contract does not provide for participation in the AIP; or
- Employees employed by a company of BHC that does not participate in the AIP.

- **AIP Scorecards**

Each eligible employee is assigned an AIP “Scorecard” based on his/her Business Unit and work performed. Each eligible employee’s target annual AIP percentage is based upon his/her salary grade and union or non-union status. An employee whose transfer(s) or employment status change(s) results in assignment to one or more scorecards for the Plan Year will have his/her respective award pro-rated based upon the scorecard and incentive target tied to each of his/her respective positions held during the Plan Year.

- **Pro-Rata Awards for Part-time Employees**

Part-time employees are eligible for an award based on their eligible wages for hours worked.

- **Pro-Rata Awards for Partial Service Periods**

Pro-rata awards will be paid to the following participants at the time awards are paid to all participants. AIP awards are pro-rated at six month intervals. Determination of the award plan and target recognized for each six month period is based on the plan and targets in place for the employee for the majority of that period. For clarity, an employee that moves to a new plan and target on or after April 1 but before July 1 during the Plan Year will not have the new plan and target go into effect until July 1. An employee that moves to a new plan and target on or after July 1 but before October 1 will have the new plan and target go into effect July 1. In order to be eligible to receive a pro-rata award for the first half of the year, you must have been a participant in the AIP for more than 50% of that period; in order to be eligible to receive a pro-rata award for the second half of the year, you must have been a participant in the AIP for more than 50% of that period.

- Participants who are newly hired on or before September 30th of the Plan Year.
- Participants who are promoted, transferred or demoted during the Plan Year.
- Participants who are on an approved leave of absence during the Plan Year.
- Participants who are on military leave during the Plan Year.
- Participants who leave the Company due to disability during the Plan Year (as defined under the Black Hills Corporation Long-Term Disability Plan).
- Participants who voluntarily leave the company due to retirement during the Plan Year. For AIP purposes, retirement is defined as (i) attaining the age of 55 with at least 5 years of service, or (ii) attaining the age of 65 and providing the company with the appropriate advance notice of intent to retire.
- Participants who die during the Plan Year, in which case the award will be paid to the spouse of a married participant or the estate of an unmarried participant.
- Participants who transfer to or from a bargaining unit position.
- A participant, who transfers to a company of BHC that does not participate in the AIP.
- Other participants as deemed by management based on approved agreement.

- **Forfeiture of Awards**

Any participant who terminates employment before the awards are distributed for the Plan Year for any reason other than death, disability or retirement will not be eligible for payment of an AIP award. For clarity, any participant who is retirement eligible and elects to retire in lieu of termination will not be eligible for payment of an award.

- **Eligible Earnings for Incentive Purposes**

For the purpose of incentive calculations, the participant's eligible earnings include all regular compensation such as base salary, lump sum in lieu of merit increase, overtime, differentials, call-out pay, Service Guard commissions and other forms of premium pay. Eligible earnings exclude, but are not limited to, non-cash compensation, payments-in-kind, incentive compensation, bonus payments, allowances, geographic differentials/allowances, and deferred compensation. For all hourly employees, any payout under the AIP is based on a percentage of

total eligible earnings for the plan period including overtime and, as such, is deemed to satisfy the applicable Fair Labor Standards Act (FLSA) regulations regarding the calculation of regular wage rates for overtime calculation purposes.

## **AWARD DETERMINATION**

The AIP awards will be based on organizational performance versus goals by calculating the weighted business unit and corporate financial performance and non-financial performance. The AIP is comprised of multiple and separate business unit Scorecards as determined by the SMT for each Plan Year.

For all Scorecards, the corporate financial goal consists of earnings per share ("EPS"). For the AIP, EPS is defined as net income related to running the business (excluding certain extraordinary items or events that result in windfalls or penalties which are not in keeping with the spirit of the Plan) divided by the number of shares of BHC common stock outstanding. At the discretion of the Compensation Committee, the EPS calculation for AIP purposes may include adjustments (plus and minus) to account for special or unusual impacts to earnings deemed beyond the control of management.

### • **Performance Thresholds**

- Scorecard goal performance that meets or exceeds the threshold level will be eligible for an AIP award. The Scorecards may also include business unit goals; each of which is weighted. Performance levels for each Scorecard will be determined annually and approved by the SMT. The final goal results and percentages achieved, as approved by the SMT, will be multiplied by the goal weight to determine the Weighted Performance Percentage. This percentage will then be multiplied by the employee's Target Annual AIP Percentage to determine the amount of the award.
- In determining the bonus percentage to be paid, calculations will be rounded to two decimal places (e.g., 1.45%).

### • **Award Opportunity**

- Under the Company's salary structure, each non-union position is assigned a salary grade based on the market benchmarks for that position. The salary structures are posted on the Company's intranet site.
- Each non-union salary grade is assigned a target percentage of eligible compensation that could be earned.
- A non-union employee can earn from 50% at Threshold to a maximum of 150% of the Target percentage (100%) based on the achievement of the Scorecard goals. Results below Threshold will not result in the payment of an award.
- A union employee can earn from 50% at Threshold to a maximum of 100% of the Target percentage based on the achievement of the Scorecard goals. Results below Threshold will not result in the payment of an award. The maximum award opportunity for union employees is 3% of eligible compensation.

Unless modified at the discretion of SMT, you will receive an incentive award calculated as follows:

*Your Bonus Target Percentage x Total Weighted Goal Payout Percentage x Your Eligible Earnings*



**Non-Union Employee Example:**

**Step 1:** Assume an employee in salary grade 11 with eligible earnings of \$50,000.

**Step 2:** Assume the Scorecard result for this employee is 115% of Target.

**Step 3:** Your Bonus Target Percentage (8% for grade 11) x Total Weighed Goal Payout Percentage (115% Scorecard result) = 9.20%.

**Step 4:** Result from Step 3 x Your Eligible Earnings which equals 9.2% x \$50,000 which results in a payout of **\$4,600.00**.

**Union Employee Example:**

**Step 1:** Assume a union employee with eligible earnings of \$50,000.

**Step 2:** Assume the Scorecard result for this employee is 115% of Target. A 3% award is achieved due to scorecard results at or above the target (100%).

**Step 3:** The 3% payout for a union employee x Eligible Earnings results in a bonus award of **\$1,500.00**.

**NONTRANSFERABLE**

No award may be assigned or transferred by a participant other than by will or the laws of descent and distribution.

**WITHHOLDING**

BHC and its affiliates ("BHC") has the authority and the right to deduct or withhold, or require a participant to remit to BHC an amount sufficient to satisfy Federal, State, local and foreign taxes (including the participant's FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the AIP. Any potential payment to the participant under the terms of the AIP is also subject to withholdings and deductions by BHC, and the participant hereby authorizes BHC to apply such withholdings and deductions to liquidate and reduce any outstanding debt or unpaid sums owed by the participant to BHC or its successor.

**MANAGEMENT DISCRETION**

BHC reserves the right to change the AIP whenever and in any manner it deems appropriate. Irrespective of changes in the AIP, no rights are vested. All awards are earned only when and if finally approved by the SMT notwithstanding anything contained in the AIP that may be construed to be to the contrary. BHC shall have the sole and absolute authority and discretion to construe and interpret the AIP, and shall be the final determination regarding all questions that arise in connection with the administration of the AIP, including without limitation all questions of eligibility for AIP participation and eligibility for the amount paid or payable under the AIP.

The SMT, in their sole and absolute discretion, may decline to approve any award, though the participant may have achieved or exceeded threshold and target levels of performance. Setting a

threshold or target of performance for any participant does not constitute a promise to pay an award even if the participant meets the threshold or target of performance. In determining whether to make an award and the amount of the award, the SMT may consider criteria other than or in addition to the threshold and target performance determined under the AIP.

#### **NO RIGHTS OF OWNERSHIP**

While the AIP is intended to provide participants with the opportunity to share in the success of BHC, the AIP is merely a bonus plan and does not give any participant any of the rights of ownership of BHC or provide any security interest in any assets of BHC or any of its affiliates.

#### **CONTINUATION OF EMPLOYMENT**

This AIP shall not be construed to confer upon any participant any right to continue in the employment of BHC and shall not limit the right of BHC at its sole discretion, to terminate the employment of a participant at any time.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-237**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Robert Amdor/  
Michael Clevinger/Josh Wosepeka  
**WITNESS:** Robert Amdor/Michael Clevinger  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Incentive Comp

---

**PA-237.** Employee Incentive Compensation: Follow up to Response PA-49. Regarding each of the incentive compensation plans, the original PA-49 requested the amount awarded f and amount in the test year and each of the three preceding calendar years. The Company response referred to the wages, salaries, and benefits work papers which did not provide a total for AIP, STIP, and LTIP for 2019 nor the 2020 test year. The Company also provided a 16-page PDF without totals for 2017 and 2018. To clarify the original request and avoid any confusion in what is sought, please fill in the information on the following table.

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 Base Year</b>	<b>2020 Rate Request</b>
AIP-Direct Charged					
AIP-Allocated					
STIP-Direct Charged					
STIP-Allocated					
LTIP-Direct Charged					
LTIP-Allocated					

**RESPONSE:**

See the table below populated as requested.

	2016	2017	2018	2019 Base Year	2020 Rate Request
AIP - Direct Charged	\$ 815,842	\$ 1,109,572	\$ 866,125	\$ 1,416,369	\$ 1,497,979
AIP - Allocated	861,091	1,137,819	1,190,415	1,368,552	1,368,552
STIP - Direct Charged	119,202	100,250	59,478	132,922	97,530
STIP - Allocated	797,662	554,447	858,138	707,633	707,633
LTIP - Direct Charged	35,078	84,927	71,463	25,888	25,888
LTIP - Allocated	280,828	99,247	574,891	506,499	506,499

**ATTACHMENTS:**

None.

Amdon WP  
2019 - BH Nebraska  
Scorecard 5N



## Scorecard Results Memo

<b>To:</b>	Scorecard 5N: Natural Gas Utilities Group – Black Hills Energy Nebraska
<b>From:</b>	Linn Evans, President and Chief Executive Officer
<b>Date:</b>	February 21, 2020
<b>Subject:</b>	2019 Incentive Plan Results

Black Hills Energy's incentive plans allow us all to share in the Company's success by creating a strong link between our efforts and accomplishments and our Company's performance. Our incentive plans provide an annual bonus opportunity based on results that we achieve in both financial and non-financial objectives.

Let me begin by saying thank you. Because of your efforts, we delivered solid earnings growth and strong operational execution across our business in 2019. Operating income variability was managed with respect to weather and controlling O&M expenditures, which contributed to our success. We also executed against an aggressive, record-setting capital deployment target on behalf of customers, while our earnings per share (EPS) from continuing operations, as adjusted, remained relatively unchanged at \$3.53 per share as compared to the \$3.54 achieved in 2018, due to the shares we issued in late 2018 and throughout 2019. Our \$3.53 EPS equates to \$0.09 greater than our EPS goal. Also notable is our 5.9% dividend increase marking the 49th year of consecutive dividend increases, the second longest streak in the utility industry. Further, a summary of a few of the year's most notable events include:

### Profitable Growth:

**Capital Investment.** Our success with EPS and capital deployment assisted us in adding more than 25% to our market capital during the year. We also successfully deployed and invested more than \$840 million of capital into our infrastructure on behalf of customers, making 2019 a record year for the organization.

**Regulatory Activity.** We made good strides in our pursuit of jurisdictional consolidation, and achieved legal consolidation in Wyoming and filed in Colorado.

### Better Every Day:

**Renewable Energy.** During the year, we developed an industry-leading Renewable Ready energy program within South Dakota and Wyoming. We further advanced our renewable energy program by completing the 60-megawatt Busch Ranch II wind project in Southern Colorado, allowing us to deliver approximately 30% renewable energy to our Colorado Electric customers, in compliance with the state's renewable energy standard.

**Safety and Wellness.** While we continued to perform well relative to the industry, we did not achieve our TCIR or PMVI goals for the year. Combined with our TCIR and PMVI safety goals was the Virgin Pulse wellness engagement measure, which in 2019 exceeded a global benchmark average of 43%, helping us promote safety and wellness practices, aimed at helping us improve future safety performance.

### Valued Service:

**Customer Experience.** We focused on first contact resolution, made our web site easier to use, and implemented customer texting notifications and capabilities.

**Reliability.** We provided outstanding system integrity, safety and reliability with each of our three electric utilities benchmarked within the top 15% of all electric distribution companies.

**Great Workplace:**

**Employee Engagement.** We experienced a greater than 75% overall employee engagement score in our Speak Up! survey, which is 8% greater than the "high performing" U.S. company norm. Additionally, we were selected this year as an Achiever's Top 50 Most Engaged Workplaces.

**Diversity.** Our Women's Leadership Conference was extremely well attended with more than 220 women attending.

These and many other important accomplishments contributed to our overall performance and, importantly, also set the stage for our future performance. Thank you for your efforts.

For those employees assigned to Scorecard 5N - Natural Gas Utilities Group - Black Hills Energy Nebraska, the results for the 2019 goals were as follows:

Goals & Performance Measures	Weight %	Performance Levels			YE Results		
		Threshold (50%)	Target (100%)	Maximum (150%)	Result	Achieved	Wtd. % Achieved
<b>PROFITABLE GROWTH</b> Earnings Per Share - BKH <i>- 90% min / 110% max</i>	15.0%	\$3.096	\$3.440	\$3.784	\$3.528	112.79%	16.92%
<b>PROFITABLE GROWTH</b> Operating Income - BHE NEG <i>-(in millions) Direct only, aggregate of all gas utilities</i>	30.0%	\$85.447	\$92.877	\$100.307	\$92.207	95.49%	28.65%
<b>TALENT SERVICE</b> * Customer Project Completion - NGU	15.0%	6.0%	3.0%	1.0%	2.9%	103.75%	15.56%
<b>TALENT SERVICE</b> Net Promoter Score - BHE	10.0%	50	52	54	55.4	150.00%	15.00%
<b>BETTER EVERY DAY</b> Cost per Customer - BHE	10.0%	\$416.321	\$396.496	\$376.671	\$395.709	101.98%	10.20%
<b>GREAT WORKPLACE</b> (1) Aggregate Safety (TCIR) - BHE	10%	1.3	1.1	0.9	1.25	62.50%	6.25%
		VP Modifier Achievement Level: Target			101.27%	0.79%	0.08%
<b>GREAT WORKPLACE</b> (2) Aggregate Safety (PMVI) - BHE	10%	2	1.7	1.4	2.48	0.00%	0.00%
		VP Modifier Achievement Level: Target			101.27%	50.00%	5.00%
<b>Total Goal % Achieved</b>						<b>97.66%</b>	

Award payments will be made on Friday, March 6, 2020. For additional information on the scorecard results, the calculation of the bonus award and other important components of our incentive plans, please see the Frequently Asked Questions posted on BEN at Human Resources>AIP Scorecards / Plan Document.

Once again, congratulations on your incentive bonus award for 2019 and thank you for your contributions to the Company's success. Thank you for your on-going efforts to make Black Hills Corporation a strong company and a great place to work for our employees! Please contact your manager / supervisor or your Human Resources Business Partner with any questions you may have.

**Scorecard Footnotes:**

\*Customer Project Completion is the absolute % difference between actual amounts and BOD approved budget on applicable capital projects

- actual amounts may be adjusted for valid exceptions at the discretion of SMT

(1) Safety: TCIR (Total Case incident Rate). See Employee Participation rate goal information below

(2) Safety: PMVI (Preventable Motor Vehicle Incident). See Employee Participation rate goal information below

Proactive Safety and Wellness Goal:														
Modifier is applied to TCIR and PMVI goals; maximum payout with multiplier is 150% of target. If average employee point total by scorecard is less than threshold: - scorecard will not payout for safety goals, regardless of TCIR & PMVI achievement If average employee point total by scorecard is greater than or equal to target: - TCIR & PMVI metrics will pay at Threshold, if result of Threshold or better is not otherwise achieved														
<b>Virgin Pulse Proactive Safety and/or Wellness Measure Modifier:</b> * Each Employee will have a target of earning 12000 points per quarter. * Each safety and wellness activity will have an associated point value.	<b>Scorecard Average Points per Employee</b> 12,406 (Proactive Safety and Wellness Modifier) 1.0127 <table border="1"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>8,000</td> <td>12,000</td> <td>16,000</td> </tr> <tr> <td colspan="3" style="text-align: center;">Modifier</td> </tr> <tr> <td>0.875</td> <td>1</td> <td>1.125</td> </tr> </tbody> </table>		Threshold	Target	Maximum	8,000	12,000	16,000	Modifier			0.875	1	1.125
Threshold	Target	Maximum												
8,000	12,000	16,000												
Modifier														
0.875	1	1.125												



Amador WP

2018 - BH Nebraska  
Scorecard SN

## Scorecard Results Memo

To: Scorecard 1: Black Hills Service Company  
From: Linn Evans, President and Chief Executive Officer  
Date: February 14, 2019  
Subject: 2018 Incentive Plan Results

The Black Hills Incentive Plans allow you to share in the Company's success by creating a strong link between Company performance and your efforts and accomplishments. Our incentive plans provide an annual bonus opportunity based on performance that you contribute through both financial and non-financial objectives.

Though we had a few set-backs this past year, we delivered solid earnings growth and strong operational execution across our business segments. In addition, we increased our dividend for the 48th consecutive year by \$0.12 per share (6.3%); signaling confidence in our future. We also received a credit upgrade from S&P to BBB+ and BHC's overall performance contributed to growth in our stock price with our market capitalization increasing by 17% from a 4% increase in stock price.

Earnings per share from continuing operations, as adjusted, increased 5.4% percent compared to 2017. A summary of the year's most notable events are as follows:

### Profitable Growth:

**Capital Investment.** Eighty-two miles of electric transmission line was placed in service and the entire project remains on schedule and on budget. We obtained PUC approval for the Busch Ranch II wind project and the SD Sun project was purchased from the developer.

**Regulatory Activity.** Though our appeal of the negative ruling on Colorado Electric's 2016 rate review was denied by the Colorado PUC, the Rocky Mountain Natural Gas rate review was approved with \$1.1 million in annual revenue, the Northwest Wyoming rate review was approved with \$1.0 million in annual revenue, and the Arkansas Gas rate review as approved with \$12.0 million in annual revenue.

**Tax Reform:** We completed tax reform proceedings in all states except Wyoming.

### Better Every Day:

**Evolution.** We received Colorado PUC approval to consolidate two gas LDCs in CO and made substantial progress on our jurisdiction simplification Evolution project to combine our multiple gas LDC's into a single LDC in each of three states: Colorado, Wyoming and Nebraska.

**Budget and Forecasts.** Budget processes were revised and detailed models were developed to improve accuracy.

**Risk.** The NERC CIP audit was successfully completed with no findings and we significantly improved our "click rate" on phishing emails from prior years.

### Valued Service:

**Customer Experience.** All gas and electric customers are now able to opt into text messaging for various service notifications, including: new bill available, due date approaching, budget bill amount has changed (if applicable), payment posted to account and due date past.

**Customer Communications.** We are now sending proactive outage communications to affected electric customers via text messaging.

**Stakeholders.** We completed our first annual corporate social responsibility report and posted it to the investor relations section of our website.

### Great Workplace:

**Diversity.** ASPIRE hosted its first annual women's conference at Horizon Point in October for approximately 130 female leaders from across the company.





## Scorecard Results Memo

These and many other important accomplishments contributed to our overall performance and, importantly, also set the stage for our future performance. Thank you for your efforts.

For those employees assigned to Scorecard 1 – Black Hills Service Company, the results for the 2018 goals were as follows:

Performance Goal	Goal Weight	Min (50%)	Target (100%)	Max (150%)	Goal Result	Goal % Achieved	Weighted Performance % Achieved
Earnings Per Share - BKH	40%	\$3.087	\$3.430	\$3.773	\$3.542	116.33%	46.53%
Cost per Customer	20%	\$403.480	\$384.270	\$365.050	\$389.811	85.58%	17.12%
BHE Consolidated Margin Growth	20%	\$1,109.827	\$1,115.376	\$1,120.925	\$1,122.174	200.00%	40.00%
Aggregate Safety - BHC TCIR	10%	1.3	1.1	0.9	1.2	78.75%	7.88%
Aggregate Safety - BHC PMVI	10%	2.0	1.7	1.4	2.2	50.00%	5.00%
<b>Total Weighted Goal Payout Percentage</b>							<b>116.52%</b>

Award payments will be made on Friday, March 8, 2019. For additional information on the scorecard results, the calculation of the bonus award and other important components of our incentive plans, please see the [Frequently Asked Questions](#) posted on BEN at Human Resources>AIP Scorecards / Plan Document.

Once again, congratulations on your incentive bonus award for 2018 and thank you for your contributions to the Company's success. Thank you for your on-going efforts to make Black Hills Corporation a strong company and a great place to work for our employees! Please contact your manager / supervisor or your Human Resources Business Partner with any questions you may have.

### Scorecard Footnotes:

\*200% maximum. Natural Gas Utility and Electric Utility growth in margin that is not already budgeted and that is weather normalized.

(1) Safety: TCIR (Total Case Incident Rate). See Employee Participation rate goal information below for requirements and multiplier information.

(2) Safety: PMVI (Preventable Motor Vehicle Incident). See Employee Participation rate goal information below for requirements and multiplier information.

Virgin Pulse Proactive Safety and/or Wellness Measure Multiplier:	Employee Participation Rate Per Scorecard												
* Each Employee will have a target of earning 10,000 points per quarter.	14,458												
* Maximum of 5,000 points for Safety Events; however, employees can log as many safety events as they choose.	(EPR Multiplier for Safety Portion of Scorecard)												
* Each safety and wellness activity will have a point value associated with each type of activity.	1.125												
* All safety and wellness activities have a cap on the number of points that can be earned per quarter.	<table border="1"> <thead> <tr> <th>Threshold</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>7,000</td> <td>8,000</td> <td>9,000</td> </tr> <tr> <td colspan="3" style="text-align: center;"><b>Multiplier</b></td> </tr> <tr> <td>0.875</td> <td>1.00</td> <td>1.125</td> </tr> </tbody> </table>	Threshold	Target	Maximum	7,000	8,000	9,000	<b>Multiplier</b>			0.875	1.00	1.125
Threshold	Target	Maximum											
7,000	8,000	9,000											
<b>Multiplier</b>													
0.875	1.00	1.125											

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-238**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Kristi Johnson/Robert Amdor  
**WITNESS:** Robert Amdor  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** Incentive Comp

---

**PA-238.** Employee Long Term Incentive Compensation: Follow up to Response PA-49 and Direct Testimony of Robert Amdor, pages 86–88 Please provide:

- a. LTIP Plan documents for 2018, 2019, and 2020.
- b. Goals for 2018, 2019, and 2020 that must be met before award.
- c. Total amount awarded for LTIP for 2018, 2019, and 2020 year to date that was direct charged or allocated to the Company.
- d. Total LTIP amounts included in the Company's rate request. Provide the amount that was direct charged and the amounts allocated.
- e. On page 88, Mr. Amdor states that Commissions in AK, CO, IA, KS, SD, and WY have approved the Company's employee compensation and benefit structure proposed in this application. Which of these Commissions have specifically approved the awards for LTIP? If approved, provide the docket number, order number, and date of the order.

**RESPONSE:**

- a) See Attachment No. PA 9-238A.
- b) The LTIP is composed of two parts. Each part is worth 50% of the grant value: (1) 50% of the LTIP award is a time-based restricted share grant that vests one-third each year for a period of three years. The only goal associated with this portion of the LTIP is time in role. (2) 50% of the LTIP is tied to a performance share plan (PSP). The PSP goals for the 2018, 2019 and 2020 plans are the same (see table below) and are based on BHC's performance compared to a ranking of

relative total shareholder return (Relative TSR) among the utilities included in the Edison Electric Institute’s Utilities Index at the conclusion of a 3-year period.

Relative TSR Performance	Payout as % of Target
90 <sup>th</sup> percentile or above	200%
50 <sup>th</sup> percentile	100%
25 <sup>th</sup> percentile	25%
<25 <sup>th</sup> and TSR equal or greater than 35%	25%
<25 <sup>th</sup> and TSR less than 35%	0%

- c) Please see response provided on PA No. 237.
- d) Please see response provided on PA No. 237.
- e) See table below. Mr. Amdor clarifies that his testimony references that Commission’s have adopted the general form of the compensation structure proposed by BH Nebraska Gas, but acknowledges that some Commission’s Staff or Consumer Advocates have challenged various aspects of the compensation from time to time. Regarding LTIP, Mr. Amdor further clarifies that the BHC has changed LTIP and other compensation programs to reduce the amounts based on earnings and increase the amount based on non-earnings goals, like safety, customer service, and employee wellness.

Venue	Heading	Docket	Order Date	Errata Order Date
Arkansas	IN THE MATTER OF THE APPLICATION OF BLACK HILLS ENERGY ARKANSAS, INC. FOR APPROVAL OF A GENERAL CHANGE IN RATES AND TARIFFS	17-071-U	5-Oct-18	12-Oct-18
Colorado	IN THE MATTER OF ADVICE LETTER NO. 1 FILED BY BLACK HILLS COLORADO GAS, INC. TO PLACE IN EFFECT ITS NEW P.U.C. VOLUME NO. 1 TARIFF ESTABLISHING NEW RATE SCHEDULES AND BASE RATES FOR ALL NATURAL GAS SALES AND TRANSPORTATION SERVICES, INCREASING JURISDICTIONAL BASE RATE REVENUES, COMBINING EXISTING GAS COST ADJUSTMENT (“GCA”) AREAS INTO NEW GCA REGIONS, IMPLEMENTING A DISTRIBUTION SYSTEM INTEGRITY RIDER, REVISING THE CONSTRUCTION ALLOWANCE CALCULATION METHOD, AND OTHER PROPOSED TARIFF CHANGES TO REPLACE AND SUPERSEDE ITS P.U.C. VOLUME NO. 3 TARIFF (FORMERLY BLACK HILLS/COLORADO GAS UTILITY COMPANY, INC.) AND P.U.C. VOLUME NO. 7 TARIFF (FORMERLY BLACK HILLS GAS DISTRIBUTION, LLC) IN THEIR ENTIRETY, TO BECOME EFFECTIVE ON MARCH 4, 2019.	19AL-0075G	14-Apr-20	None

Colorado	IN THE MATTER OF ADVICE LETTER NO. 530 FILED BY ATMOS ENERGY CORPORATION TO INCREASE THE BASE RATES AND THE PROPOSED RECOVERY RATE CASE EXPENSES TO BE EFFECTIVE JULY 27, 2017	17AL-0429G	8-Jan-18	10-Jan-18
Iowa	IN RE: BLACK HILLS/IOWA GAS UTILITY COMPANY LLC d/b/a BLACK HILLS ENERGY	RPU-2010-0002; TF-2011-0024; TF-2011-0076	10-Feb-11	None
Kansas	IN THE MATTER OF THE APPLICATION OF BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC, D/B/A BLACK HILLS ENERGY, FOR APPROVAL OF THE COMMISSION TO MAKE CERTAIN CHANGES IN ITS RATES FOR NATURAL GAS SERVICE	14-BHCG-502-RTS	23-Oct-14	None
Nebraska - NEG	IN THE MATTER OF BLACK HILLS/NEBRASKA GAS UTILITY COMPANY, LLC, D/B/A BLACK HILLS ENERGY, OMAHA, SEEKING A GENERAL RATE INCREASE FOR BLACK HILLS ENERGY'S RATE AREAS ONE, TWO AND THREE (CONSOLIDATED)	NG-0061	17-Aug-10	None
Nebraska - BHDG	IN THE MATTER OF THE APPLICATION OF SOURCEGAS DISTRIBUTION, LLC, LAKEWOOD, COLORADO, SEEKING APPROVAL OF A GENERAL RATE INCREASE	NG-0067	22-May-12	None
South Dakota	IN THE MATTER OF THE APPLICATION OF BLACK HILLS POWER, INC, FOR AUTHORITY TO INCREASE ITS ELECTRIC RATES	EL14-026	17-Apr-15	None
Wyoming	IN THE MATTER OF THE APPLICATION OF BLACK HILLS WYOMING GAS, LLC D/B/A BLACK HILLS ENERGY FOR APPROVAL OF A GENERAL RATE INCREASE OF \$16,121,638 OR 17.28% ANNUALLY TO RETAIL GAS RATES	30026-2-GR-19 (RECORD NO. 15267)	2-Apr-20	None

**ATTACHMENTS:** Attachment No. PA 9-238A.

**Black Hills Corporation  
2015 Omnibus Incentive Plan  
Performance Share Award Agreement  
(for Awards granted on or after January 1, 2017)**

**Performance Period** January 1, 2020 – December 31, 2022

**AWARD AGREEMENT WITH EEI INDEX AS PEER INDEX**

## Contents

---

Article 1. Performance Period	1
Article 2. Value of Performance Shares	2
Article 3. Performance Shares and Achievement of Performance Measure	2
Article 4. Termination Provisions	3
Article 5. Change in Control	3
Article 6. Forfeiture and Repayment	5
Article 7. Dividends	7
Article 8. Form and Timing of Payment of Performance Shares	7
Article 9. Nontransferability	8
Article 10. Administration	8
Article 11. Miscellaneous	8

# **Black Hills Corporation 2015 Omnibus Incentive Plan Performance Share Award Agreement**

**Performance Period**     **January 1, 2020 – December 31, 2022**

You have been selected to be a participant in the Black Hills Corporation 2015 Omnibus Incentive Plan (the “Plan”), as specified below:

**Participant:** \_\_\_\_\_

**Target Performance Share Award:** \_\_\_\_\_ shares

**Performance Period:** January 1, 2020 to December 31, 2022

**Performance Measure:** Total Shareholder Return (“TSR”).

**Peer Index:** EEI Index

The peer group for TSR performance purposes consists of all companies comprising the EEI Index. Throughout the performance period, companies may be added or dropped from the index due to mergers or other activities. At the end of the performance period, new companies that are added to the index are included in the rankings as if they had been in the ranking from the beginning, provided there is sufficient trading history to include them in the final calculation. When a company is dropped from the index, everything related to the company is excluded as if it were never in the index. Companies included in the EEI Index at the beginning of the Performance Period excluding Black Hills Corporation, are listed in Appendix A.

THIS AGREEMENT (the “Agreement”) effective January 1, 2020, represents the grant of Performance Shares by Black Hills Corporation, a South Dakota corporation (the “Company”), to the Participant named above, pursuant to the provisions of the Plan.

The Plan provides a complete description of the terms and conditions governing the Performance Shares. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall completely supersede and replace the conflicting terms of this Agreement.

All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein.

The parties hereto agree as follows:

## **Article 1. Performance Period**

The Performance Period commences on January 1, 2020 and ends on December 31, 2022.

**Article 2. Value of Performance Shares**

Each Performance Share shall represent and have a value equal to one share of common stock of the Company.

**Article 3. Performance Shares and Achievement of Performance Measure**

The number of Performance Shares to be earned under this Agreement shall be based upon the achievement of pre-established TSR performance goals as set by the Compensation Committee of the Board of Directors (the “Committee”) for the Performance Period, based on the following chart:

TSR Performance Relative to Companies in Peer Index	Payout (% of Target)
90 <sup>th</sup> Percentile or Above	200%
50 <sup>th</sup> Percentile	100%
25 <sup>th</sup> Percentile	25%
Below 25 <sup>th</sup> Percentile and TSR is equal to or greater than 35%	25%
Below the 25 <sup>th</sup> Percentile and TSR is below 35%	0%

In addition, if TSR is negative during the Performance Period, the payout will not exceed 100% of target.

Interpolation shall be used to determine the percentile rank in the event the Company’s Percentile Rank does not fall directly on one of the ranks listed in the above chart.

For this purpose, Total Shareholder Return (rounded to nearest basis point) shall be determined as follows:

$$\text{Total Shareholder Return} = \frac{\text{Change in Stock Price} + \text{Dividends Paid}}{\text{Beginning Stock Price}}$$

Beginning Stock Price shall mean the average closing price (rounded to nearest cent \$xx.xx) on the applicable stock exchange of one share of stock for the twenty (20) trading days immediately prior to the first day of the Performance Period; Ending Stock Price shall mean the average closing price (rounded to nearest cent \$xx.xx) on the applicable stock exchange of one share of stock for the last twenty (20) trading days of the Performance Period; Change in Stock Price shall mean the difference between the Beginning Stock Price and the Ending Stock Price; and Dividends Paid shall mean the total of all dividends (unrounded) on one (1) share of stock with Dividend Payable Dates during the Performance Period. Following the Total Shareholder Return determination, the Company’s Percentile Rank shall be determined as follows:

Percentile Rank shall be determined by listing from highest Total Shareholder Return to lowest Total Shareholder Return each company in the Peer Index (excluding the Company). The top company would have a one hundred percentile (100%) rank and the bottom company would have a zero percentile (0.0%) rank. Each company in between would be one hundred divided by n minus one (100/(n-1)) (rounded to nearest basis point - x.xx%) above the company below it, where “n” is



the total number of companies in the Peer Index. The Company percentile rank would then be interpolated based on the Company TSR.

#### **Article 4. Termination Provisions**

Except as provided below in this Article 4 and in Article 5, a Participant shall be eligible for payment of awarded Performance Shares, as determined in Article 3, only if the Participant's employment with the Company continues through the end of the Performance Period.

If participant Retires, suffers a Disability, or dies during the Performance Period, the Participant (or the Participant's estate) shall be entitled to that proportion of the number of Performance Shares as such Participant is entitled to under Article 3 for such Performance Period that the number of full months of participation during the Performance Period bears to the total number of months in the Performance Period. The form and timing of the payment of such Performance Shares shall be as set forth in Article 8.

"Retirement" or "Retires" means a Separation from service by a Participant on or after (i) attaining the age of 55 with at least 5 years of service, or (ii) attaining the age of 65.

"Separation from service" (as defined in Treasury Regulation Section 1.409A-1(h)) during the Performance Period other than (i) due to Retirement, Disability, or death, or (ii) following a Change in Control shall require forfeiture of this entire award, with no payment to the Participant.

#### **Article 5. Change in Control**

Notwithstanding anything herein to the contrary, in the event of a Change in Control, the Participant shall be entitled to that proportion of the number of Performance Shares as such Participant is entitled to under Article 3 for such Performance Period that the number of full months of participation during the Performance Period (as of the effective date of the Change in Control) bears to the total number of months in the Performance Period. When there is a Change in Control, the TSR shall be calculated as set forth in Article 3, except that the Ending Stock Price shall mean the average closing price (rounded to nearest cent \$xx.xx) on the applicable stock exchange of one share of stock for the twenty (20) trading days immediately prior to the Change in Control. Performance Shares shall be paid out to the Participant in cash within thirty (30) days of the effective date of the Change in Control.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

- (a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c) (i), (ii) and (iii);

- (b) Individuals who, as of December 31, 2019 are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;
- (c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (each a "Business Combination"), unless, in each case, immediately following such Business Combination, all of the following have occurred: (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries) (the "Successor Entity"); (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or
- (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c) (i), (ii), and (iii) above.
- (e) A Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding common stock as a result of the acquisition of common stock by the Company which, by reducing the number of shares of common stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of common stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional common stock which increases the percentage of the then outstanding common stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

- (f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

Notwithstanding the above provisions of this definition, to the extent that any payment under the Agreement due to a Change in Control is subject to Code Section 409A for deferred compensation, then the term “Change in Control” shall be construed in a manner that is consistent with Code Section 409A(a)(2)(A)(v), but only to the extent inconsistent with the above provisions as determined by the Board.

#### **Article 6. Forfeiture and Repayment.**

- (a) In the event the Participant incurs a separation from service for a reason other than those described in Article 4 herein during the Performance Period this entire award will be forfeited, unless the separation from service follows a Change in Control.
- (b) Without limiting the generality of Article 6(a), the Company reserves the right to cancel all Performance Shares awarded hereunder, whether or not vested, and require the Participant to repay all income or gains previously realized in respect of such Performance Shares, in the event of the occurrence of any of the following events:
  - (i) termination of Participant’s employment for Cause;
  - (ii) within one year following any termination of Participant’s employment, the Board determines that the Participant engaged in conduct before the Participant’s termination date that would have constituted the basis for a termination of employment for Cause;
  - (iii) at any time during the Participant’s employment or the twelve month period immediately following any termination of employment, Participant:
    - (x) publicly disparages the Company, any of its affiliates or any of its or their officers, directors or senior executive employees or otherwise makes any public statement that is materially detrimental to the interests or reputation of the Company, any of its affiliates or such individuals; or
    - (y) violates in any material respect any policy or any code of ethics or standard of behavior or conduct generally applicable to Participant, including the Code of Conduct; or
  - (iv) Participant engages in any fraudulent, illegal or other misconduct involving the Company or any of its affiliates, including but not limited to any breach of fiduciary duty, breach of a duty of loyalty, or interference with contract or business expectancy.

- (c) If the Board determines that the Participant's conduct, activities or circumstances constitute events described in Article 6(b), in addition to any other remedies the Company has available to it, the Company may in its sole discretion:
- (i) cancel any Performance Shares awarded hereby, whether or not issued; and/or
  - (ii) require the Participant to repay an amount equal to all income or gain realized in respect of all such Performance Shares. The amount of repayment shall include, without limitation, amounts received in connection with the delivery or sale of Shares of such Performance Shares or cash paid in respect of any Performance Shares.

There shall be no forfeiture or repayment under Article 6(b) following a Change-in-Control.

- (d) The Board, in its discretion, shall determine whether a Participant's conduct, activities or circumstances constitute events described in Article 6(b) and whether and to what extent the Performance Shares awarded hereby shall be forfeited by Participant and/or a Participant shall be required to repay an amount pursuant to Article 6(c). The Board shall have the authority to suspend the payment, delivery or settlement of all or any portion of such Participant's outstanding Performance Shares pending an investigation of a bona fide dispute regarding Participant's eligibility to receive a payment under the terms of this Agreement as determined by the Board in good faith.
- (e) For purposes of applying this provision:
- (i) "Cause" means any of the following:
    - (u) a Participant's violation of his or her material duties to the Company or any of its affiliates, which continues after written notice from the Company or any affiliate to cure such violation;
    - (v) Participant's willful failure to follow the lawful written directives of the Board in any material respect;
    - (w) Participant's willful misconduct in connection with the performance of any of his or her duties, including but not limited to falsifying or attempting to falsify documents, books or records of the Company or any of its affiliates, making or delivering a false representation, statement or certification of compliance to the Company, misappropriating or attempting to misappropriate funds or other property of the Company or any of its affiliates, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or any of its affiliates;

- (x) Participant's breach of any material provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by Participant with the Company or any of its affiliates;
  - (y) conviction (or plea of *nolo contendere*) of the Participant of any felony, or a misdemeanor involving false statement, in connection with conduct involving the Company or any of its subsidiaries or affiliates; or
  - (z) intentional engagement in any activity which would constitute or cause a breach of duty of loyalty, or any fiduciary duty to the Company or any of its subsidiaries or affiliates.
- (ii) "Code of Conduct" means any code of ethics or code of conduct now or hereafter adopted by the Company or any of its affiliates, including to the extent applicable the Company's Employee Conduct and Disclosure Policy, as amended or supplemented from time to time, and the Company's or subsidiary Risk Management Policies and Procedures, as amended, supplemented or replaced from time to time.
- (f) Participant agrees that the provisions of this Article 6 are entered into in consideration of, and as a material inducement to, the agreements by the Company herein as well as an inducement for the Company to enter into this Agreement, and that, but for Participant's agreement to the provisions of this Article 6, the Company would not have entered into this Agreement.

#### **Article 7. Dividends**

During the Performance Period, all dividends and other distributions paid with respect to the shares of common stock shall accrue for the benefit of the Participant to be paid out to the Participant pursuant to Article 8.

#### **Article 8. Form and Timing of Payment of Performance Shares**

Payment of the Performance Shares, including accrued dividends, shall be made fifty percent (50%) in cash and fifty percent (50%) in shares of Company stock.

Payment of Performance Shares shall be made within sixty (60) calendar days following the close of the Performance Period, subject to the following:

- (a) The Participant shall have no right with respect to any Award or a portion thereof, until such award shall be paid to such Participant.
- (b) If the Committee determines, in its sole discretion, that a Participant at any time has willfully engaged in any activity that the Committee determines was or is harmful to the Company, any unpaid pending Award will be forfeited by such Participant.

- (c) All appropriate taxes will be withheld from the cash portion of the award.

#### **Article 9. Nontransferability**

Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative. The terms hereof shall be binding on the executors, administrators, heirs and successors of the Participant.

#### **Article 10. Administration**

This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time by the Board of Directors, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, in its sole discretion, all of which shall be binding upon the Participant.

Any inconsistency between the Agreement and the Plan shall be resolved in favor of the Plan.

#### **Article 11. Miscellaneous**

- (a) The selection of any employee for participation in the Plan shall not give such Participant any right to be retained in the employ of the Company. The right and power of the Company to dismiss or discharge any Participant at-will, is specifically reserved. Such Participant or any person claiming under or through the Participant shall not have any right or interest in the Plan or any Award thereunder, unless and until all terms, conditions, and provisions of the Plan that affect such Participant have been complied with as specified herein.
- (b) With the approval of the Board, the Committee may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Agreement without the Participant's written consent, except as required by law.
- (c) Participant shall not have voting rights with respect to the Performance Shares. Participant shall obtain voting rights upon the settlement of Performance Shares and distribution into shares of common stock of the Company.
- (d) The Participant may defer such Participant's receipt of the payment of cash and the delivery of shares of common stock, that would otherwise be due to such Participant by virtue of the satisfaction of the performance goals with respect to the Performance Shares, pursuant to the rules of the Black Hills Corporation Nonqualified Deferred Compensation Plan, if allowed, and the procedures set forth by the Compensation Committee. If the Participant elects to defer the receipt of the award, the Participant will

be required to pay any necessary taxes from their own funds. They will not be allowed to have their deferred award reduced for tax withholding.

- (e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.
- (f) To the extent not preempted by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the State of South Dakota.
- (g) Any awards received by Participant are subject to the provisions of the Stock Ownership Guidelines approved by the Board of Directors.
- (h) Waiver and Modification. The provisions of this Agreement may not be waived or modified unless such waiver or modification is in writing and signed by the Company.
- (i) Compliance with Exchange Act. If the Participant is subject to Section 16 of the Exchange Act, Performance Shares granted pursuant to the Award are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act.

The following parties have caused this Agreement to be executed effective as of January 1, 2020.

Black Hills Corporation

By: \_\_\_\_\_

\_\_\_\_\_  
Participant

## Appendix A

### Companies Included in EEI Index as of January 1, 2020, Excluding Black Hills Corporation

Companies included in the EEI Index at the beginning of the Performance Period excluding Black Hills Corporation, are as follows:

ALLETE, Inc.	ALE	IdaCorp, Inc.	IDA
Alliant Energy Corporation	LNT	MDU Resources Group, Inc.	MDU
Ameren Corporation	AEE	MGE Energy, Inc.	MGEE
American Electric Power Company, Inc.	AEP	NextEra Energy, Inc.	NEE
Avangrid, Inc.	AGR	NiSource Inc.	NI
Avista Corporation	AVA	NorthWestern Corporation	NWE
CenterPoint Energy, Inc.	CNP	OGE Energy Corp.	OGE
CMS Energy Corporation	CMS	Otter Tail Corporation	OTTR
Consolidated Edison, Inc.	ED	PG&E Corporation	PCG
Dominion Energy, Inc.	D	Pinnacle West Capital Corporation	PNW
DTE Energy Company	DTE	PNM Resources, Inc.	PNM
Duke Energy Corporation	DUK	Portland General Electric Company	POR
Edison International	EIX	PPL Corporation	PPL
El Paso Electric Company	EE	Public Service Enterprise Group Inc.	PEG
Entergy Corporation	ETR	Sempra Energy	SRE
Evergy, Inc.	EVRG	The Southern Company	SO
Eversource Energy	ES	Unitil Corporation	UTL
Exelon Corporation	EXC	WEC Energy Group, Inc.	WEC
FirstEnergy Corp.	FE	Xcel Energy Inc.	XEL
Hawaiian Electric Industries, Inc.	HE		



# **Black Hills Corporation 2015 Omnibus Incentive Plan Restricted Stock Award Agreement (Effective for Awards granted on or after April 28, 2015)**

---

Dear [[FIRSTNAME]] [[LASTNAME]]:

Congratulations on your selection as a Participant of Black Hills Corporation 2015 Omnibus Incentive Plan (the “Plan”). This Agreement and the Plan together govern your rights to the award and set forth all of the conditions and limitations affecting such rights. All capitalized terms shall have the meanings ascribed to them in the Plan unless specifically set forth otherwise herein. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall supersede and replace the conflicting terms of this Agreement. By signing below, you agree to be bound by all the provisions of the Plan and this Agreement.

## **Overview of Your Award**

1. **Number of Restricted Shares Granted.** [[SHARESGRANTED]] Shares
2. **Date of Grant.** [[GRANTDATE]]
3. **Date of Lapse of Restrictions.**

[[ALLVESTSEGS]]

4. **Employment by the Company.** This Restricted Stock is awarded on the condition that the Participant remain in the employ of Black Hills Corporation and its Affiliates (the “Company”) from the Date of Grant through (and including) the Dates of Lapse of Restrictions. The Award of this Restricted Stock, however, shall not impose upon the Company any obligations to retain the Participant in its employ for any given period or upon any specific terms of employment.
5. **Certificate Legend.** Shares of Restricted Stock granted pursuant to the Plan shall be held by the Company in book entry form and shall be designated to have the following legend:

“The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the Black Hills Corporation 2015 Omnibus Incentive Plan and in a Restricted Stock Award Agreement. A copy of the Plan and such Restricted Stock Agreement may be obtained from the Secretary of Black Hills Corporation.”
6. **Removal of Restrictions.** Except as otherwise provided in the Plan, each of the Shares of Restricted Stock granted under this Agreement shall become freely transferable by the Participant on each of the “Dates of Lapse of Restrictions” set forth on Paragraph 3 herein.

Once the shares are released from the restrictions, the Participant shall be entitled to receive certificates representing the Shares of stock which have been vested, without the restrictive legend required by Paragraph 5 of this Agreement.

Notwithstanding the terms of this Agreement, no stock shall be issued by the Corporation while its stock transfer books are closed.

7. **Voting Rights and Dividends.** During the Period of Restriction, the Participant may exercise full voting rights and is entitled to receive all dividends and other distributions paid with respect to the Shares of Restricted Stock while they are held. If any such dividends or distributions are paid in shares of common stock of the Company, the Shares shall be subject to the same restrictions on transferability as the Shares of Restricted Stock with respect to which they were paid.
8. **Termination of Employment By Reasons of Death or Disability, and Vesting in Connection with a Change in Control.** In the event the Participant's employment is terminated by reason of Death or Disability, or in the event of a Change in Control prior to the Dates of Lapse of Restrictions, all Shares of Restricted Stock then outstanding shall immediately vest one hundred percent (100%), and as soon as is administratively practicable, the common stock representing the Shares of Restricted Stock without any restrictions or legend thereon, shall be delivered to the Participant's beneficiary or estate.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

- (a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c)(i), (ii) and (iii);
- (b) Individuals who, as of December 31, 2014 are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;
- (c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (each a "Business Combination"), unless, in each case,

immediately following such Business Combination, all of the following have occurred:

(i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries) (the "Successor Entity") (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

- (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c)(i), (ii), and (iii) above.
- (e) A Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding common stock as a result of the acquisition of common stock by the Company which, by reducing the number of shares of common stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of common stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional common stock which increases the percentage of the then outstanding common stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.
- (f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

9. **Beneficiary Designation.** The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death prior to the Dates of Lapse of Restrictions. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

10. **Forfeiture and Repayment.**

- (a) In the event the Participant's employment is terminated for reasons other than those described in Section 8 herein prior to the Dates of the Lapse of Restrictions, all outstanding Shares of unvested Restricted Stock granted hereunder shall immediately be forfeited by the Participant.
- (b) Without limiting the generality of Section 10(a), the Company reserves the right to cancel all Restricted Stock awarded hereunder, whether or not vested, and require the Participant to repay all income or gains previously realized in respect of such Restricted Stock, in the event of the occurrence of any of the following events:
  - (i) termination of Participant's employment for Cause;
  - (ii) within one year following any termination of Participant's employment, the Board determines that the Participant engaged in conduct before the Participant's termination date that would have constituted the basis for a termination of employment for Cause;
  - (iii) at any time during the Participant's employment or the twelve month period immediately following any termination of employment, Participant:
    - (x) publicly disparages the Company, any of its affiliates or any of its or their officers, directors or senior executive employees or otherwise makes any public statement that is materially detrimental to the interests or reputation of the Company, any of its affiliates or such individuals; or
    - (y) violates in any material respect any policy or any code of ethics or standard of behavior or conduct generally applicable to Participant, including the Code of Conduct; or
  - (iv) Participant engages in any fraudulent, illegal or other misconduct involving the Company or any of its affiliates, including but not limited to any breach of fiduciary duty, breach of a duty of loyalty, or interference with contract or business expectancy.
- (c) If the Board determines that the Participant's conduct, activities or circumstances constitute events described in Section 10(b), in addition to any other remedies the Company has available to it, the Company may in its sole discretion:
  - (i) cancel any Shares of Restricted Stock awarded hereby, whether or not vested; and/or
  - (ii) require the Participant to repay an amount equal to all income or gain realized in respect of all such Restricted Stock. The amount of repayment shall include, without limitation, amounts received in connection with the delivery or sale of Shares of such Restricted Stock or cash paid in respect of any Restricted Stock.

There shall be no forfeiture or repayment under Section 10(b) following a Change-in-Control.

- (d) The Board, in its discretion, shall determine whether a Participant's conduct, activities or circumstances constitute events described in Section 10(b) and whether and to what

extent the Shares of Restricted Stock awarded hereby shall be forfeited by Participant and/or a Participant shall be required to repay an amount pursuant to Section 10(c). The Board shall have the authority to suspend the payment, delivery or settlement of all or any portion of such Participant's outstanding Shares of Restricted Stock pending an investigation of a bona fide dispute regarding Participant's eligibility to receive a payment under the terms of this Agreement as determined by the Board in good faith.

- (e) For purposes of applying this provision:
- (i) "Cause" means any of the following:
- (u) a Participant's violation of his or her material duties to the Company or any of its affiliates, which continues after written notice from the Company or any affiliate to cure such violation;
  - (v) Participant's willful failure to follow the lawful written directives of the Board in any material respect;
  - (w) Participant's willful misconduct in connection with the performance of any of his or her duties, including but not limited to falsifying or attempting to falsify documents, books or records of the Company or any of its affiliates, making or delivering a false representation, statement or certification of compliance to the Company, misappropriating or attempting to misappropriate funds or other property of the Company or any of its affiliates, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or any of its affiliates;
  - (x) Participant's breach of any material provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by Participant with the Company or any of its affiliates;
  - (y) conviction (or plea of *nolo contendere*) of the Participant of any felony, or a misdemeanor involving false statement, in connection with conduct involving the Company or any of its subsidiaries or affiliates; or
  - (z) intentional engagement in any activity which would constitute or cause a breach of duty of loyalty, or any fiduciary duty to the Company or any of its subsidiaries or affiliates.
- (ii) "Code of Conduct" means any code of ethics or code of conduct now or hereafter adopted by the Company or any of its affiliates, including to the extent applicable the Company's Employee Conduct and Disclosure Policy, as amended or supplemented from time to time, and the Company's or subsidiary Risk Management Policies and Procedures, as amended, supplemented or replaced from time to time.
- (f) Participant agrees that the provisions of this Section 10 are entered into in consideration of, and as a material inducement to, the agreements by the Company herein as well as an inducement for the Company to enter into this Agreement, and that, but for

Participant's agreement to the provisions of this Section 10, the Company would not have entered into this Agreement.

11. **Transferability.** This Restricted Stock is not transferable by the Participant, whether voluntarily or involuntarily, by operation of laws or otherwise, during the Restriction Period, except as provided in the Plan. If any assessment, pledge, transfer, or other disposition, voluntary or involuntary, of this Restricted Stock shall be made, or if any attachment, execution, garnishment, or claim shall be issued against or placed upon the Restricted Stock, then the Participant's right to the Restricted Stock shall immediately cease and terminate and the Participant shall promptly forfeit to the Company all Restricted Stock awarded under this Agreement.
12. **Tax Treatment.** The following is a brief summary of the principal federal income tax consequences related to grants of restricted stock. This summary is based on the Company's understanding of present federal income tax law and regulations. The summary does not purport to be complete or applicable to every specific situation.

The value of restricted stock granted to the Participant will be taxable to the Participant in the year in which it is no longer subject to substantial risk of forfeiture (i.e., when the restrictions lapse). When the restrictions lapse, there is an ordinary income tax event to the Participant equal to the number of shares multiplied by the market price of the shares at the time the restrictions lapse. The Participant must satisfy federal and state withholding requirements and may do so by having the Company sell sufficient shares to meet the withholding requirements.

The Participant has the option to make a Code Section 83(b) election on a grant of restricted stock. Code Section 83(b) allows the Participant to choose to be taxed immediately on the amounts received in connection with a substantially "nonvested" right (i.e., compensation that has not been constructively received). This is accomplished by the Participant filing an election with the IRS stating that he or she will pay ordinary income on the value as measured at the time of grant. Any future appreciation in the stock property will be treated as capital gain when sold. This election must be made within 30 days of the Date of Grant.

If the Participant elects Section 83(b) treatment and later forfeits the subject stock, he or she will not be entitled to any refund for the taxes paid; however, he or she will be entitled to treat the forfeiture as a sale of the stock at a loss (i.e., capital loss) (*limited to the amount paid for shares-- typically zero*).

13. **Withholding.**

**Tax Withholding.** The Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy federal, state and local taxes (including Participant's FICA obligation), domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

**Share Withholding.** With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the Awards granted hereunder, the Participants may satisfy the withholding requirement by having the Company withhold shares, having a Fair Market Value on the date the tax is to be determined, equal to the minimum statutory total tax that could be imposed on the transaction. Share withholding shall be the default method for covering taxes. The Participant must make an election to pay the taxes with a cash payment. The cash payment election shall be irrevocable, made in writing, signed by the Participant, and

shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

14. **Requirements of Law.** The issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.
15. **Inability to Obtain Authorization.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained.
16. **Severability.** In the event any provision of this Agreement shall be held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.
17. **Continuation of Employment.** This Agreement shall not confer upon the Participant any right to continuation of employment by the Company, nor shall this Agreement interfere in any way with the Company's right to terminate the Participant's employment at any time, for any reason. Participant further agrees that awards made pursuant to this Agreement are discretionary, and do not constitute a benefit which the Company is obligated to make available to Participant, and therefore, nothing in this Agreement shall be deemed to constitute a contract of employment, or otherwise alter the at-will employment relationship between Participant and the Company.
18. **Applicable Laws and Consent to Jurisdiction.** The validity, construction, interpretation and enforceability of this Agreement shall be determined and governed by the laws of the State of South Dakota without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in South Dakota and agree that such litigation shall be conducted in the courts of Pennington County or the federal courts of the United States for the District of South Dakota, Western Division.
19. **Miscellaneous.** The Plan may be amended at any time, and from time to time, by a written instrument approved by the Board of Directors of Black Hills Corporation. No termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award, except as required by law.

The Plan and this Agreement are binding upon Participant, as well as his/her heirs, executors, personal representatives, trustees, attorneys, agents, administrators, and successors.

Please refer any questions you may have regarding your restricted stock to Amy K. Koenig, Vice President - Governance, Corporate Secretary and Deputy General Counsel. Once again, congratulations on receipt of your restricted stock.

Sincerely,

Amy K. Koenig  
Vice President - Governance, Corporate Secretary  
and Deputy General Counsel

Please acknowledge your agreement to participate in the Plan and this Agreement, and to abide by all of the governing terms and provisions, by signing the following representation:

**Agreement to Participate**

By signing a copy of this Agreement and returning it to Amy K. Koenig, Vice President - Governance, Corporate Secretary and Deputy General Counsel of Black Hills Corporation, I acknowledge that I have read the Plan, and that I fully understand all of my rights under the Plan, as well as all of the terms and conditions which may limit my eligibility to exercise this Award. Without limiting the generality of the preceding sentence, I understand that my right to exercise this Award is conditioned upon my continued employment with Black Hills Corporation or its Subsidiaries.

[[SIGNATURE]]

---

[[SIGNATURE\_DATE]]



**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-239**

**DATE OF REQUEST:** 07/27/20  
**DATE RESPONSE DUE:** 08/06/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Kristi Johnson/Robert Amdor  
**WITNESS:** Robert Amdor  
**DATE RESPONDED:** 08/06/20  
**SUBJECT:** SERP

---

**PA-239. SERP:**

- a. Does the Company have a supplemental executive retirement plan that is either direct or allocated?
- b. If so, please provide the amount reflected in the Company's rate request.
- c. If SERP costs are included in the Company's rate request, who is allowed to participate?

**RESPONSE:**

a. Yes. Black Hills Corporation has some legacy plans that are closed and frozen as well as a current supplemental retirement plan. Each of these plans allocate a percentage of the cost to BH Nebraska Gas. The total amount allocated by BH Service Company to NE Gas Distribution (50513) was \$173,839 and the total amount allocated to BH Gas Utility (50506) was \$227,768.

All of these plans generally represent non-qualified plans whose purpose is to attract and retain key employees by providing them with an opportunity to defer receipt of a portion of their salary and other specified compensations that allow to make an executive whole after hitting the qualified plan limits based on salary.

Participation in the current supplemental retirement plan is restricted to officers nominated by the CEO and approved by the Board of Directors.

b. The cost allocation for the various Plan expenses included in the test year is set forth below.

	<u>Allocation Factor</u>	<u>PEP &amp; Restoration</u>	<u>Employment Agreements</u>	<u>BHUH Emp Agreements</u>	<u>NQDC</u>	<u>Total 2019</u>
2019		\$1,851,276	\$41,130	\$19,283	\$1,101,112	
50513	0.0577	\$106,819	\$2,373	\$1,113	\$63,534	\$173,839
50506	0.0756	\$139,956	\$3,109	\$1,458	\$83,244	\$227,768

c. See the Response to a. above.

**ATTACHMENTS:** None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-265**

**DATE OF REQUEST:** 08/07/20  
**DATE RESPONSE DUE:** 08/17/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 08/17/20  
**SUBJECT:** Insurance Expense

---

**REQUEST: PA-265.** Directors' and Officers' ("D&O") Liability Insurance: Does the cost of service include any premium costs for D&O insurance either direct charged or allocated? If the response is in the affirmative, provide these items:

- a. Amount included in the base year and forecasted period (If the amount is allocated, provide the allocations.)
- b. List of officers and directors covered by the insurance.
- c. List of acts covered by the insurance.

**RESPONSE:**

Yes, costs for Directors' and Officers' Liability Insurance are included.

- a. Please see the response and Attachment No. PA 13-264 Insurance Expense which includes the per book amounts for 2019 and for the Test Year. The D&O insurance expense is allocated by a Blended allocation factor noted in the response.
- b. The policy defines DIRECTOR and OFFICER to include any natural person who has served, is now serving, or shall serve Black Hills Corporation in any of the following positions or with the following titles:
  - All upper level managers: Director and above
  - Operations managers
  - Corporate Counsel at all levels: Associate Counsel, Corporate Counsel, Senior Counsel, Managing Counsel, Sr. Managing Counsel, and Chief Counsel
  - Manager, Safety

- Environmental Engineer or Environmental Technician
  - IT Compliance
  - Corporate Compliance, Governance: Sr. Manager, Corporate Compliance
  - Land Manager
  - Officers and Members of the Political Action Committee
- c. Acts covered by insurance: the policy defines WRONGFUL ACT as any actual or alleged breach of duty, neglect, error, misstatement, misleading statement or omission actually or allegedly caused, committed or attempted by (1) any DIRECTOR or OFFICER while acting individually or collectively in their capacity as such, or, with respect to any DIRECTORS or OFFICERS, any other matter claimed against them solely by reason of their being DIRECTORS or OFFICERS; or (2) solely with respect to Insuring Agreement. All breaches of duty, neglect, errors, misstatements, misleading statements or omissions actually or allegedly caused, committed or attempted by or claimed against one or more of the INSUREDS having as a common nexus any single or series of related facts, circumstances, situations, events, transactions or causes shall be deemed to be a single WRONGFUL ACT.

**ATTACHMENTS:**

None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-264**

**DATE OF REQUEST:** 08/07/20  
**DATE RESPONSE DUE:** 08/17/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger/Marie Reuttgers/  
Deb Blackette  
**WITNESS:** Michael Clevinger/Marie Reuttgers/  
Deb Blackett  
**DATE RESPONDED:** 08/17/20  
**SUBJECT:** Insurance Expense

---

**REQUEST: PA-264.** Insurance Expense. Please provide these items:

- a. Amount of insurance expense, by insurance type (i.e., property insurance, liability insurance, workers compensation, directors & officers liability insurance, etc.) for each year 2016 through 2020 year-to-date (Identify the accounts in which the associated costs are included. Please identify any allocated insurance separately with an explanation on how the amount was allocated.)
- b. Comparable amount included in O&M and capital for in the base year ending 12/31/2019.
- c. Comparable amount included in O&M and capital in the test year ending 12/31/2020 with an explanation and support of how the amount was projected.

**RESPONSE:**

- a. See Attachment No. PA 13-264 Insurance Expense. All lines marked as “ALLOCATED” in the file are allocated based on the Blended Ratio, which is a composite ratio comprised of an average of the asset cost, payroll dollars, and gross margin as described in the CAM, Exhibit MCC-6. 2020 year-to-date amounts are provided through July, the last month for which our accounting records are closed.
- b. See Excel column F and M of Attachment No. PA 13-264 Insurance Expense for the amounts included in the base year 2019.
- c. See Excel column G and N of Attachment No. PA 13-264 Insurance Expense for the amounts included in the test year 2020.

**ATTACHMENTS:**

Attachment No. PA 13-264 Insurance Expense

Insurance Expense (PA 13-264)	Note 1	BH Gas Utility (50506) through 7/31						BH Gas Distribution (50513) through 7/31					
		2016	2017	2018	2019	2020 Test Year	2020	2016	2017	2018	2019	2020 Test Year	2020
Property Insurance	Invoiced Total	2,206.91	2,545.42	3,004.99	6,369.14	6,397.67	11,664.69	34,163.44	13,893.42	14,924.42	27,832.60	27,836.97	8,055.97
	107000 ALLOCATED	37.44	60.41	68.32	31.38	33.04	-	1,935.45	52.44	56.26	33.87	34.22	1.94
	184001 ALLOCATED	-	-	-	32.80	34.54	(6.50)	-	-	-	37.64	38.03	-
	924000 ALLOCATED	212.14	343.88	343.33	474.98	500.11	(26.23)	25,197.25	297.39	285.41	349.09	352.72	(25.99)
	107000 DIRECT	293.60	319.96	430.38	339.34	339.34	-	501.52	2,030.36	2,401.19	2,207.24	2,207.24	(1,570.57)
	184001 DIRECT	-	-	-	-	-	2,322.42	-	-	-	2,452.92	2,452.92	-
	924000 DIRECT	1,663.73	1,821.17	2,162.96	5,490.64	5,490.64	9,375.00	6,529.22	11,513.23	12,181.56	22,751.84	22,751.84	9,650.59
Excess Liability	Invoiced Total	-	-	-	-	-	-	12,546.76	-	-	-	-	-
	107000 DIRECT	-	-	-	-	-	-	895.00	-	-	-	-	-
	924000 DIRECT	-	-	-	-	-	-	11,651.76	-	-	-	-	-
Workers Compensation Insurance	Invoiced Total	79,900.73	86,260.21	67,726.22	75,478.46	77,545.90	49,583.62	100,957.24	70,557.68	54,609.66	59,426.02	59,742.39	39,219.45
	107000 ALLOCATED	4,809.15	6,763.72	6,115.34	3,594.45	3,784.63	-	10,212.96	4,039.00	4,632.36	2,527.28	2,553.56	1,657.85
	184001 ALLOCATED	-	-	-	3,756.63	3,955.39	5,882.14	-	-	-	2,808.57	2,837.78	-
	924000 ALLOCATED	-	-	-	-	-	-	140.23	-	-	-	-	-
	925000 ALLOCATED	26,301.26	35,392.47	26,778.88	31,723.50	33,401.99	21,021.14	56,440.55	22,642.18	22,618.78	25,088.45	25,349.34	17,976.42
	107000 DIRECT	7,542.17	7,076.24	6,475.59	3,348.78	3,348.78	-	4,431.02	6,642.02	4,650.62	2,409.10	2,409.10	1,653.71
	184001 DIRECT	-	-	-	3,499.88	3,499.88	4,958.84	-	-	-	65,480.68	65,480.68	-
	924000 DIRECT	-	-	-	-	-	-	9,075.88	-	-	-	-	-
	925000 DIRECT	41,248.15	37,027.78	28,356.41	29,555.22	29,555.22	17,721.50	20,656.60	37,234.48	22,707.90	(38,888.06)	(38,888.06)	17,931.47
Directors' & Officers' Liability	Invoiced Total	108,554.61	92,268.10	81,704.84	84,105.09	88,555.09	52,515.38	63,283.28	79,767.58	68,547.91	65,542.68	66,224.23	38,560.49
	107000 ALLOCATED	16,780.75	14,803.89	15,189.69	7,736.79	8,146.14	-	8,582.16	12,075.21	11,652.32	5,444.48	5,501.10	3,255.92
	184001 ALLOCATED	-	-	-	8,085.87	8,513.69	11,481.98	-	-	-	6,050.48	6,113.40	-
	924000 ALLOCATED	-	-	-	-	-	-	32.19	-	-	-	-	-
	925000 ALLOCATED	91,773.86	77,464.21	66,515.15	68,282.43	71,895.26	41,033.40	47,464.59	67,692.37	56,895.59	54,047.72	54,609.74	35,304.57
	107000 DIRECT	-	-	-	-	-	-	513.91	-	-	-	-	-
	924000 DIRECT	-	-	-	-	-	-	6,690.43	-	-	-	-	-
Auto Insurance	Invoiced Total	40,418.35	34,424.81	28,107.29	39,431.64	39,574.58	21,325.25	43,384.29	(6,511.09)	40,031.75	42,473.16	42,495.03	26,241.20
	107000 ALLOCATED	85.74	233.66	357.93	248.51	261.66	-	20.56	(6,705.01)	270.83	174.73	176.55	124.15
	184001 ALLOCATED	-	-	-	259.73	273.47	440.58	-	-	-	194.18	196.20	-
	924000 ALLOCATED	-	-	-	-	-	-	150.76	-	-	-	-	-
	925000 ALLOCATED	468.93	1,222.65	1,567.38	2,193.29	2,309.34	1,574.50	49.69	(37,587.60)	1,322.42	1,734.53	1,752.57	1,346.12
	107000 DIRECT	15,736.59	11,994.36	8,845.42	13,882.07	13,882.07	8,441.91	14,781.81	13,389.21	14,302.41	18,112.15	18,112.15	10,292.25
	184001 DIRECT	-	-	-	7.45	7.45	-	-	-	-	(10,848.83)	(10,848.83)	-
	184000 DIRECT	-	-	-	-	-	-	-	-	-	-	-	-
	924000 DIRECT	-	-	-	-	-	-	4,959.58	-	-	-	-	-
	925000 DIRECT	24,127.09	20,974.14	17,336.56	22,840.59	22,840.59	10,868.26	23,421.89	24,392.31	24,136.09	33,106.40	33,106.40	14,478.68
Terrorism Insurance	Invoiced Total	-	-	-	143.78	143.78	84.42	-	-	-	532.78	532.78	311.36
	107000 DIRECT	-	-	-	8.37	8.37	-	-	-	-	42.90	42.90	(25.15)
	184001 DIRECT	-	-	-	-	-	16.76	-	-	-	47.67	47.67	-
	924000 DIRECT	-	-	-	135.41	135.41	67.66	-	-	-	442.21	442.21	336.51
General Liability (Captive)	Invoiced Total	463,584.63	491,099.58	471,748.48	486,979.42	512,745.53	299,223.40	363,132.22	414,373.15	391,537.17	380,006.68	383,958.22	219,922.78
	107000 ALLOCATED	71,662.51	78,794.14	87,702.44	44,797.03	47,167.24	-	54,944.46	62,727.79	66,556.59	31,566.28	31,894.53	18,569.56
	184001 ALLOCATED	-	-	-	46,818.26	49,295.42	65,422.32	-	-	-	35,079.75	35,444.53	-
	924000 ALLOCATED	-	-	-	-	-	-	583.81	-	-	-	-	-
	925000 ALLOCATED	391,922.12	412,305.44	384,046.04	395,364.13	416,282.87	233,801.08	303,715.68	351,645.36	324,980.58	313,360.65	316,619.17	201,353.22
	107000 DIRECT	-	-	-	-	-	-	277.36	-	-	-	-	-
	924000 DIRECT	-	-	-	-	-	-	3,610.91	-	-	-	-	-
Bonds	Invoiced Total	1,086.00	(43,524.86)	1,728.00	4,316.00	4,316.00	2,003.00	100.00	30,937.96	3,350.00	(4,650.00)	(4,650.00)	300.00
	107000 ALLOCATED	-	(7,371.27)	-	-	-	-	-	4,193.22	-	-	-	-
	925000 ALLOCATED	-	(38,571.59)	-	-	-	-	-	23,506.74	-	-	-	-
	107000 DIRECT	167.88	387.95	321.25	302.73	302.73	-	15.31	490.17	569.46	(386.26)	(386.26)	25.33
	184001 DIRECT	-	-	-	146.61	146.61	436.01	-	-	-	(10,498.88)	(10,498.88)	-
	924000 DIRECT	-	-	-	2,628.55	2,628.55	76.94	-	-	-	-	-	35.64
	925000 DIRECT	918.12	2,030.05	1,406.75	1,238.11	1,238.11	1,490.05	84.69	2,747.83	2,780.54	6,235.14	6,235.14	239.03
<b>Total</b>		695,751.23	663,073.26	654,019.82	696,823.53	729,278.54	436,399.76	617,567.23	603,018.70	573,000.91	571,163.92	576,139.63	332,611.25

Insurance Expense (PA 13-264)	Note 1	BH Gas Utility (50506)					through 7/31	BH Gas Distribution (50513)					through 7/31
		2016	2017	2018	2019	2020 Test Year	2020	2016	2017	2018	2019	2020 Test Year	2020
Totals By Account:	107000 ALLOCATED	93,375.59	93,284.55	109,433.72	56,408.16	59,392.72	-	75,695.59	76,382.65	83,168.36	39,746.64	40,159.95	23,609.42
	184001 ALLOCATED	-	-	-	58,953.29	62,072.51	83,220.52	-	-	-	44,170.62	44,629.93	-
	924000 ALLOCATED	212.14	343.88	343.33	474.98	500.11	(26.23)	26,104.24	297.39	285.41	349.09	352.72	(25.99)
	925000 ALLOCATED	510,466.17	487,813.18	478,907.45	497,563.35	523,889.45	297,430.12	407,670.51	427,899.05	405,817.37	394,231.35	398,330.81	255,980.33
	107000 DIRECT	23,740.24	19,778.51	16,072.64	17,881.29	17,881.29	8,441.91	21,415.93	22,551.76	21,923.68	22,385.13	22,385.13	10,375.57
Note 2	184000 DIRECT	-	-	-	-	-	-	-	-	-	-	-	-
	184001 DIRECT	-	-	-	3,653.94	3,653.94	7,734.03	-	-	-	46,633.56	46,633.56	-
	924000 DIRECT	1,663.73	1,821.17	2,162.96	8,254.60	8,254.60	9,519.60	42,517.78	11,513.23	12,181.56	23,194.05	23,194.05	10,022.73
	925000 DIRECT	66,293.36	60,031.97	47,099.72	53,633.92	53,633.92	30,079.81	44,163.18	64,374.62	49,624.53	453.48	453.48	32,649.19
		695,751.23	663,073.26	654,019.82	696,823.53	729,278.54	436,399.76	617,567.23	603,018.70	573,000.91	571,163.92	576,139.63	332,611.25
check figure		-	-	-	-	-	-	-	-	-	-	-	-
<b>Note 1:</b> All lines marked as "ALLOCATED" are allocated on the Blended Ratio: A composite ratio comprised of an average of the Asset Cost, the Payroll Dollars, and the Gross Margin.													
<b>Note 2:</b> Account 184000 is subsequently loaded to Capital and O&M based on the Fleet Loading Percentage													
Fleet Loading Percentage (184000)		60.52%	63.62%	66.22%	62.14%	62.14%	56.28%	61.93%	64.56%	62.79%	59.02%	59.02%	58.45%
Capital		-	-	-	-	-	-	-	-	-	-	-	-
O&M		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital		117,115.83	113,063.06	125,506.36	136,896.68	143,000.46	99,396.46	97,111.52	98,934.41	105,092.04	152,935.95	153,808.58	33,984.99
Total O&M		578,635.40	550,010.20	528,513.46	559,926.85	586,278.08	337,003.30	520,455.71	504,084.29	467,908.87	418,227.97	422,331.06	298,626.26
		695,751.23	663,073.26	654,019.82	696,823.53	729,278.54	436,399.76	617,567.23	603,018.70	573,000.91	571,163.92	576,139.63	332,611.25
<b>Allocation adjustment for Rate Review</b>													
Allocation rate used in 2019:	924000 ALLOCATED					7.56%						5.77%	
	925000 ALLOCATED					8.47%						6.52%	
Allocation Rates used in 2021	924000 ALLOCATED					7.96%						5.83%	
	925000 ALLOCATED					8.82%						6.51%	



**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-202**

**DATE OF REQUEST:** 07/09/20  
**DATE RESPONSE DUE:** 07/20/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 07/20/20  
**SUBJECT:** Advertising

---

**REQUEST:** PA-202: Advertising: Direct Testimony of Michael Clevinger, page 14–21, Exhibit MCC-2, Schedule H-2 and WP Sched H-2. The Company states it is requesting recovery for only advertising specifically related to hiring and safety. WP Sched H-2, tab “Jrnl Line Detail–Acct” identifies advertising costs with line items tagged that are to be excluded. It appears that line items tagged for exclusion did not carry forward for account 893 and 903. Specifically, WP Sched H-2, tab “Sched H-2” appears to have formulas missing in cells M19, N19, M21, and N21, resulting in the intended exclusion not being removed.

- a. Please confirm that the following advertising amounts should be excluded: Account 893–\$47 and Account 903–\$33,996.
- b. If the failure to exclude these items was intentional (i.e., the formula was intentionally deleted) and the Company seeks recovery, please provide copies of the specific advertising.

**RESPONSE:**

- a. Confirmed, Account 893 \$47 and Account 903 \$33,996 should have been included on Schedule H-2 in the total of expenses not appropriate for recovery.
- b. The failure to exclude these items was unintentional. The Company will make the correction at the appropriate time in the procedural schedule.

**ATTACHMENTS:** None.

**BLACK HILLS NEBRASKA GAS, LLC  
 NEBRASKA GAS RATE REVIEW  
 APPLICATION NO. NG-109  
 RESPONSE TO PUBLIC ADVOCATE  
 DATA REQUEST NO. PA-203**

**DATE OF REQUEST:** 07/09/20  
**DATE RESPONSE DUE:** 07/20/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger  
**WITNESS:** Michael Clevinger  
**DATE RESPONDED:** 07/20/20  
**SUBJECT:** Dues

**REQUEST:** PA-203: Dues: Reference WP Sched H-2. Please provide copies of invoices for the following dues.

Name	Line Descr	Account	Date	Amount
a. CASS COUNTY NEBRASKA ECONOMIC	2019 INVESTMENT & SPONSOR PKG	930200	1/28/19	\$3,050
b. CASS COUNTY NEBRASKA ECONOMIC	ANNUAL INVESTMENT DUES	930200	11/14/19	\$2,250
c. LINCOLN INDEPENDENT BUSINESS ASSOCIATION	ONE YEAR MEMBERSHIP	930200	3/1/19	\$285
d. NEBRASKA BROADCASTERS ASSOCIATION INC	MEMBER DUES	930200	1/18/19	\$150
e. NEBRASKA BROADCASTERS ASSOCIATION INC	MEMBERSHIP	930200	11/25/19	\$150
f. SARPY COUNTY ECONOMIC DEVELOPMENT CORP	2019 ANNUAL INVESTMENT	930200	1/4/19	\$9,935
g. SARPY COUNTY ECONOMIC DEVELOPMENT CORP	ANNUAL INVESTMENT & SPONSORSHIP	930200	11/14/19	\$9,935
h. THE LAVISTA COMMUNITY FOUNDATION	2019-2020 SPONSORSHIP	930200	10/30/19	\$3,754
i. TWIN CITIES DEVELOPMENT ASSOCIATION INC	ANNUAL MEMBERSHIP	930200	1/9/19	\$1,000
j. TWIN CITIES DEVELOPMENT ASSOCIATION INC	ANNUAL MEMBERSHIP	930200	11/1/19	\$1,000
k. ALLIANCE CHAMBER OF COMMERCE	2019 MEMBERSHIP INVESTMENT	930200	1/2/19	\$645
l. ALLIANCE CHAMBER OF COMMERCE	MEMBERSHIP	930200	12/30/19	\$645
m. CHADRON CHAMBER OF COMMERCE	MEMBERSHIP DUES	930200	1/29/19	\$890
n. CHADRON CHAMBER OF COMMERCE	MEMBERSHIP DUES	930200	8/16/19	\$890
o. CHEYENNE COUNTY CHAMBER OF COMMERCE	2019 CHAMBER INVESTMENT	930200	2/26/19	\$345
p. CHEYENNE COUNTY CHAMBER OF COMMERCE	2020 MEMBER DUES	930200	12/5/19	\$345
q. GREATER LINCOLN CHAMBER FOUNDATION INC	MEMBERSHIP 2019	930200	2/26/19	\$5,000
r. GREATER LINCOLN CHAMBER FOUNDATION INC	OMAHA PLEDGE	930200	4/17/19	\$6,000
s. GREATER LINCOLN CHAMBER FOUNDATION INC	PLEDGE	930200	9/16/19	\$6,000
t. HOLDREGE AREA CHAMBER OF COMMERCE	MEMBER DUES	930200	12/2/19	\$700

	<b>Name</b>	<b>Line Descr</b>	<b>Account</b>	<b>Date</b>	<b>Amount</b>
u.	HOLDREGE AREA CHAMBER OF COMMERCE	MEMBERSHIP DUES	930200	1/18/19	\$350
v.	LINCOLN CHAMBER ECONOMIC DEVEL CORP	INVESTMENT	930200	1/18/19	\$15,000
w.	LINCOLN CHAMBER OF COMMERCE	MEMBER DUES & SPONSORSHIPS	930200	11/14/19	\$33,385
x.	LINCOLN CHAMBER OF COMMERCE	FOUNDATION MEMBERSHIP	930200	1/4/19	\$1,500
y.	LINCOLN CHAMBER OF COMMERCE	FOUNDATION MEMBERSHIP	930200	12/11/19	\$1,500
z.	SARPY COUNTY CHAMBER OF COMMERCE	CHAMBER DUES - CORPORATE	930200	1/18/19	\$5,000
aa.	SARPY COUNTY CHAMBER OF COMMERCE	CHAMPION PARTNER	930200	11/19/19	\$6,300

**RESPONSE:**

Please see the attachments identified below.

Additional notes to reconcile attachments to the detail list provided above:

Attachment No. 6-203H La Vista Community Foundation had 7.25% use tax applied to the invoiced amount ( $\$3,500 + \$253.75 = 3,754$  (rounded)).

Attachment No. 6-203R Greater Omaha Chamber Found and Attachment No. 6-203S Greater Omaha Chamber Found were paid to the Greater Omaha Chamber Foundation rather than the Greater Lincoln Chamber Foundation.

Attachment No. 6-203X Norfolk Chamber of Commerce and Attachment No. 6-203Y Norfolk Chamber of Commerce were paid to the Norfolk Chamber of Commerce rather than the Lincoln Chamber of Commerce.

**ATTACHMENTS:**

- Attachment No. 6-203A Cass County Economic Development
- Attachment No. 6-203B Cass County Economic Development
- Attachment No. 6-203C Lincoln Independent Business Assn
- Attachment No. 6-203D Nebraska Broadcasters Assn
- Attachment No. 6-203E Nebraska Broadcasters Assn
- Attachment No. 6-203F Sarpy County Economic Development
- Attachment No. 6-203G Sarpy County Economic Development
- Attachment No. 6-203H La Vista Community Foundation
- Attachment No. 6-203I Twin Cities Development Assn
- Attachment No. 6-203J Twin Cities Development Assn
- Attachment No. 6-203K Alliance Chamber
- Attachment No. 6-203L Alliance Chamber
- Attachment No. 6-203M Chadron Chamber
- Attachment No. 6-203N Chadron Chamber
- Attachment No. 6-203O Cheyenne County Chamber
- Attachment No. 6-203P Cheyenne County Chamber

Attachment No. 6-203Q Greater Lincoln Chamber Found  
Attachment No. 6-203R Greater Omaha Chamber Found  
Attachment No. 6-203S Greater Omaha Chamber Found  
Attachment No. 6-203T Holdrege Chamber  
Attachment No. 6-203U Holdrege Chamber  
Attachment No. 6-203V Lincoln Chamber Econ Develop  
Attachment No. 6-203W Lincoln Chamber of Commerce  
Attachment No. 6-203X Norfolk Chamber of Commerce  
Attachment No. 6-203Y Norfolk Chamber of Commerce  
Attachment No. 6-203Z Sarpy County Chamber  
Attachment No. 6-203AA Sarpy County Chamber



**Cass County Nebraska Economic Development Council**

808 Conagra Drive  
 Suite 400  
 Omaha, NE 68102

**5462**

**Phone:** 402-978-7948

Date	Invoice #
1/1/2019	833

Bill To
Black Hills Energy Cheryl Brandenburgh PO Box 83008 Lincoln, NE 68501

Due Date	Terms
1/31/2019	Net 30

Quantity	Description	Amount
1	2019 Annual Investment - Investing Level  We appreciate your involvement and impact in the growth of Cass County.  Please continue to support this growth through your annual investment in Cass County Nebraska Economic Development Council.  If you would like to upgrade your membership to the Founding or Visionary Level; please indicate below and remit the appropriate amount.  <input type="checkbox"/> \$3,500+ Founding Level <input type="checkbox"/> \$5,000+ Visionary Level  If you have any questions, please call 402-978-7948.	2,250.00
1	2019 CCNEDC Sponsorship Package #2 Includes Annual Meeting Sponsorship and Spring or Fall Investor Meeting Sponsorship.	800.00
Thank you for your support!		<b>Total</b> \$3,050.00



**Cass County Nebraska Economic Development Council**

808 Conagra Drive  
 Suite 400  
 Omaha, NE 68102

**Phone:** 402-978-7948

Date	Invoice #
1/1/2020	896

Bill To
Black Hills Energy Hannah Terrel PO Box 83008 1600 Wyndhoek Lincoln, NE 68501

Due Date	Terms
1/31/2020	Net 30

Quantity	Description	Amount
1	2020 Annual Investment - Investing Level  We appreciate your involvement and impact in the growth of Cass County.  Please continue to support this growth through your annual investment in Cass County Nebraska Economic Development Council.  If you would like to upgrade your membership to the Founding or Visionary Level; please indicate below and remit the appropriate amount.  ___ \$3,500+ Founding Level ___ \$5,000+ Visionary Level  If you have any questions, please call 402-978-7948.	2,250.00
1	2020 Spring Investor Meeting Sponsorship	0.00
Thank you for your support!		<b>Total</b> \$2,250.00



LIBA  
 620 No. 48th St., Suite 205  
 Lincoln, NE 68504  
 PHONE: 466-3419

54607

**INVOICE**

07-20112

Voluntary donation to the following:  
 Youth \_\_\_\_\_ Foundation \_\_\_\_\_  
\$285.00

Black Hills Energy  
 Brandy Johnson  
 P.O. Box 83008  
 Lincoln, NE 68501

For VISA or MC payment complete the following:  
Acct. No. \_\_\_\_\_  
Exp Date \_\_\_\_\_ Security Code \_\_\_\_\_  
C.C. Billing Address: \_\_\_\_\_

*Please return the top portion with your payment*

*Keep the bottom portion for your records*

	Date	Invoice #	Due Date
	2/12/2019	07-20112	2/27/2019

Description	Rate	Quantity	Amount
One year membership	275.00		275.00
Voluntary Contribution to LIBA PAC	10.00		10.00

**Total** \$285.00

**Balance Due** \$285.00

**THANK YOU FOR YOUR CONTINUED SUPPORT**

Dues to LIBA are not deductible as a charitable contribution but a portion of your dues may be deductible as an ordinary and necessary business expense. The Revenue Reconciliation Act requires Associations to inform their members the portion of their dues which will be used on lobbying efforts on state and national issues, on which they take a position. That portion is not deductible as a business expense. We have determined that 5% of the LIBA dues and/or contributions will not be deductible as a business expense. Please consult your accountant.

# NBA Invoice

## Nebraska Broadcasters Association

11414 W. Center Road  
Suite 342  
Omaha, NE 68144

5462

Date	Invoice #
11/26/2018	5575

Phone: 402-933-5995

Bill To
Black Hills Energy Brandy Johnson PO Box 83008 Lincoln, NE 68501

Description	Amount
2019 Associate Member Dues	150.00
	<b>Payments/Credits</b> \$0.00
	<b>Balance Due</b> \$150.00



5462

Nebraska Broadcasters Association  
 11414 West Center Road Suite 342  
 Omaha NE 68144  
 Tel 402.933.5995  
 E-Mail linda@ne-ba.org



INVOICE 204	PO NUMBER	1/1/2020
-------------	-----------	----------

**BILL TO** **MESSAGE**

---

Black Hills Energy  
 Brandy Johnson  
 PO Box 83008  
 Lincoln, Nebraska 68501

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	Membership Billing	150.00	150.00
	SUBTOTAL		150.00
	SALES TAX		0.00
	SHIPPING & HANDLING		0.00
	<b>TOTAL</b>		<b>150.00</b>
	PAYMENT/CREDIT/WRITE OFF/DISCOUNTS APPLIED		(0.00)
	<b>TOTAL DUE BY 1/1/2020</b>		<b>150.00</b>

CURRENT	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	TOTAL OPEN INVOICE
150.00	0.00	0.00	0.00	150.00

[Submit payment online here](#)



**Sarpy County Economic Development Corporation**

808 Conagra Drive  
 Suite 400  
 Omaha, NE 68102

Phone: 402-978-7948

Date	Invoice #
1/1/2019	1908

Bill To
Black Hills Energy Cheryl Brandenburgh 501 West 6th Street Papillion, NE 68046

5462

Due Date	Terms
1/31/2019	Net 30

Quantity	Description	Amount
1	2019 Annual Investment - Visionary Level	7,500.00
	We appreciate your involvement and impact in the growth of Sarpy County.	
	Please continue to support this growth through your annual investment in Sarpy County Economic Development Corporation.	
	If you have any questions, please call 402-978-7948.	
	Gold Sponsorship Package \$2385 - (\$2650 Value!)	
1	SCEDC 2019 Annual Meeting Sponsorship	900.00
3	SCEDC 2019 Quarterly Meeting Sponsorship	810.00
1	SCEDC 2019 VIP Reception Sponsorship	675.00
1	2019 Board Lunches For Kevin Jarosz	50.00
Thank you for your continued support!		
<b>Total</b>		<b>\$9,935.00</b>



## Visionary Level (\$7,500+) Contact Information Form

<b>Company Listing:</b>	Black Hills Energy
Street Address:	501 West 6th Street
Mailing Address:	same
City, State Zip:	Papillion, NE 68046
Website:	<a href="https://www.blackhillsenergy.com/">https://www.blackhillsenergy.com/</a>
<b>Board contact:</b>	Kevin Jarosz
Title/Position:	Sr. Operations Manager Lincoln/Metro Regions
Phone:	
Email:	kevin.jarosz@blackhillscorp.com
Assistant name/email:	N/A
<b>Primary contact:</b> (if different than Board)	Cheryl Brandenburgh
Title/Position:	External Affairs Manager for NE
Phone:	
Email:	cheryl.brandenburgh@blackhillscorp.com
<b>Invoicing contact:</b>	Cheryl Brandenburgh
Title/Position:	External Affairs Manager for NE
Phone:	
Email:	cheryl.brandenburgh@blackhillscorp.com
<b>Additional contact:</b>	Larry Byrnes
Title/Position:	Field Operations Manager
Phone:	
Email:	Larry.Byrnes@blackhillscorp.com



**Additional contact:** Ron Handke  
Title/Position: Customer Relations Representative  
Phone:  
Email: Ron.handke@blackhillscorp.com

**Additional contact:** Brandy Johnson  
Title/Position: Program Manager, Community Affairs  
Phone:  
Email: Brandy.Johnson@blackhillscorp.com

**Additional contact:** Bridgett Petzoldt  
Title/Position: Commercial, Industrial, & Agriculture Program Manager  
Phone:  
Email: bridgett.petzoldt@blackhillscorp.com

**Additional contact:** Tim Proksel  
Title/Position:  
Phone:  
Email: Tim.Proksel@blackhillscorp.com

**Additional contact:**  
Title/Position:  
Phone:  
Email:

**Invoicing Instructions or comments:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14271



**Sarpy County Economic Development Corporation**

808 Conagra Drive  
Suite 400  
Omaha, NE 68102

Phone: 402-978-7948

Date	Invoice #
1/1/2020	2068

Bill To
Black Hills Energy Kevin Jarosz 501 West 6th Street Papillion, NE 68046

5462

Due Date	Terms
1/31/2020	Net 30

Quantity	Description	Amount
1	2020 Annual Investment - Visionary Level  We appreciate your involvement and impact in the growth of Sarpy County.  Please continue to support this growth through your annual investment in Sarpy County Economic Development Corporation.  If you have any questions, please call 402-978-7948.  Gold Sponsorship Package \$2385 - (\$2650 Value!)	7,500.00
1	SCEDC 2020 Annual Meeting Sponsorship	900.00
3	SCEDC 2020 Quarterly Meeting Sponsorship	810.00
1	SCEDC 2020 VIP Reception Sponsorship	675.00
1	2020 Board Lunches	50.00
Thank you for your continued support!		<b>Total</b> \$9,935.00

# INVOICE

Twin Cities Development Association, Inc.

1620 Broadway  
 Scottsbluff, NE 69361  
 (308) 632-2833 - Tel (308) 633-2854 - Fax

3146

DATE	INVOICE #
10/1/2018	6632

MEMBER
Black Hills Energy Economic Development Manager PO Box 83008 Lincoln, NE 68501-3008

INVESTMENT	AMOUNT
Annual Membership Dues October 1, 2018-September 30, 2019	1,000.00
Thank You for Your Investment in Economic Development!	
<b>TOTAL</b>	<b>\$1,000.00</b>

E-mail	Web Site
twincitiesinfo@tcdne.org	www.tcdne.org & www. wehavejobs...

Twin Cities Development Association, Inc.

1620 Broadway  
Scottsbluff, NE 69361  
(308) 632-2833 - Tel (308) 633-2854 - Fax

3146

Docket No. NG-109  
Exhibit No. DHM-31  
**INVOICE**

DATE	INVOICE #
10/1/2019	7569

MEMBER
Black Hills Energy Economic Development Manager PO Box 83008 Lincoln, NE 68501-3008

INVESTMENT	AMOUNT
Annual Membership Dues October 1, 2019-September 30, 2020	1,000.00
Thank You for Your Investment in Economic Development!	<b>TOTAL</b> \$1,000.00

E-mail	Web Site
twincitiesinfo@tcdnc.org	www.tcdnc.org & www.wehavejobs...

Dear Ms. Bradenburgh,

Thank you for your membership to Twin Cities Development. We couldn't do it without you.

It is our goal to support economic development activities that create jobs and bring new capital into the area, as well as support the expansion of existing businesses. Twin Cities Development has several services we provide businesses, entrepreneurs, and site selectors. In addition, we offer essential business and economic development services to our members. These include:

- Workforce recruitment
- Sites and buildings development and listings
- Business attraction services, including financial packaging
- Business Retention and Expansion program
- Workforce Housing Development
- Economic Incentive Assistance
- Grant writing and Assistance
- Entrepreneur Assistance "TCD eCenter"
- Job posting services "wehavejobs.net"

Enclosed you'll find the TCD newsletter and an invoice for 2019-2020 dues.

If you have questions, please do not hesitate to contact us. We look forward to our continued partnership for Economic Development.

Thank you.

Sincerely,

Rawnda Pierce



Executive Director  
Twin Cities Development

Keith Ellis



Director of Community and Economic Development  
Twin Cities Development



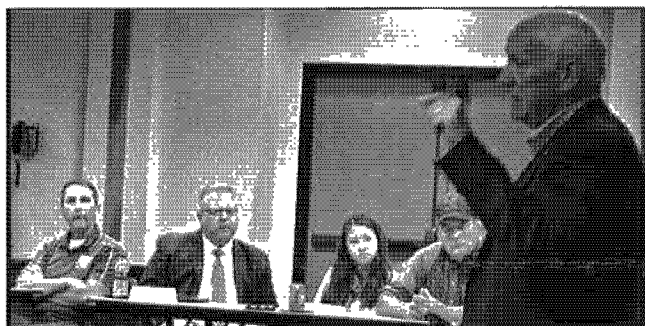
October 2019



**Twin Cities Development Assoc., Inc.  
ECONOMIC DEVELOPMENT  
FOR WESTERN NEBRASKA**

“TCD is moving quickly to implement key initiatives from these (Workforce CEO Summit) meetings. Join us in our continuous quest to secure an improved workforce for our current businesses and provide the resources to attract new businesses to our area.”

-Jim Kerr, TCD President



**Partnership for Employer and Education Results**

**PEER<sup>7</sup>TCD**

Action \* Accountability \* Awareness \* Economic Development \* Skills \* Sustainability \* Training

### **TCD Launches First Workforce CEO Outcome Initiative**

One of the top priorities from the CEO Summits is growing our own workforce. Twin Cities Development is quickly moving towards action with the PEER7 Initiative. The purpose is:

*To create a partnership between industry employers and area high schools, colleges, and universities for skills development, job awareness, and education/economic development.*

#### **Highlights of the PEER7 Initiative include**

- Skilled Workforce Appreciation Week
- Skilled Job Signing Day
- Guidance Counselor/Administrator "Economic Development" Forum
- Parent Townhall Meeting on Manufacturing and Industry
- Essential Soft Skills Curriculum and Training
- Developing Skills Outside the Classroom

TCD will partner with education to develop an Alumni Network for a "Bring 'em Home" campaign for the workforce and potential of business expansion to our area. The TCD Marketing Partners will be marketing to retired military veterans to come back home to good jobs.

A couple of innovative marketing campaigns will include video testimonials of business leaders to tell their successful story about their company located in our area. Also, we will have video testimonials from workers on why they choose to live and work in the Valley.

We have the education resources with our high school career academies and WNCC to drive the outcomes needed by our area employers. TCD will help "broker" and communicate to area businesses these services for continuity and success.

#### **About Us**

Twin Cities Development supports economic development activities that create jobs and bring investment into western Nebraska. As an independent, member-supported, non-profit organization, we are available for consultation to companies interested in relocating or expanding. We provide assistance with local and state incentives, site and building selection, grant opportunities, employee recruitment, job postings, statistics and other information.

#### **Board of Directors**

**Jim Kerr**, President  
*Ameri-Co Carriers*  
**Todd Lewis**, Vice-President  
*Bytes Computer and Network Solutions*  
**Jerry Darnell**, Secretary/Treasurer  
*Western Sugar Cooperative*  
**Neal Blomenkamp**, Runza  
**Katy Reichert**, Chaloupka, Holyoke,  
*Snyder, Chaloupka & Longoria*  
**George Schlothauer Jr.**, ESU #13  
**Shain Shimić**, Crossroads Cooperative  
*Assn*  
**Jason Webb**, Web Eyecare

#### **Staff**

**Rawnda Pierce**, Executive Director  
**Keith Ellis**, Director of Community &  
*Economic Development*  
**Melissa Coats**, Administrative  
*Assistant and Housing Coordinator for*  
*Western Nebraska Housing*  
*Opportunities*  
**Kerrie Siegel-Heimbouch**, Marketing  
*Specialist*

## TWIN CITIES DEVELOPMENT ASSOCIATION, INC.

**MISSION:** To support economic development activities that create jobs and bring investment into western Nebraska.

**BOARD OF DIRECTORS:** The highest priority for the TCD organization is to have a fully engaged community in economic development with our stakeholders and community partners.

### TCD brings in Site Consultant, Tim Feemster, for 2nd Workforce CEO Summit

On October 2nd, TCD brought in Tim Feemster, Managing Principal of Foremost Quality Logistics and Site Consultant from TX to speak at the second of three Workforce CEO Summits. While he was here, he met with government officials, educators, and business executives in manufacturing, transportation, logistics and warehousing, healthcare, and ag processing. He had the opportunity to tour area businesses, schools, WNCC, and sites and buildings.



Jim Kerr, TCD President stated, "As part of TCD's three-part Workforce CEO Summit series, we were able to secure a national site consultant to visit the area. His objective was to give an assessment of our area's ability to attract companies.

Recruiting a manufacturing company has been a long-time goal of TCD and Tim Feemster provided a wealth of data on how a manufacturing company will assess the logistics of a location and how important the costs of logistics (storage, handling, inventory, packaging, etc.) are to the decisionmakers.

Thank you to those who have taken time out of their schedules to participate in TCD business roundtables, the Workforce CEO Summits, and other important initiatives."

### Workforce CEO Vision

- A strong collaborative partnership with employers, educators, and TCD to "broker" workforce development resources.
- A bold, aggressive workforce recruitment campaign to expand our labor market and our skills assets.
- Maximizing our community resources to provide the highest levels of opportunities for success.
- Marketing our workforce assets such as innovative employer recruitment and training programs, incentives and scholarship programs, and an innovative intern and apprenticeship

Save the Date!

#### Twin Cities Development's Annual Meeting

You are invited to the annual  
**TCD Membership Meeting!**

The meeting will include:

- Nomination of Board Members
- Election of TCD officers for the 2019-20 term
- Meet & greet with staff members and interns
- Update on TCD activities

We'll also serve you a great lunch!

THURSDAY  
November 14, 2019  
11:45AM to 1:15PM

**NEW Location!**

Scotts Bluff Country Club  
8014 Avenue I

You are invited to the annual  
TCD Membership Meeting!

**NOVEMBER 14, 2019**  
**11:45 AM TO 1:15 PM**  
**THIS IS A NEW LOCATION!!!**  
**Scotts Bluff Country Club**  
**5014 Avenue I, Scottsbluff, NE 69361**

This meeting will include Nomination of Board Members,  
Election of TCD officers for 2019-20. Meet the new staff  
and get an update of TCD activities. We'll also feed you a  
great lunch!

Please RSVP (up to 4 representatives per company) that  
will be attending by Monday, November 11th for an  
accurate count for lunch.  
Call us at 632-2833 or email [info@tcdne.org](mailto:info@tcdne.org)

3146



**Alliance Chamber of Commerce**

305 BOX BUTTE AVE. • ALLIANCE, NE 69301-0571 • (308) 762-1520

*Please make checks payable to:  
The Alliance Chamber of Commerce*

— INVOICE —

Black Hills Energy  
PO BOX 637  
Alliance, NE 69301

Date: 01/01/2019  
Account #: 1109  
Invoice #: 16135  
Amount Due: \$645.00

Amount Remitted: \_\_\_\_\_

PLEASE DETACH AND RETURN WITH YOUR PAYMENT.

**ALLIANCE CHAMBER OF COMMERCE**

Thank you for your membership!

Membership Investment 01/01/2019 - 12/31/2019	645.00
Total:	<u>\$645.00</u>

*Payment of membership dues is deductible for most chamber members as an ordinary and necessary business expense.  
Contributions or gifts to the chamber are not deductible as charitable contributions for Federal income tax purposes.*



*Alliance Chamber of Commerce*

305 BOX BUTTE AVE. • ALLIANCE, NE 69301-0571 • (308) 762-1520

*Please make checks payable to:  
The Alliance Chamber of Commerce*

#3101

— INVOICE —

Melissa Garcia  
Black Hills Energy  
PO BOX 637  
Alliance, NE 69301

Due Date: 01/01/2020  
Account #: 1109  
Invoice #: 16623  
Amount Due: \$645.00

Amount Remitted: \_\_\_\_\_

PLEASE DETACH AND RETURN WITH YOUR PAYMENT

**ALLIANCE CHAMBER OF COMMERCE**

Thank you for your support!

Membership Investment 01/01/2020 - 12/31/2020	645.00
	<hr/>
<b>Total:</b>	<b>\$645.00</b>

Payment of membership dues is deductible for most chamber members as an ordinary and necessary business expense.  
Contributions or gifts to the chamber are not deductible as charitable contributions for federal income tax purposes.

*Payment of membership dues is deductible for most chamber members as an ordinary and necessary business expense.  
Contributions or gifts to the chamber are not deductible as charitable contributions for Federal income tax purposes.*



Chadron Chamber of Commerce  
706 W. 3rd St.  
Chadron, NE 69337  
(308) 432-4401 | fax: (308) 432-4757  
chamber@chadron.com

# Invoice

Invoice Date: 8/1/18  
Invoice Number: 6957

# IMPORTANT

#361

Black Hills Energy  
Norm Long  
108 Bordeaux Street  
Chadron, NE 69337

This is our 4th attempt @ collecting  
Payment for 2018, that was due  
in September. Please give me, Babby,  
a call @ 432.4401 to Kennedy.

Terms	Due Date
Net 30 Days	9/1/18

Description	Quantity	Rate	Amount
Membership Dues	1	\$890.00	\$890.00
<b>Subtotal:</b>			<b>\$890.00</b>
<b>Tax:</b>			<b>\$0.00</b>
<b>Total:</b>			<b>\$890.00</b>
<b>Payment/Credit Applied:</b>			<b>\$0.00</b>
<b>Balance:</b>			<b>\$890.00</b>

Thank you for renewing your membership with The Chadron Chamber! This invoice reflects your dues for the time period of September 2018 through August 2019.

We look forward to serving you and helping your business succeed!

Questions or Concerns? Please call us at 308-432-4401.

## FINAL INVOICE

*Please - PAY US SO  
I CAN PAY THEM AND  
THEY CAN PAY HIM AND  
HE CAN PAY YOU*



**Chadron Chamber of Commerce**  
706 W. 3rd St.  
Chadron, NE 69337  
(308) 432-4401 | fax: (308) 432-4757  
chamber@chadron.com

## Invoice

Invoice Date: 8/1/19  
Invoice Number: 7244

Dept. 3101

Black Hills Energy  
Norm Long  
PO Box 637  
Alliance, NE 69301

	Terms	Due Date	
	Net 30 Days	8/31/19	
Description	Quantity	Rate	Amount
Membership Dues	1	\$890.00	\$890.00
		<b>Subtotal:</b>	<b>\$890.00</b>
		<b>Tax:</b>	<b>\$0.00</b>
		<b>Total:</b>	<b>\$890.00</b>
		<b>Payment/Credit Applied:</b>	<b>\$0.00</b>
		<b>Balance:</b>	<b>\$890.00</b>

Thank you for renewing your membership with The Chadron Chamber of Commerce! This invoice reflects your dues for the time period of September 2019 through August 2020.

We look forward to serving you and helping your business succeed!

Please do not forget that we only know as much as you tell us and we would like to know more! Send us info that you would like to get the word out on and we can better serve you! Chamber@Chadron.com or Director@Chadron.com

Questions or Concerns? Please call us at 308-432-4401.

# Invoice

## Cheyenne County Chamber of Commerce

740 Illinois Street  
 Sidney, NE 69162

corrected

308-254-5851

director@cheyennecountychamber.com

Date	Invoice #
01/01/2019	3547

Bill To
---------

Black Hills Energy  
 PO Box 97  
 Sidney, NE 69162

Terms
-------

--

Item	Quantity	Description	Price Each	Amount
2019 Membershi...		2019 Annual Chamber Investment	345.00	345.00

Thank you for your continued support. Thank you for partnering with us!	<b>Total</b>	\$345.00
--	--------------	----------



# Cheyenne County Chamber of Commerce

740 Illinois Street  
Sidney, NE 69162

308-254-5851

director@cheyennecountychamber.com

3146

Date	Invoice #
11/22/2019	4043

Bill To
---------

Black Hills Energy  
PO Box 97  
Sidney, NE 69162

Terms
-------

Net 30
--------

Item	Quantity	Description	Price Each	Amount
2020 Membershi...		2020 Membership Dues	345.00	345.00

Thank you for partnering with us!	<b>Total</b>	\$345.00
-----------------------------------	--------------	----------

5462

3/6/2019

Greater Omaha Chamber Foundation  
808 Conagra Dr., Ste 400  
Omaha, NE 68102-5025



**STATEMENT**

**BILL TO**

**MESSAGE**

Black Hills Energy  
Cheryl Brandenburgh  
501 W 6th St  
Papillion, NE 68046

INVOICE	DATE	QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
301795-01	8/1/2018	1.00	Prosper Omaha Pledge 2014-2018	6,000.00	6,000.00
			TOTAL PURCHASES		6,000.00
			TOTAL PAYMENTS/CREDITS		0.00
			TOTAL REMAINING BALANCE		6,000.00

Thank you for your business!

Thank you for your support!  
Please make checks payable to Greater Omaha Chamber Foundation.  
Call 402-346-5000 or email [accounting@omahachamber.org](mailto:accounting@omahachamber.org) with any questions.

Greater Omaha Chamber Foundation  
 808 Conagra Dr., Ste 400  
 Omaha, NE 68102-5025

**FOUNDATION**

**INVOICE 402891** **3/1/2019**

**BILL TO** **MESSAGE**

Black Hills Energy  
 Kevin Jarosz  
 PO Box 83008  
 Lincoln, NE 68501

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
1	Prosper Omaha 2.0 Pledge 2019-2023	6,000.00	6,000.00
	<b>SUBTOTAL</b>		6,000.00
	<b>SALES TAX</b>		0.00
	<b>SHIPPING &amp; HANDLING</b>		0.00
	<b>TOTAL</b>		<b>6,000.00</b>
	<b>PAYMENT/CREDIT/WRITE OFF/DISCOUNTS APPLIED</b>		(0.00)
	<b>TOTAL DUE BY 4/1/2019</b>		<b>6,000.00</b>

Thank you for your business!

CURRENT	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	TOTAL OPEN INVOICE
0.00	0.00	0.00	6,000.00	6,000.00

Thank you for your support!  
 Please make checks payable to Greater Omaha Chamber Foundation.  
 Call 402-346-5000 or email [accounting@omahachamber.org](mailto:accounting@omahachamber.org) with any questions.

[Submit payment online here](#)



**Holdrege Chamber of Commerce**  
 504 4th Ave  
 Holdrege, NE 68949  
 (308) 995-4444 | fax:  
 info@holdregechamber.com

# Invoice

Docket No. NG-109  
 Exhibit No. DHM-31  
 Page 27 of 32

Invoice Date: 11/26/19  
 Invoice Number: 4848

3146

Black Hills Energy  
 Melissa Garcia  
 610 Central Ave.  
 Kearney, NE 68847

		Terms	Due Date
		Due upon Receipt	11/26/19
Description	Quantity	Rate	Amount
Class I - Shaun Keeshan - Member	1	\$700.00	\$700.00
<b>Subtotal:</b>			<b>\$700.00</b>
<b>Tax:</b>			<b>\$0.00</b>
<b>Total:</b>			<b>\$700.00</b>
<b>Payment/Credit Applied:</b>			<b>\$0.00</b>
<b>Balance:</b>			<b>\$700.00</b>

**Login to your Member Center to pay online.**

- Go to <http://justthelacenebraska.chambermaster.com/login> to login or retrieve forgotten login credentials. Or create your login account for the first time at this registration page: <https://justthelacenebraska.chambermaster.com/CreateAccount?ccid=2545&email=melissa.garcia@blackhillscorp.com&repID=3943>.
- Pay online, check out your additional Member Benefits, update your member page and contact information.

Thank you for your support of the **Holdrege Chamber of Commerce**

Please return this portion with your payment.

Member Name: Black Hills Energy

**Invoice #: 4848**

Payment Amount: \$ \_\_\_\_\_

Payment Method:  Check # \_\_\_\_\_  Credit Card

Make all checks payable to **Holdrege Chamber of Commerce** or enter credit card information below.

Enter Credit Card Billing Address (inc. zip code)

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Credit Card #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ CVV Code (3 or 4 digits on back of card) \_\_\_\_\_

Name on Card: \_\_\_\_\_ Signature: \_\_\_\_\_

\_\_\_\_\_



Holdrege Chamber of Commerce  
504 4th Ave  
Holdrege, NE 68949  
(308) 995-4444

# Invoice

Invoice Date: 11/27/18  
Invoice Number: 4404

*Dept. 3102*

Black Hills Energy  
Brandon Malleck  
404 Grant Street  
Holdrege, NE 68949

Thank You for being such a Valuable Member of the Holdrege Area Chamber of Commerce.

			<b>Terms</b>	
			Due upon Receipt	
<b>Description</b>	<b>Quantity</b>	<b>Rate</b>	<b>Amount</b>	
Businesses & Nonprofits	1	\$350.00	\$350.00	
			<b>Subtotal:</b>	<b>\$350.00</b>
			<b>Tax:</b>	<b>\$0.00</b>
			<b>Total:</b>	<b>\$350.00</b>
			<b>Payment/Credit Applied:</b>	<b>\$0.00</b>
			<b>Balance:</b>	<b>\$350.00</b>

Thank you for your continued support!

# NORFOLK AREA

Chamber of Commerce

Date	Invoice #
1/1/2019	17852

Bill To
Pam Orwig Black Hills Energy PO Box 1249 Norfolk, NE 68702-1249

Please remit payment to:  Norfolk Area Chamber of Commerce 609 W. Norfolk Avenue Norfolk, NE 68701-5140  Phone: 402-371-4862 Fax: 402-371-0182
---

Terms	Due Date
Due on receipt	1/1/2019

Description	Qty	Rate	Amount
Foundation Membership Dues			1,500.00
<div data-bbox="105 1344 812 1554" style="border: 1px solid black; padding: 5px; text-align: center;"> <p><b>Your continued support of the Norfolk area's amazing Chamber is greatly appreciated!</b></p> </div>			
		DEPT: <u>5775</u> RES: <u>1413</u>	
		FERC: <u>930200</u> PROD: <u>103</u>	

**CONSIDER GOING GREEN & HAVE YOUR INVOICES EMAILED! Contact Jeny at [jalbin@norfolkareachamber.com](mailto:jalbin@norfolkareachamber.com)**

<b>Total</b>	<b>\$1,500.00</b>
<b>Payments/Credits</b>	<b>\$0.00</b>
<b>Balance Due</b>	<b>\$1,500.00</b>

**NORFOLK  AREA**  
 Chamber of Commerce

**Invoice**

Date	Invoice #
1/1/2020	21839

Bill To
Black Hills Energy Pam Orwig PO Box 1249 Norfolk, NE 68702-1249

Please remit payment to: Norfolk Area Chamber of Commerce 609 W. Norfolk Avenue Norfolk, NE 68701-5140 Phone: 402-371-4862 Fax: 402-371-0182
---

Description	Qty	Terms	Due Date
		Rate	Amount
Foundation Membership Dues		Due on receipt	1,500.00
DEPT: <u>5775</u> RES: _____ FERC: _____ PROD: _____			
<div style="border: 1px solid black; padding: 5px; text-align: center;">                         Your continued support of the Norfolk area's amazing Chamber is greatly appreciated!                     </div>			

<b>CONSIDER GOING GREEN &amp; HAVE YOUR INVOICES EMAILED! Contact Jeny at <a href="mailto:jalbin@norfolkareachamber.com">jalbin@norfolkareachamber.com</a></b>	<b>Total</b>	\$1,500.00
	<b>Payments/Credits</b>	\$0.00
	<b>Balance Due</b>	<b>\$1,500.00</b>



**Sarpy County Chamber of Commerce**  
 1243 Golden Gate Drive  
 Suite 1  
 Sarpy County, Papillion, NE 68046  
 (402) 339-3050  
 chamber@sarpychamber.org

# Invoice

Invoice Date: 12/3/18  
 Invoice Number: 3462

5462

Black Hills Energy Corporation  
 Don Nordell  
 501 West 6th Street  
 Papillion, NE 68046

		Terms	Due Date
		Due on receipt	1/2/19
Description	Quantity	Rate	Amount
Corporate Partner	1	\$5,000.00	\$5,000.00
<b>Subtotal:</b>			<b>\$5,000.00</b>
<b>Tax:</b>			<b>\$0.00</b>
<b>Total:</b>			<b>\$5,000.00</b>
<b>Payment/Credit Applied:</b>			<b>\$0.00</b>
<b>Balance:</b>			<b>\$5,000.00</b>

**2018 COMMUNITY PILLAR PARTNERS**  
**COX Business ~ PenFed Credit Union**

**2018 CORPORATE PARTNERS**

Black Hills Energy ~ DLR Group ~ Five Points Bank ~ Gina V Physical Therapy  
 Midlands Place ~ Omaha Public Power District ~ The Weitz Company

**2018 EXECUTIVE PARTNERS**

All Purpose Construction ~ American National Bank ~ Adams & Sullivan P.C.  
 Centris Federal Credit Union ~ CharterWest Bank ~ CHI Health Midlands ~ Cobalt Credit Union  
 E & A Consulting Group ~ First National Bank ~ Great Western Bank ~ HDR, Inc. ~ Hillcrest Health Services  
 Hy-Vee - Papillion ~ Metropolitan Community College ~ Metropolitan Utilities District ~ Mutual of Omaha Bank  
 Northwest Bank ~ Offutt Collision Repair ~ Omaha Storm Chasers  
 Omaha World Herald/Suburban Newspapers ~ Papillion Sanitation ~ Pinnacle Bank  
 Primrose School of La Vista ~ Sampson Construction

**2018 SMALL BUSINESS PARTNERS**

ACCESSbank ~ Benefit Professionals Inc. ~ Farrell's Extreme Bodyshaping - Bellevue  
 CM's A Cut Above ~ SignIT ~ UNICO ~ Urgent Care of Papillion





**Sarpy County Chamber of Commerce**  
 1243 Golden Gate Drive  
 Suite 1  
 Sarpy County, Papillion, NE 68046  
 (402) 339-3050  
 chamber@sarpychamber.org

# Invoice

Invoice Date: 11/8/19  
 Invoice Number: 16035

5462

Black Hills Energy Corporation  
 Don Nordell  
 501 West 6th Street  
 Papillion, NE 68046

Description	Quantity	Terms	Due Date
		Due on receipt	12/8/19
Description	Quantity	Rate	Amount
Champion Partner	1	\$5,500.00	\$5,500.00
Includes signage on course, reception and program recognition, lunch and golf for four	1	\$800.00	\$800.00
<b>Subtotal:</b>			<b>\$6,300.00</b>
<b>Tax:</b>			<b>\$0.00</b>
<b>Total:</b>			<b>\$6,300.00</b>
<b>Payment/Credit Applied:</b>			<b>\$0.00</b>
<b>Balance:</b>			<b>\$6,300.00</b>

**2019 COMMUNITY PILLAR PARTNERS**

**COX Business ~ PenFed Credit Union**

**2019 CORPORATE PARTNERS**

Black Hills Energy ~ DLR Group ~ Facebook ~ Five Points Bank ~ Midlands Place ~ Offutt Collision Repair  
 Omaha Public Power District ~ The Weitz Company

**2019 EXECUTIVE PARTNERS**

ACCESSbank ~ All Purpose Construction ~ American National Bank ~ Adams & Sullivan P.C. ~ Centris Federal Credit Union  
 CHI Health Midlands ~ Cobalt Credit Union ~ E & A Consulting Group ~ First National Bank ~ Great Western Bank  
 HDR, Inc. ~ Hillcrest Health Services ~ Hy-Vee - Papillion ~ JE Dunn Construction  
 Metropolitan Community College ~ Metropolitan Utilities District ~ Mutual of Omaha Bank  
 Northwest Bank ~ Omaha Storm Chasers ~ Papillion Sanitation ~ Pinnacle Bank ~ Primrose School of La Vista  
 Project Control ~ Sadoff E-Recycling & Data Destruction ~ Sampson Construction ~ Sam's Club

**2019 SMALL BUSINESS PARTNERS**

Bearence Management Group. ~ CharterWest Bank ~ CM's Outdoor Solutions Group ~ Intertech Collision  
 Karen Jennings, Berkshire Hathaway Ambassador Real Estate ~ Moose Roofing ~ SignIT ~ Shadow Lake Towne Center ~ UNICO

**BLACK HILLS NEBRASKA GAS, LLC  
 NEBRASKA GAS RATE REVIEW  
 APPLICATION NO. NG-109  
 RESPONSE TO PUBLIC ADVOCATE  
 DATA REQUEST NO. PA-206**

**DATE OF REQUEST:** 07/09/20  
**DATE RESPONSE DUE:** 07/20/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Jason Bennett  
**WITNESS:** Jason Bennett  
**DATE RESPONDED:** 07/20/20  
**SUBJECT:** Line Locate Costs

**REQUEST:** PA-206. Line Locate Costs: Reference Direct Testimony of Jason L. Bennett, page 48, lines 11–19. The Company states that it has excluded \$1.526 million from its revenue requirements study associated with the extraordinary line location costs stemming from the ALLO project.

- a. What was the total cost by year associated with line locates stemming from the ALLO project?
- b. The Commission limited the recovery to \$1.526 million (NG-93, Order 3/20/18). Did the Company incur costs associated with the ALLO fiberoptic installation project in excess of the Commission limit?
- c. If the response to “b” above is affirmative, has the Company reflected any costs stemming from the ALLO project in its requested base rate increase?

**RESPONSE:**

- a) The total cost associated with the ALLO Fiberoptic Installation Project was \$1,893,520.92. The cost by year is below.

<b>Allo Fiberoptic Installation Costs</b>	
<b>2017</b>	\$809,013.28
<b>2018</b>	\$936,666.50
<b>2019</b>	\$147,841.14
<b>Total</b>	<b>\$1,893,520.92</b>
Commission Limit	\$1,526,000.00
Excess over Commission Limit	<u>\$367,520.92</u>

- b) Yes. The company incurred \$367,520.92 in costs in excess of the Commission limit.
- c) Yes. \$147,841.14 of costs incurred in 2019 are therefore included in the requested base rate increase. BH Nebraska Gas does not object to adjusting the Cost of

Service to exclude the 2019 costs related to the ALLO Fiberoptic Installation Costs.

**ATTACHMENTS:** None.

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-205**

**DATE OF REQUEST:** 07/09/20  
**DATE RESPONSE DUE:** 07/20/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael C. Clevinger/Jason L. Bennett  
**WITNESS:** Michael C. Clevinger/Jason L. Bennett  
**DATE RESPONDED:** 07/20/20  
**SUBJECT:** Plant Line Location Adjustment

---

**REQUEST:** PA-205. Line Locate Costs: Reference: Schedule H-11 and WP\_Sched H-11 Line Locate Adj (Tab: Locates Details).

- a. Please explain why the line locate costs in 2019 go from \$13.67 per locate to \$19.00 per locate.
- b. For external locates that are now going to be internal locates, why is the credit \$13.67 per locate and not \$19.00 per locate for the test year?
- c. Please provide the source and/or calculation for the \$248,193 credit that removes the costs that will no longer be paid to contractors in the Test Year.
- d. Please provide the total amount of line locate costs for 2016 through 2019. Include a column for the locates included in the total stemming from the ALLO fiberoptic installation project.
- e. Please provide the amount spent in 2020 to date for line locates. Include the number of locates and whether the locates were performed by internal labor or contactors.

**RESPONSE:**

- A. US Infrastructure Company (USIC) is one of three providers of line locating services in Nebraska. BH Nebraska Gas signed a three-year contract with USIC in March 2017 for normal locate requests to cost \$13.67 each. That expired in March 2020. Prior to that contract expiration BH Nebraska Gas requested bids from the three providers, and made a decision based on a number of factors. Those factors include, but are not limited to, unit cost, vendor relationship, and safety record. Despite the substantial increase in cost, USIC was selected as the provider of line locating services in Nebraska. After negotiations with USIC, the new cost for normal locate requests is \$19.00 each.
- B. WP\_Sched H-11 Line Locates Adj (Tab: Locates Details) uses the 2019 line locates to estimate the cost of future line locates. The credit uses \$13.67 because

that was the 2019 cost per locate. Schedule H-11 adjusts the base year (2019) expenses, so it is appropriate to adjust the 2019 expenses by the 2019-unit cost.

- C. The formula for the calculation of the \$248,193 credit is included in WP\_Sched H-11 Line Locates Adj. It represents the 2019 cost of locates in Columbus, Norfolk and York where USIC provided line locate services through March 2020. Locates in those areas have been moved internally as of March 2020. Line locate services in Lincoln will continue to be provided by USIC, but at the increased rate. Line locate services in all other areas are already performed internal employees.
- D. The total amount of line locate costs for 2016 through 2019 and the total stemming from the ALLO fiberoptic installation project are included in Attachment No. PA 06-205B Line Locate Costs 2016-2019.
- E. The amount spent through June 2020 for line locates is included in Attachment No. PA 06-205C Line Locate Costs 2020.

**ATTACHMENTS:**

Confidential Attachment No. PA 06-205A USIC Unit Pricing Proposal

Attachment No. PA 06-205B Line Locate Costs 2016-2019

Attachment No. PA 06-205C Line Locate Costs 2020

### Total Line Locate Costs

Company	FERC Account	2016	2017	2018	2019	Total	ALLO Fiberoptic Installation Project
BH Gas Utility	874.1	2,325,558	3,029,895	1,756,494	2,253,368	9,365,316	1,893,521
BH Gas Distribution	874.1	329,864	1,850,401	1,852,942	1,527,581	5,560,788	0
		<u>2,655,423</u>	<u>4,880,297</u>	<u>3,609,436</u>	<u>3,780,949</u>	<u>14,926,104</u>	<u>1,893,521</u>

*As a result of the acquisition of BH Gas Distribution (former SourceGas, LLC) there is no activity prior to February 2016, and the activity from March through December 2016 do not reflect the typical annual line locate costs.*

Journal detail by Account			45																						
Include	Year	Unit	Journal ID	Date	Account	Dept	Oper Unit	Product	Affiliate	Resource	Alloc Type	Work Order	Stat	Amount	Stat Amt	Activity	Voucher	Supplier	Name	Item	Line Descr	PO No.	Order No	Invoice	Period
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				50,483.27	0.00						01/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				54,344.13	0.00						02/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				76,335.70	0.00						03/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				67,598.96	0.00						04/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				62,389.64	0.00						05/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				65,196.52	0.00						06/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				68,548.52	0.00						07/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				80,941.24	0.00						08/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				73,726.96	0.00						09/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				77,773.24	0.00						10/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				63,998.48	0.00						11/2017; REG ASSET; ALLO COST				3
Y	2017	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				67,676.62	0.00						12/2017; REG ASSET; ALLO COST				3
Y	2018	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				47,200.64	0.00						01/2018; REG ASSET; ALLO COST				3
Y	2018	50506	9000040001	3/31/2018	182300	5462	160900	103		1821				37,353.92	0.00						02/2018; REG ASSET; ALLO COST				3
Y	2018	50506	APAC276203	4/23/2018	182300	5462	160900	103		1899				91,083.03	0.00		00110654	0000073014	USIC LOCATING SERVICES INC	ONE CALL LOCATES				4	
Y	2018	50506	APAC279113	5/9/2018	182300	5462	160900	103		1899				68,179.68	0.00		00111393	0000073014	USIC LOCATING SERVICES INC	ONE CALL LOCATES				5	
Y	2018	50506	APAC286422	6/25/2018	182300	5462	160900	103		1821				105,232.97	0.00		00112552	0000073014	USIC LOCATING SERVICES INC	ONE CALL LOCATES				6	
Y	2018	50506	APAC293455	8/6/2018	182300	5462	160900	103		1899				101,178.30	0.00		00113767	0000073014	USIC LOCATING SERVICES INC	ONE CALL LOCATES				8	
Y	2018	50506	APAC296743	8/24/2018	182300	5771	165228	103		1821				97,857.01	0.00		00114931	0000073014	USIC LOCATING SERVICES INC	LINE LOCATING CHARGES				8	
Y	2018	50506	APAC302654	10/1/2018	182300	5462	160900	103		1821				99,944.82	0.00		00115894	0000073014	USIC LOCATING SERVICES INC	LOCATES FOR AUG				10	
Y	2018	50506	APAC305304	10/16/2018	182300	5462	160900	103		1899				81,118.25	0.00		00117115	0000073014	USIC LOCATING SERVICES INC	ONE CALL LOCATES				10	

#####

**Line Locate Invoice Information through duration of the ALLO Fiberoptic Installation Project**

---

<u>Date Paid</u>	<u>Inv Period</u>	<u>Invoice</u>	<u>Voucher</u>		<u>Allo</u>	<u>Non-Allo</u>	<u>Total</u>
11/6/2018	10/31/2018	304058	118518	\$	88,258	\$ 83,592	\$ 171,851
12/3/2018	11/30/2018	307729	119568	\$	83,502	\$ 60,905	\$ 144,407
2/11/2019	12/31/2018	311676	120682	\$	35,758	\$ 41,862	\$ 77,620
2/5/2019	1/31/2019	315820	121635	\$	15,951	\$ 36,649	\$ 52,600
3/4/2019	2/28/2019	319924	122313	\$	6,675	\$ 28,221	\$ 34,896
4/2/2019	3/31/2019	324535	123133	\$	15,047	\$ 50,603	\$ 65,650
5/2/2019	4/30/2019	328484	124129	\$	47,087	\$ 98,863	\$ 145,950
6/6/2019	5/31/2019	333605	125435	\$	63,082	\$ 96,197	\$ 159,279

Amount spent in 2019 \$ 147,841



Monthly DecYTD	Monthly DecYTD	Monthly DecYTD	Monthly DecYTD
All Products	All Products	All Products	All Products
All Allocation Types	All Allocation Types	All Allocation Types	All Allocation Types
All Resource Codes	All Resource Codes	All Resource Codes	All Resource Codes
All Operating Units	All Operating Units	All Operating Units	All Operating Units
All Departments	All Departments	All Departments	All Departments
Work Order #	Work Order #	Work Order #	Work Order #
Open Item	Open Item	Open Item	Open Item
STAT Code	STAT Code	STAT Code	STAT Code
2016	2017	2018	2019
Actual Data	Actual Data	Actual Data	Actual Data

874001 PERF DISTRIB MAIN LOCATES-GAS	50506	BH NEBRASKA GAS UTILITY CO LLC	2,325,558	3,029,895	1,756,494	2,253,368
874001 PERF DISTRIB MAIN LOCATES-GAS	50513	BH GAS DIST NEBRASKA	329,864	1,850,401	1,852,942	1,527,581

### Total Line Locate Costs and Number for 2020

Company	FERC Account	Jan	Feb	Mar	Apr	May	Jun	YTD
BH Gas Utility	874.1	\$148,002	\$133,629	\$141,932	\$328,594	\$337,786	\$307,795	\$1,397,738
BH Gas Distribution	874.1	\$61,370	\$68,422	\$161,098	\$248,419	\$244,574	\$230,249	\$1,014,131
		\$209,373	\$202,050	\$303,030	\$577,013	\$582,360	\$538,043	\$2,411,869

Locate Type	Area	Jan	Feb	Mar	Apr	May	Jun	YTD
Internal Locates	Albion	87	97	424	424	681	769	2,482
Internal Locates	Alliance	51	61	240	240	332	343	1,267
Internal Locates	Beatrice	184	180	438	437	551	529	2,319
Internal Locates	Columbus					524	575	1,099
Internal Locates	Holdredge	100	144	405	405	501	728	2,283
Internal Locates	Kearney	326	454	1,141	1,141	1,684	1,727	6,473
Internal Locates	Lincoln	80	121	184	184	175	252	996
Internal Locates	McCook	154	163	342	342	599	537	2,137
Internal Locates	Norfolk	174	162	512	512	1,514	1,322	4,196
Internal Locates	Papillion	1,619	1,558	2,956	2,955	3,763	4,133	16,984
Internal Locates	Scottsbluff	136	100	249	249	417	586	1,737
Internal Locates	Sidney	88	55	120	120	245	246	874
Internal Locates	Sutton	189	208	385	385	560	486	2,213
Internal Locates	York	146	169	419	419	1,070	1,282	3,505
		3,334	3,472	7,815	7,813	12,616	13,515	48,565
External Locates	Albion							
External Locates	Alliance							
External Locates	Beatrice							
External Locates	Columbus	139	258	402	402			1,201
External Locates	Holdredge							
External Locates	Kearney							
External Locates	Lincoln	2,920	3,155	6,239	6,238	6,940	6,952	32,444
External Locates	McCook							
External Locates	Norfolk	91	72	371	371	0	0	905
External Locates	Papillion	179	141	214	214	0	0	748
External Locates	Scottsbluff							
External Locates	Sidney							
External Locates	Sutton							
External Locates	York	162	195	421	421	0	0	1,199
		3,491	3,821	7,647	7,646	6,940	6,952	36,497
Total Locates		6,825	7,293	15,462	15,459	19,556	20,467	85,062

Source: Business Objects Report XXX

<u>State</u>	<u>CDC Code</u>	<u>Region</u>	<u>Prem Code</u>	<u>Premise Area Description</u>	<u>Month</u>	<u>Year</u>	<u>Locates</u>	<u>Internal Locator</u>	<u>External Locator</u>
NE	BHEALBN	North	510	Albion	1	2020	87	87	
NE	BHEALLI	West	511	Alliance	1	2020	51	51	
NE	BHEBEA	South	533	Beatrice	1	2020	178	178	
NE	BHECOL2	North	534	Columbus	1	2020	139		139
NE	BHECRT	South	536	Lincoln	1	2020	17	17	
NE	BHEHLDG	Central	512	Holdredge	1	2020	100	100	
NE	BHEKRNY	Central	513	Kearney	1	2020	326	326	
NE	BHELIN	South	536	Lincoln	1	2020	63	63	
NE	BHELIN2	South	536	Lincoln	1	2020	2920		2920
NE	BHEMCKK	Central	516	McCook	1	2020	154	154	
NE	BHENORF	North	537	Norfolk	1	2020	0	0	
NE	BHEPAP	North	535	Papillion	1	2020	1619	1619	
NE	BHEPAP2	North	535	Papillion	1	2020	179		179
NE	BHESCBF	West	514	Scottsbluff	1	2020	136	136	
NE	BHESIDN	West	515	Sidney	1	2020	88	88	
NE	BHESTTN	Central	517	Sutton	1	2020	189	189	
NE	BHEYORK	South	505	York	1	2020	146	146	
NE	KOCHNIT	South	533	Beatrice	1	2020	6	6	
NE	NEGALBN	North	530	Albion	1	2020	0	0	
NE	NEGNOR2	North	537	Norfolk	1	2020	91		91
NE	NEGNORF	North	537	Norfolk	1	2020	174	174	
NE	NEGYOR2	South	505	York	1	2020	162		162
NE	BHEALBN	North	510	Albion	2	2020	97	97	
NE	BHEALLI	West	511	Alliance	2	2020	61	61	
NE	BHEBEA	South	533	Beatrice	2	2020	174	174	
NE	BHECOL2	North	534	Columbus	2	2020	258		258
NE	BHECRT	South	536	Lincoln	2	2020	47	47	
NE	BHEHLDG	Central	512	Holdredge	2	2020	144	144	
NE	BHEKRNY	Central	513	Kearney	2	2020	454	454	
NE	BHELIN	South	536	Lincoln	2	2020	74	74	
NE	BHELIN2	South	536	Lincoln	2	2020	3155		3155
NE	BHEMCKK	Central	516	McCook	2	2020	163	163	
NE	BHENORF	North	537	Norfolk	2	2020	0	0	
NE	BHEPAP	North	535	Papillion	2	2020	1558	1558	
NE	BHEPAP2	North	535	Papillion	2	2020	141		141
NE	BHESCBF	West	514	Scottsbluff	2	2020	100	100	
NE	BHESIDN	West	515	Sidney	2	2020	55	55	
NE	BHESTTN	Central	517	Sutton	2	2020	208	208	
NE	BHEYORK	South	505	York	2	2020	169	169	
NE	KOCHNIT	South	533	Beatrice	2	2020	6	6	
NE	NEGALBN	North	530	Albion	2	2020	0	0	
NE	NEGNOR2	North	537	Norfolk	2	2020	72		72
NE	NEGNORF	North	537	Norfolk	2	2020	162	162	
NE	NEGYOR2	South	505	York	2	2020	195		195
NE	BHEALBN	North	510	Albion	3	2020	424	424	
NE	BHEALLI	West	511	Alliance	3	2020	240	240	
NE	BHEBEA	South	533	Beatrice	3	2020	433	433	
NE	BHECOL2	North	534	Columbus	3	2020	402		402
NE	BHECRT	South	536	Lincoln	3	2020	76	76	
NE	BHEHLDG	Central	512	Holdredge	3	2020	405	405	
NE	BHEKRNY	Central	513	Kearney	3	2020	1141	1141	
NE	BHELIN	South	536	Lincoln	3	2020	108	108	
NE	BHELIN2	South	536	Lincoln	3	2020	6239		6239
NE	BHEMCKK	Central	516	McCook	3	2020	342	342	
NE	BHENORF	North	537	Norfolk	3	2020	0	0	
NE	BHEPAP	North	535	Papillion	3	2020	2956	2956	
NE	BHEPAP2	North	535	Papillion	3	2020	214		214
NE	BHESCBF	West	514	Scottsbluff	3	2020	249	249	
NE	BHESIDN	West	515	Sidney	3	2020	120	120	
NE	BHESTTN	Central	517	Sutton	3	2020	385	385	
NE	BHEYORK	South	505	York	3	2020	419	419	
NE	KOCHNIT	South	533	Beatrice	3	2020	5	5	
NE	NEGALBN	North	530	Albion	3	2020	0	0	
NE	NEGNOR2	North	537	Norfolk	3	2020	371		371

NE	NEGNORF	North	537 Norfolk	3	2020	512	512	
NE	NEGYOR2	South	505 York	3	2020	421		421
NE	BHEALBN	North	510 Albion	4	2020	424	424	
NE	BHEALLI	West	511 Alliance	4	2020	240	240	
NE	BHEBEA	South	533 Beatrice	4	2020	432	432	
NE	BHECOL2	North	534 Columbus	4	2020	402		402
NE	BHECRT	South	536 Lincoln	4	2020	76	76	
NE	BHEHLDG	Central	512 Holdredge	4	2020	405	405	
NE	BHEKRNY	Central	513 Kearney	4	2020	1141	1141	
NE	BHELIN	South	536 Lincoln	4	2020	108	108	
NE	BHELIN2	South	536 Lincoln	4	2020	6238		6238
NE	BHEMCKK	Central	516 McCook	4	2020	342	342	
NE	BHENORF	North	537 Norfolk	4	2020	0	0	
NE	BHEPAP	North	535 Papillion	4	2020	2955	2955	
NE	BHEPAP2	North	535 Papillion	4	2020	214		214
NE	BHESCBF	West	514 Scottsbluff	4	2020	249	249	
NE	BHESIDN	West	515 Sidney	4	2020	120	120	
NE	BHESTTN	Central	517 Sutton	4	2020	385	385	
NE	BHEYORK	South	505 York	4	2020	419	419	
NE	KOCHNIT	South	533 Beatrice	4	2020	5	5	
NE	NEGALBN	North	530 Albion	4	2020	0	0	
NE	NEGNOR2	North	537 Norfolk	4	2020	371		371
NE	NEGNORF	North	537 Norfolk	4	2020	512	512	
NE	NEGYOR2	South	505 York	4	2020	421		421
NE	BHEALBN	North	510 Albion	5	2020	681	681	
NE	BHEALLI	West	511 Alliance	5	2020	332	332	
NE	BHEBEA	South	533 Beatrice	5	2020	542	542	
NE	BHECOL2	North	534 Columbus	5	2020	524	524	
NE	BHECRT	South	536 Lincoln	5	2020	61	61	
NE	BHEHLDG	Central	512 Holdredge	5	2020	501	501	
NE	BHEKRNY	Central	513 Kearney	5	2020	1684	1684	
NE	BHELIN	South	536 Lincoln	5	2020	114	114	
NE	BHELIN2	South	536 Lincoln	5	2020	6940		6940
NE	BHEMCKK	Central	516 McCook	5	2020	599	599	
NE	BHENORF	North	537 Norfolk	5	2020	0	0	
NE	BHEPAP	North	535 Papillion	5	2020	3763	3763	
NE	BHEPAP2	North	535 Papillion	5	2020	0		0
NE	BHESCBF	West	514 Scottsbluff	5	2020	417	417	
NE	BHESIDN	West	515 Sidney	5	2020	245	245	
NE	BHESTTN	Central	517 Sutton	5	2020	560	560	
NE	BHEYORK	South	505 York	5	2020	1070	1070	
NE	KOCHNIT	South	533 Beatrice	5	2020	9	9	
NE	NEGALBN	North	530 Albion	5	2020	0	0	
NE	NEGNOR2	North	537 Norfolk	5	2020	0		0
NE	NEGNORF	North	537 Norfolk	5	2020	1514	1514	
NE	NEGYOR2	South	505 York	5	2020	0		0
NE	BHEALBN	North	510 Albion	6	2020	769	769	
NE	BHEALLI	West	511 Alliance	6	2020	343	343	
NE	BHEBEA	South	533 Beatrice	6	2020	526	526	
NE	BHECOL2	North	534 Columbus	6	2020	575	575	
NE	BHECRT	South	536 Lincoln	6	2020	146	146	
NE	BHEHLDG	Central	512 Holdredge	6	2020	728	728	
NE	BHEKRNY	Central	513 Kearney	6	2020	1727	1727	
NE	BHELIN	South	536 Lincoln	6	2020	106	106	
NE	BHELIN2	South	536 Lincoln	6	2020	6952		6952
NE	BHEMCKK	Central	516 McCook	6	2020	537	537	
NE	BHENORF	North	537 Norfolk	6	2020	0	0	
NE	BHEPAP	North	535 Papillion	6	2020	4133	4133	
NE	BHEPAP2	North	535 Papillion	6	2020	0		0
NE	BHESCBF	West	514 Scottsbluff	6	2020	586	586	
NE	BHESIDN	West	515 Sidney	6	2020	246	246	
NE	BHESTTN	Central	517 Sutton	6	2020	486	486	
NE	BHEYORK	South	505 York	6	2020	1282	1282	
NE	KOCHNIT	South	533 Beatrice	6	2020	3	3	
NE	NEGALBN	North	530 Albion	6	2020	0	0	
NE	NEGNOR2	North	537 Norfolk	6	2020	0		0
NE	NEGNORF	North	537 Norfolk	6	2020	1322	1322	
NE	NEGYOR2	South	505 York	6	2020	0		0

Monthly January	Monthly February	Monthly March	Monthly April	Monthly May	Monthly June
All Products	All Products	All Products	All Products	All Products	All Products
All Allocation Types	All Allocation Types	All Allocation Types	All Allocation Types	All Allocation Types	All Allocation Types
All Resource Codes	All Resource Codes	All Resource Codes	All Resource Codes	All Resource Codes	All Resource Codes
All Operating Units	All Operating Units	All Operating Units	All Operating Units	All Operating Units	All Operating Units
All Departments	All Departments	All Departments	All Departments	All Departments	All Departments
Work Order #	Work Order #	Work Order #	Work Order #	Work Order #	Work Order #
Open Item	Open Item	Open Item	Open Item	Open Item	Open Item
STAT Code	STAT Code	STAT Code	STAT Code	STAT Code	STAT Code
2020	2020	2020	2020	2020	2020
Actual Data	Actual Data	Actual Data	Actual Data	Actual Data	Actual Data

874001	PERF DISTRIB MAIN LOCATES-GAS	50506	BH NEBRASKA GAS UTILITY CO LLC	148,002	133,629	141,932	328,594	337,786	307,795
874001	PERF DISTRIB MAIN LOCATES-GAS	50513	BH GAS DIST NEBRASKA	61,370	68,422	161,098	248,419	244,574	230,249

Values	Premise Area Description	Month						Grand Total
		1	2	3	4	5	6	
<b>Sum of Internal Locator</b>	Albion	87	97	424	424	681	769	2,482
	Alliance	51	61	240	240	332	343	1,267
	Beatrice	184	180	438	437	551	529	2,319
	Columbus					524	575	1,099
	Holdredge	100	144	405	405	501	728	2,283
	Kearney	326	454	1,141	1,141	1,684	1,727	6,473
	Lincoln	80	121	184	184	175	252	996
	McCook	154	163	342	342	599	537	2,137
	Norfolk	174	162	512	512	1,514	1,322	4,196
	Papillion	1,619	1,558	2,956	2,955	3,763	4,133	16,984
	Scottsbluff	136	100	249	249	417	586	1,737
	Sidney	88	55	120	120	245	246	874
	Sutton	189	208	385	385	560	486	2,213
York	146	169	419	419	1,070	1,282	3,505	
<b>Sum of External Locator</b>	Albion							
	Alliance							
	Beatrice							
	Columbus	139	258	402	402			1,201
	Holdredge							
	Kearney							
	Lincoln	2,920	3,155	6,239	6,238	6,940	6,952	32,444
	McCook							
	Norfolk	91	72	371	371	0	0	905
	Papillion	179	141	214	214	0	0	748
	Scottsbluff							
	Sidney							
	Sutton							
York	162	195	421	421	0	0	1,199	
<b>Total Sum of Internal Locator</b>		<b>3,334</b>	<b>3,472</b>	<b>7,815</b>	<b>7,813</b>	<b>12,616</b>	<b>13,515</b>	<b>48,565</b>
<b>Total Sum of External Locator</b>		<b>3,491</b>	<b>3,821</b>	<b>7,647</b>	<b>7,646</b>	<b>6,940</b>	<b>6,952</b>	<b>36,497</b>

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-257**

**DATE OF REQUEST:** 08/07/20  
**DATE RESPONSE DUE:** 08/17/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Michael Clevinger/Jason Bennett  
**WITNESS:** Michael Clevinger/Jason Bennett  
**DATE RESPONDED:** 08/17/20  
**SUBJECT:** Line Locate Costs

---

**REQUEST: PA-257.** Line Locate Costs: Reference Direct Testimony of Michael Clevinger, page 61 and response to PA-205, and BHE response to NG-0093 PA-2 and CONFIDENTIAL PA-7. The Company removed \$248,193 for costs that will no longer be paid to contractors. The Company plans to have line locates outside Lincoln performed by Company employees. The Company stated that it had negotiated with USIC for normal locate requests at \$19.00 each.

- a. In BHE's response to PA-2 in NG-0093, the Company stated, "The average cost per line locate for 2015, 2016 and 2017, when performed by BHE's workforce, is \$23.24, \$26.24 and \$26.80, respectively." What is the average cost per line locates for 2018, 2019, and YTD 2020 when performed by the Company's workforce?
- b. In BHE's response to PA-7 in NG-0093, the Company stated in a CONFIDENTIAL response that "Black Hills performed a high level analysis in 2014 of the cost difference between using contractors versus employees to locate lines. This analysis concluded the contractor cost is significantly less than using internal resources." Please detail changes that occurred and any other reasons which led to the Company's decision to use internal labor rather than contractors.
- c. Please provide the cost/benefit analysis that demonstrates that it is more cost effective to use internal labor than contractors.

**RESPONSE:**

- a. The average cost of locates when performed by the Company's workforce for 2018, 2019 and YTD are \$30.22, \$28.46 and \$37.19, respectively. Attachment No. PA 13-257 2018-2020 Internal Cost per Locate provides the support and uses similar calculations as BHE's response to PA-2 in NG-0093.

- b. As stated in the response to PA-205, the newly negotiated cost for normal locates from USIC in Nebraska has increased significantly from \$13.67 to \$19. Emergency and Emergency After Hours Locates will be \$32 and \$48, respectively. USIC's cost of locates are less competitive than they were in 2014.

It is not unreasonable to expect that future negotiations with USIC will result in costs per locate that exceed internal cost.

- c. Locates will be performed by existing employees at no incremental employee costs. Locates performed by contractors are incremental costs. It is therefore more effective to have this work performed by employees whose wages are already included in the Cost of Service.

**ATTACHMENTS:**

Attachment No. PA 13-257 2018-2020 Internal Cost per Locate



	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Comments</b>
Internal Costs	\$ 2,259,927	\$ 2,481,463	\$ 2,116,247	FERC Account 874.1, internal costs only
Internal Locates	77,897	90,827	59,272	
O&M Locates	74,781	87,194	56,901	Reduced locates by 4% for approx % locates charged to capital
Cost Per Internal Locate	<u>\$ 30.22</u>	<u>\$ 28.46</u>	<u>\$ 37.19</u>	

**BLACK HILLS NEBRASKA GAS, LLC  
NEBRASKA GAS RATE REVIEW  
APPLICATION NO. NG-109  
RESPONSE TO PUBLIC ADVOCATE  
DATA REQUEST NO. PA-256**

**DATE OF REQUEST:** 08/07/20  
**DATE RESPONSE DUE:** 08/17/20  
**REQUESTOR:** Public Advocate  
**ANSWERED BY:** Jason Bennett  
**WITNESS:** Jason Bennett  
**DATE RESPONDED:** 08/17/20  
**SUBJECT:** Rate Case Expense

---

**REQUEST:** PA-256. Rate Case Expenses: Reference Direct Testimony of Jason Bennett, page 51–52. The Company proposes to recover its estimated \$750,000 in rate review expenses over 36 months at an estimated cost of \$0.07 per month per customer bill. Please provide the calculation for the \$0.07 per month per customer bill.

**RESPONSE:**

		<b>Formula</b>	<b>Comment</b>
Estimated Rate Review Expenses	750,000	A	
Jurisdictional Customer Count	288,071	B	Section 3 Exhibit C from Test Year Billing Determinants
Total Recovery per Customer	2.60	$A / B = C$	
Months	36	D	Recovery Period
Recovery per Customer per Month	\$ 0.07	$C / D$	

**ATTACHMENTS:**

None.