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March 29, 2018

Mr. Mike Hybl
Executive Director
Nebraska Public Service Commission
1200 N Street, Suite 300
Lincoln, NE 68508

Re: *Black Hills Gas Distribution, LLC and Black Hills/Nebraska Gas Utility Company, LLC
Joint Application to Consolidate Utilities & Tariffs into Black Hills Nebraska Gas LLC*

Dear Mr. Hybl:

Black Hills Energy hereby transmits a Joint Application to Consolidate Jurisdictional Utilities and Tariffs into Black Hills Nebraska Gas, LLC, along with the following exhibits:

1. Joint Application Exhibit A – Direct Testimony of Robert J. Amdor;
2. Joint Application Exhibit B – Current BHUH Organizational Chart;
3. Joint Application Exhibit C – Post Consolidation BHUH Organizational Chart;
4. Joint Application Exhibit D – BHC Jurisdictional Simplification Organizational Chart; and
5. Joint Application Exhibit E – BH Nebraska Gas Tariff.

Please contact me at (402) 221-2635 if you have any questions or need additional information.

Respectfully submitted,

Douglas J. Law
Associate General Counsel

DJL:ce
Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

| | | |
|--|---|---------------------------------|
| IN THE MATTER OF THE JOINT |) | |
| APPLICATION OF BLACK HILLS GAS |) | |
| DISTRIBUTION, LLC, AND BLACK HILLS/ |) | |
| NEBRASKA GAS UTILITY COMPANY, |) | |
| LLC, FOR A COMMISSION DECISION |) | Application No. NG-_____ |
| APPROVING INTERNAL TRANSFERS, |) | |
| CONSOLIDATING THE NEBRASKA |) | |
| TARIFFS, ASSETS, LIABILITIES, AND |) | |
| OPERATIONS OF BLACK HILLS GAS |) | |
| DISTRIBUTION, LLC AND BLACK |) | |
| HILLS/NEBRASKA GAS UTILITY |) | |
| COMPANY, LLC, AND TO RENAME THE |) | |
| CONSOLIDATED ENTITY AS BLACK |) | |
| HILLS NEBRASKA GAS, LLC. |) | |

**JOINT APPLICATION TO CONSOLIDATE JURISDICTIONAL UTILITIES AND
TARIFFS INTO BLACK HILLS NEBRASKA GAS, LLC**

Pursuant to *Neb. Rev. Stat. §§ 661808, 66-1816, 66-1821, 66-1825, 66-1827, 66-1828, 66-1850, 66-1851, 66-1853, 66-1854*, and all other applicable provisions of the Nebraska State Natural Gas Regulation Act (the “Act”), Black Hills Gas Distribution, LLC (“BH Gas Distribution”), and Black Hills/Nebraska Gas Utility Company, LLC (“BH Gas Utility”), (together “Joint Applicants”), hereby make this Joint Application to the Nebraska Public Service Commission (the “Commission”). The Joint Application is filed in accordance with the applicable Commission’s Rules of Practice and Procedure.

The Joint Application requests Commission approval to consolidate the separate Nebraska tariffs, assets, liabilities, and operations of BH Gas Distribution and BH Gas Utility into one Jurisdictional Utility that will be named Black Hills Nebraska Gas, LLC. (“BH Nebraska Gas”). In addition, the Joint Application requests Commission approval to consolidate and to revise, as appropriate or necessary, the existing tariffs of BH Gas Utility and BH Gas Distribution into a

single tariff under BH Nebraska Gas. The legal and regulatory process of consolidating, realigning the corporate organization charts, and renaming BH Gas Distribution and BH Gas Utility to become BH Nebraska Gas will hereafter be referred to the "Consolidation."

The Joint Applicants further request that the Commission consider and approve this Joint Application on or before September 30, 2019. The Joint Applicants will complete the Consolidation after Commission approval, but on or before December 31, 2019 so that the consolidated BH Nebraska Gas tariff and any other requirements of the Consolidation will become effective on January 1, 2020.

The proposed Consolidation is a wholly internal Black Hills Corporation ("BHC") corporate reorganization, and will not result in a change of control as defined in *Neb. Rev. Stat. § 66-1828*. As shown on Joint Application Exhibit B, BH Gas Distribution and BH Gas Utility are wholly-owned subsidiaries under Black Hills Utility Holdings, Inc. ("BHUH"), which is a wholly-owned subsidiary of BHC.¹ The single resulting jurisdictional utility after the Consolidation, BH Nebraska Gas, will also be a third-tier wholly-owned subsidiary of BHUH, which is a wholly-owned subsidiary of BHC.²

To avoid the complexity of explaining corporate organization charts and legal entity status, this Application will refer generally to the ownership of BH Nebraska Gas, which is a subsidiary of Black Hills Gas, LLC ("BHG"), which is a subsidiary of Black Hills Gas Holdings, LLC ("BHGH") as collectively being under BHUH. Thus, a reference to BHUH in this proceeding also

¹ See Joint Application Exhibit C. In description of larger corporate organizations, the terms "first-tier subsidiary", "second-tier subsidiary", "third-tier subsidiary" etc. are often used to describe multiple levels of subsidiaries. Black Hills Gas Holdings, LLC and Black Hills Gas, LLC are first-tier and second-tier subsidiaries organized under BHUH. BHUH is the designated subsidiary of BHC to hold the specific ownership interests of BHC regulated BHUH subsidiaries.

² As shown on Joint Application Exhibit C, Black Hills Nebraska Gas, LLC will be a subsidiary of Black Hills Gas, LLC, which is a subsidiary of Black Hills Gas Holdings, LLC, which is a subsidiary of BHUH, which is a subsidiary of BHC.

intends to include the specific ownership of BHUH tiered subsidiaries BHGH and BHG. See Joint Application Exhibits B and C for charts showing the corporate organization referenced herein.

Approval of this Joint Application will not result in a significant change in the obligations, revenues, rates, rate schedules, Choice Gas program, rate areas, or other utility services currently provided under the respective BH Gas Distribution or BH Gas Utility tariffs. Changes to the tariffs' terms and conditions resulting from the consolidation of the BH Gas Distribution and BH Gas Utility tariffs into a single tariff to be administered by BH Nebraska Gas are specifically identified within this Joint Application and Joint Application Exhibits. BH Nebraska Gas will continue to do business under the "Black Hills Energy" trade name just as BH Gas Utility and BH Gas Distribution currently conduct business.

Any future changes in rates, terms, and conditions under the consolidated tariff of BH Nebraska Gas will be accomplished by BH Nebraska Gas in a future general rate filing pursuant to *Neb. Rev. Stats. §§ 66-1808, 66-1825 and 66-1838* and the applicable Commission rules and regulations regarding general rate filings under the State Natural Gas Regulation Act.

I. JURISDICTION

The Commission's jurisdiction to grant the relief requested herein is derived from the State Natural Gas Regulation Act (the "Act"). More specifically, the Commission's authority to review and approve qualifying jurisdictional utility acquisitions and reorganizations can be found within the statutory provisions of *Neb. Rev. Stats. §§ 66-1808, 66-1816, 66-1821, 66-1825, 66-1827, 66-1828, 66-1850, 66-1851, 66-1853, 66-1854* and other applicable statutes. For example, Section 66-1816 of the Act provides as follows:

No jurisdictional utility shall purchase or acquire, take, or hold any part of the voting stock, bonds, or other forms of indebtedness of any competing jurisdictional utility, either as owner or pledgee, unless authorized by the commission.

Section 66-1828 of the Act provides:

(1) No reorganization or change of control of a jurisdictional utility shall take place without prior approval by the commission. The commission shall not approve any proposed reorganization or change of control if the commission finds, after public notice and public hearing, that the reorganization or change of control will adversely affect the utility's ability to serve its ratepayers.

(2) For purposes of this section, reorganization or change of control means any transaction which, regardless of the means by which it is accomplished, results in a change in the ownership of a majority of the voting capital stock of a jurisdictional utility and does not include a mortgage or pledge transaction entered into to secure a bona fide borrowing by the party granting the mortgage or making the pledge.

The change of control and other actions contemplated by the Consolidation, as summarized in this Joint Application and supporting testimony, (a) are consistent with the public interest, and (b) will not adversely affect the utility's ability to serve its customers. Additionally, *Neb. Rev. Stat. § 66-1853*, which requires a jurisdictional utility transacting business in Nebraska to be issued a certificate of convenience from the Commission, is inapplicable in this proceeding as both BH Gas Distribution and BH Gas Utility possess valid certificates of convenience from the Commission. Any and all authority under those existing certificates transfers from BH Gas Distribution and BH Nebraska Gas Utility to BH Nebraska Gas.

II. JOINT APPLICATION OVERVIEW

BHC is a diversified energy company headquartered in Rapid City, South Dakota. Through its electric and gas utility subsidiaries, BHC serves over 1.25 million electric and natural gas customers in over 800 communities in eight states - Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota, and Wyoming. The Joint Applicants are each wholly-owned subsidiaries of BHUH. BH Nebraska Gas, as the single Nebraska jurisdictional utility will also be a subsidiary of BHUH.

A. BH Gas Utility Acquisition.

BHC began providing natural gas utility services to customers in Nebraska in 2008 with the acquisition of the jurisdictional utility assets previously owned by Aquila, Inc. The Commission approved that acquisition (“Aquila Acquisition”), by its order dated October 16, 2007 in Docket No. NG-0044. As a result, BH Gas Utility commenced providing jurisdictional utility service in Nebraska. BH Gas Utility provides retail gas service to approximately 200,000 gas customers in or around 106 communities located in the eastern one-third of the state. BH Gas Utility conducts its natural gas business activity under the “doing business as” name of Black Hills Energy.

B. BH Gas Distribution Acquisition.

In 2016, BHC, through its subsidiary, BHUH, expanded its jurisdictional utility operations in Nebraska with its acquisition of SourceGas Distribution LLC and Rocky Mountain Natural Gas LLC (“RMNG”). SourceGas Distribution LLC was a local distribution company providing retail gas sales and transportation services in Colorado, Nebraska, and Wyoming, and RMNG was an intrastate pipeline providing gas transportation and storage services in Colorado. The Commission approved that acquisition (“SourceGas Acquisition”) by its order dated January 26, 2016 in Docket No. NG-0084. Immediately following the SourceGas Acquisition, on February 13, 2016, BHUH changed the name of SourceGas Distribution LLC to Black Hills Gas Distribution, LLC. BH Gas Distribution provides retail gas service to approximately 88,000 customers in about 180 communities, located primarily in the western two-thirds of the state. BH Gas Distribution also conducts its natural gas business activity under the “doing business as” name of Black Hills Energy.

C. BH Gas Distribution and BH Gas Utility Operations and Service Areas.

BH Gas Utility and BH Gas Distribution have operated as separate Jurisdictional Utilities subject to the Commission's jurisdiction since their respective Commission approvals identified herein. Maps depicting the general service areas of BH Gas Utility and BH Gas Distribution is provided as part of the BH Nebraska Gas tariff in Joint Application Exhibit E. The service areas and rate areas do not change as a result of this Joint Application.

As indicated above, BH Gas Utility has been under BHUH's corporate ownership and control since 2008, and BH Gas Distribution has been under BHUH's corporate ownership and control since 2016. Under the proposed transactions, both BH Gas Utility and BH Gas Distribution will transfer all of their Nebraska gas utility tariffs, assets, liabilities, and operations to a single entity named as BH Nebraska Gas. Upon doing so, BH Gas Utility and BH Gas Distribution will cease being Nebraska jurisdictional utilities under the Act.

The existing jurisdictional services of BH Gas Utility and BH Gas Distribution are set forth in Commission-approved tariffs currently on file with the Commission.

D. BHC Consolidation Overview.

The Consolidation of BHC's Nebraska jurisdictional utilities is part of a larger BHC jurisdictional utility consolidation effort across different states to consolidate utility subsidiaries. The organizational simplification chart appearing in Joint Application Exhibit D to this Joint Application shows the conceptual vision of BHC at the conclusion of the jurisdictional simplification project across all of BHC's jurisdictional gas and electric utilities. Achieving that intended corporate structure may take several years and more state commission approvals. Mr. Robert Amdor discusses the purpose of BHC's current and future jurisdictional simplification project in his direct testimony.

Joint Application Exhibit B includes a current and more specific view of BHC's corporate organization as of the date of this filing. Joint Application Exhibit B shows additional layers of corporate subsidiaries under BHUH until the entire corporate organization restructuring is complete.

As shown on Joint Application Exhibit C, BH Nebraska Gas, as a tiered, wholly-owned subsidiary of both BHUH and BHC, will thereafter be the Jurisdictional Utility that owns and operates the combined gas distribution businesses in Nebraska. BH Nebraska Gas will administer the Commission-approved gas tariff formed by the combination and consolidation of the tariffs of BH Gas Utility and BH Gas Distribution. BH Nebraska Gas will conduct all of its natural gas distribution business under the "doing business as" name of Black Hills Energy. A copy of the consolidated tariff of BH Nebraska Gas is attached as Exhibit E.

Commission approval of the Consolidation of BH Gas Distribution and BH Gas Utility along with consolidating the tariffs under a single jurisdictional utility, BH Nebraska Gas, requires a finding that the Consolidation is consistent with the public interest and will not adversely affect the utility's ability to serve its customers. As indicated above, no change of corporate control will result from the Consolidation. The proposed transactions will facilitate a wholly internal corporate reorganization within BHC, BHUH and its subsidiaries.

The Commission has previously considered and determined that BHC's ownership and control of BH Gas Utility and BH Gas Distribution were in the public interest in approving the Aquila Acquisition and the SourceGas Acquisition. Upon Commission approval of this Joint Application and the consummation of the Consolidation detailed herein, BH Nebraska Gas will merely "step into the shoes" of both BH Gas Utility and BH Gas Distribution with respect to the CPCNs, franchises, and contractual obligations of BH Gas Utility and BH Gas Distribution, as

well as all other services provided to Nebraska customers pursuant to the rates, terms and conditions of a consolidation of their respective tariffs. As far as current customers of BH Gas Utility and BH Gas Distribution are concerned, it will be business as usual; only that business will be conducted under the new name of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy.

III. APPLICATION EXHIBITS

The Joint Applicants are filing the direct testimony and exhibits in support of this Joint Application:

- Joint Application Exhibit A – Direct Testimony of Robert J. Amdor;
- Joint Application Exhibit B – Current BHUH Organizational Chart;
- Joint Application Exhibit C – Post Consolidation BHUH Organizational Chart;
- Joint Application Exhibit D – BHC Jurisdictional Simplification Organization Chart; and
- Joint Application Exhibit E - BH Nebraska Gas Tariff

IV. JOINT APPLICANT CONTACT INFORMATION

A. Applicant Names and Addresses

Black Hills Gas Distribution, LLC d/b/a Black Hills Energy
1600 Windhoek Drive
Lincoln, NE 68512

Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy
1600 Windhoek Drive
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B. Names and Addresses of Persons Authorized to Receive Notices and Communications on behalf of Joint Applicants.

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V. THE CONSOLIDATION TRANSACTIONS

The purpose of the Consolidation is to simplify the currently complex corporate structure of BHC's Nebraska jurisdictional utility subsidiaries, which in large part is due to acquisitions made in prior years. The Consolidation will result from a few internal transactions whose purpose is to transfer all tariffs, assets, liabilities, and other items of BH Gas Utility and BH Gas Distribution to BH Nebraska Gas.

The surviving Jurisdictional Utility, will be renamed as Black Hills Nebraska Gas, LLC. BH Nebraska Gas will continue to provide the same jurisdictional utility operations as provided previously by BH Gas Utility and BH Gas Distribution. BH Nebraska Gas will assume all rights and responsibilities for the management, operation, or maintenance of the combined tariffs, assets, liabilities, and other items currently under BH Gas Distribution and BH Gas Utility. The utility services will be provided under a single BH Nebraska Gas tariff resulting from the consolidation of the BH Gas Utility and BH Gas Distribution tariffs.

Specifically, the Joint Applicants request Commission approval of corporate reorganization transactions, and approval of a consolidated tariff of BH Nebraska Gas, as follows:

- Authorization for BHUH to contribute 100% interest in all of BH Gas Utility's Nebraska gas utility tariffs, rate areas, programs, assets, liabilities, and operations, including all certificates of public convenience, and necessity ("CPCNs"), franchises, certificates, licenses, permits, or items under which BH Gas Utility currently provides jurisdictional

utility service under the Nebraska State Natural Gas Regulation Act (*Neb. Rev. Stats. §§ 66-1801 et. seq.*) and applicable Commission regulations to Black Hills Gas Holdings, LLC. Then Black Hills Gas Holdings will transfer that same 100% interest in BH Gas Utility to Black Hills Gas, LLC. BH Gas Utility would then reside as a subsidiary of BHG, which is a subsidiary of BHGH, which is a subsidiary of BHUH. See Joint Application Exhibits B and C.

- Authorization for BH Gas Distribution to transfer and merge into BH Gas Utility all of BH Gas Distribution's Nebraska gas utility tariffs, rate areas, programs, assets, liabilities, and operations, including all CPCNs, franchises, certificates, licenses, permits, or items under which BH Gas Distribution currently provides jurisdictional utility service under the Nebraska State Natural Gas Regulation Act (*Neb. Rev. Stats. §§ 66-1801 et. seq.*) and applicable Commission regulations.
- Authorization for the surviving merged legal entity of BH Gas Utility to be renamed as Black Hills Nebraska Gas, LLC. As shown on Joint Application Exhibit C, BH Nebraska Gas would be a subsidiary of BHG, which is a subsidiary of BHGH, which is a subsidiary of BHUH, which is a subsidiary of BHC;
- For approval of the proposed tariff of BH Nebraska Gas, which is a consolidation of the existing tariffs of BH Gas Utility and BH Gas Distribution; and
- For any and all Commission approvals needed for Black Hills Nebraska Gas to own, operate, administrate, and maintain all rights and responsibilities under the jurisdictional utility tariffs, rate areas, programs, assets, liabilities, and operations, including all CPCNs, franchises, certificates, licenses, permits, or other items possessed by BH Nebraska Gas as a single consolidated jurisdictional utility to provide natural gas services pursuant to the

requirements of the Nebraska State Natural Gas Regulation Act and applicable Commission regulations.

Upon receipt of the authorizations and consummation of the action discussed above, BH Nebraska Gas will assume ownership and control of all of the tariffs, assets and operations of BH Gas Distribution and BH Gas Utility going forward.

To maintain separation within the resulting jurisdictional utility, BH Nebraska Gas, the accounting for BH Gas Utility and BH Gas Distribution will continue to be kept separately within BH Nebraska Gas until changed as a result of a future rate review proceeding. Other than the consolidation of tariffs and a change of the legal name of the jurisdictional utilities serving them, existing customers of BH Gas Utility and BH Gas Distribution in Nebraska should experience the same services they receive currently. The Consolidation is not intended to significantly change those services or to increase jurisdictional revenues for BH Nebraska Gas.

A. The Joint Applicants have not identified any other required Commission approvals.

However, to the extent determined appropriate or necessary by the Commission, the Joint Applicants request that the Commission grant to Joint Applicants any other relief or waivers as may be deemed necessary and proper in accordance with the Commission's rules.

Joint Application Exhibit B is a current (i.e., pre-consolidation) BHC corporate organizational chart showing the current relationships between and among BHUH and its corporate affiliates and subsidiaries. As noted above, Joint Application Exhibit B also shows the concept of the BHC organization intended in the future after its jurisdictional simplification project is eventually completed.

Joint Application Exhibit C is a post-consolidation organization chart showing BHUH and its tiered corporate subsidiaries, including, BHGH, BHG, BH Gas Utility, BH Gas Distribution, and ultimately BH Nebraska Gas and the jurisdictional utility subsidiaries or affiliates as of the date of this Joint Application. As noted above, Joint Application Exhibit D shows the concept of the BHC organization intended in the future after its jurisdictional simplification project is eventually completed.

VI. BH NEBRASKA GAS TARIFF APPROVAL

BH Nebraska Gas seeks approval of a single BH Nebraska Gas tariff resulting from the consolidation of the BH Gas Utility and BH Gas Distribution tariffs. Any tariff changes are identified in Joint Application Exhibit E.

The consolidation of tariffs was a significant undertaking of BH Gas Distribution and BH Gas Utility. The tariff consolidation involved a side-by-side, provision-by-provision comparison of each tariff section and a decision regarding which of the tariffs' language was appropriate to include in the new tariff.

The tariff proposed for BH Nebraska Gas was combined from using the approved tariff provisions of BH Gas Utility and BH Gas Distribution, including the General Terms and Conditions, Rate Schedules and Other Charges into one single tariff book. The consolidated tariff book has three main sections: 1. Rules and Regulations applicable to all rate areas; 2. Rate Schedules and Other Charges applicable to Rate Areas One through Four (i.e. the former BH Gas Utility customers); and 3. Rate Schedules and Other Charges applicable to Rate Area Five (i.e. the former BH Gas Distribution customers).

Joint Application Exhibit E is the consolidated tariff book. In the Rules and Regulations section of the tariff, different font types were used to designate the source utility tariff:

- Italics font indicates that the tariff language came from BH Gas Distribution's tariff.
- Non-italic font indicates that the tariff language came from BH Gas Utility's tariff.
- Blue font (italics or non-italics) indicates that the tariff language was only present in one of the tariffs. For example, a definition in blue italics font indicates that the tariff language is from BH Gas Distribution and was only present in BH Gas Distribution's tariff. BH Gas Utility's tariff did not have that definition in its tariff.
- Black font (italics or non-italics) indicates that there was language in both tariffs, and that one or the other, or a combination of both was used.
- Red font indicates new language.

The process of consolidating the tariffs and how that tariff differs from the existing tariffs of BH Gas Utility and BH Gas Distribution is set forth in more detail within the Direct Testimony and Exhibits of Mr. Amdor.

BH Nebraska Gas understands that the format of the proposed tariff will be different than the format that currently exists for BH Gas Distribution. In addition, BH Nebraska Gas understands that the provisions in the BH Nebraska Gas tariff may be different than provisions contained in the BH Gas Utility Tariff. However, it is important to note that the combined BH Nebraska Gas tariff does not start from scratch. As explained, the BH Nebraska Gas contains existing and approved tariff provisions of either BH Gas Utility or BH Gas Distribution. Where the language is revised, the proposed tariff indicates the differences.

Mr. Amdor's direct testimony provides a summary and explanation of several significant provisions within the BH Nebraska Gas tariff for the convenience of the Commission and the Public Advocate in their investigation and review of that tariff.

VII. NO ADVERSE AFFECT AND CONSISTENT WITH THE PUBLIC INTEREST

Nebraska law requires the Commission to determine whether the Consolidation adversely affects the jurisdictional utility's ability to serve its customers and is consistent with the public interest. In determining whether a proposed transfer of control will adversely affect a jurisdictional utility's ability to serve its customers and is consistent with the public interest, the Commission has previously considered several factors. Those factors considered by the Commission include a review of the following areas: management, local commitments, impact on rates and services, investment and planned long-term ownership, and stability.

This Joint Application, supporting testimony, and accompanying exhibits clearly demonstrate that the Consolidation will not adversely affect jurisdictional utility services provided by BH Nebraska Gas to the public, and that the Consolidation is consistent with the public interest. As such, the Joint Applicants respectfully submit that the Commission approve the Consolidation.

A. The Reason for the Consolidation

As explained above and in the Direct Testimony of Mr. Amdor, the Consolidation will not result in any change to BHC's corporate control of the jurisdictional utility facilities, operations and services provided to Nebraska customers. The rates, services, operations and business processes of either BH Gas Distribution or BH Gas Utility will be substantially the same after the consolidation of these two utilities into a single entity. The consolidation of these two jurisdictional utility businesses into a single entity named Black Hills Nebraska Gas, LLC, is a

necessary step towards simplifying the regulatory administration of the Nebraska jurisdictional utility operations and services under BHC.

As discussed in the Direct Testimony of Mr. Amdor, the customers of BH Gas Utility and BH Gas Distribution will not be adversely affected by the Consolidation as BH Nebraska Gas will simply be “stepping into the shoes” of BH Gas Utility and BH Gas Distribution by consolidating the existing tariffs BH Gas Utility and BH Gas Distribution into one tariff. In fact, the consolidation of the two jurisdictional utilities into one jurisdictional utility will ultimately improve overall administrative efficiency by reducing the number of utility-specific filings that will have to be prepared and filed with the Commission. Such efficiencies, include but are not limited to annual reports and other generally applicable federal, state or local filings. As noted above, any tariff changes resulting from the consolidation of the respective tariffs of BH Gas Utility and BH Gas Distribution are identified within this Application and accompanying Exhibits. None of those tariff changes are intended to adversely impact customers, or to trigger a general rate filing under Neb. Rev. Stats. §§ 66-1825 and 66-1838.

B. Management

As explained above, all of the Nebraska jurisdictional utility services and operations currently provided by BH Gas Utility and BH Gas Distribution will be performed substantially as they are being performed today, but consolidated within a single corporate entity with a new name. Except as identified within the Consolidation tariff provided in Joint Application D, the rates, terms and conditions of the jurisdictional utility services currently provided to Nebraska customers will remain unchanged, there will be no detrimental effects to Nebraska customers. In addition, as explained in this Joint Application and discussed in the Direct Testimony of Mr. Amdor:

- There will be no change in the way in which these gas systems are operated after BH Nebraska Gas becomes the operating entity.
- Except for a limited number of identified changes, the BH Nebraska Gas tariff consists of the consolidation of the BH Gas Distribution and BH Gas Utility gas tariffs as those tariffs exist and as previously approved by the Commission.
- No changes outside of the ordinary course of business in future proceedings or inconsistent with prudent, safe, and reliable operations and service are planned or expected concerning operations, administration, shared services, personnel, or positions as a result of the Consolidation.
- The methods used to allocate indirect costs to BH Nebraska Gas based upon services provided by BHSC and BHUH will not change as a result of the Consolidation, and there will be no increase in existing corporate overhead cost allocations as a result of the Consolidation³.
- There will be no negative impact on customer service or rates of the other Nebraska public utility companies that are wholly-owned subsidiaries of BHC that are not parties to this Joint Application.
- BH Nebraska Gas will abide by all ring-fencing conditions and any applicable customer protection requirements as previously adopted by the Commission with respect to BH Gas Utility and BH Gas Distribution.
- There will be no gain or loss, goodwill, acquisition premium, or acquisition adjustment recorded on the regulatory books of the BH Nebraska Gas as a result of the proposed transactions other than the acquisition premium that already

³ Joint Applicants note that effective January 1, 2019, BHUH transferred substantially all of its assets and liabilities to BHSC in order to more efficiently allocate costs from BHUH and BHSC.

exists on the regulatory books of BH Gas Utility as a remnant of the Aquila Acquisition.

- There will be no change to BHC's corporate control over the gas systems operated by BH Gas Utility and BH Gas Distribution in Nebraska.

BH Nebraska Gas is ready, willing, and able in terms of experience, management, resources, financial strength, and otherwise to operate and maintain the utility properties and to continue to perform the services authorized by the CPCNs issued to BH Gas Distribution and BH Gas Utility.

C. Local Commitments and Other Considerations

The Joint Applicants bring a long history of active partnership and dedication to the local communities that it serves. After the Consolidation, BH Nebraska Gas will continue working on regional and community development through active participation in local organizations, similar to the strong community development and participation BH Gas Distribution and BH Gas Utility have demonstrated in the past.

D. Impact on Rates and Services to Nebraska Customers

The Consolidation will not result in any change to BHC's corporate control of the facilities, operations, and services provided to Nebraska customers. Except as identified in the Consolidation tariff of BH Nebraska Gas, none of the rates, services, operations, and business processes of either BH Gas Distribution or BH Gas Utility will be changed by the consolidation of these two utilities into a single entity and single tariff. The consolidation of these two jurisdictional utility businesses into a single entity is a necessary step towards simplifying the regulatory administration of the Nebraska jurisdictional utility operations and services under BHC.

The programs currently offered by either BH Gas Utility or BH Gas Distribution will continue to

be offered to those same customers. For example, any customer of BH Gas Utility who meets the qualification to enroll in the Annual Price Option or Energy Options programs provided by BH Gas Utility will continue to enroll in those programs under the BH Nebraska Gas tariff. Similarly, any customer of BH Gas Distribution who meets the qualification to enroll in the Choice Gas Program provided by BH Gas Distribution will continue to enroll in those programs under the BH Nebraska Gas tariff.

The BH Nebraska Gas tariff will maintain the existing rate areas of BH Nebraska Gas and BH Gas Distribution. Thus, there will be no overlapping offer of services from one rate area to another. In other words, a BH Gas Utility customer will not be allowed to enroll in the BH Gas Distribution Choice Gas Program. Likewise, a BH Gas Distribution Customer is not allowed to enroll in BH Gas Utility programs or services. Those programs and services remain as they exist prior to the Consolidation except that those different services will be administered under a single consolidated tariff.

E. Investment and Planned Long-Term Ownership

No change of corporate control will result from the Consolidation. The proposed transaction will facilitate a wholly internal corporate reorganization within BHC and BHUH. The Commission, in approving the Aquila Acquisition and the SourceGas Acquisition, has previously considered and determined that BHC's ownership and control of BH Gas Utility and BH Gas Distribution were in the public interest. As far as current customers of BH Gas Utility and BH Gas Distribution are concerned, it will be business as usual. The Consolidation will ultimately improve overall administrative efficiency by reducing the number of utility-specific filings that will have to be prepared and filed with the Commission.

BH Nebraska will abide by all ring-fencing conditions and any applicable customer protection requirements as previously adopted by the Commission with respect to BH Gas Utility and BH Gas Distribution.

F. Stability and Effect on Other Utilities

Following the Consolidation, Nebraska jurisdictional utility services and operations currently provided by BH Gas Distribution and BH Gas Utility will be performed substantially as they are being performed today, but consolidated within a single corporate entity with a new name. The Joint Applicants are not aware of any material effect the Consolidation will have on any other Nebraska utility.

VIII. CONCLUSION

BH Gas Utility and BH Gas Distribution customers, communities, and regulators will not experience any significant negative impacts to jurisdictional utility service or the business practices of BH Nebraska Gas as a result of the Consolidation. Ultimately, the Consolidation is in the public interest, will not result in any detriment to customers, and will not adversely affect the utility's ability to serve the public.

WHEREFORE, the Joint Applicants respectfully request that the Commission:

- **Authorize BHUH to contribute its 100% interest in BH Gas Utility**, including its Nebraska gas utility tariffs, rate areas, programs, assets, liabilities and operations, including all CPCNs, franchises, certificates, licenses, permits, or items under which BH Gas Utility currently provides jurisdictional utility service under the Nebraska State Natural Gas Regulation Act (*Neb. Rev. Stats. §§ 66-1801 et. seq.*) and applicable Commission regulations to Black Hills Gas Holdings, LLC. Then Black Hills Gas Holdings will transfer that same 100% interest in BH Gas Utility to Black Hills Gas, LLC. BH Gas Utility would then reside as a subsidiary of BHG, which is a subsidiary of BHGH, which is a subsidiary of BHUH.

- **Authorize BH Gas Distribution to transfer and merge into BH Gas Utility all of BH Gas Distribution's** Nebraska gas utility tariffs, rate areas, programs, assets, liabilities, and operations, including all certificates of public convenience, and necessity ("CPCN"), franchises, certificates, licenses, permits, or items under which BH Gas Distribution currently provides jurisdictional utility service under the Nebraska State Natural Gas Regulation Act (*Neb. Rev. Stats. §§ 66-1801 et. seq.*) and applicable Commission regulations.
 - **Authorize the surviving merged legal entity of BH Gas Utility to be renamed as Black Hills Nebraska Gas, LLC.** As shown on Joint Application Exhibit C, BH Nebraska Gas would be a subsidiary of BHG, which is a subsidiary of BHGH, which is a subsidiary of BHUH, which is a subsidiary of BHC.
 - **Approve the BH Nebraska Gas proposed tariff,** which is a consolidation of the existing tariffs of BH Gas Utility and BH Gas Distribution.
- B. **Approve the Consolidation,** as detailed herein, as consistent with the public interest and that the Consolidation will not adversely affect the ability of BH Nebraska Gas to serve its customers;
- C. **Grant such waivers, conditions, approvals or further relief** as may be deemed necessary and proper in accordance with the Commission's rules.

Respectfully submitted this 29th day of March, 2019.

By:



Douglas J. Law, #19436

Associate General Counsel

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BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

IN THE MATTER OF THE JOINT)
APPLICATION OF BLACK HILLS GAS)
DISTRIBUTION, LLC, AND BLACK HILLS/)
NEBRASKA GAS UTILITY COMPANY,)
LLC, FOR A COMMISSION DECISION) Application No. NG-____
APPROVING INTERNAL TRANSFERS,)
CONSOLIDATING THE NEBRASKA)
TARIFFS, ASSETS, LIABILITIES, AND)
OPERATIONS OF BLACK HILLS GAS)
DISTRIBUTION, LLC AND BLACK)
HILLS/NEBRASKA GAS UTILITY)
COMPANY, LLC AND TO RENAME THE)
CONSOLIDATED ENTITY AS BLACK)
HILLS NEBRASKA GAS, LLC)

DIRECT TESTIMONY AND EXHIBITS OF

ROBERT J. AMDOR

BLACK HILLS GAS DISTRIBUTION, LLC AND
BLACK HILLS/NEBRASKA GAS UTILITY COMPANY, LLC,
D/B/A BLACK HILLS ENERGY
"JOINT APPLICANTS"

MARCH 29, 2019

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1 **DIRECT TESTIMONY OF ROBERT J. AMDOR**

2

3 **I. INTRODUCTION**

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

5 A. My name is Robert J. Amdor. My business address is Black Hills Energy, 1102 East 1st
6 Street, Papillion, Nebraska 68046.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am employed by Black Hills Service Company, LLC (“BHSC”), a wholly-owned
9 subsidiary of Black Hills Corporation (“BHC”). My position is Director of Regulatory and
10 Finance for the States of Nebraska and Iowa.

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

12 A. I am testifying on behalf of Black Hills Gas Distribution, LLC (“BH Gas Distribution”)
13 and Black Hills/Nebraska Gas Utility Company, LLC (“BH Gas Utility”), the Joint
14 Applicants in this proceeding, requesting consolidation of the two entities. As shown on
15 Joint Application Exhibit B, BH Gas Distribution and BH Gas Utility are wholly-owned
16 subsidiaries of Black Hills Utility Holdings, Inc. (“BHUH”), which is a wholly-owned
17 subsidiary of BHC.¹ The consolidated jurisdictional utility will be named Black Hills
18 Nebraska Gas, LLC (“BH Nebraska Gas”) and will also be a wholly-owned subsidiary of
19 BHUH.²

¹ See Joint Application Exhibit C. In descriptions of larger corporate structures, the terms "first-tier subsidiary", "second-tier subsidiary", "third-tier subsidiary" etc. are often used to describe multiple levels of subsidiaries. Black Hills Gas Holdings, LLC is a first tier subsidiary of BHUH, and Black Hills Gas, LLC is a second tier subsidiary under BHUH. BHUH is the BHC subsidiary designated to hold the specific ownership interests of BHC's regulated BHUH subsidiaries. See Joint Application Exhibits B, C and D.

² Black Hills Nebraska Gas, LLC will be a subsidiary of Black Hills Gas, LLC, which is a subsidiary of Black Hills Gas Holdings, LLC, which is a subsidiary of BHUH, which is a subsidiary of BHC. See Joint Application Exhibit C.

1 To avoid the complexity of corporate organization charts and technical legal entity status,
2 this Application will refer generally to the ownership of BH Nebraska Gas, (i.e., which is
3 a subsidiary of Black Hills Gas, LLC (“BHG”), which in turn is a subsidiary of Black Hills
4 Gas Holdings, LLC (“BHGH”) as collectively being under BHUH. Attachment C shows
5 the precise corporate structure upon approval of this Joint Application.

6 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

7 A. Yes. I am sponsoring all of the Joint Application Exhibits. I am also sponsoring a summary
8 of the BH Nebraska Gas consolidated tariff provisions attached to this direct testimony as
9 Attachment RJA -1.

10
11 **II. STATEMENT OF QUALIFICATIONS**

12 **Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES IN YOUR CURRENT**
13 **POSITION?**

14 A. I am responsible for all regulatory and financial planning matters for three of BHC’s
15 regulated natural gas utilities. Those state-regulated gas utilities are located in the states of
16 Nebraska and Iowa. In Nebraska, I am responsible for the regulatory and financial matters
17 of BH Gas Utility and BH Gas Distribution. In this role, my team handles regulatory
18 compliance, internal support, external relations, Commission application filings, corporate
19 and business operations planning, budgets, strategic planning, and various other matters
20 that arise from time to time.

21 **Q. PLEASE OUTLINE YOUR EDUCATIONAL AND PROFESSIONAL**
22 **BACKGROUND.**

1 A. I am a graduate of Iowa State University with a bachelor's degree in Industrial
2 Administration with a specialization in Finance. I am also a graduate of the Creighton
3 School of Law with a Juris Doctorate. I worked as an attorney in private practice and as
4 an investment advisor prior to joining UtiliCorp United, Inc. (a/k/a "Aquila, Inc.") in the
5 Regulatory Services department in 1995. Since that time, I have held various positions
6 within the Regulatory Department of Aquila and its successor-in-interest, BHC. My roles
7 and responsibilities have focused on providing regulatory and other support of company-
8 operations in Kansas, Iowa, Nebraska, Missouri and Colorado. I have held my present
9 position with Black Hills Corporation since 2008, when BHC acquired various utility
10 properties formerly owned by Aquila, Inc., and Source Gas Distribution, LLC, including
11 the natural gas properties of BH Gas Distribution and BH Gas Utility in Nebraska.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

13 A. Yes.
14

15 **III. PURPOSE OF TESTIMONY AND SUMMARY OF JOINT APPLICATION**

16 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17 A. The purpose of my direct testimony is to explain and to provide support for the
18 authorizations requested in the Joint Application. If the Joint Application is granted by the
19 Commission, then the Nebraska jurisdictional utility business units of BH Gas Distribution
20 and BH Gas Utility will be consolidated into a single public utility entity, which will be
21 renamed as Black Hills Nebraska Gas, LLC.

1 The legal and regulatory process of consolidating, realigning the corporate organization
2 charts, and renaming BH Gas Distribution and BH Gas Utility to become BH Nebraska
3 Gas will be referred to as the "Consolidation".

4 Specifically, my testimony will: (1) provide background and detail regarding BH Gas
5 Utility and BH Gas Distribution regarding operations and general service areas; (2) provide
6 an overview of the Consolidation, the business purpose for the Consolidation, and
7 associated impacts; (3) describe how the newly named BH Nebraska Gas will operate after
8 the Consolidation; (4) discuss how the proposed Consolidation is consistent with the public
9 interest and will not adversely affect the ability of BH Gas Distribution or BH Gas Utility
10 to serve its customers under one jurisdictional utility, BH Nebraska Gas; and (5) support
11 the Joint Applicant's request to consolidate and to revise, as appropriate or necessary,
12 portions of the existing tariffs of BH Gas Utility and BH Gas Distribution into a single
13 tariff under BH Nebraska Gas.

14 **Q. PLEASE GENERALLY DESCRIBE THE JOINT APPLICATION FILED IN THIS**
15 **PROCEEDING.**

16 A. The Joint Application seeks Nebraska Public Service Commission ("Commission")
17 approval of the consolidation of Nebraska tariffs, assets, liabilities and operations of BH
18 Gas Distribution and BH Gas Utility into one entity that will be renamed as Black Hills
19 Nebraska Gas. The consolidated entity, Black Hill Nebraska Gas, will continue to conduct
20 its business under the trade name of "Black Hills Energy" just as BH Gas Distribution and
21 BH Gas Utility currently conduct their respective jurisdictional utility business activities.
22 Thus, customers will continue to recognize Black Hills Energy as their Nebraska natural
23 gas utility.

1 BH Gas Utility was acquired by BHC as part of the Aquila Inc. transaction in 2008. Aquila
2 provided natural gas to over 600,000 electric and natural gas customers located in
3 Colorado, Iowa, Kansas, and Nebraska. BH Gas Distribution was acquired by BHUH as
4 part of the SourceGas Holdings LLC transaction in 2016. BH Gas Distribution served
5 approximately 429,000 customers located in Colorado, Wyoming, and Nebraska.

6 After the Consolidation, BH Gas Utility and BH Gas Distribution will no longer operate as
7 separate Nebraska jurisdictional utilities. Instead, BH Nebraska Gas will be the resulting
8 single Nebraska jurisdictional utility. BH Nebraska Gas will assume all rights and
9 responsibilities for the management, operation, or maintenance of the combined tariffs,
10 assets, liabilities, and other items currently under BH Gas Distribution and BH Gas Utility.
11 BH Nebraska Gas will provide all jurisdictional utility services going forward. Although
12 BH Gas Distribution and BH Gas Utility will consolidate into one entity, BH Nebraska Gas
13 will continue to recognize the existing and separate rate schedules, rate areas, Choice Gas
14 Program, and other jurisdictional utility programs currently in place.

15 In other words, although all Nebraska gas customers will be provided service by BH
16 Nebraska Gas, those customers will continue to receive the same natural gas services that
17 those customers enjoy today. The Joint Application does not seek to merge rate areas,
18 expand or eliminate Gas Cost Adjustment mechanisms, expand or eliminate the Choice
19 Gas Program, expand or eliminate the Annual Price Option, or otherwise impact any rate
20 schedules.

21 As explained and summarized below, the Joint Application does seek to consolidate the
22 two administrative sections of the tariffs into one section of the consolidated tariff.
23 However, the consolidated BH Nebraska Gas tariff maintains the existing rates, rate areas,

1 and provides the rate schedules, if not identical, then very similar to the existing schedules
2 of BH Gas Distribution and BH Gas Utility respectively. As noted above, BH Nebraska
3 Gas will continue to operate under the trade name "Black Hills Energy."

4 As BH Gas Distribution and BH Gas Utility, are wholly-owned subsidiaries of BHUH, this
5 corporate reorganization is entirely an internal corporate reorganization. As shown on Joint
6 Application Exhibit C, the post-Consolidation jurisdictional utility named BH Nebraska
7 Gas will also be a subsidiary of BHUH.

8 The Consolidation of Nebraska jurisdictional utilities is part of a larger jurisdictional
9 simplification project that is also being implemented by BHC in other jurisdictions. The
10 purpose of this internal BHC and BHUH corporate reorganization is to provide for more
11 standardization within a jurisdiction, and to gain efficiencies under consolidated
12 jurisdictional utilities under BHC.

13 **Q. WHAT SPECIFIC AUTHORIZATIONS ARE THE JOINT APPLICANTS**
14 **REQUESTING IN THIS PROCEEDING?**

15 A. As stated in the Joint Application, the Joint Applicants are requesting Commission approval
16 to transfer utility assets of BH Gas Distribution into BH Gas Utility, and then to rename
17 the resulting single jurisdictional utility as Black Hills Nebraska Gas. Specifically, the
18 Joint Applicants seek the following authorizations:

- 19 • Authorization for BHUH to contribute 100% interest in all of BH Gas Utility's
20 Nebraska gas utility tariffs, rate areas, programs, assets, liabilities, and operations,
21 including all certificates of public convenience and necessity ("CPCN"), franchises,
22 certificates, licenses, permits, or items under which BH Gas Utility currently provides
23 jurisdictional utility service under the Nebraska State Natural Gas Regulation Act (*Neb.*

1 *Rev. Stats. §§ 66-1801 et. seq.*) and applicable Commission regulations to Black Hills
2 Gas Holdings, LLC. Then Black Hills Gas Holdings will transfer that same 100%
3 interest in BH Gas Utility to Black Hills Gas, LLC. BH Gas Utility would then reside
4 as a subsidiary of BHG, which is a subsidiary of BHGH, which is a subsidiary of
5 BHUH. See Joint Application Exhibits B and C.

- 6 • Authorization for BH Gas Distribution to transfer and merge into BH Gas Utility all of
7 BH Gas Distribution's Nebraska gas utility tariffs, rate areas, programs, assets,
8 liabilities, and operations, including all certificates of public convenience, and
9 necessity ("CPCN"), franchises, certificates, licenses, permits, or items under which
10 BH Gas Distribution currently provides jurisdictional utility service under the Nebraska
11 State Natural Gas Regulation Act (*Neb. Rev. Stats. §§ 66-1801 et. seq.*) and applicable
12 Commission regulations. See Joint Application Exhibits B and C.
- 13 • Authorization for the surviving merged legal entity of BH Gas Utility to be renamed as
14 Black Hills Nebraska Gas, LLC. As shown on Joint Application Exhibit C, BH
15 Nebraska Gas would be a subsidiary of BHG, which is a subsidiary of BHGH, which
16 is a subsidiary of BHUH, which is a subsidiary of BHC.
- 17 • For approval of the proposed tariff of BH Nebraska Gas, which is a consolidation of
18 the existing tariffs of BH Gas Utility and BH Gas Distribution.
- 19 • For any and all Commission approvals needed for Black Hills Nebraska Gas to own,
20 operate, administrate, and maintain all rights and responsibilities under the
21 jurisdictional utility tariffs, rate areas, programs, assets, liabilities, and operations,
22 including all CPCNs, franchises, certificates, licenses, permits, or other items
23 possessed by BH Nebraska Gas as a single consolidated jurisdictional utility to provide

1 natural gas services pursuant to the requirements of the Nebraska State Natural Gas
2 Regulation Act and applicable Commission regulations.

3 Upon receipt of the authorizations and consummation of the action discussed above,
4 BH Nebraska Gas will assume ownership and control of all of the tariffs, assets and
5 operations of BH Gas Distribution and BH Gas Utility going forward.

6 In order to maintain their separation within the new entity, BH Gas Utility and the
7 Nebraska business unit within BH Gas Distribution will continue to be accounted for
8 separately within BH Nebraska Gas until changed as a result of a future rate review
9 proceeding. Other than the change of the legal name of the jurisdictional utilities serving
10 them, existing customers of BH Gas Utility and BH Gas Distribution in Nebraska will
11 experience no change in the services they receive and no change in their monthly bills as a
12 result of the proposed Consolidation. Accordingly, the Consolidation will result in no
13 change in jurisdictional revenues.

14 **Q. WHAT IS THE DESIRED CLOSING DATE FOR CONSUMMATING THE**
15 **PROPOSED TRANSACTIONS?**

16 A. The Joint Applicants desire to obtain Commission approval on or before September 30,
17 2019 so that BHC can complete the Consolidation any time after Commission approval,
18 but prior January 1, 2020. The Joint Applicants are currently planning on an effective date
19 of January 1, 2020 to simplify the necessary income tax, payroll and other internal
20 administrative processes.

IV. BACKGROUND

Q. PLEASE DESCRIBE BLACK HILLS CORPORATION AND THE HISTORY OF ITS OWNERSHIP OF BH GAS UTILITY AND BH GAS DISTRIBUTION.

In 2016, BHC expanded its jurisdictional utility operations in Nebraska with BHUH’s acquisition of SourceGas Distribution LLC and Rocky Mountain Natural Gas LLC (“SourceGas Acquisition”). As a result of the SourceGas Acquisition, SourceGas Distribution LLC, which provided retail gas sales and transportation services in Colorado, Nebraska and Wyoming, was acquired by BHUH and its name was changed to Black Hills Gas Distribution, LLC. BH Gas Distribution continues to provide retail gas sales and transportation services through three separate and distinct regulated utility units in Colorado, Nebraska, and Wyoming. Rocky Mountain Natural Gas (“RMNG”) is located wholly within the State of Colorado and provides natural gas transmission services to Colorado public utilities. RMNG does not provide any gas services to BH Gas Distribution’s Nebraska jurisdictional utility.

1 **Q. PLEASE DESCRIBE THE AQUILA ACQUISITION AND HOW IT AFFECTED**
2 **BHC’S JURISDICTIONAL UTILITY OPERATIONS IN NEBRASKA.**

3 A. On April 4, 2007, Aquila, Inc., BHC, and BH Nebraska Gas filed a Joint Application with
4 the Commission in Docket No. NG-0044 requesting authorization for the transfer to BHC
5 of ownership and control of all of Aquila’s natural gas public utility properties located in
6 Nebraska. The Commission approved the Aquila Acquisition by its October 16, 2007
7 Order. As a result, BH Gas Utility took over the ownership and operation of the natural
8 gas utility assets previously owned by Aquila, Inc.

9 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF BH GAS UTILITY, THE**
10 **SERVICES IT PROVIDES AND THE AREAS IT SERVES.**

11 A. BH Gas Utility provides jurisdictional utility services to approximately 200,000 natural gas
12 customers in or around 106 communities located in the eastern one-third of the state
13 pursuant to the Nebraska State Natural Gas Regulation Act and applicable Commission
14 rules and regulations.³

15 BH Gas Utility procures natural gas to serve its rate areas via third-party suppliers and
16 various interstate pipelines.

17 **Q. PLEASE DESCRIBE THE SOURCEGAS ACQUISITION AND HOW IT**
18 **AFFECTED BHC’S PUBLIC UTILITY OPERATIONS IN NEBRASKA.**

19 A. On August 10, 2015, SourceGas Distribution LLC, Rocky Mountain Natural Gas LLC,
20 SourceGas LLC, and SourceGas Holdings LLC (collectively, the “SourceGas
21 Companies”), and BHUH filed a Joint Application in Docket No. NG-0084 for approval of
22 a transaction whereby, as a result of BHUH’s purchase of SourceGas Holdings LLC, the

³ BH Gas Utility also provides service to High Volume transportation customers pursuant to Neb. Rev. Stat. § 66-1810 and refers to those customers as Rate Area 4 customers.

1 SourceGas Companies, including SourceGas Distribution LLC and Rocky Mountain
2 Natural Gas LLC ("RMNG"), would become subsidiaries of BHUH. By order dated
3 January 26, 2016, the acquisition of SourceGas Holdings LLC (including SourceGas
4 Distribution LLC) by BHUH was approved. On February 12, 2016, the transaction closed
5 and SourceGas Distribution LLC became a BHC-owned natural gas public utility under
6 the name Black Hills Gas Distribution, LLC serving customers in Colorado, Nebraska and
7 Wyoming.⁴

8 **Q. PLEASE PROVIDE A GENERAL DESCRIPTION OF BH GAS DISTRIBUTION,**
9 **THE SERVICES IT PROVIDES, AND THE AREAS IT SERVES.**

10 A. BH Gas Distribution provides natural gas services to approximately
11 269,000 customers in Colorado, Nebraska and Wyoming via approximately 10,500 miles
12 of distribution pipeline pursuant to the Nebraska State Natural Gas Regulation Act and
13 applicable Commission rules and regulations. With respect to Nebraska, BH Gas
14 Distribution provides jurisdictional utility service to approximately 88,000 customers in
15 nearly 200 communities, located primarily in the western two-thirds of the state. BH Gas.⁵
16 BH Gas Distribution provides natural gas to Nebraska customers through its Choice Gas
17 Program and other tariffs.

⁴ In addition to this operating utility's name change, SourceGas LLC was renamed Black Hills Gas, LLC, and SourceGas Holdings LLC was renamed Black Hills Gas Holdings, LLC.

⁵ BH Gas Distribution also provides service to High Volume transportation customers pursuant to Neb. Rev. Stat. § 66-1810.

1 **V. JURISDICTIONAL UTILITY CONSOLIDATION**

2 **Q. PLEASE SUMMARIZE THE CONSOLIDATION AND WHAT THE**
3 **TRANSACTIONS PROVIDED FOR ARE INTENDED TO ACCOMPLISH.**

4 A. The Consolidation consists of various actions needed to accomplish the consolidation of
5 all of the Nebraska natural gas assets and operations of BH Gas Utility and BH Gas
6 Distribution into one entity. As mentioned earlier in my testimony, the Joint Applicants
7 are requesting specific Commission approval to transfer utility assets of BH Gas
8 Distribution into BH Gas Utility, and then to rename the resulting single jurisdictional
9 utility as Black Hills Nebraska Gas.

10 **Q. WHAT IS THE PURPOSE OF THE CONSOLIDATION?**

11 A. The Consolidation is part of a larger jurisdictional simplification project that is being
12 implemented company-wide. The jurisdictional simplification project is a realignment
13 of the utility subsidiaries within BHC. From 2006 to 2016, BHC acquired multiple
14 utilities in the Midwest and Rocky Mountain states and separate legal entities owned each
15 of those acquired utilities, instead of having the newly acquired utilities integrated with
16 previously owned utilities in the same state. As of the date of the Joint Application, BHC
17 has multiple regulated utility businesses operating in eight different states. As the
18 Commission knows, two of those jurisdictional utilities are located in Nebraska. Due to
19 regulated utility operations across and within the different jurisdictions, the BHC
20 organizational structure state and federal regulatory matters and processes was complex.

21 BHC undertook the jurisdictional simplification project to align BHC's regulated
22 utility companies by state jurisdiction to reduce regulatory filings and administrative

1 burdens, and to better integrate the previously acquired assets (including the Aquila
2 Acquisition and SourceGas Acquisition assets) into BHC's overall corporate structure.

3 **Q. HAVE YOU PREPARED AN EXHIBIT THAT DEPICTS WHAT THE BHC**
4 **ORGANIZATIONAL CHART IS EXPECTED TO LOOK LIKE AT THE**
5 **CONCLUSION OF THE JURISDICTIONAL SIMPLIFICATION PROJECT?**

6 A. Yes. Joint Application Exhibit D depicts how the BHC organizational chart will look
7 after the jurisdictional simplification efforts are completed. The jurisdictional
8 simplification project, which involves various utilities in Colorado, Wyoming, and
9 Nebraska, will take a few years to complete.

10
11 **VI. TARIFF CONSOLIDATION**

12 **Q. PLEASE SUMMARIZE THE TARIFF CONSOLIDATION**

13 A. The consolidation of tariffs was a significant undertaking of BH Gas Distribution and BH
14 Gas Utility. The tariff consolidation involved a side-by-side, provision-by-provision
15 comparison of each tariff section and a decision regarding which of the tariffs' language
16 was appropriate to include in the new tariff.

17 The tariff proposed for BH Nebraska Gas was combined from using the approved tariff
18 provisions of BH Gas Utility and BH Gas Distribution, including the General Terms and
19 Conditions, Rate Schedules and Other Charges into one single tariff book. The
20 consolidated tariff book has three main sections: 1. Rules and Regulations applicable to
21 all rate areas; 2. Rate Schedules and Other Charges applicable to Rate Areas One through
22 Four (i.e. the former BH Gas Utility customers); and 3. Rate Schedules and Other Charges
23 applicable to Rate Area Five (i.e. the former BH Gas Distribution customers). The

consolidation of tariffs was a significant undertaking of BH Gas Distribution and BH Gas Utility. A copy of the consolidated tariff is provided as Joint Application Exhibit E.

Q. PLEASE EXPLAIN JOINT APPLICATION EXHIBIT E.

A. Joint Application Exhibit E is the consolidated tariff book. In the Rules and Regulations section of the tariff, different font types were used to designate the source utility tariff.

- Italics font indicates that the tariff language came from BH Gas Distribution's tariff.

- Non-italic font indicates that the tariff language came from BH Gas Utility's tariff.

- Blue font (italics or non-italics) indicates that the tariff language was only present in one of the tariffs. For example, a definition in blue italics font indicates that the tariff language is from BH Gas Distribution and was only present in BH Gas Distribution's tariff. BH Gas Utility's tariff did not have that definition in its tariff.

- Black font (italics or non-italics) indicates that there was language in both tariffs, and that one or the other, or a combination of both was used.

- Red font indicates new language.

Q. PLEASE DESCRIBE TESTIMONY EXHIBIT RJA-1.

A. Testimony Exhibit RJA-1 is a summary of various significant tariff provisions that BH Nebraska Gas provides for the convenience of reviewing this tariff consolidation. BH Nebraska Gas will provide a copy of its side-by-side comparison spreadsheet as part of this proceeding.

Q. IS BH NEBRASKA GAS PROPOSING TO INCLUDE IN ITS TARIFF ANY NEW CHARGES, FEES, OR RATES NOT PREVIOUSLY PROVIDED FOR?

1 A. No.

2 **Q. WHY ARE THERE TWO SECTIONS FOR RATE SCHEDULES AND OTHER**
3 **CHARGES?**

4 A. Changes in rates will be accomplished in subsequent proceedings, so at this time all of the
5 rate schedules and other charges applicable to BH Gas Utility and those applicable to BH
6 Gas Distribution are in the consolidated tariff. The rate schedules applicable to BH Gas
7 Utility are grouped together in a separate section from the rate schedules applicable to BH
8 Gas Distribution. Furthermore, individual rate schedules have been updated, where
9 necessary, to clarify the applicable rate areas.

10 **Q. WERE ANY CHANGES MADE TO THE RATE SCHEDULES AND OTHER**
11 **CHARGES FOR BH GAS UTILITY?**

12 A. No substantive changes were made. Minor revisions and clarifications were made.

13 **Q. WERE ANY CHANGES MADE TO THE RATE SCHEDULES AND OTHER**
14 **CHARGES FOR BH GAS DISTRIBUTION?**

15 A. Yes. Three changes were made. First, Rate Schedule SS Sales Service was eliminated.
16 Rate Schedule SS has essentially been a reserve schedule in the event BH Gas Distribution
17 terminated the Choice Gas Program. There are no customers taking service from this rate
18 schedule. Next, with the elimination of Rate Schedule SS, the Gas Supply Cost
19 Adjustment SS ("GSCA SS") tariff was also eliminated. This GSCA SS tariff was
20 applicable to customers served under Rate Schedule SS. The final change to this section
21 was to eliminate the charge for Excess Flow Valves. The Company installs these valves
22 on all new installations, so the language is no longer relevant.

1 **Q. WERE THERE ANY OTHER CHANGES MADE TO THE RATE SCHEDULES**
2 **AND OTHER CHARGES FOR BH GAS DISTRIBUTION?**

3 A. No other substantive changes were made.

4 **Q. ARE THERE TWO SETS OF GENERAL TERMS AND CONDITIONS?**

5 A. No. There is just one consolidated set of rules and regulations. As I mentioned above, a
6 side-by-side, provision-by-provision comparison was prepared, followed by a decision
7 regarding which of the tariffs' language was appropriate to include in the new tariff.

8 **Q. DOES BH NEBRASKA GAS PROPOSE ANY OTHER MODIFICATIONS THAT**
9 **MAY IMPACT CUSTOMERS?**

10 A. Yes. The BH Nebraska Gas tariff modifies the tariff provision regarding Budget Billing
11 to standardize the different processes currently used by BH Gas Utility and BH Gas
12 Distribution.

13 **Q. WHAT IS BH NEBRASKA GAS PROPOSING REGARDING BUDGET BILLING**
14 **LANGUAGE?**

15 A. The BH Gas Utility tariff refers to its plan as "Budget Billing". The BH Gas Distribution
16 tariff refers to its plan as "Balanced Billing." The BH Gas Utility and BH Gas Distribution
17 tariffs include different language and methods, but are implemented with the same end-
18 goal in mind. This end-goal is to provide additional customer payment options which can
19 make paying their bill on time easier while creating little fluctuation in dollar amounts due
20 from month to month. BH Nebraska Gas is proposing to use the method applied by BH
21 Gas Utility. As part of the review, the Company surveyed customer service agents
22 regarding customer feedback from all budget billing programs, and the results showed that

1 the BH Gas Utility method was the preferred approach and easier for customers to
2 understand.

3 **Q. WHAT IS BH NEBRASKA GAS PROPOSING FOR BILL DUE DATES?**

4 A. For customers served under BH Gas Utility tariffs, bills are due and payable within twenty
5 days. For customers served under BH Gas Distribution tariffs, bills are due and payable
6 within fifteen days, but a late payment charge is not assessed until twenty-five days. BH
7 Nebraska Gas is proposing a due date of twenty days. An account would be past due if
8 not paid within twenty days, and past due accounts would be subject to late payment
9 penalties.

10 **Q. IS BH NEBRASKA GAS PROPOSING CHANGES TO THE LATE PAYMENT**
11 **CHARGES?**

12 A. No. BH Nebraska Gas is not proposing changes to the current late payment charge tariff
13 language even though the language is different for BH Gas Utility and BH Gas
14 Distribution.

15 **Q. DOES BH NEBRASKA GAS PROPOSE ANY CHANGES TO THE TARIFF**
16 **LANGUAGE REGARDING LINE EXTENSIONS AND CONSTRUCTION**
17 **ALLOWANCES?**

18 A. Yes. The Company proposes the adoption of one line extension policy for its entire service
19 territory. In reviewing the existing language for the two entities, it was apparent BH Gas
20 Distribution used a feasibility model and customer contribution financing method that is
21 not consistent with the Company's systems. For example, the contribution financing
22 model requires a billing system that retains data on a premise basis; BH Gas Utility's
23 system is account based, so records are retained manually. The Company prefers a single

1 feasibility model for all service areas for consistency and concluded the BH Gas Utility
2 tariff was preferred, is more understandable for customers and filed representatives, and
3 results in no subsidization of line extensions by the general system customers.
4

5 **VII. POST-CONSOLIDATION OPERATIONS OF BH NEBRASKA GAS**

6 **Q. DOES BLACK HILLS NEBRASKA GAS, LLC CURRENTLY ENGAGE IN ANY**
7 **BUSINESS ACTIVITIES?**

8 A. No. Black Hills Nebraska Gas, LLC will be the name registered with the Nebraska
9 Secretary of State and used to replace the name of the consolidated jurisdictional utility
10 possessing all of BH Gas Distribution and BH Gas Utility. As explained in this testimony
11 and the Joint Application, BH Gas Distribution will first merge into BH Gas Utility. Then
12 BH Gas Utility will be renamed as Black Hills Nebraska Gas, LLC.

13 BH Nebraska Gas will be the new jurisdictional utility that will own and operate the
14 Nebraska jurisdictional utility assets of BH Gas Utility and BH Gas Distribution. BH
15 Nebraska Gas currently owns no assets and does not engage in any business activities.

16 **Q. HOW DOES BH NEBRASKA GAS PLAN TO OPERATE THE GAS SYSTEMS**
17 **CURRENTLY OPERATED BY BH GAS UTILITY AND BH GAS DISTRIBUTION**
18 **AFTER THE CONSOLIDATION?**

19 A. There will be no significant change in the way in which these gas systems are operated
20 after BH Nebraska Gas becomes the single jurisdictional utility in Nebraska. There are no
21 plans to change any existing personnel currently dedicated to these systems or the services
22 provided to customers over them. BH Nebraska Gas will simply be stepping into the shoes
23 of BH Gas Utility and BH Gas Distribution. BH Nebraska Gas will operate under one new

1 tariff for BH Nebraska Gas. That tariff will be a consolidation of the existing BH Gas
2 Distribution Nebraska PSC gas tariff and the existing BH Gas Utility Nebraska PSC gas
3 tariff, essentially as those tariffs exist and are in effect on the effective date of the
4 transactions. Other than the formal name change and single tariff consolidation, the
5 customers for BH Gas Distribution and BH Gas Utility will not notice any material
6 difference in the tariff services they receive, the call numbers to contact their gas service
7 provider, or in their monthly bills. The single consolidated tariff will continue the existing
8 rate areas, rate schedules, and other existing jurisdictional utility programs and services
9 items, except that those services will be under the name of BH Nebraska Gas d/b/a Black
10 Hills Energy.

11 For example, a BH Gas Distribution Choice Gas customer will remain a Choice Gas
12 customer under BH Nebraska Gas. With the continuation of separate rate areas, BH Gas
13 Distribution customers will not be permitted to enroll in programs or apply for rate
14 schedules previously offered by BH Gas Utility (e.g., Annual Price Option). Similarly, BH
15 Gas Utility Customers who are PGA customers will remain PGA customers under BH
16 Nebraska Gas. With the continuation of separate rate areas, a BH Gas Utility customer will
17 not be permitted to enroll in programs or apply for rate schedules previously offered by BH
18 Gas Distribution (e.g., Choice Gas Program). In other words, the services provided today
19 will remain in effect with the exception of the new name and consolidated on several tariff
20 provisions – but not the rates or rate areas. Those issues will be addressed in future
21 Commission proceedings.

1 **Q. IS BH NEBRASKA GAS FIT TO OPERATE THE BH GAS UTILITY AND BH GAS**
2 **DISTRIBUTION SYSTEMS IN NEBRASKA AFTER THE CONSOLIDATION?**

3 A. Yes. BH Nebraska Gas will be the name used for the consolidation of two existing
4 jurisdictional utilities. Thus, BH Nebraska is fit operationally, financially, and in every
5 way necessary to own, operate, administrate, and maintain all rights and responsibilities
6 under the jurisdictional utility tariffs, rate areas, programs, assets, liabilities, and
7 operations, including all CPCNs, franchises, certificates, licenses, permits, or other items
8 possessed by BH Nebraska Gas as a single consolidated jurisdictional utility to provide
9 natural gas services pursuant to the requirements of the Nebraska State Natural Gas
10 Regulation Act. *Id.* applicable Commission regulations. In addition, BH Nebraska will be
11 providing existing and new customers essentially the same Commission-approved
12 jurisdictional utility services under the BH Nebraska Gas Tariff that currently exists under
13 the separate Commission-approved tariffs of BH Gas Distribution or BH Gas Utility.

14 **Q. IS BH NEBRASKA GAS READY, WILLING AND ABLE TO OPERATE THE BH**
15 **GAS UTILITY AND BH GAS DISTRIBUTION SYSTEMS IN NEBRASKA AFTER**
16 **THE CONSOLIDATION?**

17 A. Yes. The two existing distribution utilities are overseen and operated by the same
18 management team that will oversee and operate BH Nebraska Gas going forward. The
19 network or field operations teams in Nebraska have essentially been operating as one
20 company since the SourceGas acquisition.

21 **Q. DO BH GAS UTILITY AND BH GAS DISTRIBUTION RECEIVE SERVICES**
22 **FROM OTHER CORPORATE ENTITIES WITHIN THE BHC CORPORATE**
23 **ORGANIZATION?**

1 A. Yes. BH Gas Utility and BH Gas Distribution both obtain services from BHSC, which is a
2 subsidiary of BHC.

3 **Q. WILL THE CONSOLIDATION CREATE ANY NEW MATERIAL SERVICE**
4 **ISSUES?**

5 A. No.

6 **Q. WHAT TYPES OF SERVICES DO BH GAS UTILITY AND BH GAS**
7 **DISTRIBUTION CURRENTLY RECEIVE FROM BHSC?**

8 A. BHSC provides central services, such as gas engineering, customer service, finance, legal,
9 human resources, internal audit, tax, safety, and regulatory, among others. The use of
10 BHSC minimizes the need for each subsidiary, including BH Gas Utility and BH Gas
11 Distribution, to provide such services independently.

12 **Q. HOW ARE THESE SERVICES CHARGED TO BH GAS UTILITY AND BH GAS**
13 **DISTRIBUTION?**

14 A. The services charged by BHC are appropriately and consistently assigned, distributed or
15 allocated among utility operations and to the non-regulated activities within BHC. Direct
16 costs are either assigned or distributed, while indirect costs are allocated. Direct costs are
17 those corporate costs that are specifically associated with a particular service or product
18 within an identified subsidiary or group of identified subsidiaries and result in direct
19 charges to the service or product within that specific subsidiary or group of subsidiaries.
20 Indirect costs are those corporate costs that cannot be identified with a particular service or
21 product within an identified subsidiary. This means that the costs indirectly support all
22 subsidiaries or directly support the operation of BHSC. All services billed to BHC
23 subsidiaries are either directly assigned or directly distributed costs or, where direct

1 assignment/distribution is not practical, allocated as indirect costs under allocation
2 methodologies based on cost causation principles as described in the BHSC Cost
3 Assignment and Allocation Manual (“CAAM”) on file with the Commission. An example
4 of a directly assigned charge to BH Nebraska Gas is as follows: A trainer from the Gas
5 Engineering Department provides safety and operating procedure training to the employees
6 of BH Nebraska Gas. The employee related expenses associated with the training are
7 specifically associated with BH Nebraska Gas. Therefore, this would be a directly
8 assigned cost. An example of an indirectly allocated cost is the Corporate Accounting
9 department's monthly closing of the consolidated BHC financial statements. Since the
10 Corporate Accounting department is supporting all the subsidiaries of the enterprise, it is
11 impractical to directly charge. Thus, the charge would be considered an indirect cost.
12 These cost allocation methods are consistent with industry practice in allocating common
13 costs.

14 **Q. ARE THE CORPORATE COST ALLOCATIONS EXPECTED TO CHANGE**
15 **FROM THOSE CURRENTLY APPLICABLE TO BH GAS UTILITY AND BH GAS**
16 **DISTRIBUTION AS A RESULT OF THE CONSOLIDATION?**

17 A. No. The methods used to allocate indirect costs to BH Nebraska Gas based upon services
18 provided by BHSC will continue to be based on relevant cost causation factors, none of
19 which will change as a result of the Consolidation.

20 **Q. WILL THE CONSOLIDATION OF THE TWO GAS DISTRIBUTION**
21 **COMPANIES INTO ONE AFFECT THE CURRENT LEVEL OF COSTS**
22 **ALLOCATED FOR SERVICES PROVIDED BY BHSC?**

1 A. No. The BH Gas Utility and BH Gas Distribution will continue to be accounted for as
2 separate business units within BH Nebraska Gas following the Consolidation until changed
3 as a result of a future rate review proceeding. Therefore, neither the allocations nor the
4 level of costs will change as a result of the Consolidation.

5 **Q. WILL THE JOINT APPLICANTS SEEK TO RECOVER FROM CUSTOMERS**
6 **ANY TRANSACTION COSTS RELATING TO THE CONSOLIDATION?**

7 A. No.

8 **Q. DID THE COMMISSION IMPOSE ANY RING-FENCING CONDITIONS IN THE**
9 **AQUILA ACQUISITION OR SOURCEGAS ACQUISITION PROCEEDINGS**
10 **THAT WILL APPLY TO BH COLORADO GAS AFTER THE CONSOLIDATION?**

11 A. Yes. In both the Aquila Acquisition and SourceGas Acquisition proceedings, the
12 Commission adopted certain “ring-fencing” type conditions intended to maintain the
13 Nebraska utility businesses as separate, stand-alone enterprises and to prevent them from
14 being commingled with other BHC non-jurisdictional and non-regulated business
15 activities.

16 **Q. WHAT RING-FENCING CONDITIONS WERE IMPOSED BY THE**
17 **COMMISSION ON BH GAS UTILITY IN THE AQUILA ACQUISITION**
18 **PROCEEDING?**

19 A. The Commission, by its October 16, 2007 order, adopted ring-fencing measures. These
20 conditions basically required BH Gas Utility to own the jurisdictional utility assets
21 acquired from Aquila, to operate as a separate public utility subsidiary under BHUH, to
22 operate separately from non-utility operations, to maintain adequate capital and number of
23 employees in light of its business purpose, to maintain separate books and records, to assign

1 and allocate costs in accordance with a Commission-approved CAAM, and to maintain
2 separate money pools for utility/non-utility entities. Several conditions pertaining to the
3 treatment of the acquisition premium and transition costs related to the Aquila Acquisition
4 were designed to prevent BH Gas Utility from seeking to recover these costs from
5 customers without full and complete disclosure emphasizing such intent in any future
6 proceeding. Certain other conditions were adopted that preclude BH Gas Utility from
7 providing financing for, or pledging its assets to support, non-utility subsidiaries, or from
8 issuing debt or distributing dividends that would have the effect of reducing BH Gas
9 Utility's standalone equity below 40% of its total long-term capitalization.

10 **Q. DOES BH NEBRASKA GAS AGREE TO ABIDE BY ALL OF THE RING-**
11 **FENCING CONDITIONS ADOPTED BY THE COMMISSION AS TO BH GAS**
12 **UTILITY IN THE AQUILA ACQUISITION PROCEEDING?**

13 A. Yes. BH Nebraska Gas agrees to continue to abide by these conditions as to BH Gas Utility.
14 As to those conditions that apply to BHC and BHUH, the Company believes it is still bound
15 by those conditions.

16 **Q. CERTAIN OF THE CONDITIONS IMPOSED IN THE AQUILA ACQUISITION**
17 **PROCEEDING PERTAIN TO AN ACQUISITION PREMIUM. WILL THERE BE**
18 **ANY ACQUISITION PREMIUM RECORDED ON THE REGULATORY BOOKS**
19 **OF BH NEBRASKA GAS RESULTING FROM THE CONSOLIDATION?**

20 A. No. There will be no gain or loss, goodwill, acquisition premium, or acquisition adjustment
21 recorded on the regulatory books of the BH Nebraska Gas as a result of the Consolidation
22 other than the acquisition premium that already exists on the regulatory books of BH Gas
23 Utility as a remnant of the Aquila Acquisition.

1 **Q. WHAT RING-FENCING CONDITIONS WERE IMPOSED BY THE**
2 **COMMISSION IN THE SOURCEGAS ACQUISITION PROCEEDING?**

3 A. The Commission's January 26, 2016 Order in Docket No. NG-0084 approved the terms of
4 two Settlement Agreements. Certain of the provisions adopted reflect agreements as to the
5 recovery of transaction costs, transition costs, rate moratorium and acquisition premium,
6 as well as certain customer protections. Under the Settlement Agreement, Black Hills
7 agreed not to seek recovery of any portion of the acquisition premium related to the
8 SourceGas Acquisition.

9 As successor to SourceGas Distribution LLC under all of these settlement agreements, BH
10 Nebraska Gas considers itself bound by the terms of those settlement agreements to the
11 extent they were approved by the Commission. Many of the ring-fencing type conditions
12 under the Settlement Agreement adopted in the Commission's January 26, 2016 order
13 mirror conditions adopted by the Commission for BH Gas Utility in the Aquila Acquisition
14 proceeding.

15 **Q. DOES BH NEBRASKA GAS AGREE TO BE BOUND BY ALL OF THE**
16 **CUSTOMER PROTECTION AND RING-FENCING PROVISIONS ADOPTED AS**
17 **TO BH GAS DISTRIBUTION IN THE SOURCEGAS ACQUISITION**
18 **PROCEEDING?**

19 A. Yes. BHC, BHUH, BHSC, and BH Nebraska Gas will continue to abide by the customer
20 protections and ring-fencing conditions going forward as to its jurisdictional utility
21 business.

1 **Q. IS IT NECESSARY FOR THE COMMISSION ADDRESS THE POTENTIAL**
2 **RATEMAKING TREATMENT AS PART OF THIS PROCEEDING?**

3 A. No. This Joint Application does not seek any rate changes which would invoke the
4 application of *Neb. Rev. Stat. § 66-1825 and 66-1838*. Any change proposed within this
5 proceeding may be addressed in this Joint Application proceeding pursuant to *Neb. Rev.*
6 *Stat. § 66-1808* or other provisions of the State Natural Gas Regulation Act. The
7 Commission may apply its jurisdictional authority as necessary to go forward with the
8 Consolidation of the jurisdictional utilities and tariffs presented in this proceeding.

9
10 **VIII. APPLICATION OF PUBLIC INTEREST STANDARD**

11 **Q. HAVE THE JOINT APPLICANTS PRESENTED SUFFICIENT INFORMATION**
12 **FOR A FINDING THAT THE PROPOSED TRANSACTIONS UNDER THE**
13 **CONSOLIDATION ARE CONSISTENT WITH THE PUBLIC INTEREST?**

14 A. Yes. The transactions will result in the consolidation of BHC's Nebraska gas distribution
15 jurisdictional utilities into one entity. The Consolidation will simplify the regulation of the
16 combined business for the benefit of all stakeholders.

17 **Q. WILL THE CONSOLIDATION RESULT IN ANY CHANGE OF CORPORATE**
18 **CONTROL OVER THE GAS SYSTEMS OPERATED BY BH GAS UTILITY AND**
19 **BH GAS DISTRIBUTION IN NEBRASKA?**

20 A. No. The proposed transactions under the Consolidation will not result in any change of
21 corporate control of the facilities, operations and services provided to Nebraska customers.
22 BH Gas Utility, BH Gas Distribution, and BH Nebraska Gas are wholly-owned, indirect
23 subsidiaries of BHUH and BHC. BH Nebraska Gas will continue to be a wholly-owned

1 indirect subsidiary of BHUH and BHC after it takes over the Nebraska jurisdictional utility
2 operations of BH Gas Utility and BH Gas Distribution.

3 **Q. DO THE PROPOSED TRANSACTIONS UNDER THE CONSOLIDATION**
4 **REQUIRE THE SAME TYPE OF REVIEW AND EVALUATION OF COST**
5 **REDUCTIONS AND EFFICIENCY SAVINGS TYPICALLY APPLIED BY THE**
6 **COMMISSION TO A PROPOSED MERGER TRANSACTION IN WHICH THERE**
7 **WILL BE A CHANGE IN CORPORATE CONTROL OF THE PUBLIC UTILITY?**

8 A. No. However, as explained below and within the Joint Application, the consolidation of
9 BH Gas Utility and BH Gas Distribution meet the requirements applied by the Commission
10 for approval of acquisitions.

11 **Q. WILL THE NEBRASKA CUSTOMERS OF BH GAS UTILITY OR BH GAS**
12 **DISTRIBUTION BE ADVERSELY AFFECTED BY THE PROPOSED**
13 **CONSOLIDATION OF TWO GAS UTILITY BUSINESSES?**

14 A. No. Once the proposed transactions are completed, BH Nebraska Gas will effectively “step
15 into the shoes” of BH Gas Utility and BH Gas Distribution with respect to their existing
16 tariffs, CPCNs, franchises, and contractual obligations. BH Nebraska Gas will operate the
17 gas systems and provide service to Nebraska customers exactly as before, with the same
18 level of safety and reliability. Customers formerly served by BH Gas Utility and BH Gas
19 Distribution will not notice any difference in quality of service, bills, or community
20 outreach.

1 **Q. DO YOU EXPECT NEBRASKA CUSTOMERS TO REALIZE ANY BENEFITS**
2 **FROM THE PROPOSED CONSOLIDATION OF BHC'S GAS DISTRIBUTION**
3 **UTILITY BUSINESSES?**

4 A. Yes. The consolidation of the two jurisdictional utilities into one jurisdictional utility
5 should ultimately improve overall administrative efficiency by reducing the number of
6 utility-specific filings that will have to be prepared and filed with the Commission, such as
7 annual reports and other generally applicable filings.

8 In addition, as stated earlier in my testimony, the same customer protections and ring-
9 fencing provisions adopted by the Commission in the Aquila Acquisition and the
10 SourceGas Acquisition dockets will continue to govern BHC, BHSC, BHUH, and BH
11 Nebraska Gas. These conditions are intended to protect utility assets and customers from
12 any potential effects associated with BHC's non-jurisdictional and non-utility businesses.
13 BH Nebraska Gas is ready, willing, and able in terms of experience, management,
14 resources, financial strength, and otherwise to operate the utility properties and to continue
15 to perform the services authorized by the CPCNs issued to BH Gas Distribution and BH
16 Gas Utility.

17 **Q. DO YOU HAVE ANY CONCLUDING REMARKS?**

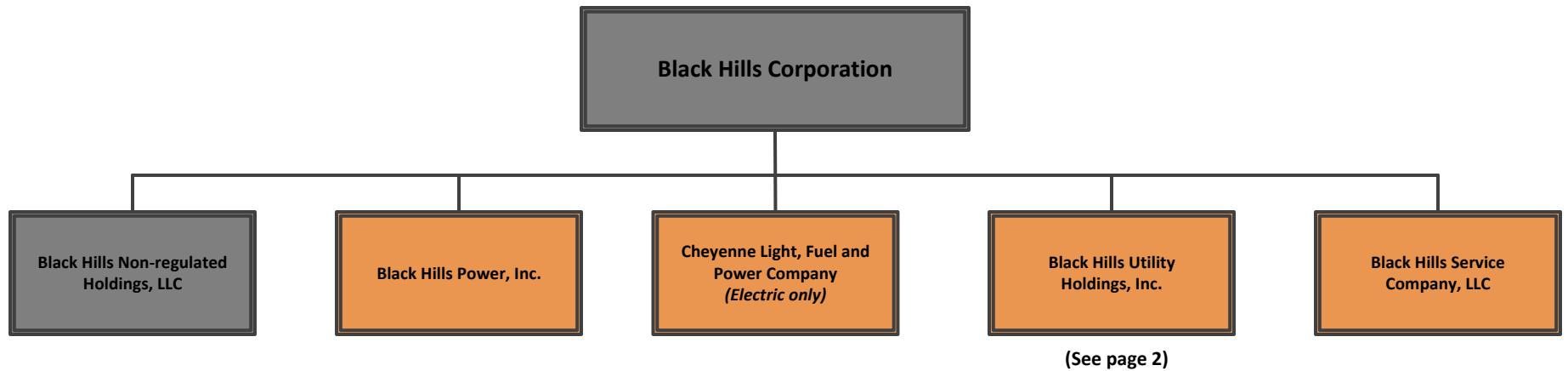
18 A. The Joint Application and related testimony demonstrate that the internal consolidation of
19 the gas assets of the two Nebraska natural gas distribution companies as proposed is
20 consistent with to the public interest and should be approved. The Joint Applicants hope
21 to obtain Commission approval on or before September 30, 2019. The Joint Applicants
22 plan to complete the Consolidation on or before December 31, 2019. Approval of the Joint
23 Application, including the consolidation of the tariffs, will not result in any changes in the

1 revenue, rates, terms and conditions under BH Gas Distribution's or BH Gas Utility's
2 tariffs. Any future changes in revenue, rates, terms, and conditions under those tariffs will
3 be accomplished in subsequent proceedings.

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

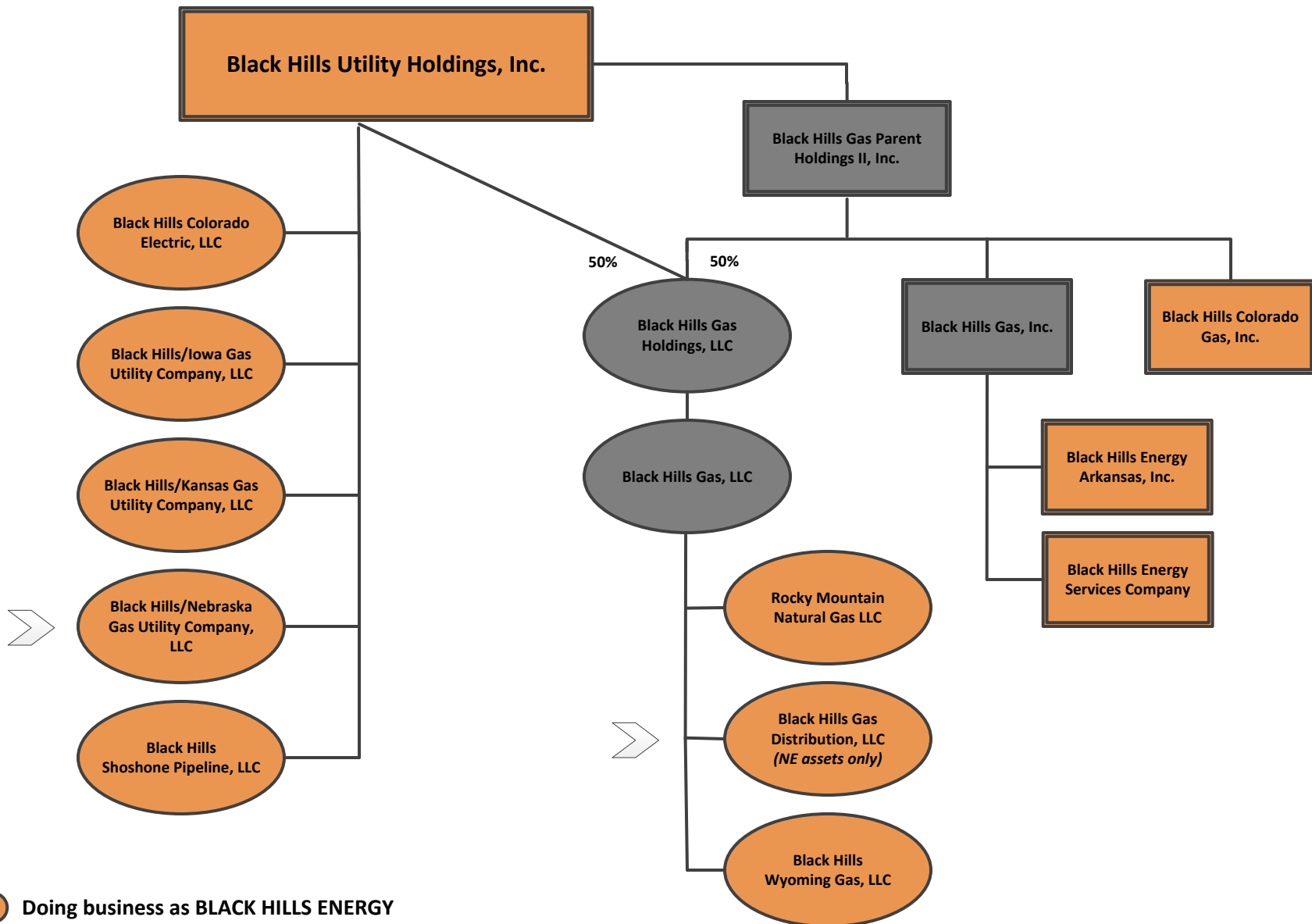
5 A. Yes.

**CURRENT
BLACK HILLS CORPORATION
LEGAL ORGANIZATIONAL CHART (UTILITIES)**



 Doing business as BLACK HILLS ENERGY

CURRENT BLACK HILLS UTILITY HOLDINGS, INC. LEGAL ORGANIZATIONAL CHART (UTILITIES)



POST-REORGANIZATION BLACK HILLS UTILITY HOLDINGS, INC. LEGAL ORGANIZATIONAL CHART (UTILITIES)

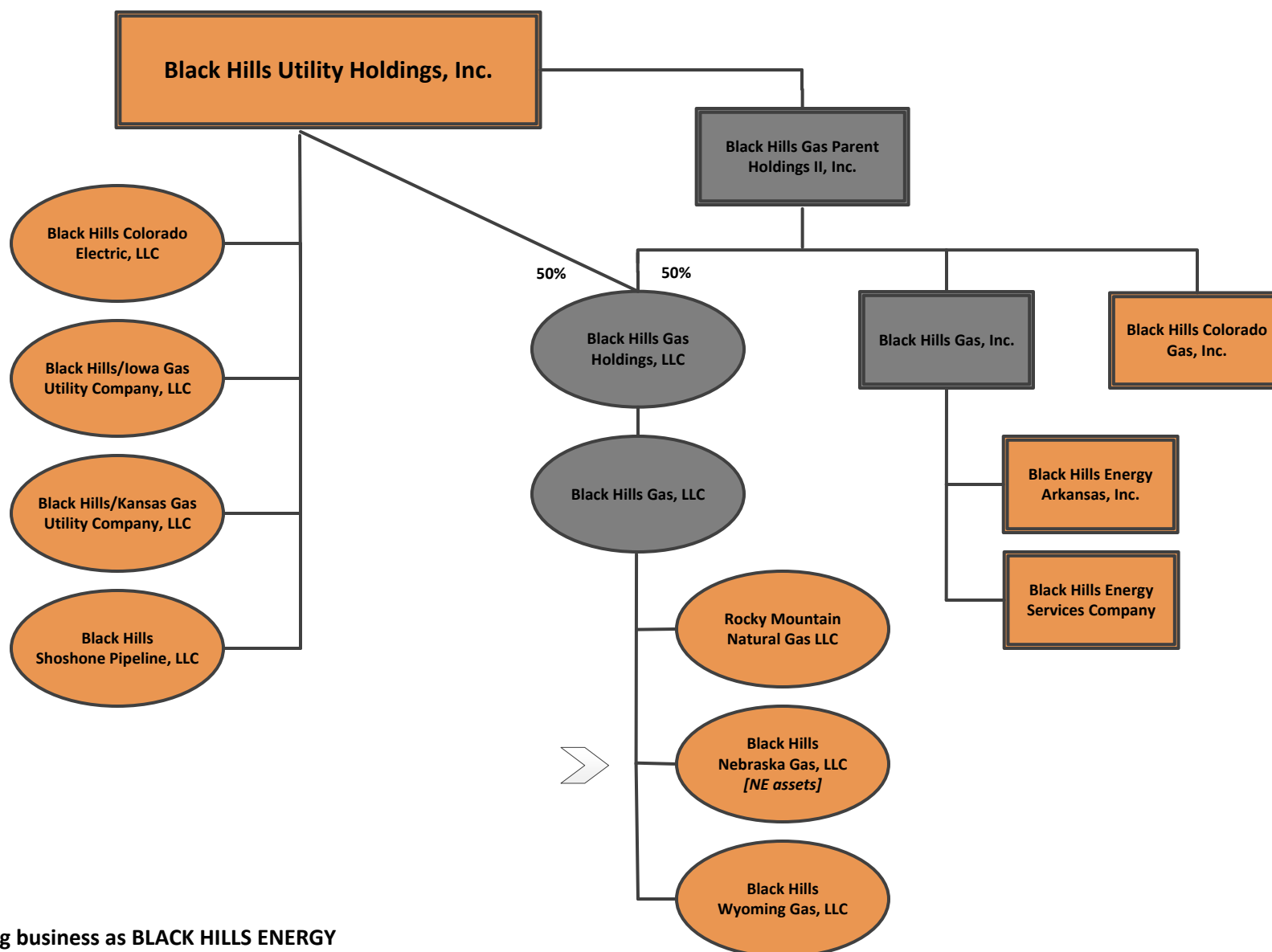
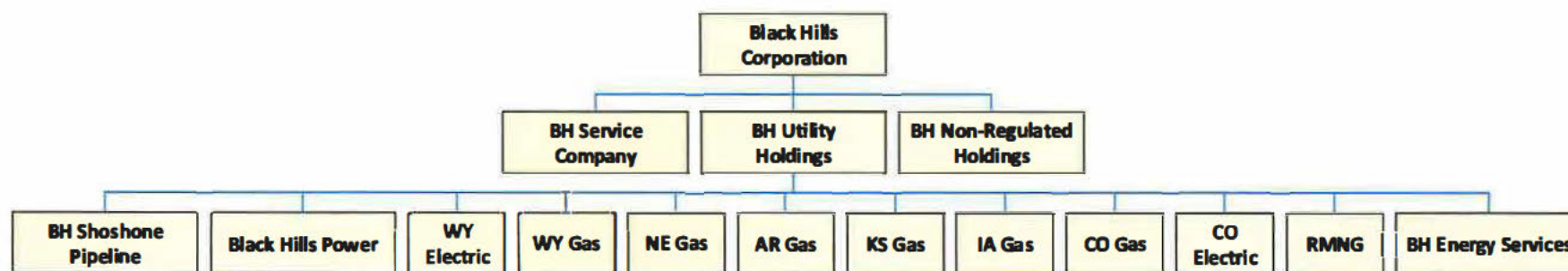


EXHIBIT D

FUTURE JURISDICTIONAL SIMPLIFICATION ORGANIZATIONAL CHART



**BLACK HILLS NEBRASKA GAS, LLC
d/b/a BLACK HILLS ENERGY**

Nebraska
Natural Gas Tariff

Filed with the
Nebraska Public Service Commission

Copies of the official tariff sheets of Black Hills Energy's natural gas service in Nebraska are available at various offices of Black Hills Energy which are open to the public, available on-line through <https://www.blackhillsenergy.com/rates> or on file with the Nebraska Public Service Commission. The information available here intends to provide the same information as the official approved tariffs; however, if there is any discrepancy or conflict between this information and the official tariffs, then in all cases the provision contained in Black Hills Energy's official tariffs on file with the Nebraska Public Service Commission shall prevail.

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RULES AND REGULATIONS
NATURAL GAS SERVICE

The following Rules and Regulations are applicable to all rate areas.

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RULES AND REGULATIONS-NATURAL GAS SERVICE
GENERAL

The following rules and regulations, filed with the Nebraska Public Service Commission ("Commission"), set forth the General Rules and Regulations under which natural gas service is supplied and govern service to all Rate Areas. These General Rules and Regulations are subject to termination, change, or modification, in whole or in part, at any time as provided by the rules and regulations of the Commission. Service furnished by the Company is subject to the Company's rules and regulations and the rules and regulations of the Commission. The Commission's jurisdiction is derived from the State Natural Gas Regulation Act which can be found within the statutory provisions of Neb. Rev. Stats. §16-1801 et seq.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|---------------------------------|--|
| ACT | <i>“Act” means the State Natural Gas Regulation Act found in Neb. Rev. Stats. §16-1801 et seq.</i> |
| BALANCE OR BALANCING | <i>“Balance” or “Balancing” means the obligation of a Supplier under Rate Schedule CGS, Rate Schedule ACGS–SS, or Rate Schedule ACGS–NSS to cause deliveries to equal receipts, with due consideration given to the applicable Retention Quantity.</i> |
| BILLING PERIOD | <i>“Billing Period” or “Billing Month” means the period between meter read dates of a Customer.</i> |
| BRITISH THERMAL UNIT | <i>“British Thermal Unit” or “Btu” means the amount of energy required to increase the temperature of one (1) pound of water one (1) degree Fahrenheit at fifty-nine (59) degrees Fahrenheit. The term “MMBtu” means one million Btus.</i> |
| CAPACITY | <i>“Capacity” means the maximum Gas volume which any particular segment of the Company’s system is capable of carrying under then current operating conditions.</i> |
| CHOICE GAS PROGRAM | <i>“Choice Gas Program” means the unbundled Gas service offering included within this Tariff under Rate Schedule CGS, Rate Schedule ACGS–NSS and Rate Schedule ACGS–SS. “Choice Gas” is a registered trademark of the Company.</i> |
| COMMISSION | The term "Commission" is herein used to designate the Nebraska Public Service Commission having jurisdiction of the subject matter as provided under the State Natural Gas Regulation Act, Neb. Rev. Stats. § 66-1801 et seq. |
| COMPANY | The term "Company" is herein used to designate Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, which furnishes natural gas service under general rules, regulations, terms and conditions. |
| COMPANY USED GAS | <i>“Company-used gas” means the quantity of Gas consumed by the Company for purposes of its Gas operations.</i> |

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|--|---|
| COMPETITIVE NATURAL GAS PROVIDER | Competitive Natural Gas Provider (“CNGP”) shall mean a third-party natural gas supplier who: (a) has been granted a certificate of authority as a CNGP by the Commission pursuant to Neb. Rev. Stat. § 66-1849, et seq.; (b) has been designated by an Energy Options Customer as the Customer’s source of natural gas; (c) entered into a Market Aggregation Agreement with Company; (d) provided or completed other forms and documents required by Company; and (e) complies with requirements set forth by Company under its Energy Options Tariff, practices or procedures. |
| CONTRACT | <i>“Contract” means a written agreement, providing for sales service or Choice Gas Program service, which is offered by the Company and accepted by the Customer, or the Customer’s agent, and any exhibit, attachments, and/or amendments thereto.</i> |
| CUBIC FOOT OF NATURAL GAS | For the purpose of testing as under these rules, a cubic foot of natural gas means that amount of natural gas which, when saturated with water vapor at a temperature of sixty degrees (60°) Fahrenheit and subjected to an absolute pressure equal to thirty inches (30”) of mercury, at thirty-two degrees (32°) Fahrenheit, (14.73 pounds per square inch), occupies a volume of one (1) cubic foot. |
| CURTAILMENT | <i>“Curtailment” means the inability of a Customer to receive Natural Gas due to a shortage of Natural Gas supply.</i> |
| CUSTOMER | <p><i>“Customer,” also referred to as Ratepayer, means a Jurisdictional end user connected, or requesting to be connected, to the Company’s Gas facilities, who has requested sales service or Choice Gas Program service from the Company, executed a Contract for such service with the Company, if required, and complied with all requirements, Contract provisions, applicable Tariff provisions of the Company, and the requirements of any regulatory body having jurisdiction.</i></p> <p><i>A Customer is entitled to one class of service furnished by the Company to a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter unless multiple meters are deemed by the Company to be at the same address or location. Classes of service available to Customers are as follows:</i></p> <p>An Agricultural Customer is a Ratepayer whose usage of natural gas does not qualify the Ratepayer as a high-volume Ratepayer and: (a) whose principal use of natural gas is for agricultural crop or livestock production, irrigation</p> |

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|---------------------------------|---|
| <p>CUSTOMER (Continued)</p> | <p>pumping, crop drying, animal feed or food production; or (b) whose service is provided on an interruptible basis. <i>Irrigation Service and Grain Drying service are categories of agricultural service. Agricultural service also includes all Jurisdictional customers receiving interruptible service for any purpose.</i></p> <p><i>A Grain Drying Customer is a Ratepayer whose service is provided for drying grain crop.</i></p> <p>An Irrigation Customer is a Ratepayer whose service is provided for pumping water for farm land irrigation purposes from an irrigation well.</p> <p>Commercial or Industrial Customer is a Ratepayer whose natural gas purchases from Company are less than five hundred (500) Therms per day as determined by average daily consumption and defines those primarily engaged in wholesale or retail trade, agriculture, finance, real estate, fisheries, forestry, transportation, communications, sanitary services, insurance, personal services (clubs, hotels, rooming houses, five (5) or more households served under a single meter, auto repair, etc.) government and Customers whose usage does not directly qualify for residential service. The size of the Customer or volume of natural gas used is not a criteria for determining commercial designation. The nature of the Customer's primary business or economic activity at the location served determines the Customer classification. This classification applies to any non-interruptible commercial purchaser of natural gas within a municipality with requirements of less than one hundred thousand (100,000) cubic feet of natural gas per day.</p> <p><i>For Commercial or Industrial Service customers in Rate Area Five, the Company shall charge for Commercial or Industrial Service using the following designations:</i></p> <ul style="list-style-type: none"><i>A. Small Commercial Service is defined as service provided to those Commercial or Industrial Customers whose annual gas consumption is five hundred (500) dekatherms or less.</i><i>B. Large Commercial Service is defined as service provided to those Commercial or Industrial Customers whose annual gas consumption is more than five hundred (500) dekatherms.</i> <p>An Energy Options Customer is a non-residential Ratepayer in Rate Areas One, Two, or Three who: (a) purchases natural gas supply from a CNGP; (b) transports less than five hundred (500) Therms per day as determined by average daily consumption; (c) entered into an Energy Options Contract with Company; and (d) complies with the requirements set forth in Company's Energy Options Tariff requirements.</p> |
|---------------------------------|---|

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

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| <p>CUSTOMER (Continued)</p> | <p>Residential Customer is a Ratepayer taking natural gas for residential use (space heating, cooling, water heating, clothes drying, etc.) through an individual meter in a single family dwelling or building, or for residential use in an individual flat or apartment, or for residential use in not over four households served by a single meter in a multiple family dwelling. Residential premises used regularly for professional or business purposes (doctor's office, small store, etc.) are considered as residential where the residential natural gas usage is one-half (1/2) or more of the total natural gas usage. This classification applies to any non-interruptible residential purchaser of natural gas within a municipality with requirements of less than one hundred thousand (100,000) cubic feet of natural gas per day.</p> <p>A Jurisdictional Customer is a Ratepayer who is subject to the jurisdiction of the Commission.</p> <p>A High-Volume Customer is a Ratepayer whose natural gas requirements equal or exceed five hundred (500) Therms per day as determined by average daily consumption, and whose sales or transportation service is provided at negotiated rates, contracts, and terms and conditions of service under contract to High-Volume Ratepayers. Service is provided on such terms and conditions contained in the High-Volume Customer Contract between Company and the High-Volume Ratepayer. High-Volume sales or transportation service is without regard to any rates, tolls, tariffs, or charges Company may have filed with the Commission.</p> <p>A Sales Service Customer is a Ratepayer that receives bundled distribution service and natural gas commodity from Company.</p> <p>A Transportation Service Customer is a Ratepayer that receives distribution service, but obtains natural gas commodity from a third party.</p> <p>A single application for service cannot be made to apply to different locations or to cover more than one (1) meter at the same address or location to be used by the same Customer.</p> <p><i>In those instances in Rate Area Five where a single meter measures use for more than one class of service, the class of service provided to the Customer will be deemed to be the service that constitutes the principal use of Natural Gas at such premises; i.e., the service that constitutes more than 50% of the total estimated load. For instance, if 75% of a customer's estimated load is for irrigation service and the remaining 25% represents estimated load for residential service (space heating, cooking, etc.), the Customer will be deemed to be taking irrigation service from the Company.</i></p> |
|---------------------------------|--|

RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS

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| CUSTOMER CHARGE | <i>“Customer Charge” means that portion of the amount to be paid monthly by the Customer for sales service (or Choice Gas Program service where applicable), which shall be a fixed amount without regard to the sales or Choice Gas Program quantities actually distributed to the Customer by the Company. The Customer Charge applicable to each service offering in this Tariff is set forth in the Schedule of Rates and Other Charges included in this Tariff.</i> |
| CUSTOMER PIPING | <i>All piping downstream of the outlet of the service line.</i> |
| DAY OR DAILY | <i>“Day” or “Daily” means a period of twenty-four (24) consecutive hours beginning at nine o’clock a.m. Central Clock Time and ending at 9:00 a.m. on the following day, or at such other hour as Customer and the Company may agree upon.</i> |
| DISTRIBUTION | <i>“Distribution” means the movement of Gas through the Company’s facilities, including, but not limited to, distribution and transmission facilities.</i> |
| FARM TAP | <i>A retail sales facility located on the transmission pipeline right-of-way to serve domestic right-of-way grantors.</i> |
| GAS OR NATURAL GAS | <i>“Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and non-combustible gas, in a gaseous state, consisting essentially of methane.</i> |
| HEATING VALUE OF NATURAL GAS | <i>The minimum heating value (Btu) of natural gas distributed by the Company shall be not less than nine hundred (900) Btu per cubic foot, the measurement being made conforming to standard conditions of these rules and regulations.</i> |
| IMBALANCE | <i>“Imbalance” means the difference between the Therms of Gas received by the Company for the Customer’s or Supplier’s account and the Therms of Gas delivered by the Company to the Customer or for the Customer’s account at the Customer’s Delivery Point(s), with due regard given to the Retention Quantity.</i> |

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|-------------------------------------|---|
| INTERRUPTION | <i>“Interruption” means a partial or total reduction of the quantities of Gas which the Company otherwise would receive, transport, or deliver to the Customer, whether due to Capacity constraint, construction, maintenance, force majeure, or any other cause whatsoever.</i> |
| JURISDICTIONAL | <i>“Jurisdictional” means any user of Natural Gas with requirements of less than 500 Therms of Natural Gas per Day, based upon average daily usage. “Jurisdictional service” means a service offered by the Company to Jurisdictional Customers. Average daily usage for year-round Customers shall be average daily usage over the prior calendar Year. Average daily usage for seasonal customers shall be average daily usage over the most recent season of Gas usage by the Customer. The Company may elect, in the case of a new Customer or a Customer that is adding additional gas-fired equipment, to make the determination of the Customer’s jurisdictional status based upon connected load.</i> |
| KMIGT | <i>“KMIGT” means Kinder Morgan Interstate Gas Transmission LLC.</i> |
| LOCAL PRESSURE BASE | For the purpose of measurement of natural gas to a Customer, a cubic foot of natural gas shall be taken to be the amount of natural gas which occupies a volume of one (1) cubic foot under the conditions existing in such Customer’s meter as and where installed. |
| LOST AND UNACCOUNTED- FOR GAS | <i>“Lost and Unaccounted-For Gas” means the difference between the sum of all input quantities of Gas received into the Company’s system and the sum of all output quantities of Gas delivered from the Company’s system, which difference shall exclude Company-Used Gas and shall include, but not be limited to, gas vented and lost as a result of an event of force majeure.</i> |
| MARKETER | A third-party supplier of natural gas. A qualified Marketer is a CNGP which has been certified by the Commission. |
| MAXIMUM DAILY QUANTITY (MDQ) | <p>The amount calculated by dividing the volumes consumed by a particular Customer during the highest historical peak month of usage in the last thirty-six (36) months for that Customer by twenty (20). Company will estimate a peak month for new Customers.</p> <p>A Maximum Daily Quantity may also be established through direct measurement or other means (i.e., estimating the peak day requirements after installation of new processing equipment or more energy efficient heating systems), if approved by Company.</p> |

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|--------------------|---|
| MONTH | <i>“Month” unless the context otherwise dictates, means a period beginning at nine o’clock a.m., Central Clock Time, or at such other hour as Customer and Company have agreed upon, on the first day of the calendar month and ending at the same time on the first day of the next month.</i> |
| PARTY | <i>“Party” means a Customer, a Supplier, an Upstream Pipeline, or the Company, as the context requires.</i> |
| POINT OF DELIVERY | The point of delivery and the point where Company ownership and maintenance of service pipe ends shall be at the outlet side of the Company's meter, unless otherwise defined in writing between Company and Customer. All yard lines, interior piping, valves, fittings and appliances downstream from this point shall be furnished and maintained by the Customer and are subject to the inspection and approval of the Company and the other authorities which have jurisdiction. |
| POINT OF RECEIPT | <i>“Point of Receipt” or “Receipt Point” means the point(s) at which the facilities of an Upstream Pipeline are interconnected with the Company’s facilities. A Receipt Point may consist of, but is not limited to, the town border station applicable to the Customer.</i> |
| RETENTION QUANTITY | <i>“Retention Quantity” means that volume of Natural Gas received by the Company at a Receipt Point which is retained by the Company as compensation for Company-Used Gas and Lost and Unaccounted for Gas. Title to the retention quantity shall rest in the Company upon receipt at the Receipt Point(s) at no cost, and free and clear of all adverse claims.</i> |
| SERVICE LINE | <i>“Service Line” means the buried natural gas line from the customer’s property line to the outermost foundation of the customer’s primary structure at a location and route determined by the Company, regardless of the meter location.</i> |
| SUPPLIER | <i>“Supplier” means a Party that has executed a supplier participation agreement applicable to Rate Schedule CGS, Rate Schedule ACGS-SS, and/or Rate Schedule ACGS-NSS, and is supplying, or will supply, Gas to Customers pursuant thereto.</i> |

**RULES AND REGULATIONS – NATURAL GAS SERVICE
DEFINITIONS**

| | |
|-------------------------------|--|
| TARIFF | <i>“Tariff” means the Company’s Nebraska tariff and all of its component parts, including the Schedule of Rates and Other Charges, Rate Schedules, and the General Terms and Conditions.</i> |
| TBS OR TOWN BORDER STATION | <i>“TBS” or “town border station” means the Point of Receipt where Company receives gas for deliveries within the communities that it serves.</i> |
| THERM | <i>“Therm” means one hundred thousand (100,000) British thermal units.</i> |
| TRANSPORTATION | <i>“Transportation” or “transport” means movement of customer-owned Gas through the Company’s facilities from the Receipt Point to the Delivery Point.</i> |
| UNBUNDLED | <i>“Unbundled” means the separation of the supply and transport components of service and the opening up of the supply service to Suppliers.</i> |
| UPSTREAM PIPELINE | <i>“Upstream Pipeline” means any pipeline delivering Gas to the Receipt Point(s). The upstream pipeline may include transmission facilities owned by an affiliate of the Company, or by another Party.</i> |
| YEAR | <i>“Year” means a period of three hundred sixty-five (365) days commencing and ending at nine o’clock a.m., Central Clock Time, provided that any year which contains that date of February 29 shall consists of three hundred sixty-six (366) days.</i> |

RULES AND REGULATIONSE
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RULES AND REGULATIONS – NATURAL GAS SERVICE
COMMUNITIES SERVED

RATE AREA ONE

| | |
|-----------|-------------|
| Bellevue | Plattsmouth |
| Blair | Ralston |
| Gretna | Valley |
| La Vista | Waterloo |
| Papillion | |

RATE AREA TWO

Lincoln
Cheney
Walton

RATE AREA THREE

| | | | |
|--------------|------------|--------------|---------------|
| Adams | Emerson | Manley | Schuyler |
| Arlington | Endicott | Mead | Seward |
| Ashland | Exeter | Meadow Grove | Shelby |
| Auburn | Fairbury | Milford | Stanton |
| Aurora | Fairmont | Murdock | Staplehurst |
| Avoca | Firth | Murray | Sterling |
| Bancroft | Friend | Mynard | Table Rock |
| Battle Creek | Garrison | Newman Grove | Tecumseh |
| Beatrice | Geneva | Nickerson | Tekamah |
| Bee | Grafton | Norfolk | Thurston |
| Beemer | Greenwood | North Bend | Tilden |
| Bennet | Hallam | Oakland | Uehling |
| Blue Springs | Hampton | Odell | Ulysses |
| Bradshaw | Hickman | Osceola | Wakefield |
| Clatonia | Holland | Palmyra | Walthill |
| Columbus | Homer | Panama | Waverly |
| Cortland | Hooper | Pawnee City | Weeping Water |
| Craig | Humboldt | Peru | West Point |
| Crete | Humphrey | Pierce | Wilber |
| David City | Jackson | Pilger | Winnebago |
| DeWitt | Johnson | Plymouth | Wymore |
| Dorchester | Lindsay | Rising City | York |
| Eagle | Louisville | Rosalie | |
| Elmwood | Madison | | |

RATE AREA FOUR

Agricultural and High-Volume Customers located throughout Rate Areas One, Two, and Three whose service is provided subject to Neb. Rev. Stat. § 66-1810.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
 COMMUNITIES SERVED**

RATE AREA FIVE

| | | | |
|--------------|-------------|-------------|------------|
| Ainsworth | Chadron | Funk | Lawrence |
| Albion | Champion* | Geneva** | Lewellen |
| Alliance | Chapman | Genoa | Lexington |
| Amherst | Chappell | Gering | Lisco* |
| Ansley | Chester | Gibbon | Litchfield |
| Arapahoe | Clay Center | Giltner | Lodgepole |
| Arcadia | Clearwater | Glenvil | Long Pine |
| Archer* | Clinton | Gordon | Loomis |
| Atlanta | Coleridge | Gothenburg | Loup City |
| Assumption* | Comstock | Grant | Lyman |
| Atkinson | Cowles | Greeley | Macon* |
| Axtell | Cozad | Guide Rock | Marquette |
| Bartley | Crawford | Gurley | Mason City |
| Bassett | Creighton | Hartington | Maxwell |
| Bayard | Crofton | Harvard | McCook |
| Beaver City | Curtis | Hay Springs | Milligan |
| Belden | Dalton | Hazard | Minatare |
| Belgrade | Danbury | Heartwell | Minden |
| Benedict | Dannebrog | Hebron | Mitchell |
| Benkelman | Darr* | Hemingford | Moorefield |
| Bertrand | Davenport | Henderson | Morrill |
| Berwyn | Deshler | Henry | Naponee |
| Big Springs | Doniphan | Hershey | Neligh |
| Bladen | Edgar | Hildreth | Nelson |
| Bloomfield | Edison | Holbrook | Newport |
| Bloomington | Elgin | Holdrege | North Loup |
| Blue Hill | Elm Creek | Holstein | Northport |
| Brady | Elwood | Huntley | O'Neill |
| Bridgeport | Elyria | Imperial | Oakdale |
| Broadwater | Emmet | Inavale* | Odessa* |
| Broken Bow | Enders* | Indianola | Ogallala |
| Brule | Eustis | Inman | Orchard |
| Burwell | Ewing | Juniata | Ord |
| Byron | Fairfield | Kearney | Orleans |
| Cairo | Farnam | Keene* | Oshkosh |
| Cambridge | Foster | Kenesaw | Osmond |
| Campbell | Franklin | Kimball | Overton |
| Cedar Rapids | Fullerton | Laurel | Oxford |

* Unincorporated

** Applicable annexed area only

RULES AND REGULATIONS – NATURAL GAS SERVICE
COMMUNITIES SERVED

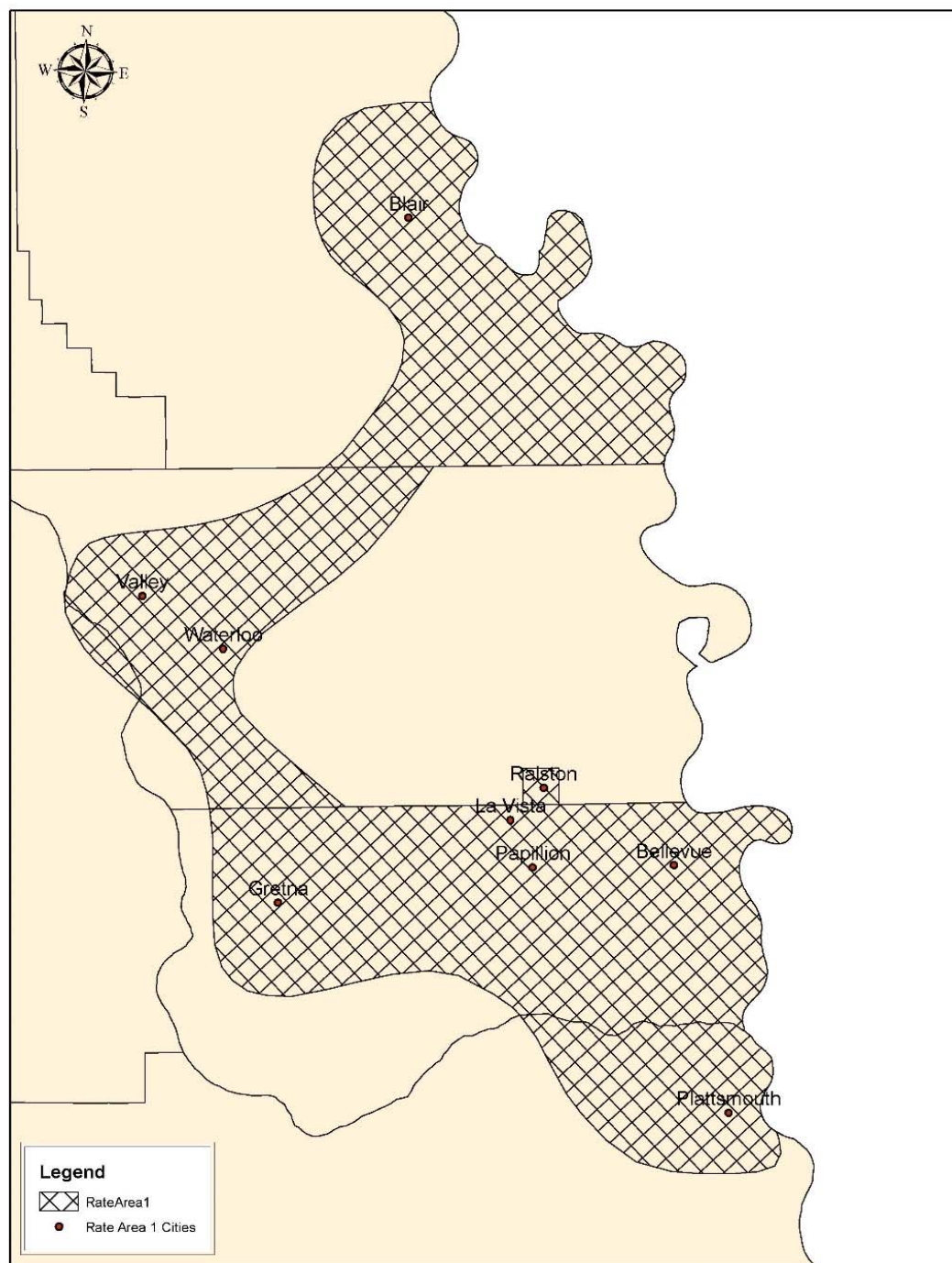
RATE AREA FIVE (Continued)

| | | | |
|------------|-----------------|-------------|----------------|
| Palmer | Ravenna | Scotia | Trumbull |
| Paxton | Red Cloud | Scottsbluff | Upland |
| Petersburg | Republican City | Shelton | Utica |
| Phillips | Riverdale | Shickley | Venanago |
| Plainview | Riverton | Sidney | Waco |
| Pleasanton | Roscoe* | Spalding | Wausa |
| Polk | Roseland | St. Edward | Western |
| Potter | Rosemont* | St. Paul | Wilcox |
| Primrose | Rushville | Stamford | Willow Island* |
| Raeville* | Ruskin | Sutherland | Winside |
| Ragan | Sargent | Sutton | Wood River |
| Randolph | Saronville | Terrytown | |

* Unincorporated

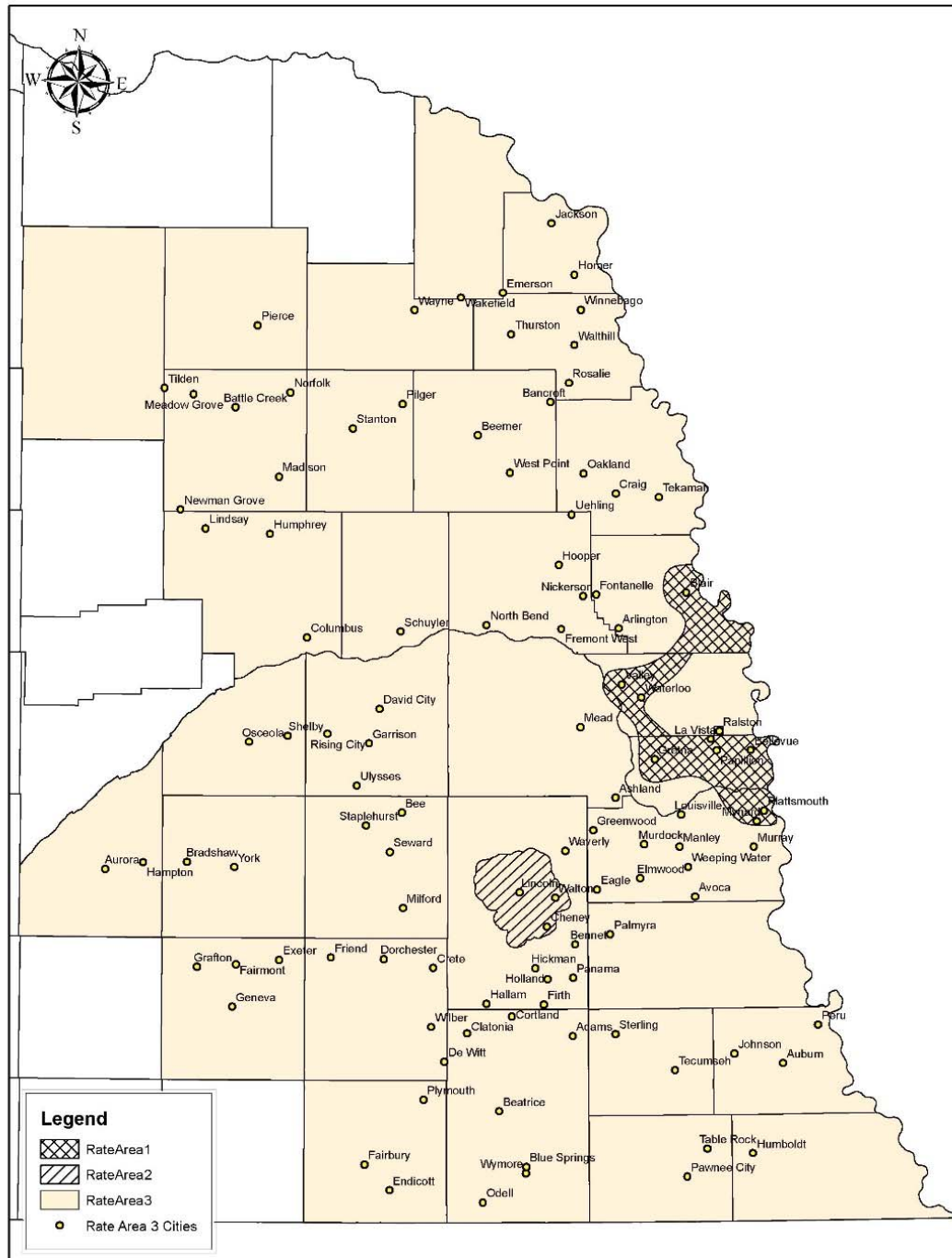
** Applicable annexed area only

RULES AND REGULATIONS – NATURAL GAS SERVICE
MAP OF SERVICE TERRITORY – RATE AREA ONE

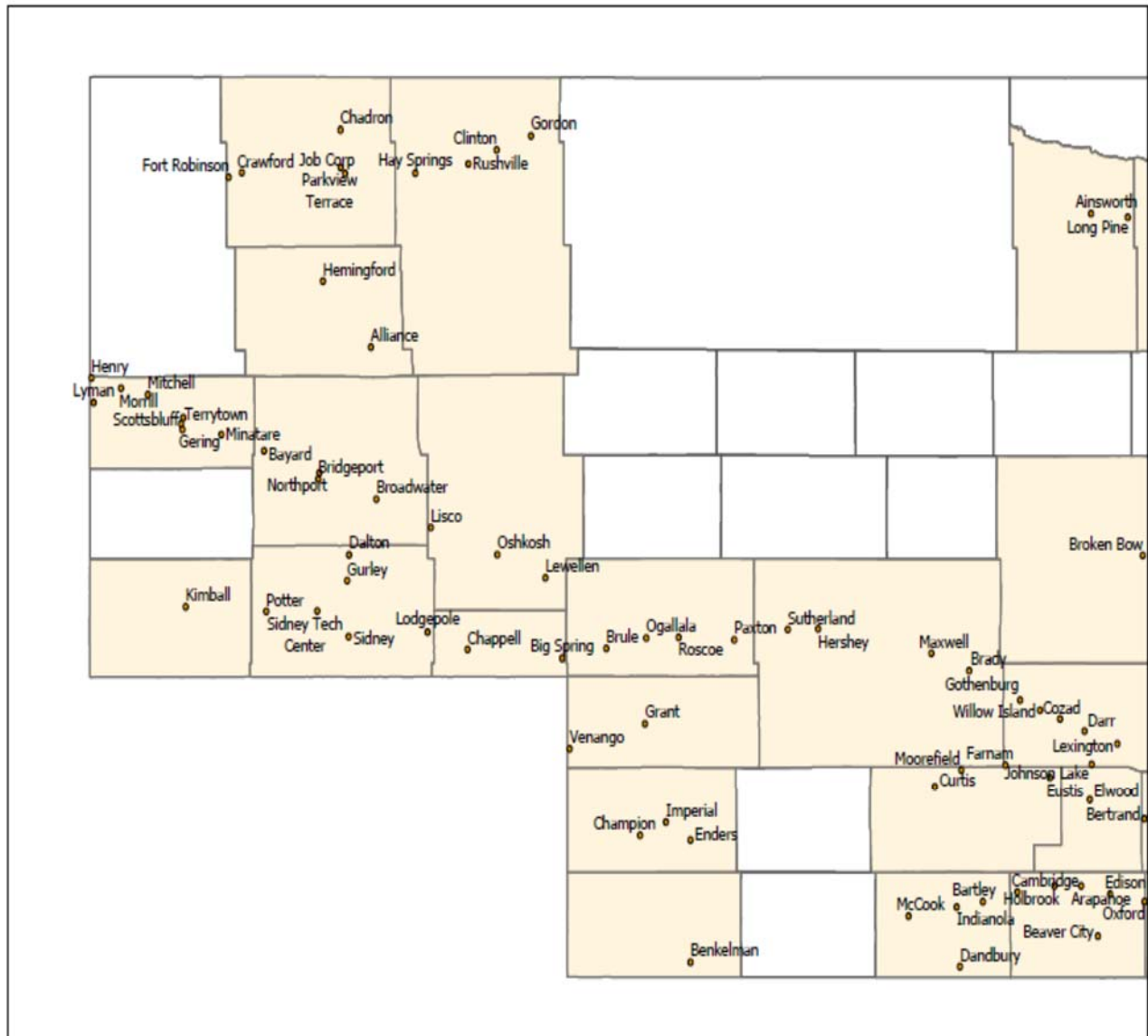


This map displays the geographical layout of Rate Area 2, which is shaded in light yellow with diagonal hatching. The area is irregularly shaped and contains three cities: Lincoln, Walton, and Cheney, each marked with a black dot. Major highways are shown as orange lines, including US Hwy 77, US Hwy 34, US Hwy 6, and State Hwy 2. Other roads like W Alvo Rd, Purple Heart Hwy, Capitol Pkwy W, and Rokeby Rd are also labeled. A compass rose in the top left corner indicates North (N), South (S), East (E), and West (W). A legend in the bottom left corner identifies the black dot as 'Rate Area 2 Cities' and the hatched area as 'RateArea2'.

RULES AND REGULATIONS – NATURAL GAS SERVICE
MAP OF SERVICE TERRITORY – RATE AREA THREE

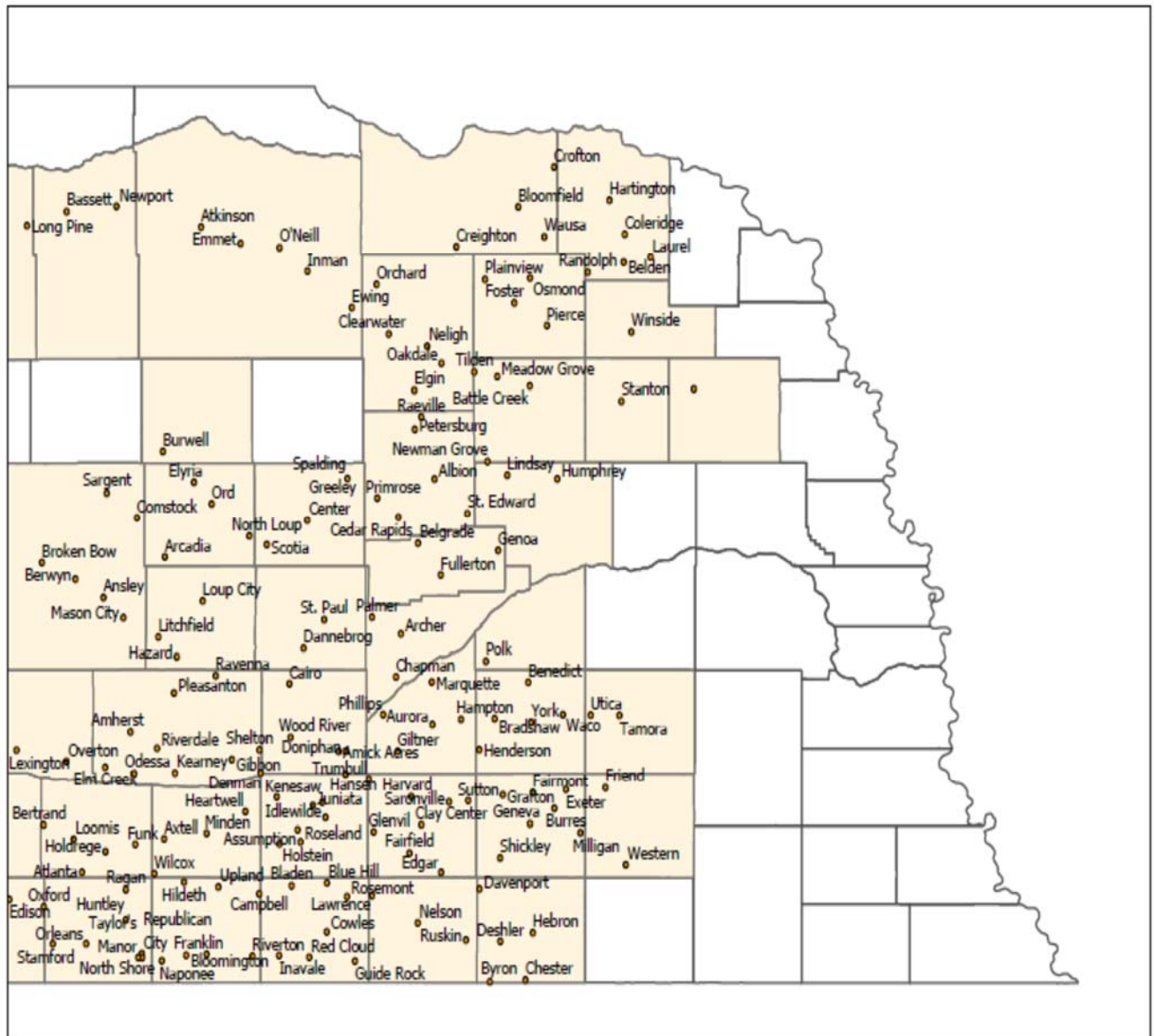


RULES AND REGULATIONS – NATURAL GAS SERVICE
MAP OF SERVICE TERRITORY – RATE AREA FIVE



*Service territory map for Rate Area Five has been separated into two pages.

RULES AND REGULATIONS – NATURAL GAS SERVICE
MAP OF SERVICE TERRITORY – RATE AREA FIVE



*Service territory map for Rate Area Five has been separated into two pages.

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

| | |
|---------------------------------------|--|
| APPLICATION FOR SERVICE | <i>Upon request for Gas service, the Company shall supply the Customer with Gas service under the Schedule of Rates and Other Charges, Rate Schedules and General Terms and Conditions contained herein, and as amended from time-to-time, which apply to the particular type of service for which the request is made. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates, Rate Schedules, and General Terms and Conditions, as amended from time-to-time, as a condition of service.</i> |
| COMPANY- OWNED ITEMS | <p>The Company shall furnish, own, install and maintain where applicable, the following items required to provide service to the point of delivery:</p> <ul style="list-style-type: none">• Service pipes• Meters• Regulators• Pressure relief vents and valves• Shut-off valves• Connectors and miscellaneous fittings |
| COMPANY- OWNED SERVICE LINES | <p><i>This term includes all service lines with the exception of those service lines identified in Customer-Owned Service Lines below.</i></p> <p><i>A. Any service line installed prior to January 1, 1992 will be owned by the Customer until the service line needs to be replaced, at which time the new service line will be installed, owned and maintained by the Company. Company is responsible for safety checks, maintenance and replacement of all existing Customer-owned service lines installed before January 1, 1992;</i></p> <p><i>B. When a service line needs to be replaced, the Company shall notify the Customer of the anticipated date of work and the general concerns of the crew doing the work. If the Company discovers a leak or inadequate cathodic protection on piping or facilities, the Company shall promptly notify the Customer or owner of such condition and the Company may, with or without notice, shut off the flow of gas to said piping and facilities until the condition is rectified;</i></p> <p><i>C. Customer shall be responsible for obtaining an easement from a third party if a planned service line will cross the property of a third party. The easement shall be granted to the Company, not to the Customer securing the easement for the Company.</i></p> |

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

**CUSTOMER-
OWNED
SERVICE
LINES**

This term includes all customer service lines connected outside of a Company-identified distribution system, or in a mobile home park with one park owner who rents lots. This term may also include special circumstances where Company investment does not warrant Company ownership of the service lines. Such lines shall meet the following specifications:

A. Service line of adequate size to provide sufficient capacity for the appliances installed or to be installed. Such lines shall be further subject to the following conditions or requirements:

- 1. The entire service line shall be constructed and installed in accordance with Company standards, and Company reserves the right to inspect the service line upon completion prior to burial, if installed by anyone other than the Company, after notification to the Company by the installer;*
- 2. The service line must enter the building above the grade line.*

B. In accordance with DOT requirements for periodic surveys, the Company shall conduct surveys to check for leaks and cathodic protection on Customer-owned facilities. If the survey is required on the Company's system downstream of a town border station, or if the survey is required at a location on the Company's system upstream of a town border station serving six more or Customers within a quarter section, the Company shall make such survey and bear the costs thereof. If the survey is required at a location on the Company's system upstream of a town border station serving less than six Customers within a quarter section, the Customer shall arrange for the survey and bear the costs thereof. If the Company discovers a leak or inadequate cathodic protection on Customer-owned piping or facilities, the Company shall promptly notify the Customer or owner of such condition and the Company may, with or without notice, shut off the flow of gas to said piping and facilities until the condition is rectified.

C. Customer shall be responsible for all the costs relating to maintenance and replacement. The owner of the piping and/or facilities shall be responsible for arranging and paying for any required maintenance, repair or replacement of said piping and/or facilities and all materials, installation, and work performed must comply with all applicable laws and regulations. The owner of the piping and/or facilities shall provide the Company with an assurance acceptable to the Company that all materials, installation and work performed comply with all applicable specifications, laws, and regulations before gas service will be restored or continued. Company shall have no duty to inspect work performed by anyone other than the Company.

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

CUSTOMER-
OWNED
SERVICE
LINES
(Continued)

D. Liability. The private owner of any service line, Customer Piping and/or facility shall be solely responsible for the loss or escape of any gas from said service line, Customer Piping and/or facility, and shall be responsible for any resulting fire, explosion, injury, or damage caused thereby. Nothing in this rule, or in any other tariff provision or regulations, shall be construed to impose any liability on the Company for the loss or escape of gas from any Customer-owned Service Line, Customer Piping or facility, or for any injury or damage caused thereby or otherwise related to any Customer-owned service line, piping or facility.

CUSTOMER
PIPING AND
APPLIANCES

Except as otherwise provided in this Tariff, all Gas piping, fixtures, appurtenant facilities and gas-burning appliances or equipment located at or within the Customer's property or premises shall be owned, maintained and controlled in a good and safe condition solely by the Customer and/or premises' owner in accordance with the Company's Tariff and other applicable laws and regulations as amended from time-to-time. Except as otherwise required by law, the Company does not undertake to, or assume the obligation for, the inspection, testing, maintenance, or repair of equipment or facilities not owned by the Company. Company may refuse to connect service or immediately discontinue service until the Customer remedies or corrects faults or defects involving Customer-owned facilities. Company shall give written notice of any defective Customer owned facility or unsafe conditions which may impair service or may result in injury or damage to any person or property.

DULY
CONSTITUTED
AUTHORITIES

The rates, terms, and conditions for service hereunder may require change from time-to-time. Accordingly, the Company's rates, rate schedules and terms and conditions, may from time-to-time be changed by appropriate lawful processes, including the filing of changed provisions with the Commission. Company shall be entitled to collect changed rates from Customer commencing with the effective date of such change. Customer shall be obligated to pay the changed rate, made effective in the manner described above.

FORCE
MAJEURE

It is expressly agreed that the Company shall not be liable on any account whatsoever to Customer for any failure, interruption or diminution in delivery of gas hereunder or any act, omission or circumstance occasioned by or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, maintenance, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy,

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

**FORCE
MAJEURE
(Continued)**

war, legal interferences, orders or requirements of any court of competent authority, government agency, depletion or destruction of gas wells or fields, diminution or failure of, or interference, partial or entire, with Company's natural gas supply, or, and without limitation by the foregoing, any other causes beyond reasonable control of Company. In every case, Company shall exercise diligence to remove any such interference with its delivery of gas and shall resume such delivery at the earliest practical time.

Customer shall not be liable to Company for any failure to receive natural gas hereunder when occasioned by, or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, or, and without limitation by the foregoing, any other causes beyond reasonable control of customer.

Any such cause or contingency exempting Customer from liability for non-performance (excepting where prevented by valid orders or requirements of Federal, State or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve Customer of its obligation to pay, when due, any amount assessed the Customer under authority of this Tariff. In every case of force majeure, Customer shall exercise diligence to remove any interference with its receipt of gas and shall resume such receipt at the earliest practicable time.

**INSPECTION
BY COMPANY**

If the Company performs one or more inspections or surveys of a Customer's property, the Customer specifically understands and agrees that the Company shall not be liable in any manner for defective Customer-owned facilities, whether such defect is discovered at the time of any given inspection or survey or a later date, unless the defect is proximately caused by the Company's sole active negligence. Company reserves the right, but assumes no duty, to inspect Customer-owned facilities for hazardous or unsafe conditions.

Customer shall permit employees and agents of the Company, when properly identified, to enter upon the property and to enter the customer's premises at reasonable hours for the purposes of inspecting or repairing Company facilities and lines, conducting leak and cathodic protection surveys, visually examining the piping, appliances, and other equipment relating to the Company's service, ascertaining connected loads, or making other safety tests or inspections required by state or federal regulation.

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

**INTERRUPTION
OF SERVICE**

If service **is** interrupted at any time, the Company shall not be held liable for such interruptions. In such case, the Company shall make every possible effort to restore the service at the earliest moment. Interruptions in service shall not, however, relieve the Customer from any charges for service actually rendered.

Company shall have the right, without liability to any Customer or other party, to interrupt the transportation, sales, or delivery of gas when necessary to test, alter, modify, enlarge, repair, or maintain any facility, property or appurtenance related to the operation of its system.

Company shall be without liability of any kind to a Customer or other Party for any injury or other damage caused by delivery of gas received by the Company from an Upstream Pipeline; provided that the Company has not materially altered the quality specifications of such gas after receipt from the Upstream Pipeline.

It is further agreed that the Company shall incur no liability for any failure to furnish natural gas due to fire, the action of the elements, burnouts, broken pipes, accidents, strikes, riots, war, failure of natural gas supply or to any cause beyond the control of the Company, or to acts other than the Company's own willful neglect.

LIABILITY

The Company assumes no responsibility for the inspection and/or repair of defects in the Customer's piping, fixtures or appliances on the Customer's premises and will not be responsible for any injury, loss or damage resulting from such defects or improper installation, except where such loss, damage or injury is the result of the Company's sole active negligence or willful misconduct.

The Company shall not be liable for damages of any kind, including consequential damages, to any customer, party or to third persons resulting from the use of the gas service on the customer's premises or from the presence of the Company's appliances or equipment on the customer's premises. Customer agrees to protect the Company's property located on the customer's property or premises from damage and to exercise due care with respect thereto.

Company shall not be liable for any (1) injury to person, and/or (2) damage to or destruction of any property, resulting directly or indirectly from any failure of, or defect in, an excess flow valve installed by the Company, except where the failure or defect is caused directly or indirectly by a willfully negligent error or omission by the Company in the installation of the excess flow valve.

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

**METERS AND
REGULATORS**

Company shall furnish meters and meter connections at no extra cost to Customer. Meters and meter connections are to be set and maintained at the Customer's property line; however, in some cases it will be more feasible to set meters on Customer's property, this to be decided by the Company. New installations must be outdoors. The meter and meter connections are the property of the Company, and may be removed when the service is terminated for any cause. All yard lines, interior piping, valves, fittings, and appliances on the premises of the Customer shall be furnished by the Customer and are subject to the approval of the Company and the municipal authorities which have jurisdiction.

Electronic Flow Measurement (EFM) devices may be installed at the Customer's expense when requested by the Customer or where the Company does not have reasonable access to the Customer's meter due to fences, landscaping, potentially menacing animals or for other reasons outside the Company's control. In instances where the Company installs an EFM device, the Customer will enter into a suitable Facilities Agreement with the Company providing for payment of the all-inclusive cost of acquiring and installing the device.

Customer may install, operate and maintain, at its own expense, check measuring equipment as it shall desire, provided that check meters and equipment shall be installed so as not to interfere with the operation of Company's meters at or near the Point of Delivery. Company shall have access to check measuring equipment at all reasonable hours but the reading, calibrating and adjusting thereof and changing of charts shall be done only by Customer.

**RELOCATION
OF FACILITIES**

Notwithstanding any provision contained within this Tariff, the Customer will bear the cost of relocating facilities used in the provision of gas service which are located downstream of the service line when made at the Customer's request or when necessary to comply with applicable legal requirements or to mitigate potential or existing safety hazards to property or personnel. The Company may assess a charge, pursuant to the Schedule of Rates and Other Charges, at the Company's current standard hourly service charge for all work performed.

REMEDIES

Company is not required to perform service on behalf of any Customer that fails to comply with any applicable part of this Tariff, including the applicable Rate Schedule(s) and these General Terms and Conditions.

The failure of Customer to timely pay any bill rendered it by Company shall be handled in accordance with the applicable provisions of this Tariff.

RULES AND REGULATIONS – NATURAL GAS SERVICE
GENERAL SERVICE

| | |
|--|--|
| REMEDIES (Continued) | <i>Notwithstanding the foregoing, no provision regarding specific remedies shall bar the Company from asserting any other remedy it may have at law or in equity.</i> |
| SERVICE LIMITATION – NOT FOR RESALE | The service furnished is for the sole use of the Customer who shall not sell any of such service to any other person or permit any other person to use the same without written consent to the Company. For the violation of this condition, the Company may, after forty-eight (48) hours written notice, remove its meters and discontinue its service. |
| WAIVER | <i>Company may waive any provision of this Tariff as circumstances warrant in a manner that is not unduly discriminatory to individual Customers or classes of Customers.</i> |
| WASTAGE OF NATURAL GAS | No billing adjustments will be made for wastage of natural gas that occurs through the Customer's fuel line and downstream of the Company's meter even though wastage may occur without the knowledge of the Customer. Such wastage, if detected by Company, will be reported to the Customer along with necessary recommendations for repair. Wastage of natural gas which occurs through the Company-owned mains and services will not be billed to the Customer. Wastage which occurs as a direct result of negligent damage by the Customer, or a third party, to Company property will be billed to that Customer or person(s) responsible for such damage. "Customer's fuel line" shall mean pipe, including Customer-owned yard lines, on the outlet side of a Company-owned meter. |

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RULES AND REGULATIONS – NATURAL GAS SERVICE
CUSTOMER DEPOSITS

**RESIDENTIAL
DEPOSIT**

*Company may request each Customer to provide credit information to the Company when a request for service is made and may at that time request a security deposit to guarantee payment of current bills. Company also may request a security deposit from an existing Customer. A deposit will be requested if the Company determines that (i) the Customer has an unsatisfactory credit history, (ii) the Customer has established an unsatisfactory payment record with the Company, (iii) the Customer has an outstanding undisputed and unpaid service amount owed the Company, or (iv) the Company otherwise has substantial reason to believe that the Customer represents a payment risk. **Payment risk** is defined as having one disconnection of service during the last year of service, or three (3) or more disconnection notices during the last year of service, or having an undisputed unpaid debt with the Company.*

When the Company requires a deposit or an increased deposit from a Customer, the Customer may pay such deposit or increased deposit in a lump sum, or in up to four (4) equal monthly installments included on the Customer's regular gas service bill. Failure to pay a required deposit is grounds for termination of service by the Company.

**COMMERCIAL
DEPOSIT**

The Company may require a cash deposit on Commercial Customers that demonstrate credit risk. Demonstrated credit risk is defined as having more than one (1) late payment in the last twelve (12) months or having no prior credit history with the Company.

AMOUNT

The deposit amount shall be equal to one-sixth (1/6) of the estimated annual bill, or an existing deposit may be increased to that level. Company may accept a guarantor, a surety bond or letter of credit in lieu of a deposit. For purposes of establishing deposits and estimating monthly bills, the Company shall consider the length of the time the Customer reasonably can be expected to take service, past consumption history of the subject premises, end use of the service, consumption history of other similar customers, and any applicable provisions of this tariff. If the Company determines that a security deposit previously received from a Customer is insufficient under the criteria of this paragraph, the Company may require an increased deposit from such Customer.

RULES AND REGULATIONS – NATURAL GAS SERVICE
CUSTOMER DEPOSITS

REFUNDS

Company is authorized to apply a security deposit to unpaid charges or fees for Gas service authorized by this Tariff at the time that a Customer's service is disconnected for non-payment.

Simple interest shall be paid by the Company on a Customer deposit. The interest rate will be determined utilizing the U.S. Treasury constant maturities average for the previous 12-month period beginning October 1 and ending September 30, as published in the Federal Reserve Bulletin. Such interest shall be applied annually to the Customer's account; or upon return of the deposit, for the time the deposit is held by the Company and the Customer is served by the Company.

The deposit and simple interest accrued for any customer who makes non-delinquent payments of undisputed bills for utility service for a period of twelve (12) consecutive months shall be promptly credited to the Customer's utility bill or shall be returned upon Customer request.

Security deposits shall not be transferable from one Customer to another Customer; however, upon termination of a Customer's service, the Company may transfer the deposit for service to that Customer's new service account.

Upon termination of a service account, if the deposit is not transferred to a new service account, the Company shall refund the amount of the security deposit, plus accrued simple interest, less any unpaid Tariff- authorized charge due the Company, to the Customer of record or an authorized representative. If the Company finds it impossible to make the refund due to a lack of knowledge of the Customer's whereabouts, the Company shall retain the deposit until the Customer notifies the Company. Company will not be obligated to pay interest from the date service is discontinued. Deposits may be returned to the Customer by crediting the deposit and interest to the outstanding amount owed by the Customer or by refunding to the Customer by check. Any non-refundable deposit held by the Company in Nebraska may escheat to the State of Nebraska as provided by law.

**HARDSHIP
WAIVER OR
SUSPENSION**

From time to time and upon no less than one (1)-day notice to the Commission, Company may waive or suspend the customer deposit requirement for a reasonable period of time during periods of Customer extreme hardship in order to avoid disconnection of Customer's natural gas service or to promote additional Customer reconnections.

The waiver or suspension of the customer deposit requirement for hardship includes, but is not limited to, deposits required soon after the Cold Weather Rule period expires. The waiver or suspension shall apply to all new customer deposits required during the waiver or suspension period. The customer deposit waiver or suspension may be limited by Company to either Customer class.

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

**RULES AND REGULATIONS – NATURAL GAS SERVICE
BILLING AND PAYMENT**

**BILLS,
DUPLICATE
BILLS AND
FAILURE TO
RECEIVE
BILLS**

All bills periodically rendered to Customers for metered services shall be based on actual or estimated readings at local pressure base and shall show in addition to the net dollar amount due, the date on which the current reading was taken, the meter readings at the beginning and end of the period for which the bill is rendered, the date when payment is due, the total consumption expressed in cubic feet or other unit of service recorded by the meter read, **approved rates and charges, net amount due for regulated charges, any past due amount, amount due for unregulated charges, if applicable,** and whether the bill is actual or estimated.

The Company may estimate the Customer's consumption for a billing period, and bill accordingly, under estimating procedures allowed by rules, regulations, and tariffs as necessary. Billings based on estimated usage may be issued under circumstances including, but not limited to, extreme weather conditions, emergencies, work stoppages, equipment failures, or other circumstances beyond the Company's control which prevent actual meter readings.

When the Company issues a bill based on estimated usage, it shall maintain accurate records concerning such estimates, shall indicate on the billing that the usage was estimated, and shall make any appropriate adjustments upon a subsequent reading of the meter.

Pursuant to an agreement with the Customer, if the regular meter reading is not possible (due to, for example, a locked gate), the Company may request the Customer to read the gas meter for each billing period. Each request for a reading by the Customer shall be on a printed form provided by the Company. The form shall contain instructions as to the method of reading the meter. Meter readings may be called in or entered via the Company website. To verify the accuracy of Customer meter readings, the Company will read the meter once every year. Any necessary billing adjustments will be made based on the Company read.

If requested by Customer, then the Customer's bills may be delivered to the Customer electronically.

Upon request, the Company shall give the Customer the approximate date on which the Customer should receive a bill each month; and if a bill is not received or is lost, the Company shall, upon request of the Customer, issue a duplicate bill. Failure by a Customer to receive a bill shall not relieve a Customer from paying the amount due, or from complying with the applicable rate schedule and these general service terms and conditions.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
BILLING AND PAYMENT**

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| DUE DATE | Bills, including all applicable charges for natural gas service, deposits and other charges contained in this tariff are due and payable within twenty (20) days after mailing, either electronically or by U.S. Postal Service. An unpaid bill will not be considered past due until twenty (20) days after mailing by the Company. The due date shall be clearly stated on the face of the bill. |
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| LATE PAYMENT PENALTIES | <p>Late payment penalties are assessed on the past due amount in an amount set forth on Sheet Nos. 91 and 149 for the applicable rate area. The penalty date shall be not less than twenty (20) days after the rendering of the bill and shall be considered to have expired at office opening time of the next day after the date indicated on the bill. If the penalty date falls on a Saturday, Sunday or Company holiday, it will be extended to the next normal working day before the penalty is assessed.</p> <p>Paying a part of the bill does not entitle the Customer to escape a proportionate amount of the penalty.</p> |
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| BUDGET BILLING PLAN FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS | <p>The Company shall offer to all Residential and Commercial Firm Customers in good standing the Budget Billing Plan, which allows the Customer to pay a more uniform amount per month and avoid spikes in bill amounts, such as those caused by high gas prices or severe cold weather. Customers may enroll in the program during any month of the year. The Company will recalculate the budget billing amount monthly based on a rolling average of the most recent twelve (12) months' bills. The Customer's budget bill amount will not change unless there is at least a ten percent (10%) difference in the calculated budget bill amount and the previous month's budget bill amount. The Company will notify the Customer of any change to the budget billing amount. The Customer's account will be trued-up after twelve (12) months and any amount owed by the Customer, or owed to the Customer, will be divided by twelve (12) and added or subtracted from the Customer's budget bill for each of the next twelve (12) months. Participation in the Budget Billing Plan would be at the Customer's option and request, and all normal billing and consumption information would be shown on the billing statements in addition to the monthly budget billing payment amount.</p> <p>Customers who are removed from the Budget Billing Plan for non-payment may not be allowed back on the Plan until their account is current.</p> <p>Customers may be removed from the Budget Billing Plan at any time at their request.</p> |
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**RULES AND REGULATIONS – NATURAL GAS SERVICE
BILLING AND PAYMENT**

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| AUTOMATIC BANK TRANSFER | Automatic Bank Transfer (“ABT”) is available to all Customers with a bank or credit union account. Customer authorizes monthly energy billing to be charged to their checking or savings account electronically. Customers can enroll in ABT through Company website or through the Company contact center. Company may modify or cancel this program without further approval. |
| ENERGY ASSISTANCE PROGRAMS 291 N.A.C §9.014 | Any Residential Customer who asserts inability to pay his or her bill will be informed of a list of energy assistance programs available in the Company’s service territory, including the ‘211’ energy assistance phone number, and will provide the list to any Customer who asks for such assistance. The list may include the names, addresses, and phone numbers of known payment assistance programs, including information regarding any bilingual services offered, if known. |
| NEGOTIATED RATES | <i>Company may enter into negotiated rate arrangements with a customer without reference to the applicable rates set forth on the Schedule of Rates and Other Charges of this tariff.</i> |
| RATE DISCOUNTING | <i>As permitted by the State Natural Gas Regulation Act and this Tariff, the Company may discount any rate applicable to a Customer, except the Supplier Charge or Purchased Gas Cost, when such discounting is appropriate, in the Company’s sole judgment, to attract new customer load, to retain existing customer load or otherwise.</i> |
| TAX ADJUSTMENT | <p><i>When any city or other taxing subdivision imposes a franchise, occupation, business sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be charged on a pro rata (defined as prorating the tax to bill the Customer for the correct number of days on the new tax rate and the old tax rate, if applicable), basis to all Customers receiving gas service from the Company within the boundaries of the city or taxing subdivision. This tax charge, in all cases, will be in addition to the regular charges for gas service.</i></p> <p><i>Where such tax is levied on a percentage of gross receipts, that percentage will be applied to each affected Customer’s bill, and the amount computed will be added to the bill. Where such tax is levied on the quantity of gas delivered, the quantity of gas consumed, as shown on the Customer’s bill, will be used to determine the tax amount added to the bill. Where the tax is levied other than on a percentage of gross receipts or quantity basis, an amount shall be added to each affected Customer’s bill until the Customer’s pro rata share of the total tax is paid. The amount of the tax charged to each affected Customer in each billing period will be shown as a separate item on the Customer’s bill.</i></p> |

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

**NON-PAYMENT
OF BILLS**

Neb. Rev. Stat. §70-
1605

Bills for service become delinquent twenty (20) days from date the bill is mailed. In case bills for service become delinquent, the Customer, and any other person or agency designated by the Customer, will be given written notice by first class mail, **by electronic mail**, or in person to any Customer whose service is proposed to be disconnected. If notice is given by first-class mail, such mail shall be conspicuously marked as to its importance. The Customer has at least seven (7) days after notice is sent or given before discontinuance of service. Company holidays and weekends shall be excluded from the seven (7) days. *As to any subscriber who has previously been identified as a welfare recipient to the Company by the Department of Health and Human Services, such notice shall be by certified mail and notice of such proposed termination shall be given to the department.*

Unless the context otherwise requires, "domestic subscriber" shall not include municipalities, cities, villages, political subdivisions, companies, corporations, partnerships, limited liability companies, or businesses of any nature.

**ITEMS TO BE
CONTAINED IN
THE NOTICE OF
DISCONTINUANCE
OF SERVICE**

Neb. Rev. Stat. §70-
1606

The notice required above shall contain the following information:

- The reason for the proposed disconnection;
 - A statement of intention to disconnect unless the Residential Customer either pays the bill or reaches an agreement with the utility regarding payment of the bill;
 - The date upon which service will be disconnected if the domestic subscriber does not take appropriate action;
 - The name, address, and telephone number of the utility's employee or department to whom the domestic subscriber may address any inquiry or complaint;
 - The domestic subscriber's right, prior to the disconnection date, to request a conference regarding any dispute over such proposed disconnection;
 - A statement that the Company may not disconnect service pending the conclusion of the conference;
 - A statement to the effect that disconnection may be postponed or prevented upon presentation of a duly-licensed physician's certificate which shall certify that a domestic subscriber or resident within such subscriber's household has an existing illness or handicap which would cause such subscriber or resident to suffer an immediate and serious health hazard by the disconnection of the utility's service to that household. Such certificate shall be filed with the utility within
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RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

ITEMS TO BE
CONTAINED IN
THE NOTICE OF
DISCONTINUANCE
OF SERVICE
(Continued)

five (5) days of receiving notice under this section and will prevent the disconnection of the utility's service for a period of thirty (30) days from such filing. Only one (1) postponement of disconnection shall be allowed under this subdivision for each incidence of non-payment of any past-due account;

- The cost that will be borne by the domestic subscriber for restoration of service;
- A statement that the domestic subscriber may arrange with the utility for an installment payment plan;
- A statement to the effect that those domestic subscribers who are welfare recipients may qualify for assistance in payment of their utility bill and that they should contact their caseworker in that regard; and
- Any additional information not inconsistent with this section which has received prior approval from the board of directors or administrative board of the Company.

Company has established a third-party notice procedure for the notification of a designated third party of any proposed discontinuance of service and will advise its subscribers, including new subscribers, of the availability of such procedures. Neb. Rev. Stat. § 70-1607.

COMPLAINTS

291 N.A.C. §9.012

Customers' complaints about natural gas service or billing issues should first be made to the Company. The Company must allow complaints to be accepted and processed in a simple manner and form. Every complaint shall be promptly investigated in a fair manner and the results reported to the Complainant. If the report of the investigation is made orally, the Company must provide the Complainant, upon request, a report in writing. If the Company fails to resolve a complaint to the satisfaction of the Complainant, the Company must, upon request, inform Complainant of the availability of the Commission to review the Company's investigation, including the Commission's address and telephone number.

The Company must refrain from suspending or terminating service for non-payment during the pendency of a complaint before the Company or the Commission, unless otherwise provided by the Commission; provided however, that as a condition of continued service during the pendency of such dispute, a Customer must pay the undisputed portions of any bill for service.

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

**DISPUTED BILL
– RESIDENTIAL
CUSTOMERS**

291 N.A.C §9.013.02

A domestic subscriber may request a conference in regard to any dispute over a proposed discontinuance of service before an employee designated by the Company to hear such matters. The employee designated by the Company shall hear and decide all matters disputed by domestic subscribers. The subjects to be heard shall include matters relating to a disputed bill.

Neb. Rev. Stat. §70-1608 to §70-1614

A domestic subscriber may dispute the proposed discontinuance of natural gas by notifying the Company with a written statement that sets forth the reasons for the dispute and the relief requested. If a statement has been made by the subscriber, a conference shall be held before the Company may discontinue service.

Upon notice to the employee designated by the Company of any request for a conference by a domestic subscriber, the employee shall:

- Notify the domestic subscriber, in writing, of the time, place, and date scheduled for the conference; and*
- Hold a conference within fourteen (14) days of the receipt of the domestic subscriber's request. Such conference shall be informal and not governed by the Nebraska Evidence Rules. If the employee determines at the conference that the domestic subscriber did not receive proper notice, the employee shall recess and continue the conference at such time as the subscriber has been afforded his or her rights. Failure of a domestic subscriber to attend a scheduled conference shall relieve the Company of any further action prior to the discontinuance of service. If a domestic subscriber contacts the Company prior to the scheduled conference and demonstrates that failure to attend is for a legitimate reason, the Company will make a reasonable effort to reschedule the conference.*

The designated Company employee will, based solely on the evidence presented at the conference, affirm, reverse, or modify any decision by the Company involving a disputed bill which results in a threatened termination of utility service. The employee shall allow termination of utility service only as a measure of last resort after the Company has exhausted all other remedies less drastic than termination.

Any domestic subscriber may appeal an adverse decision of the Company's designated employee to a management office designated by the Company or to a utility board if designated by the Company. Company shall establish a hearing procedure to resolve utility bills appealed by domestic subscribers.

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

**DISPUTED BILL –
RESIDENTIAL
CUSTOMERS**

(Continued)

291 N.A.C §9.013.02

The procedure shall be in writing and a copy of such procedure shall be furnished upon the request of any domestic subscriber. Such appeal shall be filed with the management office or utility board within the time specified in the procedures established by the Company. Nothing here shall prohibit the Company from providing such additional stages of appeal as it may deem appropriate.

At any hearing held, the domestic subscriber may:

- Be represented by legal counsel or other representative or spokesperson;*
- Examine and copy, not less than three business days prior to such hearing, the utility's file and records pertaining to all matters directly relevant to the dispute or utilized in any way by the utility in reaching the decision to propose.*
- Present witnesses and offer evidence;*
- Confront and cross-examine such other witnesses as may appear and testify at the hearing; and*
- Make or have made a record of the proceedings at his or her own expense.*

In any appeal filed, the management office designated by the Company shall notify the domestic subscriber of the time, place, and date scheduled for such hearing.

**TIMING OF
DISCONNECTION**

291 N.A.C. §9.013.04

The Company will not disconnect natural gas service to a jurisdictional residential customer for non-payment of bills for natural gas service on any Saturday, Sunday, Nebraska legal holiday or day that the Company's business offices are not open to the public. During the period November 1 through March 31, the Company will delay the act of service disconnection for a period of 30 days where the disconnection is a result of jurisdictional residential customer's failure to pay bills for natural gas service as required under this Tariff. The Company shall abide by any temporary ban on service disconnections lawfully ordered by the Commission.

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

**IMMEDIATE AND
SERIOUS
HEALTH HAZARD**

Neb. Rev. Stat. §70-
1606(7)

The Company shall postpone the disconnection of natural gas service to a Residential Customer for a period of thirty (30) days from the date of a duly licensed physician's certificate which certifies that an existing illness or handicap of a Residential Customer or resident within such Residential Customer's household would cause such person to suffer an immediate and serious health hazard by the disconnection of service to that household. Only one (1) postponement of disconnection shall be allowed under this provision for each incidence of non-payment of any past-due account.

**DANGEROUS
CONDITIONS
FOUND ON
CUSTOMER'S
PREMISES**

In any case where Company has received notice or knows that a dangerous condition exists with respect to the presence or delivery of natural gas on Customer's premises, Company will, without advance notice, refuse to connect if service has not already been connected, or shut off the service, and same shall not be resumed until such dangerous condition has been eliminated. If service is discontinued because the Customer's equipment and/or facilities have caused an unsafe or dangerous condition, a reconnection charge may be required to be paid before service is restored.

**MISUSE OF
SERVICE BY
CUSTOMER**

In case natural gas supplied by Company to the Customer is misused or misapplied by the Customer so as to cause unsatisfactory conditions affecting the quality, safety or continuity of service to other Customers, the Company shall, without any advance notice, disconnect the service. If service is required to be discontinued for this cause, a reconnection charge will be required to be paid before service is restored.

**RESELLING OR
DISTRIBUTION
OF SERVICE**

The service furnished is for the sole use of the Customer; Customer shall not sell or redeliver natural gas service to any other person. In case natural gas supplied by Company to the Customer is resold without the consent of the Company, service shall be discontinued. If service is required to be discontinued for this cause, a reconnection charge will be required to be paid before service is restored.

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

**NON-
COMPLIANCE
OF RULES
AND
REGULATIONS**

All service furnished to Customer shall be in accordance with these general rules, regulations, terms and conditions, and in case a Customer fails to conform to such rules, the Company will discontinue and/or disconnect service unless within such time conditions complained of are remedied. Such notice shall specify the cause of the default and the Company shall cooperate with the Customer in suggesting the proper remedy. If service is so discontinued and/or disconnected, a reconnection charge will be required to be paid before service is restored.

**TAMPERING
WITH AND
CARE OF
COMPANY'S
PROPERTY**

No one except an agent of Company or one otherwise lawfully entitled to do so shall be permitted to remove or tamper with Company's meter or connections, or with any of the property of the Company on or about the Customer's premises. If at any time the Company shall find that a meter, piping, or equipment, or parts thereof, or other instruments used in furnishing service to the Customer has been tampered with by anyone except an agent of Company or one otherwise lawfully entitled to do so, it shall be considered sufficient cause for immediate discontinuance of service by Company. If service is so discontinued, a reconnection charge will be required to be paid before service is restored. A broken or absent meter seal alone shall not constitute tampering.

**ENERGY
DIVERSION –
THEFT OF
SERVICE**

If any device is found installed on Customer's premises which prevents the meter from accurately recording consumption or bypasses the meter, such device and meter shall be removed for safety reasons without prior notice to the Customer.

The Company will calculate the amount of natural gas consumed, but not properly registered, and bill the Customer for the estimated natural gas, the Company labor and material costs for the damaged Company property.

Prior notice of disconnection is not required when Company:

- Determines that immediate shut off is imperative for health or safety reasons;
 - Is ordered by governmental authority having jurisdiction due to alleged Customer violations of ordinances, statutes or regulations covering utility service; and,
 - Determines that service discontinued in accordance with these rules has been restored by someone other than the Company, and the original cause for the discontinuance has not been cured. The Company may remove the meter and leave notice for the Customer.
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**RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE**

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| SUBTERFUGE | <p><i>Any instance, not previously addressed, where subterfuge is involved to obtain or retain service, including, but not limited to:</i></p> <ul style="list-style-type: none"><i>Fraud and/or misrepresentation by the Customer for the purpose of obtaining gas service.</i><i>A Customer received the benefit of service with respect to an account at the same or a different location when such Customer was not the Customer of record on such account and that account is subject to discontinuance for non-payment of service bills.</i> <p><i>When any event of subterfuge occurs, the Company shall have, in addition to the right to immediately discontinue service, the right to bill the Customer for the estimated amount of Gas consumed without proper measurement or otherwise as a result of the Customer's subterfuge.</i></p> |
| REFUSAL TO ALLOW ACCESS TO CUSTOMER'S PREMISES | <p><i>After notification by the Company and during normal working hours (except in an emergency), the Customer refuses to allow authorized Company personnel onto the Customer's premises for purposes of examining the piping, appliances, and other equipment relating to the Company's service; reading the meter, ascertaining connected loads; and in one of the following situations:</i></p> <ul style="list-style-type: none"><i>Company is responding to a request for service which required that the Gas be turned on.</i><i>Company has not been able to obtain access to its meter to obtain an actual meter reading.</i><i>Company knows, or has reasonable grounds to suspect, a safety problem on the premises and has documented that knowledge.</i><i>Company is obligated under the Tariff or other safety/maintenance operating standards, to perform a service (such as switching out a meter), or complete an inspection where the service or inspection requires that the Company representative be on the premises.</i> |
| REFUSAL OF SERVICE | <p><i>The Company may refuse service for any of the following:</i></p> <ul style="list-style-type: none"><i>Customer (applicant for service) has an outstanding unpaid bill incurred for utility service, absent payment of the past due amount and an appropriate deposit; provided, however, that an applicant for service shall not be denied service because of unpaid bills for similar service which are not collectible at law because of statutes of limitations or discharge in bankruptcy proceedings.</i> |

RULES AND REGULATIONS – NATURAL GAS SERVICE
CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

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| REFUSAL OF SERVICE (Continued) | <ul style="list-style-type: none">• <i>Failure by the Customer to provide credit information, pay a security deposit, pay an additional deposit, or provide a guarantee, as required on Sheet 30.</i>• <i>The Company, in its judgment, does not have adequate facilities to render the service applied for or if the desired service appears to be unsafe, uneconomic or is of a character that is likely to adversely affect service to one or more other Customers.</i> |
| CUSTOMER REQUEST | <i>Customer request for disconnection, which Company may require in writing (the soonest a stop service order can be scheduled is two business days out).</i> |
| OTHER | <i>Company may disconnect service in cooperation with Civil Authorities, or any other reason where authority is specifically granted by Nebraska statute or applicable administrative rule.</i> |
| TRANSFER OF ACCOUNT BALANCES | <i>In the event of discontinuance or termination of service, the Company may transfer any unpaid balance to another active account of the Customer. In the event of the failure of the Customer to pay a final bill at any metering point, residence or other location, the Company will not allow the Customer to open any successive service accounts unless the unpaid balance is paid in full or the Customer signs a written payment agreement for the unpaid balance on the previous account.</i> |

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RULES AND REGULATIONS – NATURAL GAS SERVICE
COLD WEATHER RULE

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| AVAILABILITY | The provisions of the Cold Weather Rule allow for special payment and disconnection procedures for any Residential Customer with unpaid arrearage to retain or restore utility service throughout the cold weather period, which extends from November 1 through March 31. |
| RESIDENTIAL WINTER DISCONNECTION | The Company shall not disconnect a Residential Customer's service between November 1 and March 31 without adding to the time for payment of a bill an additional thirty (30) days before disconnection. A Residential Customer may avoid disconnection by meeting the requirements of the Cold Weather Rule. |
| CUSTOMER RESPONSIBILITY | <p>To avoid disconnection or have service restored under the Cold Weather Rule, the Residential Customer shall:</p> <ol style="list-style-type: none">(1) Inform the Company of the Customer's inability to pay the bill in full;(2) Give sufficient information to allow the Company to arrange a payment agreement;(3) Make an initial payment of one-fourth (1/4) of the total arrearage, plus the bill for consumption during the most recent billing period for which service was provided, plus any required reconnection fee or deposit;(4) Apply for federal, state, local or other funds which the Customer is eligible;(5) Enter into a three (3)-month level payment plan covering the remaining utility balance plus the current monthly bills;(6) Not illegally divert (bypass meter) utility service; and,(7) Not default on a payment plan. |
| ILLEGAL DIVERSION OF SERVICE | If the Company documents that the Residential Customer has diverted service (bypassed meter) and has benefited from such diversion, the diversion will be treated as "Theft of Service" (Sheet 42), and the Customer shall be deemed to be in breach of the Customer Responsibility tariff requirements. Such breach may be cured with payment by the Customer for the amount billed for the estimated natural gas consumed and all other expenses incurred by the Company, along with any additional past due balances. |

RULES AND REGULATIONS – NATURAL GAS SERVICE
COLD WEATHER RULE

**DEFAULTED
PAYMENT
ARRANGEMENT**

Any Residential Customer who has defaulted in the most recent cold weather period, and remains in default, has breached the requirements of the Cold Weather Rule. The Customer will not be offered another payment arrangement until the default is cured. If the Customer defaults on their payment plan, the Company may disconnect service after providing the requisite notice.

The Customer shall renegotiate Cold Weather Rule payments if they receive utility or other lump sum assistance.

**COMPANY
RESPONSIBILITY**

291 N.A.C. §9.013.05
and
291 N.A.C. §9.013.05a

The Company shall notify each active Residential Customer of the Cold Weather Rule once a year at least thirty (30) days prior to the Cold Weather Rule period.

In addition to the notice provisions before disconnection in Neb. Rev. Stat. § 70-1605, the Company will not disconnect a Residential Customer's service from November 1 to March 31 without adding to the time for payment of a bill an additional thirty (30) days before disconnecting that service, and the Company shall notify the Residential Customer before the normal disconnection date that the Residential Customer has such additional 30 days until disconnection.

The Company will comply with any temporary bans on disconnection issued by the Commission.

**LOW INCOME
RESIDENTIAL
CUSTOMER
(LIHEAP)**

If a Residential Customer has been certified as eligible for state-funded low income home energy assistance and has communicated such eligibility to the Company and has provided acceptable documentation to the Company within a reasonable time, then no disconnection shall occur during the cold weather period.

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

**RULES AND REGULATIONS – NATURAL GAS SERVICE
MEASUREMENT AND QUALITY**

**DELIVERY GAS
PRESSURE**

All gas will be delivered at the outlet side of the Company's meter at a pressure of not more than four (4) ounces per square inch gauge pressure. The average atmospheric pressure listed by the United States Weather Bureau will be used to establish the absolute pressure; provided, however, that gas delivered to Customers who require a pressure in excess of four (4) ounces shall be delivered at the pressure established by the Company for that particular installation.

MEASUREMENTS

The unit of volume for the purpose of measurement and for the determination of total heating value shall be the cubic foot of gas as defined in this Tariff. Volumes of gas measured at prevailing meter pressures and temperatures shall be corrected to the unit of volume defined above by the procedures described below:

- A. Orifice Meters: Installation and the determination of volumes delivered through orifice meters shall conform to the recommendations in "Gas Measurement Committee Report Number Three" of the American Gas Association, as amended, revised or superseded from time to time. Values of the orifice thermal expansion factor, manometer factor and gauge location factor shall be assumed to be unity.*
- B. Turbine Meters: Installation and the determination of volumes delivered through turbine meters shall conform to the recommendations in "Transmission Measurement Committee Report Number Seven" of the American Gas Association, as amended, revised or superseded from time-to-time.*
- C. Positive Displacement Meters: Installation and the determination of volumes delivered shall conform to the recommendations in "Gas Measurement Manual Displacement Measurement Part Number Two" of the American Gas Association, as amended, revised or superseded from time-to-time.*
- D. Ultra-sonic Meters: Installation and the determination of volumes delivered through ultra-sonic meters shall conform to the recommendations in "Transmission Measurement Committee Report Number None" of the American Gas Association, as amended, revised or superseded from time-to-time.*

The atmospheric pressure shall be the atmospheric pressure assigned by the Company to the regions or location in which the point of delivery and the point of receipt are situated.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
MEASUREMENT AND QUALITY**

MEASUREMENTS
(Continued)

The volume of gas delivered through each point of delivery and point of receipt shall be corrected to a base temperature of sixty (60) degrees Fahrenheit by using:

- A. The arithmetic average of the hourly temperatures recorded by a properly installed continuously operated recording thermometer; or*
- B. A meter containing a temperature operated device, hereinafter referred to as a temperature compensated meter, through the operation of which the meter correctly registers the volume, corrected to sixty (60) degrees Fahrenheit; or*
- C. An assumed temperature of the gas flowing through the meters of fifty (50) degrees Fahrenheit in the case of any small volume delivery where the Company does not elect to install a recording thermometer or temperature compensated meter. However, in the event the Company does not install a recording thermometer or temperature compensated meter, the Customer may install a recording thermometer and in such case the temperature so recorded shall be used in correcting to a temperature of sixty (60) degrees Fahrenheit.*

When orifice meters are used, the specific gravity of the gas delivered hereunder shall be determined by approved methods once a month, or as frequently as necessary by approved methods once a month, or as frequently as necessary for reasonable accurate determination, and the specific gravity so obtained shall be used in computing volumes of gas delivered hereunder.

The components for determining the deviation from Boyle's Law, at the pressure and temperature under which delivered, shall be determined by tests at intervals of twelve (12) months or at such shorter intervals as is found necessary. The correction factor determined by using American Gas Association "Report Number Eight" or American Gas Association "Project NX-19" shall be used in the computation of deliveries until the next test.

The unit of energy for delivery and billing purposes is a Therm. Company will apply appropriate corrections for gas temperature, gas pressure, gas heat content, and other appropriate factors to determine the number of Therms received, delivered or sold under this Tariff.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
MEASUREMENT AND QUALITY**

**METER
TESTING**

291 N.A.C. §
9.017.07

Upon request by a Customer, the Company shall test the Customer's natural gas meter as soon as reasonably possible after receipt of the request. If a Customer requests the Company to test their meter more than once in a two (2)-year period, the Company will require a meter test charge based on time and materials. The Company's inspection and meter testing program provides a two percent (2%) tolerance for determining whether a meter is considered accurate under this section. If the meter is found to be outside of the two percent (2%) error tolerance, the charge for meter testing will be refunded to the Customer. The Company shall give the Customer or a representative of the Customer the opportunity to be present while the test is conducted. A written report of the test shall be provided to the Customer.

**ADJUSTMENT
OF
MEASUREMENT
FACTORS**

291 N.A.C. §
9.017.09

Fast Meters: Whenever a metering installation is tested and found to have over-registered more than two percent (2%), the Company shall credit to the ratepayer the overcharge. This credit shall be for the entire time period that the meter was malfunctioning.

Slow Meters: When a meter is found to be more than two percent (2%) slow, the Company will bill the Customer based on the corrected meter reading for a period equal to one-half (1/2) of the time elapsed since the most recent test, but not to exceed twelve (12) months.

Non-Registering Meters: When the amount of natural gas consumed cannot be determined by test because of failure of part or all the metering equipment, the Company will charge the Customer for the estimated amount of natural gas used, not to exceed six (6) months. Estimated bills will be based upon prior usage, adjusted for weather conditions, number of days in the applicable billing cycle, and other known and reasonable factors.

Other Measurement Errors: When a Customer has been overcharged or undercharged as a result of an incorrect reading of the meter, incorrect application of a utility tariff, incorrect connection of the meter, application of an incorrect multiplier or constant or other similar reason, the overcharge shall be credited to the Customer or the undercharge may be billed to the Customer. Any refund or credit shall cover the entire period that the account was overcharged. Any charge shall not exceed twelve (12) months.

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

**RULES AND REGULATIONS – NATURAL GAS SERVICE
EMERGENCY CURTAILMENT**

| | |
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| DEFINITION OF EMERGENCY | An Emergency for purposes of determining curtailment or limitation of service shall be any of the following: |
|----------------------------|--|

- Curtailment or limitation order from an interstate or intrastate pipeline providing natural gas transportation for any reason, including system constraints, to Customers and/or communities served by Company;
- System capacity constraints on any of Company's local distribution facilities;
- Periods of flow limitation for repair and/or maintenance of Company's facilities; or
- Force Majeure, as defined below.

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| FORCE MAJEURE | |
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It is expressly agreed that the Company shall not be liable on any account whatsoever to Customer for any failure, interruption or diminution in delivery of gas hereunder or any act, omission or circumstance occasioned by or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, maintenance, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, depletion or destruction of gas wells or fields, diminution or failure of, or interference, partial or entire, with Company's natural gas supply, or, and without limitation by the foregoing, any other causes beyond reasonable control of Company. In every case, Company shall exercise diligence to remove any such interference with its delivery of gas and shall resume such delivery at the earliest practical time.

Customer shall not be liable to Company for any failure to receive natural gas hereunder when occasioned by, or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, or, and without limitation by the foregoing, any other causes beyond reasonable control of customer.

Any such cause or contingency exempting Customer from liability for non-performance (excepting where prevented by valid orders or requirements of Federal, State or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve Customer of its obligation to pay, when due, any

RULES AND REGULATIONS – NATURAL GAS SERVICE
EMERGENCY CURTAILMENT

**FORCE
MAJEURE
(Continued)**

amount assessed the Customer under authority of this Tariff. In every case of force majeure, Customer shall exercise diligence to remove any interference with its receipt of gas and shall resume such receipt at the earliest practicable time.

PRIORITY

In the event of an Emergency, Company is entitled to curtail or limit the use of natural gas to Customers. Interruptible Customers' supplies shall be curtailed or limited before Firm Service Customers. Company shall have the sole discretion regarding the order or schedule of curtailment or limitation of Interruptible Customers.

If conditions of an Emergency require that Company deems it must curtail or limit Customers, such curtailment shall, to the extent possible, be in order of the following categories:

Category 5: Agricultural, High Volume Sales, and Commercial interruptible Customers

Category 4: High Volume Transportation and Energy Options Program Customers, if required to maintain operational integrity

Category 3: Commercial firm Customers, excluding hospitals, institutions and schools

Category 2: Hospitals, institutions and schools with firm natural gas supply

Category 1: Residential Customers

**CURTAILMENT
CONTACT**

Upon request, Customers shall provide Company with updated information for contacts to be called in the event of curtailment or limitation. It is Customer's affirmative obligation to insure that its current contact information is on file with the Company. Company is not responsible or liable for any Customer contact information that is out-of-date or incorrect.

In the event of an Emergency, Company will notify the Customer contacts regarding the start of curtailment or limitation, and an estimate of the duration if that information is available.

In order to maintain operational integrity of all or part of its natural gas distribution system necessary to serve high-priority Customers during an Emergency, Company may, at its sole discretion, require any Customer to curtail or limit natural gas usage until the Emergency abates.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
EMERGENCY CURTAILMENT**

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| FAILURE TO CURTAIL | <p>Customers will be liable for all natural gas usage and/or penalties for natural gas usage during a period of curtailment or limitation.</p> <p>If Customers are unable to curtail or limit natural gas usage at its facility when called upon by Company to do so, Company has the right to turn off Customer's natural gas service in order to preserve service to higher-priority Customers.</p> |
| CUSTOMER-OWNED NATURAL GAS SUPPLIES | <p>Company generally will not curtail or limit delivery of Customer-owned natural gas supplies on its local distribution system which are scheduled and confirmed, with verifiable evidence, to its interconnect with the interstate pipeline (Town Border Station), unless, in Company's sole judgment, it is necessary in order to maintain operational integrity of all or part of its natural gas distribution system to serve Category 1 Customers, or Company does not have the physical ability, in its sole judgment, to deliver such supplies.</p> <p>When conditions exist that threaten the preservation of service to Category 1 Customers, Company shall have the authority but shall not be required to purchase at index plus five percent (5%), all or a portion of a Transportation Service Customer's natural gas supply.</p> <p>In order to maintain operational integrity of Company's distribution systems, all Marketers, shippers or brokers of Customer-owned natural gas supplies shall notify Company's Gas Supply Department of any curtailment or limitation of its Customers on the same day for which it is to occur.</p> |
| LIABILITY | <p>In case of a shortage of supply or constraints on the Company's system, the Company, in its sole determination, shall have the right to limit the availability of service within the affected area under any rate schedule.</p> <p>In the event of natural gas service curtailment or limitation, Company will not be liable for any loss or damages, including, but not limited to, direct, indirect, special, consequential, incidental, exemplary or punitive damages (including any damages to Customer's facilities, loss of production or profits).</p> <p>Interruptions in, and curtailments of, service shall not relieve the Customer from the obligation to make payment for any charges for service actually rendered when due.</p> |

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

**RULES AND REGULATIONS – NATURAL GAS SERVICE
LINE EXTENSIONS**

**EXTENSION
OF MAIN AND
SERVICE
LINES**

Company will extend natural gas mains and install service lines for new full-service Residential and Commercial Customers or for developers or builder(s) on behalf of new Customers based on a project economic feasibility study. The study generally compares anticipated margins from the new Customer(s) with the estimated construction and operating costs to serve these Customers.

Full-service Customers utilize a natural gas furnace for primary space heating and natural gas water heating. Company will invest capital needed to serve each new full-service Customer at the lower of the actual cost, or the Company's statewide average investment in net plant per Customer.

Partial-service Customers are those Customers who request natural gas service of a temporary or limited nature (i.e. fireplace, pool heater, cooking). Such Customers, may be charged an additional amount based on Company's investment that includes the costs for required natural gas mains, services and meters. The additional amount to be charged to partial-service Customers may vary depending upon the level of revenue to be received by Company from the estimated natural gas usage compared to the actual costs to furnish natural gas service to those partial-service Customers.

If a property developer, builder, and/or Customer is required to contribute to the investment to extend natural gas service, then that Contribution in Aid of Construction (CIAC) shall be paid in advance by the property developer, builder(s), and/or new Customers(s).

Unless agreed otherwise by Company, such contributions are non-refundable. However, under limited circumstances, where future growth is reasonably certain, a portion of the contribution applicable to main extensions may be refundable based on actual growth of new Customers realized. Property developer, builder(s), and/or Customers who make a refundable contribution to the main or service line extension, may be entitled to a pro rata share of refund of those advances. Any such refund will be computed as subsequent Customer connections are completed based on feasibility studies. Any refundable contribution arrangement agreed to by Company shall be evidenced in writing at the time of the initial prior contribution and shall not be for a term beyond five (5) years.

**RULES AND REGULATIONS – NATURAL GAS SERVICE
LINE EXTENSIONS**

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| PROJECT FEASIBILITY | Project feasibility shall be determined by using current operating and construction costs, projected revenues and any related income tax impacts of the specific project. The projected rate of return will be determined by the Company. Any projected return deficiency will require an offsetting contribution to assure the project will not cause existing Customers to subsidize new Customers. The project feasibility study will determine whether the investment to serve can be incurred without additional charges to the Customer, subject to the lower of the actual cost or the statewide average investment per Customer referred to above. |
| ADDITIONAL FACILITIES | <p><i>Company is willing to add facilities whenever such are deemed, in Company's reasonable judgment, to be economically, operationally, and technically feasible, subject to the following conditions:</i></p> <ul style="list-style-type: none"><i>A. Company has received an executed facilities agreement from an existing or prospective Customer(s) or Supplier(s) requesting such facilities;</i><i>B. The nature, extent and timing of the addition of facilities shall be at the reasonable discretion of Company; and</i><i>C. Company receives acceptable assurances of financial reliability from any Customer(s) or Supplier(s) requesting the additional facilities.</i> <p><i>When Company, in its reasonable discretion, agrees with a Customer(s) or Supplier(s) to construct or acquire additional facilities, in order to provide service to the Customer(s) or Supplier(s), the Company shall require from such Customer(s) or Supplier(s):</i></p> <ul style="list-style-type: none"><i>A. a facilities reimbursement payment, including a gross-up for applicable state and federal income tax expense, sufficient to cover all costs incurred by the Company associated with such facilities, less any allowances authorized by this Tariff, or as otherwise agreed upon by the Company;</i><i>B. payment for the additional facilities in one lump sum payment or by installment payments to be completed by the end of the contract terms, as negotiated by the parties; and</i><i>C. Agreement to a reimbursement schedule setting the terms, the rate, and the conditions for reimbursement of the additional facility charge, including an obligation to reimburse the Company upon demand, for any unamortized capital charges, under an agreed upon amortization schedule, which may remain in service by the Company to the Customer(s) or Supplier(s) under this tariff is terminated prior to the end of said amortization period.</i> |

RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

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RULES AND REGULATIONS
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
RATE AREAS ONE THROUGH FOUR

The following section, Sheets 69-92, contains the Rate Schedules and Other Charges applicable to Rate Areas One, Two, Three, and Four. The service territory maps for Rate Areas One through Four can be found on Sheets 16-18. The listing of communities for Rate Areas One through Four can be found on Sheet 13.

Rate Areas One through Four are those areas formerly served under the Black Hills Nebraska Gas Utility Company, LLC tariffs. There are no substantive changes to these Rate Schedules and Other Charges.

RATE SCHEDULES AND OTHER CHARGES
RATE AREAS ONE THROUGH FOUR

| | <u>Sheet No.</u> |
|---|------------------|
| Traditional Sales Service (TSS)..... | 71 |
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| Economic Development Sales Service (ED)..... | 74-75 |
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| Charges to be Paid by Customer..... | 91-92 |

RATE SCHEDULES AND OTHER CHARGES
TRADITIONAL SALES SERVICE (TSS)

| | |
|--|--|
| AVAILABILITY | Service under this rate schedule is available only to Residential and Commercial Customers located within the municipal boundaries and surrounding rural areas of Rate Areas One, Two, and Three . |
| APPLICABILITY AND CHARACTER OF SERVICE | This rate schedule shall apply to firm natural gas service for Customers whose normal requirements do not exceed five hundred (500) Therms on a peak day and such service normally shall not be subject to interruption, but will be subject to Emergency curtailment, Sheets 53 to 55. |
| RATE | <p>The Customer's monthly bill shall be the sum of the following components:</p> <ol style="list-style-type: none">1. Basic Monthly Charge:<ol style="list-style-type: none">A. Residential \$13.50 per meterB. Commercial \$18.50 per meter2. Delivery Charge (Base Rate):<ol style="list-style-type: none">A. Residential \$0.19500 per ThermB. Commercial \$0.17245 per Therm3. Purchased Gas Cost: The rates above are subject to Purchased Gas Cost Adjustment (PGA and GCR), Sheet 88.4. Pipeline Replacement Charge: A per meter charge as detailed on Sheet 90. |
| MINIMUM BILL | Minimum monthly bill shall be the Basic Monthly Charge. |
| DUE DATE | Bills will be due twenty (20) days after Company's Mailing Date. |
| LATE PAYMENT CHARGE | One percent (1%) of balance not paid on or before due date. |
| FRANCHISE FEE | A franchise fee will be added to the monthly bill in those communities that impose a franchise fee. |
| TAXES | Regulatory assessment or other taxes, fees, or charges required by a governmental authority will be added to the monthly bill. |
| TERMS AND CONDITIONS | The General Terms and Conditions contained in this tariff shall apply to this rate schedule. |

RATE SCHEDULES AND OTHER CHARGES
ANNUAL PRICE OPTION SALES SERVICE (APO)

| | |
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| AVAILABILITY | Service under this optional rate schedule is available only to any Residential Customer located in Company's service territory who has elected this service for the twelve (12)-month period. Availability under this program is limited to a prescribed number of Residential Customers in each of Company's Rate Areas One, Two and Three on a first-come, first-served basis. The program will be limited to those Customers receiving verification of their election from Company. |
| APPLICABILITY AND CHARACTER OF SERVICE | The program's twelve (12)-month period is from November 1 through October 31. This rate schedule shall apply to firm natural gas service for Customers whose normal requirements do not exceed five hundred (500) Therms on a peak day and such service normally shall not be subject to curtailment or interruption, but will be subject to Emergency Curtailment, Sheets 53 to 55. The rate per Therm for the delivered commodity cost of natural gas, including upstream pipeline cost, (PGA) shall be held constant during the twelve (12) months beginning November 1 and ending October 31 of the following year. |
| RATE | <p>The Customer's monthly bill shall be the sum of the following components:</p> <ol style="list-style-type: none">1. Basic Monthly Charge \$13.50 per meter2. Delivery Charge (Base Rate) \$0.19500 per Therm3. Purchased Gas Cost: The rates above are subject to annual Purchased Gas Cost Adjustment (PGA and GCR), Sheet 89.4. Pipeline Replacement Charge: A per meter charge as detailed on Sheet 90. <p>The Basic Monthly Charge and Delivery Charge may change during a program year if approved by the Commission as a part of a separate rate application.</p> |
| MINIMUM BILL | Minimum monthly bill shall be the Basic Monthly Charge. |
| COST OF NATURAL GAS | <p>The PGA, as defined in Sheet 85, will be shown as a separate component on the Customer's bill and shall remain fixed for the twelve (12) months beginning November 1 and ending October 31 of the following year.</p> <p>The Gas Cost Reconciliation factor (GCR), as computed in Sheet 86, will also be shown as a separate component on the bill.</p> |
| DUE DATE | Bills will be due twenty (20) days after Company's Mailing Date. |
| LATE PAYMENT CHARGE | One percent (1%) of balance not paid on or before due date. |

RATE SCHEDULES AND OTHER CHARGES
ANNUAL PRICE OPTION SALES SERVICE (APO)

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|------------------------------|---|
| FRANCHISE FEE | A franchise fee will be added to the monthly bill in those communities that impose a franchise fee. |
| TAXES | Regulatory assessment or other taxes, fees, or charges required by a governmental authority will be added to the monthly bill. |
| CUSTOMER EDUCATION SURCHARGE | A surcharge for Residential Customer education, promotion, and other expenses associated with Company's Annual Price Option Program may be shown as a separate component on the bill. The Customer Education Surcharge shall be computed once annually, based on actual expense incurred, and collected from all Residential Customers. |
| TIMING | The PGA shall be determined on or before July 1 of each year. The GCR will be determined on or before October 1 of each year as part of the Annual Gas Cost Reconciliation. Both the PGA and GCR will be effectuated on November 1 of each year. |
| TERMINATION | The Annual Price Option Program may be cancelled at the sole discretion of the Company subject only to any further abandonment approval required by the Company from the Commission. Any over (under) GCR balance attributed to this program at the time of termination will be added to the General Service GCR for the following year, or will be dissolved through any other mutually accepted mechanism adopted by the Company. |
| TERMS AND CONDITIONS | The General Terms and Conditions contained in this tariff shall apply to this rate schedule. |

RATE SCHEDULES AND OTHER CHARGES
ECONOMIC DEVELOPMENT SALES SERVICE (ED)

| | |
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| AVAILABILITY | This rate schedule is available to any Non-Residential Customer, in Rate Areas One, Two, or Three , using natural gas as a fuel for business vehicles, and to any new developing residential subdivision, new or expanding Commercial Customer that will increase the use of Company's existing infrastructure and resources and provide strategic community growth or economic development. |
| APPLICABILITY AND CHARACTER OF SERVICE | This rate is applicable at Company's discretion to Customers using natural gas as their primary energy source for space heating, water heating, processing, or vehicle fuel. In the alternative, to avail its service to Customers in the targeted community, Company may, for documented reasons, adjust the factors in its feasibility study for the subdivision to reflect no less than the incremental costs of adding those Customers. |
| RATE | <p>The Customer's monthly bill shall be the sum of the following components:</p> <ol style="list-style-type: none">1. Basic Monthly Charge:<ol style="list-style-type: none">A. Residential \$13.50 per meterB. Commercial \$18.50 per meter2. Delivery Charge (Base Rate):<p>Minimum: Fifty percent (50%) of the current Base Rate per Therm, Sheet 71</p><p>Maximum: The current Base Rate per Therm, Sheet 71</p>3. Purchased Gas Cost: The rates above are subject to Purchased Gas Cost Adjustment (PGA and GCR), Sheet 88.4. Pipeline Replacement Charge: A per meter charge as detailed on Sheet 90. |
| MINIMUM BILL | Minimum monthly bill shall be the Basic Monthly Charge. |
| DUE DATE | Bills will be due twenty (20) days after Company's Mailing Date. |
| LATE PAYMENT CHARGE | One percent (1%) of balance not paid on or before due date. |
| FRANCHISE FEE | A franchise fee will be added to the monthly bill in those communities that impose a franchise fee. |
| TAXES | Regulatory assessment or other taxes, fees, or charges required by a governmental authority will be added to the monthly bill. |

RATE SCHEDULES AND OTHER CHARGES
ECONOMIC DEVELOPMENT SALES SERVICE (ED)

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| EFFECTIVE PERIOD | Customers receiving service under this rate schedule will be increased to fifty percent (50%) of the difference between the Base Rate and the Economic Development Rate at the end of the first year, and the remaining fifty percent (50%) or difference in the current base rate at the end of the second year. At no time should the Economic Development Rate stay in effect longer than two (2) years. |
| TERMS AND CONDITIONS | The General Terms and Conditions contained in this tariff shall apply to this rate schedule. |
| RATE CASE PROCEDURE | Any difference between Company's full service Delivery Charge and the Economic Development Delivery Charge may be imputed as revenue for rate-setting purposes in future rate proceedings such that no portion of any such difference will be collected from Jurisdictional Customers other than Customers to whom the Economic Development Delivery Charge is offered. |

RATE SCHEDULES AND OTHER CHARGES
ENERGY OPTIONS PROGRAM TRANSPORTATION SERVICE (EO)

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| AVAILABILITY | <p>The Energy Options Program is available for the delivery of natural gas owned by the Customer from Company's Town Border Station(s) to a meter location on the Customer's premise. An Energy Options Customer must sign a contract with a CNGP participating in Company's Energy Options Program. An Energy Options Marketer's participation in Company's Energy Options Program is conditioned on the Marketer's compliance with the following requirements:</p> <ol style="list-style-type: none">1. Providing Company with a copy of its approved CNGP certificate from the Commission, and2. Entering into a "Marketer Agreement" setting forth non-discriminatory operating conditions and related requirements, rights, obligations and agreements, applied by Company without preference to any Marketer or Company affiliate. <p>Company reserves the unilateral right to alter or amend or revise the requirements under this Energy Options tariff or its Marketer Agreement, subject to Commission approval.</p> <p>Availability of local natural gas transportation services under the Energy Options Program is subject to system operational considerations. This Energy Options Program is not available to Residential Customers of Company.</p> |
| APPLICABILITY AND CHARACTER OF SERVICE | <p>This Rate Schedule shall apply to Commercial or Small Industrial Firm Customers in Rate Areas One, Two, or Three whose natural gas transportation requirements are less than five hundred (500) Therms per day as determined by average daily consumption. Energy Options service is normally not subject to interruption, but will be subject to Emergency curtailment, Sheets 53 to 55.</p> |
| RATE | <p>The Customer's monthly bill shall be the sum of the following components:</p> <ol style="list-style-type: none">1. Basic Monthly Charge: \$18.50 per meter2. Delivery Charge (Base Rate): \$0.17245 per Therm3. L&U: Lost & Unaccounted for gas shall be charged in the same manner that Sales Service Customers are charged.4. Pipeline Replacement Charge: A per meter charge as detailed on Sheet 90. |

RATE SCHEDULES AND OTHER CHARGES
ENERGY OPTIONS PROGRAM TRANSPORTATION SERVICE (EO)

| | |
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| MINIMUM BILL | Minimum monthly bill shall be the Basic Monthly Charge. |
| ADJUSTMENT FOR PURCHASED GAS OR OTHER TRANSPORTATION SERVICES | Customer is billed only for the Customer Charge, Transportation Charge, L&U Factor, and Marketer's commodity charge (where applicable); Marketer is billed for all other transportation services and charges. |
| DUE DATE | Bills will be due twenty (20) days after Company's Mailing Date. |
| LATE PAYMENT CHARGE | One percent (1%) of balance not paid on or before due date. |
| FRANCHISE FEE | A franchise fee will be added to the monthly bill in those communities that impose a franchise fee. |
| TAXES | Regulatory assessment or other taxes, fees, or charges required by a governmental authority will be added to the monthly bill. |
| TERMINATION | Customer or Marketer must advise Company sixty (60) days in advance, in writing, when it wishes to terminate services under the Energy Options Program. Subject to Commission approval, the EO rate schedule and program may be terminated by Company. |
| TERMS AND CONDITIONS | The General Terms and Conditions contained in this tariff shall apply to this rate schedule. |

RATE SCHEDULES AND OTHER CHARGES
NON-JURISDICTIONAL HIGH VOLUME SALES OR TRANSPORTATION SERVICE

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| AVAILABILITY | Service under this class of service is available only to High Volume Customers located within the municipal boundaries and surrounding rural areas of Rate Areas One, Two, and Three . |
| APPLICABILITY AND CHARACTER OF SERVICE | <p>This natural gas service is subject to Nebraska Revised Statutes § 66-1802 and 66-1810(1), and applies to Customers whose normal requirements equal or exceed five hundred (500) Therms per day.</p> <p>High Volume Customer sales or transportation shall be subject to interruption and curtailment under service contracts provided by Company. High-volume Customer service is without regard to any other rates, tolls, tariffs, or charges the Company may have filed with the Commission.</p> |

RATE SCHEDULES AND OTHER CHARGES
FARM TAPS

**CONDITIONS
OF SERVICE**

- A. Farm Tap customers, defined on Sheet 8, must operate and comply with all applicable rules and regulations of the Commission and/or any Federal Regulations, as well as applicable conditions for new service.
- B. Any fuel line or yard line, defined as the portion of the customer-owned piping that connects the outlet of the interstate pipeline regulator station to the residential or commercial premise must be tested regularly to confirm the line meets DOT pipeline safety standards.
- C. Continued natural gas service from farm taps is conditioned upon the following criteria:
- The fuel lines must pass a Maximum Allowable Operating Pressure ("MAOP") test,
 - The line must be constructed of materials that meet Company's approved safety standards and O&M requirements approved by the Commission.
 - The line must be locatable.
 - Company must be able to access the line on the customer's property.
 - If the line runs across properties owned by persons other than the customer, the customer must have the necessary property rights, easements or contractual authority for Company to enter onto those other parcels to allow Company access to its equipment and the service line.
- D. If the customer-owned facilities do not meet DOT safety regulations, or if, in the Company's sole opinion, any condition exists that is determined to be dangerous to life or property, the Company may discontinue service.
- E. Customer shall grant Company the right of ingress or egress to Customer's premises for any and all purposes associated with natural gas service or the exercise of any and all rights under the tariff. Customer authorizes Company representatives to enter Customer premises to inspect, test, maintain, repair or remove any Customer lines, service any odorization equipment, and read any installed meters.
- F. If Customer's fuel line runs across another landowner's property, Customer must obtain an easement to allow Company to access all Company-owned property

**SERVICE LINE
REPLACEMENT**

In the event Customer's fuel or yard line does not comply with DOT testing standards, Company will replace and own the service line.

Company shall install any replacement lines along the most direct route reasonably possible between the tap at the interstate pipeline and Customer's

RATE SCHEDULES AND OTHER CHARGES
FARM TAPS

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| SERVICE LINE REPLACEMENT (Continued) | <p>existing usage location. Company shall install a meter at or near Customer's premise if one if not already present.</p> <p>Company may purchase existing lines under the following conditions: (a) the line must meet all Conditions of Service; (b) the line must have been installed or replaced since September 1, 2007; (c) Customer must provide documentation to prove the date the existing line was installed or replaced and Customer's installation cost. Company may assume control of older lines if they meet the safety criteria. Company shall acquire lines at the Customer's installation cost less four (4) percent per year depreciation.</p> |
| COST RECOVERY | <p>Company shall recover the costs of testing, line replacements and acquisitions through a pro forma surcharge mechanism. Company shall file an implementation plan and annual report, as well as a final report at the conclusion of the safety testing and replacement program.</p> |
| TESTING AND REPLACEMENT SURCHARGE | <p>The monthly surcharge is designed to collect eligible farm tap testing and replacement costs as defined herein. Company shall collect eligible costs projected for the period September 1, 2017 through August 31, 2018 through the mechanism based on the revenue requirement of those costs divided by the average number of customer bills for that 12-month period. The surcharge will be recalculated and adjusted as of September 1, 2019 and 2020. The surcharge average for all jurisdictional customers will not exceed \$0.10 for year one, \$0.18 for year two, and \$0.25 for year three.</p> <p>In year one, the surcharge for each class will be:</p> <ul style="list-style-type: none">• Residential: \$.09 per month• Commercial and Industrial: \$.21 per month• Energy Options Firm: \$.38 per month |
| ANNUAL APPLICATION REQUIREMENTS | <p>Each proposed revision in the surcharge shall be accomplished by filing an application before August 1 of each year to take effect September 1 (the "Annual Application"). Annual Applications shall contain the following items:</p> <ol style="list-style-type: none">a) Pertinent information and supporting data related to the eligible costs, including, at a minimum, project description and scope, project costs, and projected in-service dates for the projects budgeted to be completed in the upcoming twelve months;b) Details supporting the project costs incurred during the previous twelve (12) months, including an explanation of how the project costs were managed and any deviations between budgeted and actual costs; |

RATE SCHEDULES AND OTHER CHARGES
FARM TAPS

**ANNUAL
APPLICATION
REQUIREMENTS**
(Continued)

- c) The calculation of the surcharge true-up amount, if any; and,
- d) The calculation of the deferred surcharge balance, if any

ELIGIBLE COSTS

The cost recovery mechanism may include the following costs: line replacements of existing lines running from the interstate transmission line tap to the Customer's premise and outbuildings; acquisitions of existing lines installed since September 1, 2007 at the customer's installation cost, less four (4) percent per year depreciation; and MAOP testing costs.

LIABILITY

During the time period when Company performs testing and replaces or acquires farm tap fuel lines, the liability provisions on Sheet 24, Customer Piping and Appliances, and General Service items on Sheets 25-28 shall apply. When Company replaces a Customer-owned line, Company ownership shall begin when the line is placed in service. When Company acquires a Customer-owned line, Company ownership shall begin when the Customer signs a bill of sale and Company provides payment for the line. The Company shall not be liable for property damage injuries caused by Customer-owned yard or fuel lines until Company accepts ownership of the line.

RECONCILIATION

Company will track the amount of over or under recovery by year, and the balance of the over/under recovery account will be included as an adjustment to the following year's surcharge amounts. At the conclusion of the three-year period, any remaining over/under recoveries to be reconciled in Company's next rate case.

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PURCHASED GAS ADJUSTMENT – TRADITIONAL SALES SERVICE

| | |
|--------------------------------------|--|
| PURCHASED COST OF GAS | <p>For purposes of calculating the monthly gas purchase price per Therm (PGA), costs shall include, but are not limited to, upstream pipeline capacity, interstate pipeline transition charges, interstate pipeline or supplier refunds, wholesale commodity cost and pipeline commodity transportation fuel.</p> <p>The monthly PGA factor per Therm shall be shown on the bill as a separate line item.</p> |
| COMPUTATION | <p>In addition to the base rates in effect for Residential and Commercial service, a charge per Therm shall be added for the monthly average cost of purchased gas. The monthly charge per Therm shall be calculated as follows:</p> $PGA = \frac{G - R}{S}$ <p>Where:</p> <p>PGA = Monthly estimated purchased gas cost factor per Therm.</p> <p>G = The annualized estimated delivered costs, including L&U, for natural gas purchased for resale, based on prices in effect for the current month.</p> <p>R = The annualized amount of any refunds received from any gas suppliers or interstate pipeline.</p> <p>S = Estimated annual firm sales volumes (Therms).</p> |
| ANNUAL GAS COST RECONCILIATION | <p>Annually, on or before October 1, Company shall compute a "Gas Cost Reconciliation Factor" (GCR). The computation will compare the actual cost of gas purchased (including propane) with actual billed revenue arising from the components of retail rates, which are attributable to the cost of gas purchased. Each such comparison shall be for the year ended the immediately preceding June 30. The computation will specify a reconciliation rate adjustment to become effective November 1. This GCR adjustment will correct for any difference between gas cost incurred on behalf of the traditional sales Customer and gas cost recovered for the reconciliation year ended June 30, and will correct for the previous year's reconciliation adjustment.</p> <p>(continued)</p> |

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PURCHASED GAS ADJUSTMENT (PGA) – TRADITIONAL SALES SERVICE

ANNUAL GAS
COST

$$\text{GCR} = \frac{\text{P} - \text{BR} + \text{D} - \text{CB}}{\text{S}}$$

RECONCILIATION Where:
(Continued)

P = Actual annual cost of all gas cost components described in Purchased Cost of Gas.

BR = Annual billed revenue for the reconciling period.

S = Estimated annual sales volumes (Therms) for the PGA Customers.

D = Annual bad debt component as allowed in Docket No. NG-004.1.

CB = Annual Retail Service Credit, Sheet 87.

The GCR factor per Therm shall be shown as a separate line item on the Customer's monthly bill.

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PURCHASED GAS ADJUSTMENT (PGA) – ANNUAL PRICE OPTION SALES SERVICE

| | |
|---------------------------------------|---|
| ANNUAL PRICE OPTION COST OF GAS | <p>The rate per Therm for the Annual Price Option cost of gas shall remain constant during the twelve (12) month period beginning November 1 and ending October 31 of the following year. The Annual Price Option (APO) shall be calculated on a per Therm basis and shall include, but not limited to, upstream pipeline capacity, interstate pipeline transition charges, interstate pipeline and supplier refunds, estimated wholesale commodity cost, pipeline commodity transportation, and fuel.</p> <p>The APO shall be shown on the Customer's bill as a separate line item labeled "PGA".</p> |
| COMPUTATION | <p>In addition to the base rates in effect for Residential and Commercial Service, a charge per Therm shall be added for the monthly usage of natural gas. The APO charge per Therm shall be calculated as follows:</p> $\text{APO} = \frac{G - R}{S} \text{ (Shown as "PGA" on Customer's bill)}$ <p>Where:</p> <p>APO = Annual Price Option gas cost factor per Therm.</p> <p>G = The estimated annualized estimated delivered costs, including L&U for natural gas purchased for resale, based on price projections for the twelve (12) month period.</p> <p>R = The annualized amount of any refunds received from any gas suppliers or interstate pipeline.</p> <p>S = Estimated annual firm sales volumes (Therms).</p> |
| ANNUAL GAS COST RECONCILIATION | <p>Annually, on or before October 1, Company shall compute a "Gas Cost Reconciliation Factor" (GCR). The computation will compare the actual cost of gas purchased (including propane) with actual billed revenue arising from the components of retail rates, which are attributable to the cost of gas purchased. Each such comparison shall be for the year ended the immediately preceding June 30. The computation will specify a reconciliation rate adjustment to become effective November 1. This GCR adjustment will correct for any difference between gas cost incurred on behalf of the APO Customers and gas cost recovered for the reconciliation year ended June 30 and will correct for the previous year's reconciliation adjustment.</p> |

(continued)

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PURCHASED GAS ADJUSTMENT (PGA) – ANNUAL PRICE OPTION SALES SERVICE

ANNUAL GAS
COST

$$\text{GCR} = \frac{\text{P} - \text{BR} + \text{D} - \text{CB}}{\text{S}}$$

RECONCILIATION Where:
(Continued)

- P = Actual annual cost of all gas cost components described in Annual Price Option Cost of Gas purchased on behalf of APO Customers.
- BR = Annual billed revenue for the reconciling period described above.
- D = Annual bad debt component as allowed in Docket No. NG-004.1.
- S = Estimated annual sales volume (Therms) for APO Customers.
- CB = Annual Retail Service Credit, Sheet 87.
-

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PURCHASED GAS ADJUSTMENT (PGA) – OTHER

| | |
|--------------------------------------|---|
| NON-REGULATED RETAIL SERVICES CREDIT | <p>Black Hills from time to time may offer Daily Balancing Services and/or Monthly Cash-Out Services to Marketers and telemetry-equipped Large Volume End-Users in Nebraska. The Daily Balancing Service is an optional negotiated contract service designed to minimize a Customer's exposure to daily imbalance penalties. The Monthly Cash-Out Service is an optional negotiated contract service designed to minimize a Customer's exposure to monthly cash-out imbalance penalties.</p> <p>Annually, on or before October 1, Company shall file a report with the Commission detailing the gross revenues received from each Customer under contract receiving the Daily Balancing Service and/or Monthly Cash-Out Service, and a detailed list of actually-incurred expenses associated with such services. The report shall be for the year ended the immediately preceding June 30. Any net income received from the contracted services will be evenly shared with Company's Jurisdictional Nebraska Customers and with Company as non-Jurisdictional revenues. Any net loss received from the contracted services may be carried forward by Company and offset against any future income that may occur from providing the services. In no case will any portion of a net loss be charged to Jurisdictional Customers in Nebraska.</p> <p>Fifty percent (50%) of the net income derived from the Non-Regulated Retail Services shall be included as a credit to the Annual Gas Cost Reconciliation through the component Annual Retail Service Credit (CB).</p> |
| BAD DEBT CURRENTLY IN RATES | <p>The bad debt component "D" is computed annually, and is the difference between the gas purchased component of actual net write-offs and the gas purchased component collected in the PGA, plus or minus any over or under-collection of the previous years' write-offs.</p> |
| REMAINING GCR BALANCE | <p>Any GCR remaining balances at the end of a twelve (12)-month amortization period shall remain with Customers electing the APO for the ensuing twelve (12)-month period. Similarly, any remaining balance in the GCR attributed to traditional sales Customers shall remain with traditional sales Customers. Pro rata adjustments to the GCR balance will be made to reflect the migration of Customers between the APO Program and Traditional Sales Service.</p> |

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PGA FACTORS – TSS

As provided in the Gas Cost Adjustment Clause, the following adjustments(s) will be made to the applicable Traditional Sales Service rate schedules:

Monthly GCA Factors Effective March 1, 2019 through March 31, 2019:

| | (a) | (b) | (c) | (a) + (b) + (c) |
|-----------------|-----------------------|----------------------------|------------|-----------------|
| | Gas Cost Component | Gas Cost Reconciliation | Refunds | Total GCA |
| | (\$/Therm) | (\$/Therm) | (\$/Therm) | (\$/Therm) |
| RATE AREA ONE | \$0.41195 | \$0.00063 | \$0.00000 | \$0.41258 |
| RATE AREA TWO | \$0.41195 | \$0.00063 | \$0.00000 | \$0.41258 |
| RATE AREA THREE | \$0.41195 | \$0.00063 | \$0.00000 | \$0.41258 |

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PGA FACTORS – APO

As provided in the Gas Cost Adjustment Clause, the following adjustments(s) will be made to the applicable Annual Price Option Sales Service rate schedules:

Annual GCA Factors Effective November 1, 2018 through October 31, 2019:

| | (a) | (b) | (c) | (a) + (b) + (c) |
|-----------------|-----------------------|----------------------------|------------|-----------------|
| | Gas Cost Component | Gas Cost Reconciliation | Refunds | Total GCA |
| | (\$/Therm) | (\$/Therm) | (\$/Therm) | (\$/Therm) |
| RATE AREA ONE | \$0.44291 | \$0.00063 | \$0.00000 | \$0.44354 |
| RATE AREA TWO | \$0.44291 | \$0.00063 | \$0.00000 | \$0.44354 |
| RATE AREA THREE | \$0.44291 | \$0.00063 | \$0.00000 | \$0.44354 |

RATE SCHEDULES AND OTHER CHARGES – COST RECOVERY MECHANISMS
PIPELINE REPLACEMENT CHARGE

The following monthly “Pipeline Replacement Charge” shall be applied to Residential, Commercial and Energy Options Firm Customers **(in Rate Areas One, Two, and Three)** from the effective date of this tariff until the Company’s next general rate case, or until this tariff is updated and approved by the Commission.

Pipeline Replacement Charge Authorized in NG-0074

| | |
|-----------------------|--------|
| Residential | \$0.50 |
| Commercial | \$1.48 |
| Energy Options – Firm | \$1.48 |

Pipeline Replacement Charge Authorized in NG-0074.1

| | |
|-----------------------|--------|
| Residential | \$0.50 |
| Commercial | \$1.74 |
| Energy Options – Firm | \$1.74 |

Total Pipeline Replacement Charge Authorized

| | |
|-----------------------|--------|
| Residential | \$1.00 |
| Commercial | \$3.22 |
| Energy Options – Firm | \$3.22 |

RATE SCHEDULES AND OTHER CHARGES
CHARGES TO BE PAID BY CUSTOMER

The following Other Charges are applicable to Customers located in Rate Areas One, Two, Three, and Four:

| | | |
|-----------------------------------|---|------------------------------------|
| TURN ON CHARGE (CONNECTION) | A turn on charge shall be charged by the Company for the connection of service: | |
| | <u>Fixed Service Charges</u> | |
| | <ul style="list-style-type: none"> During normal working hours: 8:00 a.m. to 5:00 p.m. Central Time Monday through Friday, except for Company holidays | \$26.00 |
| | <ul style="list-style-type: none"> Outside of normal working hours: | \$100.00 |
| RECONNECTION CHARGE | In the event of service being disconnected for non-payment or any other reason stated within this tariff, a Reconnection Charge by the Company for reconnection of service: | |
| | <u>Fixed Service Charges</u> | |
| | <ul style="list-style-type: none"> During normal working hours: 8:00 a.m. to 5:00 p.m. Central Time Monday through Friday, except for Company holidays | \$30.00 |
| | <ul style="list-style-type: none"> Outside of normal working hours: | \$100.00 |
| NON-SUFFICIENT FUNDS CHARGE | The Company may require a returned check charge from the Customer for Customer checks returned for non-sufficient funds. | \$20.00 |
| RESIDENTIAL DEPOSITS | Company may require a deposit or an increased deposit from a Customer in the amount equal to one-sixth (1/6) of the estimated annual bill. | 1/6 of estimated annual bill |
| LATE PAYMENT CHARGE | Late payment penalties are assessed on the past due amount in the amount of 1% per month of the past due amount. | 1% per month |

RATE SCHEDULES AND OTHER CHARGES
CHARGES TO BE PAID BY CUSTOMER

| | | |
|---|--|--|
| RESIDENTIAL METER MOVE & REINSTALLATION CHARGE | Upon a Residential Customer's request to have a meter moved, the Company will charge a residential meter move and reinstallation charge. | \$450.00 |
| COMMERCIAL METER MOVE & REINSTALLATION CHARGE | Upon a Non-Residential Customer's request to have the meter moved, the Company will charge a commercial meter move and reinstallation charge. | Time & Materials |
| METER TEST CHARGE | Upon Customer's request to have a meter tested, Company may charge time and materials based on Company's determination of meter test history and billing inquiries. | Time & Materials |
| TEMPORARY METER CHARGE | Should the Company be required to set a temporary meter, the Company will charge the Customer a temporary meter charge. | \$100.00 |
| SEASONAL DISCONNECTIONS | Seasonal disconnection charges shall not be permitted. The Company will charge a turn-on charge (reconnection charge) equal to those charged to any other ratepayer receiving service. | Not permitted; Reconnection Charge will be assessed |

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
RATE AREA FIVE

The following section, Sheets 97-150 contains the Rate Schedules and Other Charges applicable to Rate Area Five. The service territory map for Rate Areas Five can be found on Sheets 19-20. The listing of communities for Rate Area Five can be found on Sheets 14-15.

Rate Area Five is that area formerly served under the Black Hills Gas Distribution, LLC tariffs. There are no substantive changes to the Rate Schedules and Other Charges.

RATE SCHEDULES AND OTHER CHARGES
RATE AREA FIVE

| | <u>Sheet No.</u> |
|--|---|
| Schedule of Rates | 99-100 |
| System Safety and Integrity Rider..... | 101-105 |
| Rate Schedule CGS – Choice Gas Service..... | 108-118 |
| Rate Schedule ACGS – NSS Agricultural Choice Gas Service (Non-Seasonal Service) | 121 |
| Rate Schedule ACGS – SS Agricultural Choice Gas Service (Seasonal Service) | 123-132 |
| Choice Gas Service - Other Terms..... | 135-138 |
| Gas Supply Cost Adjustment CGS (Choice Gas Service)..... | 141-143 |
| Customer Retention Incentive Program Charge..... | 146 |
| Charges for Miscellaneous Service..... | 148-150 |
| Reserved for Future Use..... | 106-107, 119-120, 122, 133-134, 139-140, 144-145, 147 |

RATE SCHEDULES AND OTHER CHARGES
SCHEDULE OF RATES

**Rate Area Five - Rate Schedules CGS-Choice Gas Service (CGS) and
 Agricultural Choice Gas Service-Non-Seasonal Service (ACGS-NSS)**

| <u>Type of Charge</u> | <u>Non-Gas Base Rate Component</u> | <u>Gas Cost</u> | | | <u>Total Rate</u> |
|--|--|--------------------------------|--|---------------------------|-------------------|
| | | <u>Base Rate Component</u> | <u>Surcharge Rate Component 3/</u> | <u>Total Gas Cost</u> | |
| RESIDENTIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge | | | | | |
| Customer Charge 1/ | 14.70 | | | | 14.90 |
| Pipeline Replacement | 0.00 | | | | 0.00 |
| Safety and Integrity Charge | 4.15 | | | | 4.15 |
| <u>Distribution and Commodity Charges, Based on Usage 2/:</u> | | | | | |
| First 20 | 0.4675 | 0.0000 | 0.0481 | 0.0481 | 0.5156 |
| Over 20 | 0.1338 | 0.0000 | 0.0481 | 0.0481 | 0.1819 |
| SMALL COMMERCIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge | | | | | |
| Customer Charge 1/ | 22.75 | | | | 22.95 |
| Pipeline Replacement | 0.00 | | | | 0.00 |
| Safety and Integrity Charge | 8.82 | | | | 8.82 |
| <u>Distribution and Commodity Charges, Based on Usage 2/:</u> | | | | | |
| First 40 | 0.4675 | 0.0000 | 0.0481 | 0.0481 | 0.5156 |
| Over 40 | 0.1338 | 0.0000 | 0.0481 | 0.0481 | 0.1819 |
| LARGE COMMERCIAL SERVICE – Minimum Monthly Charge is Equal to the Customer Charge | | | | | |
| Customer Charge 1/ | 56.15 | | | | 56.35 |
| Pipeline Replacement | 0.00 | | | | 0.00 |
| Safety and Integrity Charge | 60.86 | | | | 60.86 |
| <u>Distribution and Commodity Charges, Based on Usage 2/:</u> | | | | | |
| First 80 | 0.4675 | 0.0000 | 0.0481 | 0.0481 | 0.5156 |
| Over 80 | 0.1338 | 0.0000 | 0.0481 | 0.0481 | 0.1819 |

1/ Total Customer Charge is \$/month and includes a charge for the HEAT program of \$0.20.

2/ Distribution and Commodity Charges are \$/Per Therm.

3/ Rate Component Includes:

1. Contract P-0802 Charge of \$0.0481 per Therm.

RATE SCHEDULES AND OTHER CHARGES
SCHEDULE OF RATES

Rate Area Five - Rate Schedules Agricultural Choice Gas-Service Seasonal Service (ACGS-SS)

| <u>Type of Charge</u> | <u>Non-Gas Base Rate Component</u> | <u>Gas Cost</u> | | | <u>Total Rate</u> |
|--|--|--------------------------------|---------------------------|---------------------------|-------------------|
| | | <u>Base Rate Component</u> | <u>Surcharge Rate</u> | <u>Total Gas Cost</u> | |
| | | | <u>Component 2/</u> | | |
| <u>Distribution and Gas Supply Cost Adjustment Charges, Based on Usage 1/:</u> | | | | | |
| Minimum Charge | 0.0010 | 0.0000 | 0.0481 | 0.0481 | 0.0491 |
| Maximum Charge | 0.5000 | 0.0000 | 0.0481 | 0.0481 | 0.5481 |

1/ Distribution and GSCA Charges are \$/per Therm.

2/ Rate Component Includes:

1. Contract P-0802 Charge of \$0.0481 per Therm

RATE SCHEDULES AND OTHER CHARGES
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

| | |
|---------------|--|
| APPLICABILITY | Residential Service, Small Commercial Service and Large Commercial Service under Rate Schedules CGS (Choice Gas Service) and ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service) are subject to this SSIR designed to collect Eligible System Safety and Integrity Costs, as defined herein. The System Safety and Integrity Rider Charge shall be subject to annual changes to be effective on February 1 of each year. The System Safety and Integrity Rider Charge to be applied to each Rate Schedule is set forth on the Schedule of Rates and Other Charges, Sheet 99. |
|---------------|--|

| | |
|---|---|
| ANNUAL APPLICATION AND QUARTERLY SURVEILLANCE FILINGS | <p>A. Each proposed revision in the System Safety and Integrity Rider Charge shall be accomplished by filing an application by October 1 of each year to take effect on the following February 1 (the “Annual Application”). The Annual Application shall contain the following items:</p> <ul style="list-style-type: none">i. Pertinent information and supporting data related to Eligible System Safety and Integrity Costs, including, at a minimum, Project description and scope, Project costs and projected in-service dates for the Projects budgeted to be completed in the upcoming calendar year.ii. Details of the Project costs incurred during the previous calendar year including an explanation of how the Project costs were managed and any deviations between budgeted and actual costs.iii. The calculation of the SSIR True-Up Amount, if any.iv. The calculation of the Deferred SSIR Balance, if any. <p>B. The Public Advocate shall conduct an examination of the Annual Application. The Public Advocate shall cause an examination to be made of the Annual Application to confirm that the underlying actual and projected Eligible System Safety and Integrity Costs (“SSIR revenue requirement”) are in accordance with this SSIR Tariff and to confirm proper calculation of the SSIR True-Up Amount and the Deferred SSIR Balance. The Commission shall require a report regarding such examination to be prepared and filed by the Public Advocate with the Commission not later than sixty days after the Annual Application is filed. No other revenue requirement or rate making issue shall be examined in consideration of the Annual Application unless the consideration of such affects the determination of the validity of the System Safety and Integrity Rider Charge.</p> |
|---|---|

(continued)

RATE SCHEDULES AND OTHER CHARGES
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

**ANNUAL
APPLICATION
AND QUARTERLY
SURVEILLANCE
FILINGS**
(Continued)

- C. The Commission shall hold a hearing on the Annual Application at which the Public Advocate shall present his or her report and shall act as trial staff before the Commission. The Commission shall issue an order to become effective not later than one hundred twenty days after the Annual Application is filed. If the Commission finds that the Annual Application complies with the requirements of this SSIR Tariff, the Commission shall enter an order authorizing the Company to collect the proposed System Safety and Integrity Rider Charge, including any SSIR True-Up Amount and any Deferred SSIR Balance, effective on February 1 of that year.
- D. The Company shall make quarterly surveillance filings within sixty days of the end of each calendar quarter. Such filings shall include calculations of the rate base separated into regular and SSIR components, the realized rates of return on the rate base components, along with supporting calculations. Additionally, the filing shall include an update regarding the status of the current calendar year's SSIR Project costs, projected in-service dates, and the expected schedule over the remainder of the calendar year.

DEFINITIONS

- A. "Deferred SSIR Balance" shall be equal to the balance, positive or negative, of SSIR revenues at the end of a particular calendar year less the Eligible System Safety and Integrity Costs as projected by the Company for that particular calendar year, plus monthly interest calculated on that balance at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.
- B. "Eligible System Safety and Integrity Costs" shall mean (1) a return, at a percentage equal to the Company's currently authorized weighted average cost of capital grossed up for taxes, on the projected increase in the jurisdictional component of the month ending net plant in-service balances associated with the Projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect, exclusive of all plant in-service included in the determination of the revenue requirements approved in the Company's last general rate case; (2) the plant-related ownership costs associated with such incremental plant investment, including depreciation, accumulated deferred income taxes, and all taxes including income taxes and property taxes; and (3) the projected jurisdictional component of the operation and maintenance expenses related to the Projects for the particular calendar year in which the System Safety and Integrity Rider Charge shall be in effect. The return and income taxes and plant related costs associated with
-

RATE SCHEDULES AND OTHER CHARGES
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

DEFINITIONS
(Continued)

improvements or upgrades to facilities, made at the discretion of the Company to extend service or for future growth that is not specifically required by a statute or regulation, shall be excluded from Eligible System Safety and Integrity Costs.

C. System Safety and Integrity Projects" ("Projects") shall mean one or more of the following:

- i. Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart O (Gas Transmission Pipeline Integrity Management), including Projects in accordance with the Company's transmission integrity management program ("TIMP") and Projects in accordance with State enforcement of Subpart O and the Company's TIMP;
- ii. Projects to comply with Code of Federal Regulations Title 49 (Transportation), Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards), Subpart P (Gas Distribution Pipeline Integrity Management), including Projects in accordance with the Company's distribution integrity management program ("DIMP") and Projects in accordance with State enforcement of Subpart P and the Company's DIMP;
- iii. Projects to comply with final rules and regulations of the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration that become effective on or after the filing date of the Application requesting approval of this SSIR; and
- iv. Facility relocation projects with a per-Project total cost of \$20,000 or more, exclusive of all costs that have been, are being, or will be reimbursed otherwise, that are required due to construction or improvement of a highway, road, street, public way or other public work by or on behalf of the United States, the State of Nebraska, a political subdivision of the State of Nebraska or another entity having the power of eminent domain.

Projects shall be analyzed based upon objective criteria, such as, but not limited to: specific regulatory requirements, threat assessment, corrosion control analysis, pipeline vintage, pipeline material, pipeline design and class location, pipeline configuration and segmentation, pipeline system constraints, pipeline replacement history, population density, pipeline maintenance and internal inspection history, pipeline piggability, existence and reliability of pipeline asset and testing records, pipeline leakage and other incident history, subject matter expert knowledge, Project timeframe,

RATE SCHEDULES AND OTHER CHARGES
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

DEFINITIONS
(Continued)

weather and climate constraints on the construction season, permitting constraints, probability of pipeline testing failures and dewatering constraints, service outage management, and pipeline source of supply and availability of alternate gas supply. As part of its analysis, the Company shall identify and describe the proposed Projects that are for high-risk gas infrastructure by providing its risk assessment for each such Project including, if applicable, the probability of failure, the consequences of failure for the Project and how it prioritized the Project for which it seeks recovery.

D. SSIR True-Up Amount" shall be equal to the difference, positive or negative, between the Eligible System Safety and Integrity Costs as projected for a particular calendar year and the actual Eligible System Safety and Integrity Costs incurred by the Company for that particular calendar year, plus monthly interest calculated on that difference at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.

SSIR
ADJUSTMENT
CALCULATION

A. The System Safety and Integrity Rider Charge shall be equal to the Eligible System Safety and Integrity Costs, plus or minus the SSIR True-Up Amount, plus or minus the Deferred SSIR Balance, multiplied by the customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case, divided by the applicable number of bills for the particular customer class, as follows:

$$\text{System Safety and Integrity Rider Charge} = ((A \pm B \pm C) * D) / E$$

Where:

A = Eligible System Safety and Integrity Costs B = SSIR True-Up Amount

C = Deferred SSIR Balance

D = Customer class allocation basis authorized by the Commission to determine the class cost of service in the Company's most recent general rate case

E = Applicable number of bills for the particular customer class

B. The calculated rate shall be an adjustment to the Customer Charge applicable to the Company's Residential Service, Small Commercial Service and Large Commercial Service under Rate Schedule CGS (Choice Gas Service) and ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

RATE SCHEDULES AND OTHER CHARGES
SYSTEM SAFETY AND INTEGRITY RIDER (SSIR)

**SSIR
ADJUSTMENT
WITH CHANGES
IN BASE RATES**

Whenever the Company implements changes in base rates as a result of a final Commission order in a general rate case setting new rates based on approved revenue requirements, the Company shall simultaneously adjust the SSIR to remove all costs that have been included in base rates.

The Company shall not make effective any revision to the System Safety and Integrity Rider Charge that includes the addition of new SSIR Projects not previously recovered through the SSIR Charge if the Company has not had a general rate proceeding decided or dismissed by issuance of a Commission order within sixty months immediately preceding the date upon which the revision to the System Safety and Integrity Rider Charge otherwise would take effect. The Company shall continue to make annual revisions to the SSIR Charge to reflect appropriate true-ups and adjustments to the calculations, consistent with the other provisions contained in the System Safety and Integrity Rider Tariff, for each year that the Company is allowed to collect the SSIR Charge.

The Company may continue to collect a System Safety and Integrity Rider Charge until (a) the effective date of interim rates after the Company files an application for a general rate proceeding and requests to consolidate its Black Hills/Nebraska Gas Utility Company, LLC and Black Hills Gas Distribution, LLC, (b) the effective date of interim rates if Black Hills Gas Distribution, LLC solely files an application for a general rate proceeding, or (c) December 31, 2020, whichever is earliest.

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

| | |
|--------------------------|--|
| AVAILABILITY | This Rate Schedule is available to all Nebraska jurisdictional residential and commercial Customers served by the Company in Rate Area Five . Company retains the right to terminate the availability of this Rate Schedule effective with its June billing cycle upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the Commission. |
| APPLICABILITY | Applicable to residential and commercial service. |
| DESCRIPTION OF SERVICE | The Choice Gas Program provides participating customers the opportunity to select their own gas Suppliers from a pool of qualified competing gas Suppliers. The Customer selects a gas Supplier and notifies the Company of its choice. The Company temporarily releases to such gas Suppliers an amount of firm transportation and no-notice Capacity on the Upstream Pipeline system which will be used by the supplier for the purposes of providing delivery of Customer's gas supply to the Company's system. The Company may retain an amount of firm transportation and no-notice service on the upstream pipeline for backup or emergency use, and recover the cost of such service as provided hereunder. Company agrees to receive from each gas Supplier natural gas for the account of Customer at the Receipt Point(s) and to transport across its system and deliver such volumes of gas, less Retention Quantity, to Customer at the Delivery Point(s). |
| REQUEST FOR SERVICE | Requests for service shall be made in accordance with the General Terms and Conditions of this Tariff. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates and Other Charges, Rate Schedules, and General Terms and Conditions, as amended from time-to-time, as a condition of service. |
| CHOICE GAS PROGRAM RULES | <ol style="list-style-type: none">1. Service under this rate schedule runs in one-year cycles, from the June billing cycle of one year through the May billing cycle of the succeeding year.2. Customers must choose their supplier from a pool of qualified Suppliers. Such qualifications are set forth in the Supplier participation agreement executed by the Supplier as a prerequisite to participating as a Supplier under this Rate Schedule. Except for Customers that have subscribed to multi-year supply arrangements as permitted under this |

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

**CHOICE GAS
PROGRAM
RULES**

rate schedule, Customers may change their Supplier selection once every twelve months effective at the beginning of the twelve- month program year commencing with the June bill cycle. If the Company does not receive from any Customer, during a selection period applicable to the Customer, a properly completed selection form or other available supplier selection medium that reasonably can be interpreted as to the selection made, such Customer will be served as a default customer during the upcoming twelve-month service period.

3. Company will provide Customer lists to Suppliers containing customer names, mailing addresses, telephone numbers, and usage history, by month, for the preceding calendar year; provided, that Suppliers treat the information as confidential, only use such information for purposes directly related to the Choice Gas Program and are expressly prohibited from selling such lists, or otherwise disclosing information from the Customer list to any other person or business entity for any purpose other than marketing of the Choice Gas Program. Company may require Suppliers to sign an agreement protecting the confidentiality of Customer information disclosed under the Choice Gas Program. Information regarding new Customers during the program year will be provided to all Suppliers within five (5) business days of the Company putting the new Customer information into the Company's computer system.
4. Absent force majeure, Interruption or Curtailment circumstances, for purposes of billing and allocation of volumes at the Company's custody transfer points with the Upstream Pipeline, the Daily Balancing section of this Rate Schedule shall apply. Company shall hold firm transportation and no- notice service on the Upstream Pipeline system, which will be temporarily released to and used by the Customer's Supplier for the purpose of providing delivery of Customer's supply to the Company's system.
5. The Supplier Commodity Charge will be remitted by the Company to the Customer's selected gas Supplier

**BILLING AND
RATES**

1. The applicable rates for this service are set forth in the Schedule of Rates and Other Charges of this Tariff. Except with respect to rates negotiated under Sheet 35, Negotiated Rates, each applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate(s) set forth in the Schedule of
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RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

BILLING AND
RATES
(Continued)

Rates applicable to this Rate Schedule. Company shall be permitted to discount rates to Customers and to negotiate rates with Customers as permitted by the State Natural Gas Regulation Act.

2. Monthly Bill. Except as provided above, commencing with the month in which service begins under this Rate Schedule and each month thereafter, Company shall charge and Customer shall pay Company the following charges and fees, as the same may be amended from time-to-time:
 - A. Customer Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule. This charge is billed to each customer as a flat fee per month, and does not vary with gas usage.
 - B. Distribution Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Non-Gas Base Rate Component. This charge equals the distribution charge multiplied by billed usage.
 - C. Gas Supply Cost Adjustment Charge (CGS). As set forth in the Schedule of Rates applicable to this Rate Schedule under the heading Total Gas Cost. The Gas Supply Cost Adjustment Charge is equal to the rate calculated under Sheet 141, Gas Supply Cost Adjustment (CGS), multiplied by billed usage.
 - D. Supplier Commodity Charge. This charge equals the applicable rate agreed to by the Customer and its Supplier, and communicated to the Company as prescribed in this rate schedule, multiplied by billed usage. The applicable rate may be changed by agreement of the Customer and its Supplier; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer. This rate includes, but is not limited to, the cost of Natural Gas and Upstream Pipeline services. The rates charged by Suppliers are established in the competitive free market and are not listed in the Schedule of Rates and Other Charges of this Tariff.
 - E. Franchise Fee. Franchise fees or charges imposed by any municipality will be charged only to residential and non-industrial, commercial Customers receiving service under this Rate Schedule in such municipality. The appropriate franchise amount shall be set forth as a separate item on that Customer's bill.
 - F. Taxes. Regulatory assessment of other taxes, fees, or charges required by a governmental authority will be added to the monthly bill.

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

**SUPPLIER
QUALIFICATIONS**

- G. Other Charges and Fees. In addition to the above charges and fees, any other charges and fees permitted by this Tariff, by Commission order, or by law or regulation may be applied to the Customer's bill, as applicable.
3. Notwithstanding any provision of this section, a Supplier may offer a fixed bill pricing option to Customers under which the Customer is billed a fixed monthly amount by the Company and the Supplier pays the Company for all applicable charges that otherwise would have been billed directly to the Customer under this Section. As a prerequisite to participating in the Choice Gas Program as a qualified Supplier, each Supplier must (a) receive the certification required under the State Natural Gas Regulation Act, and (b) execute, on an annual basis, a Supplier participation agreement in the form tendered by the Company. The conditions for Supplier participation are governed by such Supplier participation agreement. Company may be a Supplier in the Choice Gas Program and will be treated like all other Suppliers under the Code of Conduct Guidelines set forth on Sheet 138.

**SUPPLIER
ELECTION**

- A. All Customers under this Rate Schedule have the option to choose a Gas Supplier from a pool of qualified Suppliers. The list of qualified Suppliers will be provided by the Company. Customer shall pick a gas Supplier from the list and notify the Company of its choice as provided herein.
- B. Except as provided in paragraph F below, the term for which the Customer selection applies will be the twelve months commencing with the Customer's first normally scheduled meter read cycle on or after June 1 of each year, excluding those Customers moving on or off the system during a term. Company will provide a selection medium(s) to Customers or to such other party as is properly designated by a Customer, listing Suppliers from which the Customer may choose. Selection forms submitted by the Supplier must be accompanied by a delegation agreement or other form as the Company may use from time to time, signed by the Customer. At least two weeks prior to the date by when Customers must make their Supplier selection for the upcoming twelve month period, Suppliers must have price quotes and service information available for Customers. Supplier may choose to post any or all of its prices on the supplier selection form issued by the Company, which once selected by the customer and returned to the Company, will represent a commitment between the Customer and Supplier for service; or the Supplier can choose

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

**SUPPLIER
ELECTION
(Continued)**

to provide prices directly to the Customer and must provide a means for signing up Customers at that price. Customer, with the Supplier's consent, may switch between rate offerings of its current Supplier during the Choice Gas Program year.

- C. A Supplier selection medium(s) will be provided to each Customer before each annual selection period applicable to the Customer. If a Customer does not select a Supplier during the selection period, or if the Company receives an improperly completed selection form which reasonably cannot be interpreted as to the selection made, the Customer's gas supply will be provided during the upcoming twelve (12) month service period by the Customer's current Supplier and price option at a default price that will be determined after the selection period has ended; provided that if such Supplier does not participate as a supplier in the next twelve (12) month program cycle, such Customer will default to the Company as its Supplier. If the Customer chooses to change gas Suppliers to be effective with the June billing cycle of the next twelve (12) month program term, the Customer must notify the Company through an appropriate selection medium returned to the Company, or postmarked, on or before the deadline specified by the Company for the annual selection period. Unless otherwise agreed to by the Customer and the affected Suppliers, in case more than one selection is received from the Customer, the Supplier on the earliest received valid selection will be the Supplier for that Customer.
- D. After the completion of Customers' Supplier selections, Suppliers will provide to the Company a list of Customer price options and applicable prices. Suppliers will provide to the Company their default price(s) pursuant to a schedule provided to the Suppliers by the Company. A Supplier may agree during the course of a program year to change the price applicable to one or more of its Customers; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer(s). Company shall have a reasonable period of time in which to reflect a price change in the account information for a Customer once the change is communicated to the Company. Unless instructed to the contrary by the Supplier, the Company shall bill the Customer the new price on any bill that has begun to be processed after the date that the price change is reflected in the account information for the Customer. Company is entitled to rely upon the pricing information provided to it by Suppliers, and each Supplier must indemnify Company for any costs incurred, or liability arising from, inaccurate pricing information provided to the Company by the Supplier. Company will

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

**SUPPLIER
ELECTION
(Continued)**

indemnify a Supplier for any costs incurred, or liability arising from, the Company's failure to bill the price(s) applicable to the Supplier's Customers as communicated to the Company by the Supplier as provided in this section.

- E. Changes in Gas Suppliers will not be made effective prior to the end of the twelve-month term except as provided herein.
- F. Multi-Year Supply Arrangements. Notwithstanding any other provision of this rate schedule to the contrary, a Supplier may negotiate a multi-year supply arrangement with any Customer taking service under this rate schedule. By offering multi-year supply arrangements, the Supplier represents to the Company that it will continue to act as a Supplier in the Choice Gas Program throughout the term of the supply arrangement, meeting the attendant Supplier eligibility requirements in effect from time-to-time during the term thereof, and agrees that, if it ceases to be a Supplier during the term of a multi-year supply arrangement, the Supplier will reimburse the Company for any costs incurred by the Company in meeting the supply requirements of Customers purchasing Gas from the Supplier during the remainder of the program year in which the default occurs. If a Supplier defaults during the term of a multi-year supply arrangement, Company will provide Gas supply to the Customer during the remainder of the then-current program year, and the Customer will be provided with a selection medium for choosing a new Supplier commencing for the succeeding program year.

**TIMING FOR
SELECTION
PROCESS**

The timing for the steps required to implement the selection process will be determined each Choice Gas program year and provided to participating Suppliers. The schedule so established by the Company will be determined so as to permit program years to begin on June 1. The annual selection period is the two calendar weeks specified in the schedule for submission of supplier selection ballots to the Company. Company will accept and give due consideration to the input of participating Suppliers regarding the timing for the selection process.

MOVING POLICY

If a Customer moves from one premise to another within the Company's service territory, or if a Customer who immediately prior to such move was not a Customer of the Company moves into a premise within the Company's service territory, the Customer will continue purchasing Gas commodity from the Supplier last chosen for that premise until the end of the then-current program year, at which time the Customer may select a different Supplier if the

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

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| MOVING POLICY (Continued) | Customer so chooses. If a Customer constructs a new premise or moves into a premise which was inactive at the time of the immediately preceding Supplier selection period, the Company will provide a selection form listing Suppliers from which the Customer may choose a Supplier. Landlords who are temporarily receiving service for short time periods between occupants will be served by the existing Supplier. Company will mail a selection form to Customers for purposes of setting forth the choices provided under this paragraph. Selection forms will be due back to the Company within two weeks. |
| NOMINATIONS | Company may require nominations of the daily volumes to be transported across the Company's system for the account of a Customer under circumstances necessary to preserve the operational integrity of the Company's system. The approved daily nomination is the quantity of Gas stated in terms which the Company has approved to be delivered on a particular day for a particular Supplier. Nominations shall be submitted through the Company's interactive website, if available, or otherwise in writing. Nominations are subject to approval by the Company based upon system Capacity availability and the preservation of system operational integrity or if such nomination exceeds the specified maximum Daily Contract quantities with the Customer or Supplier. A written nomination process shall be provided by the Company. |
| RELEASE OF UPSTREAM CAPACITY | Company will temporarily release firm transportation and no-notice service held on the Upstream Pipeline to Suppliers for the program Year. Company will notify each Supplier of the levels of firm transportation and no- notice service that will be released by the Company to such Supplier for the purpose of serving the Customers selecting such Supplier, affirmatively or through the defaulting process. Company will allocate such released capacity among all Suppliers, including itself, a pro-rata share of the capacity as available for the primary Delivery Points at which each Supplier's Customers are located. The allocated capacity shall be temporarily released to Supplier for the program Year at rate(s) not to exceed the FERC-approved Upstream Pipeline rate applicable to the path released to the Supplier. To protect service to Customers during the winter season, Suppliers shall not re-release the Upstream Pipeline no- notice service capacity allocated to the Supplier under this Rate Schedule between the months of November and March, inclusive. In addition, without the Company's prior written consent, Suppliers shall not change the primary receipt and delivery points related to the allocated Upstream Pipeline capacity if and when such capacity is re-released. |

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

**DAILY
BALANCING**

For Company Systems that do not utilize Pre-Determined Allocations:

Volumes delivered by the Upstream Pipeline into the Company's system for a Customer shall be deemed to be equal to the Customer's actual usage plus Retention Quantity. The Retention Quantity will be allocated pro- rata among Suppliers based upon actual end-use metered volumes. Actual daily usage or if not available, daily usage as estimated by the Company, will be provided by the Company to the Upstream Pipeline for purposes of allocating deliveries to the Company's system among the various Suppliers delivering quantities for Customers, including the Company.

For Company Systems that utilize Pre-Determined Allocations:

- A. Volumes delivered by the Upstream Pipeline into the Company's system, inclusive of Retention Quantity, for the Customer shall be deemed to be equal to each Supplier's estimated market share. The estimated market share is determined by multiplying the pre-determined allocation (PDA) percentage of the custody measurement point by the total volume at the custody measurement point. The PDA percentages will be provided to the Upstream Pipeline on a monthly basis prior to the start of the flow month and maybe changed prospectively by the Company at any time during the flow month. The volumes delivered out of the Company's system will be equal to the custody measurement point's volumes and be allocated to the Suppliers based on their actual end-use metered market share. If actual usage is not available, Daily usage as estimated by the Company will be used by the Company for purposes of allocating deliveries off of the Company's system.
- B. If the difference between the forecasted Supplier market share and the actual Supplier market share varies by 5% or more, a Supplier may request that the Company review the forecasted market share percentages. This forecasted market share review will be conducted by the Company and will consider any Supplier recommendations. The review will be finalized and provided to Suppliers within thirty (30) days of the request.
- C. Predetermined Allocation Imbalance Curing Methodology
 - i. For purposes of balancing, a negative imbalance occurs when a supplier's allocated receipts are less than its allocated deliveries and a positive imbalance occurs when a Supplier's allocated receipts are more than its allocated deliveries. Company will provide Suppliers a Balancing statement and a Storage Transfer Request form by the 10th business day for the prior month's

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

DAILY
BALANCING
(Continued)

imbalances. A Supplier with a negative imbalance shall transfer its imbalance from its KMIGT storage account to the KMIGT storage account of the Supplier(s) with a positive imbalance. The total imbalance volumes that will be transferred will be equal to the total of each supplier's negative imbalance volume plus applicable KMIGT transportation fuel, lost and unaccounted for gas (FL&U). Each supplier is required to return an executed Storage Transfer Request form by the 12th business day via facsimile to confirm agreement among suppliers of the transfer of imbalance volumes. Once the storage transfers are confirmed with KMIGT, the affected supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred. An adjustment to each supplier's monthly commodity payment will be made to allow for the recovery of the cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes transferred in accordance with these procedures. The monthly commodity payment to each supplier that has a negative imbalance will be reduced by an amount equal to its negative imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate. The monthly commodity payment to each supplier that has a positive imbalance will be increased by an amount equal to its positive imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate.

- ii. In the event a supplier is unwilling or unable to cure its negative or positive imbalance by transfer of storage volumes as i. of this subsection, that supplier, with mutual consent of the affected suppliers, may attempt to cure the imbalance through an alternative method. Each supplier is required to notify the Company that its imbalance has been partially or fully cured under this option. This notification must be received by the Company via fax or e-mail by the end of the month following the month the imbalance was incurred. After the notices are received, the affected supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.
 - iii. In the event Suppliers do not utilize the procedures set forth in paragraphs i. or ii. of this subsection to cure imbalances, then the suppliers will be subject to the procedures established in this
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RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

DAILY
BALANCING
(Continued)

paragraph for curing the imbalance. If a Supplier is unwilling or unable to cure its full imbalance pursuant to paragraph i. of this subsection by the end of the month following the month the imbalance was incurred, that supplier will be deemed to be a Non-Performing Supplier. A supplier that is willing and able to cure its imbalance pursuant to paragraph i. of this subsection by the end of the month following the month the imbalance was incurred will be deemed to be a Performing Supplier. The Performing Supplier's positive imbalance will be cured through a credit adjustment to the Performing Supplier's monthly commodity payment. The credit will be based on the product of the highest of the daily "Gas Daily" CIG (Colorado Interstate Gas Company) Midpoint Price or "Gas Daily" PEPL (Panhandle Eastern Pipe Line Company) Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th business day of the second month following the month the imbalance was incurred multiplied by the imbalance volume plus all applicable KMIGT transportation FL&U and Storage Retention Fuel volumes. The cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes will also be credited to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting negative imbalance will be cured through a reduction to the Non- Performing Supplier's monthly commodity payment in an amount equal to the credit applied to the Performing Supplier's monthly commodity payment. The Performing Supplier's negative imbalance will be cured through a reduction to the Performing Supplier's monthly commodity payment. The reduction will be based on the product of the lowest of the Gas Daily CIG Midpoint Price or Gas Daily PEPL Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th business day of the second month following the month the imbalance was incurred multiplied by the imbalance volume. The cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes will also be a reduction to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting positive imbalance will be cured through a credit to the Non-Performing Supplier's monthly commodity payment in an amount equal to the reduction applied to

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE CGS – CHOICE GAS SERVICE

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| DAILY BALANCING (Continued) | the Performing Supplier's monthly commodity payment. All adjustments to the suppliers' monthly commodity payments will be made during the second month following the month the imbalance was incurred and the volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred. |
| CODE OF CONDUCT | Company and Suppliers are subject to the code of conduct guidelines set forth on Sheets 135-138. |
| EQUAL TREATMENT | Company will give fair and equitable treatment in its customer and public communications and in its administration of the Choice Gas Program to all Suppliers. Company will inform its Customers that the Suppliers have met specified qualification standards. |
| APPLICABLE TARIFF PROVISIONS | The applicable provisions of this Tariff, including the Schedule of Rates and Other Charges and the General Terms and Conditions, as revised from time-to-time, are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern. |

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-NSS

AGRICULTURAL CHOICE GAS SERVICE - NON-SEASONAL SERVICE

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| AVAILABILITY | This Rate Schedule is available to all Nebraska jurisdictional agricultural Customers that are not served under Rate Schedule ACGS - SS. Company retains the right to terminate the availability of this Rate Schedule in any year effective with its June billing cycle upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the Commission. Company may modify the terms of this Rate Schedule upon filing changes with the Commission. |
| INCORPORATION OF PROVISIONS BY REFERENCE | The provisions on Sheets 108-118 of Rate Schedule CGS are incorporated into this Rate Schedule by reference as if set forth herein. Customers served under this Rate Schedule shall be served in accordance with the principles set forth in the incorporated sections and are bound thereby. Suppliers selling gas to Customers under this Rate Schedule shall have the rights and obligations set forth in such sections and are bound thereby. |

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

AGRICULTURAL CHOICE GAS SERVICE - SEASONAL SERVICE

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| AVAILABILITY | This Rate Schedule is available to all Nebraska jurisdictional agricultural Customers in Rate Area Five whose principal use of Natural Gas is for irrigation and/or grain drying purposes. Company retains the right to terminate the availability of this rate schedule effective on April 1 of any year upon giving ninety (90) days prior written notice to affected Suppliers and Customers and to the Commission. Company may modify the terms of this Rate Schedule upon filing changes with the Commission. |
| APPLICABILITY | Applicable to irrigation service and grain drying service. Additionally, any Customer who meets all of the following criteria is eligible for service under this Rate Schedule: 1) Customer demonstrates to Company that the Customer economically can connect directly to an interstate pipeline and thereby bypass Company's facilities; 2) Customer's Natural Gas usage that would be served by such a bypass is not for human needs requirements as that term is defined by Company or by the Commission; and 3) Company's service to Customer is not rendered through facilities used to serve any residential or commercial Customer(s). |
| DESCRIPTION OF SERVICE | Choice Gas Program service provides participating Customers the opportunity to select their own gas Suppliers from a pool of qualified competing Gas Suppliers. The Customer selects a Gas Supplier and notifies the Company of its choice. Company agrees to receive from Supplier Natural Gas for the account of Customer at the Receipt Point(s) and to transport across its system and deliver such volumes of Gas, less Retention Quantity, to Customer at the Delivery Point(s). The Agricultural Choice Gas Service Program runs in one-year cycles, from the April billing cycle of one year through the March billing cycle of the succeeding year. |
| REQUEST FOR SERVICE | Requests for service shall be made in accordance with the General Terms and Conditions of this Tariff. By requesting service, and by accepting such service once initiated, the Customer agrees to abide by, and shall be obligated to comply with, all of the applicable provisions of this Tariff, including the applicable Schedule of Rates and Other Charges, this Rate Schedule, and the General Terms and Conditions, as amended from time-to-time, as a condition of service. |

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

**CHOICE GAS
PROGRAM
RULES**

1. Service under this Rate Schedule runs in one year cycles, from the April billing cycle of one year through the March billing cycle of the succeeding year.
 2. Customers must choose their supplier from a pool of qualified Suppliers. Such qualifications are set forth in the Supplier participation agreement executed by the Supplier as a prerequisite to participating as a Supplier under this Rate Schedule. Except for Customers purchasing commodity under multi-year supply arrangements, a Customer may change its Supplier selection once every twelve months effective at the beginning of the next twelve-month program year commencing with the April bill cycle. Any such change in Supplier selection can be communicated to the Company at any time prior to the conclusion of the Supplier selection period as set forth on this rate schedule for a program year. If the Company does not receive from any Customer, by the conclusion of the selection period, a properly completed selection form or other available supplier selection medium that reasonably can be interpreted as to the selection made, such Customer will be served as a default customer during the upcoming twelve-month service period.
 3. Company will provide customer lists to Suppliers containing customer names, mailing addresses and usage history, by month, for the preceding calendar year; provided, that Suppliers treat the information as confidential, only use such information for purposes directly related to the Choice Gas Program and are expressly prohibited from selling such lists, or otherwise disclosing information from the customer list to any other person or business entity for any purpose other than marketing of the Choice Gas Program. Company may require Suppliers to sign an agreement protecting the confidentiality of customer information disclosed under the Choice Gas Program. Information regarding new Customers during the program year will be provided to all Suppliers within five (5) business days of the Company putting the new customer information into the Company's computer system.
 4. Absent force majeure, Interruption or Curtailment circumstances, for purposes of billing and allocation of volumes at the Company's custody transfer points with the Upstream Pipeline, Daily Balancing, of this Rate Schedule shall apply.
 5. The Supplier Charge collected from a Supplier's Customers will be forwarded by the Company to the Customer's selected gas Supplier.
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RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

**BILLING AND
RATES**

1. The applicable rates for this service are set forth in the Schedule of Rates and Other Charges of this Tariff. Except with respect to rates negotiated under Sheet 35, Negotiated Rates, of the General Terms and Conditions, each applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate(s) set forth in the Schedule of Rates applicable to this Rate Schedule. Company shall be permitted to discount rates to Customers and to negotiate rates with Customers as permitted by the State Natural Gas Regulation Act.
2. Monthly Bill. Except as provided, commencing with the Month in which service begins under this Rate Schedule and each Month thereafter, the Company shall charge and the Customer shall pay the Company the following charges and fees, as the same may be amended from time-to-time:
 - A. Distribution Charge. As set forth in the Schedule of Rates and Other Charges applicable to this Rate Schedule under the heading Non-Gas Base Rate Component. This charge equals the distribution charge multiplied by billed usage.
 - B. Gas Supply Cost Adjustment Charge (CGS). As set forth in the Schedule of Rates applicable to this Rate Schedule under the heading Total Gas Cost. The Gas Supply Cost Adjustment Charge is equal to the rate calculated under Sheet 141, Gas Supply Cost Adjustment (CGS), multiplied by billed usage.
 - C. Supplier Charge. This charge equals the applicable rate agreed to by the Customer and the Customer's Supplier, and communicated to the Company as prescribed in this rate schedule, multiplied by billed usage. The applicable rate may be changed by agreement of the Customer and its Supplier; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer. This rate includes, but is not limited to, the cost of natural gas and upstream pipeline services. The rates charged by Suppliers are established in the competitive free market and are not listed in the Schedule of Rates and Other Charges of this Tariff.
 - D. **Taxes. Regulatory assessment or other taxes, fees, or charges required by a governmental authority will be added to the monthly bill.**

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

**BILLING AND
RATES**
(Continued)

E. Other Charges and Fees. In addition to the above charges, any other charges and fees permitted by this Tariff, by Commission order, or by law or regulation may be applied to the Customer's bill, as applicable.

NOMINATIONS

Company may require nominations of the daily volumes to be transported across the Company's system for the account of a Customer under circumstances necessary to preserve the operational integrity of the Company's system. The approved daily nomination is the quantity of gas stated in therms which the Company has approved to be delivered on a particular day for a particular supplier. Nominations shall be submitted through the Company's interactive website, if available, or otherwise in writing. Nominations are subject to approval by the Company based upon system capacity availability and the preservation of system operational integrity or if such nomination exceeds the specified maximum daily contract quantities with the Customer. A written nomination process shall be provided by the Company.

**SUPPLIER
QUALIFICATIONS**

As a prerequisite to participating in the Choice Gas Program as a qualified Supplier, each Supplier must (a) receive the certification required by the State Natural Gas Regulation Act, and (b) execute, on an annual basis, a supplier participation agreement in the form tendered by the Company. The conditions for supplier participation are governed by such supplier participation agreement. Company may be a Supplier in the Choice Gas Program and will be treated like all other Suppliers under the Code of Conduct Guidelines set forth on Sheet 138.

**SUPPLIER
SELECTION**

All Customers under this Rate Schedule have the option to choose a Gas Supplier from a pool of qualified Suppliers. The list of qualified Suppliers will be provided by the Company. Customer shall pick a gas Supplier from the list and notify the Company of its choice as provided herein.

Except as provided in Multi-Year Supply Agreements of this rate schedule, the term for which the customer selection and the supplier selection applies will be each twelve months commencing with the Customer's first normally scheduled meter read date after April 1 of each year, exclusive of those Customers moving on or off the system during a term. Company will provide a selection medium(s) to Customers and any other interested parties, listing Suppliers from which the Customer may choose. Selection forms submitted by Suppliers for the Customer must be

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

**SUPPLIER
SELECTION**
(Continued)

accompanied by an agency authorization signed by the Customer. Supplier may choose to post any or all of its prices on the supplier selection form issued by the Company, which, once selected by the Customer and returned to the Company, will represent a commitment between the customer and supplier for service, or the supplier may choose to provide prices directly to the Customer and must provide a method for signing up Customers at that price. After the completion of Customers' supplier selections, Suppliers will provide to the Company a list of customer prices. Except for Customers purchasing commodity under multi-year supply arrangements, a Supplier selection medium(s) will be provided to each Customer annually before each annual selection period. If a Customer has not selected a Supplier by the end of a selection period applicable to the Customer, or if the Company receives an improperly completed selection which reasonably cannot be interpreted as to the selection made, the Customer's gas supply will be provided during the upcoming twelve month service period by the Customer's current Supplier and price option at a default price that will be determined after the selection period has ended; provided that if such Supplier does not participate as a supplier in the next twelve-month program cycle, such Customer will default to the Company as its Supplier. If the Customer chooses to change gas Suppliers to be effective with the April billing cycle of the next twelve-month program term, the Customer must notify the Company through an appropriate selection medium returned to the Company, or postmarked, on or before March 15 of the annual selection period. In case more than one selection is received from the Customer, the Supplier on the earliest received valid selection will be the Supplier for that Customer.

Changes in Gas Suppliers will not be made effective prior to the end of the twelve-month term except as provided herein.

After the completion of Customers' Supplier selections, Suppliers will provide to the Company a list of Customer price options and applicable prices. A Supplier may agree during the course of a program year to change the price applicable to one or more of its Customers; provided that the change will not become effective until it is communicated to the Company and reflected in the account information for said Customer(s). Company shall have a reasonable period of time in which to reflect a price change in the account information for a Customer once the change is communicated to the Company. Unless instructed to the contrary by the Supplier, the Company shall bill the Customer the new price on any bill that has begun to be processed after the date that the price change is reflected in the account information for the Customer.

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

**SUPPLIER
SELECTION**
(Continued)

Company is entitled to rely upon the pricing information provided to it by Suppliers, and each Supplier must indemnify Company for any costs incurred, or liability arising from, inaccurate pricing information provided to the Company by the Supplier. Company will indemnify a Supplier for any costs incurred, or liability arising from, the Company's failure to bill the price(s) applicable to the Supplier's Customers as communicated to the Company by the Supplier as provided in this section.

Multi-Year Supply Arrangements. Notwithstanding any other provision of this rate schedule to the contrary, a Supplier may negotiate a multi-year supply arrangement with any Customer taking service under this rate schedule. By offering multi-year supply arrangements, the Supplier represents to the Company that it will continue to act as a Supplier in the Choice Gas Program throughout the term of the supply arrangement, meeting the attendant Supplier eligibility requirements in effect from time-to-time during the term thereof, and agrees that, if it ceases to be a Supplier during the term of a multi-year supply arrangement, the Supplier will reimburse the Company for any costs incurred by the Company in meeting the supply requirements of Customers purchasing Gas from the Supplier during the remainder of the program year in which the default occurs. If a Supplier defaults during the term of a multi-year supply arrangement, Company will provide Gas supply to the Customer during the remainder of the then-current program year, and the Customer will be provided with a selection medium for choosing a new Supplier commencing for the succeeding program year. The Customer's election to enter into a multi-year supply arrangement with a Supplier must be memorialized on a form developed for such purpose by the Company, which form must be signed by the Customer and its Supplier and returned promptly to the Company upon execution. Said form must state with specificity (i) the price or pricing option(s) negotiated by the Customer and the Supplier, such that the price in effect from time-to-time for such Customer can be determined by reference to information readily available to the Company and other participating Suppliers, and (ii) the period over which such price or pricing option(s) will be in effect. Said form also must state the term of the multi-year supply arrangement, which arrangement may not provide for automatic extensions or roll-overs beyond the initial term of the arrangement. The Customer and Supplier at any time may negotiate changes to the price or pricing option(s) applicable prospectively to the multi-year supply arrangement; provided that the changes are memorialized on the form supplied by the Company, which form must be signed by the Customer and its Supplier and returned promptly to the Company upon execution.

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

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| MOVING POLICY | <p>If a Customer moves from one premise to another within the Company's service territory, or if a Customer who immediately prior to such move was not a Customer of the Company moves into a premise within the Company's service territory, the Customer will continue purchasing gas commodity from the supplier last chosen for that premise until the end of the then-current program year, at which time the Customer may select a different Supplier if the Customer so chooses. If a Customer constructs a new premise or moves into a premise which was inactive at the time of the immediately preceding supplier selection period, the Company will provide a selection form listing Suppliers from which the Customer may choose a Supplier. Landlords who are temporarily receiving service for short time periods between occupants will be served by the existing Supplier. Company will mail a selection form to Customers for purposes of setting forth the choices provided under this paragraph. Selection forms will be due back to the Company within two weeks.</p> |
| TIMING FOR SELECTION PROCESS | <p>The timing for the steps required to implement the selection process will be determined each Choice Gas program year and provided to participating Suppliers. The schedule so established by the Company will be determined so as to permit program years to begin on April 1. The annual selection period is the two calendar weeks specified in the schedule for submission of supplier selection ballots to the Company. Company will accept and give due consideration to the input of participating Suppliers regarding the timing for the selection process.</p> |
| DAILY BALANCING | <p>For Company Systems that do not utilize Pre-Determined Allocations:</p> <p>Volumes delivered by the upstream pipeline into the Company's system for a Customer shall be deemed to be equal to the Customer's actual usage plus retention quantity. The retention quantity will be allocated pro- rata among Suppliers based upon actual end-use metered volumes. Actual daily usage or if not available, daily usage as estimated by the Company, will be provided by the Company to the upstream pipeline for purposes of allocating deliveries to the Company's system among the various Suppliers delivering quantities for Customers, including the Company.</p> <p>For Company Systems that utilize Pre-Determined Allocations:</p> <p>A. Volumes delivered by the upstream pipeline into the Company's system, inclusive of retention quantity, for the Customer shall be deemed to be equal to each Supplier's estimated market share. The estimated market share is determined by multiplying the pre-determined allocation (PDA) percentage of the custody measurement point by the total volume at the</p> |

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

DAILY
BALANCING
(Continued)

custody measurement point. The PDA percentages will be provided to the upstream pipeline on a monthly basis prior to the start of the flow month and may be changed prospectively by the Company at any time during the flow month. The volumes delivered out of the Company's system will be equal to the custody measurement point's volumes and be allocated to the Suppliers based on their actual end-use metered market share. If actual usage is not available, daily usage as estimated by the Company will be used by the Company for purposes of allocating deliveries off of the Company's system.

- B. If the difference between the forecasted supplier market share and the actual supplier market share varies by 5% or more, a Supplier may request that the Company review the forecasted market share percentages. This forecasted market share review will be conducted by the Company and will consider any Supplier recommendations. The review will be finalized and provided to Suppliers within thirty (30) days of the request.
- C. Predetermined Allocation Imbalance Curing Methodology
- (1) For purposes of balancing, a negative imbalance occurs when a Supplier's allocated receipts are less than its allocated deliveries, and a positive imbalance occurs when a Supplier's allocated receipts are more than its allocated deliveries. Company will provide Suppliers a balancing statement and a Storage Transfer Request form by the 10th Business Day for the prior month's imbalances. A Supplier with a negative imbalance shall transfer its imbalance from its KMIGT storage account to the KMIGT storage account of the Supplier(s) with a positive imbalance. The total imbalance volumes that will be transferred will be equal to the total of each Supplier's negative imbalance volume plus applicable KMIGT transportation fuel, lost and unaccounted for gas (FL&U). Each Supplier is required to return an executed Storage Transfer Request form by the 12th Business Day via facsimile to confirm agreement among Suppliers of the transfer of imbalance volumes. Once the storage transfers are confirmed with KMIGT, the affected Supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred. An adjustment to each Supplier's monthly commodity payment will be made to allow for the recovery of the cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes transferred in accordance with these procedures. The

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

DAILY
BALANCING
(Continued)

monthly commodity payment to each Supplier that has a negative imbalance will be reduced by an amount equal to its negative imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate. The monthly commodity payment to each Supplier that has a positive imbalance will be increased by an amount equal to its positive imbalance volume multiplied by the currently approved KMIGT firm transportation commodity rate.

- (2) In the event a Supplier is unwilling or unable to cure its negative or positive imbalance by transfer of storage volumes as stated in paragraph i of this subsection, that Supplier, with mutual consent of the affected Suppliers, may attempt to cure the imbalance through an alternative method. Each Supplier is required to notify the Company that its imbalance has been partially or fully cured under this option. This notification must be received by the Company via fax or e-mail by the end of the month following the month the imbalance was incurred. After the notices are received, the affected Supplier's imbalances will be adjusted. These volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.
- (3) In the event Suppliers do not utilize the procedures set forth in paragraphs i or ii of this subsection to cure imbalances, then the Suppliers will be subject to the procedures established in this paragraph for curing the imbalance. If a Supplier is unwilling or unable to cure its full imbalance pursuant to paragraph i of this subsection by the end of the month following the month the imbalance was incurred, that Supplier will be deemed to be a Non-Performing Supplier. A Supplier that is willing and able to cure its imbalance pursuant to paragraph i of this subsection by the end of the month following the month the imbalance was incurred will be deemed to be a Performing Supplier. The Performing Supplier's positive imbalance will be cured through a credit adjustment to the Performing Supplier's monthly commodity payment. The credit will be based on the product of the highest of the daily "Gas Daily" CIG (Colorado Interstate Gas Company) Midpoint Price or "Gas Daily" PEPL (Panhandle Eastern Pipe Line Company) Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th Business Day of the second month following the month the imbalance was incurred multiplied by the imbalance volumes

RATE SCHEDULES AND OTHER CHARGES
RATE SCHEDULE ACGS-SS

DAILY
BALANCING
(Continued)

plus all applicable KMIGT transportation FL&U and Storage Retention Fuel volumes. The cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes will also be credited to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting negative imbalance will be cured through a reduction to the Non-Performing Supplier's monthly commodity payment in an amount equal to the credit applied to the Performing Supplier's monthly commodity payment. The Performing Supplier's negative imbalance will be cured through a reduction to the Performing Supplier's monthly commodity payment. The reduction will be based on the product of the lowest of the Gas Daily CIG Midpoint Price or Gas Daily PEPL Midpoint Price during the period of time starting with the first day of the month that the imbalance was incurred and ending with the 10th Business Day of the second month following the month the imbalance was incurred multiplied by the imbalance volume. The cost of the KMIGT firm transportation commodity charges applicable to the imbalance volumes will also be a reduction to the Performing Supplier's monthly commodity payment. The Non-Performing Supplier's offsetting positive imbalance will be cured through a credit to the Non-Performing Supplier's monthly commodity payment in an amount equal to the reduction applied to the Performing Supplier's monthly commodity payment. All adjustments to the Suppliers' monthly commodity payments will be made during the second month following the month the imbalance was incurred and the volume adjustments will be reflected on the balancing statements generated the second month after the imbalance occurred.

CODE OF
CONDUCT

Company and Suppliers are subject to the code of conduct guidelines set forth on Sheets 135-138.

EQUAL
TREATMENT

Company will give fair and equitable treatment in its customer and public communications and in its administration of the Choice Gas Program to all Suppliers. Company will inform its Customers that the Suppliers have met specified qualification standards.

APPLICABLE
TARIFF
PROVISIONS

The applicable provisions of this Tariff, including the Schedule of Rates and Other Charges and the General Terms and Conditions, as revised from time-to-time, are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
CHOICE GAS SERVICE – OTHER TERMS

**INCIDENTAL
PURCHASE AND
SALE**

Company may buy and sell gas in connection with the provisions of all services rendered under this Tariff. Company may buy and sell gas to the extent necessary to maintain system pressure, to manage upstream storage, to replenish any upstream storage retained by Company for system operations, to maintain line pack and provide additional line pack for new facilities, to implement any cash-out imbalance procedures, and to perform other functions of Company in connection with services provided. Nothing herein shall impose on Company any obligation to provide a supply function to any Customer, supplier or other party.

Company will sell gas at any point on the system on a non- discriminatory basis. The purchasing party will be required to arrange with Company the necessary transportation agreements from the point of sale.

**OPERATIONAL
FLOW ORDERS**

The Company may issue an Operational Flow Order (OFO) requiring delivery of specified volumes of gas. An OFO may be issued for the Company's entire system, for a discrete portion thereof, or for a single Supplier. Suppliers who fail to deliver specified OFO volumes of gas shall be billed an OFO Charge as specified in the applicable Supplier Participation Agreement executed by the Supplier.

**CODE OF
CONDUCT –
AFFILIATE COST
ALLOCATIONS
AND
TRANSACTIONS
UNDER CHOICE
GAS PROGRAM**

This code of conduct sets forth guidelines to govern affiliate cost allocations and transactions under the Choice Gas Program.

- A. The Company shall maintain separate accounting records for revenues and costs related to its activities as a participating Supplier under the Choice Gas Program. Such costs and revenues shall be treated as "below-the-line" items and excluded for purposes of setting rates for the Company's regulated delivery utility services.
- B. Any use of shared employees, facilities or services related to the participating Supplier activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program ("Gas Supplier Activities") shall be allocated and accounted for through time keeping separately to prevent ratepayer subsidization of such Gas Supplier Activities when setting the tariff rates for the Company's regulated delivery utility services.
- C. Any employees responsible for the allocation of upstream pipeline capacity to Suppliers, administration of the PDA agreement with KMITG, administration of the Choice Gas Terms and Conditions or supplier agreements shall not be shared employees related to the activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program. Any employee responsible for regulated services who also

RATE SCHEDULES AND OTHER CHARGES
CHOICE GAS SERVICE – OTHER TERMS

CODE OF
CONDUCT –
AFFILIATE COST
ALLOCATIONS
AND
TRANSACTIONS
UNDER CHOICE
GAS PROGRAM

allocates time to the Gas Supply function of the activities of the Company or its affiliates as participating Suppliers under the Choice Gas Program shall not set prices associated with the Gas Supply but shall only convey pricing available to potential Customers.

- D. The Company shall not operate its utility system, provide utility services (including Choice Gas Program administrative services such as, balloting, billing, call center contacts and shipper services contacts), release upstream pipeline and storage capacity, grant of any discounts, distribution rate reductions or other distribution concessions, or disclose non-public utility or customer information in any manner which would make or grant any unreasonable preference or advantage to its own Gas Supplier Activities over those of other participating Suppliers or subject any of the other participating Suppliers to any unreasonable prejudice or disadvantage.
- E. The Company shall not utilize or disclose non-public customer or utility information or provide leads, including preferential use of computer files or call center information received in its role as a provider of regulated delivery services, in any manner which would make or grant any unreasonable preference or advantage to the Company or any other person over the other participating Suppliers or subject any of the other participating Suppliers to any unreasonable prejudice or disadvantage. If a utility customer of the Company requests information about gas Suppliers, the Company shall provide a list of all participating Suppliers and shall not express any preference or recommendation in favor of any participating Supplier, including itself or its affiliates. The Company shall not request authorization from its customers to pass on customer information exclusively to its Gas Supplier Activities.
- F. Information regarding new customers will not be used by the Company for purposes of its Gas Supplier Activities, or disclosed to other participating Suppliers, unless and until it is contemporaneously disclosed to all participating Suppliers.
- G. The Company and its affiliates shall not represent through words or actions that the cost, quality, or reliability of the regulated delivery utility services provided by the Company to its utility customers shall vary, or be adversely affected in any way under the Choice Gas Program. If a customer requests information about gas Suppliers, the Company shall provide a list of all qualified and participating Suppliers on its system but shall not express any preferential recommendation for a Supplier that is a Company affiliate or for any other Supplier.
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RATE SCHEDULES AND OTHER CHARGES
CHOICE GAS SERVICE – OTHER TERMS

CODE OF
CONDUCT –
AFFILIATE COST
ALLOCATIONS
AND
TRANSACTIONS
UNDER CHOICE
GAS PROGRAM
(Continued)

- H. If a Company tariff provision or the terms and conditions of its unbundling program allow for discretion in its application, the Company shall apply that provision in a nondiscriminatory manner to all persons, including the Company and its affiliates acting as participating Suppliers and other market participants and their respective customers under the Choice Gas Program. If the Company has no discretion in the application of such a provision, it shall strictly enforce that provision.
- I. The Company shall not market or advertise its utility services (including the administration of the Choice Gas Program) jointly with the marketing or advertising of its services as a participating Supplier, including joint sales calls, joint proposals, joint correspondence, joint advertising, joint marketing appearances, or similar activities or events except in instances for selection forms, joint education and bill inserts where the Company as the administrator of the Choice Gas Program and as a participating Supplier appear together.
- J. The Company shall clearly inform customers through a disclaimer on a bill insert and on all Choice Gas related advertising that the customers of the Gas Supplier Activities will have no preferential treatment with regard to regulated utility services over the other Suppliers in the Choice Gas Program. The disclaimer shall read "No Customer of any Supplier will receive preferential treatment with regard to utility services regulated by the Nebraska Public Service Commission."
- K. The Company will maintain 1) a list of Black Hills Energy entities doing business in the Choice Gas Program area and 2) a list of Company employees who charge time to Gas Supplier Activities.
- L. If a participating Supplier has reason to believe that the Company may have failed to adhere to the guidelines set forth in this Code of Conduct, such participating Supplier shall contact the Company and identify with specificity the perceived failure. The Company shall respond to, or meet with, such participating Supplier within 15 workings days of the contact to address the matter. If the matter is not satisfactorily resolved, a complaint may be filed with the Nebraska Public Service Commission.

RATE SCHEDULES AND OTHER CHARGES
CHOICE GAS SERVICE – OTHER TERMS

**CODE OF
CONDUCT –
SUPPLIER
CONDUCT
UNDER CHOICE
GAS PROGRAM**

This code of conduct sets forth guidelines to govern Supplier conduct under the Choice Gas Program.

- A. A Supplier shall not represent through words or actions that the quality, or reliability of the gas provided by any other Supplier, or the regulated delivery services provided by the Company to its utility customers shall vary, or be adversely affected in any way under the Choice Gas Program. If a customer requests information about gas suppliers, other Suppliers shall instruct the customer to contact that Supplier, but shall not express any preference for or opposition to any other Supplier.
 - B. A Supplier shall not misquote or misrepresent the commodity prices of any other Supplier, including the regulated utility, to a customer.
 - C. A Supplier shall not engage in activities such as slamming or cramming, or otherwise act in a manner detrimental to the Customer in the Supplier selection process.
 - D. A Supplier shall not market or advertise its commodity services in any manner that is misleading to the customer, or misrepresents the cost of commodity to the customer. A Supplier shall take such actions, especially in the context of multi-year supply arrangements, to ensure that a current or prospective customer and the Company understands the cost of commodity applicable to any pricing options being considered for selection by the customer.
 - E. A Supplier will not unduly discriminate against similarly situated customers.
 - F. If a Supplier or the Company has reason to believe that a Supplier may have failed to have complied with the guidelines set forth in this Code of Conduct, such Party shall contact the Company and identify with specificity the perceived failure. The Company shall contact the non-complying Supplier and the non-complying Supplier shall respond to, or meet with, the Company within fifteen (15) working days of the contact to address the matter, however the Company may require an immediate response based on the urgency of matter. If the matter is not satisfactorily resolved, a complaint may be filed by any Party with the Commission.
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RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
GAS SUPPLY COST ADJUSTMENT CGS (CHOICE GAS SERVICE)

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| APPLICABILITY | The rates associated with providing Natural Gas service to Customers served under Rate Schedule CGS, Rate Schedule ACGS-SS, and Rate Schedule ACGS-NSS may be adjusted upward and shall be adjusted downward to reflect changes in the Company's unbundled Gas supply costs in accordance with the following provisions. |
| DETERMINATION OF GAS SUPPLY COSTS | <p>A. The Gas Supply Cost for the period shall include the above- market costs of the P- 0802 Contract and the cost of backup, emergency, or replacement gas supplies or other services directly attributable to the Company's Nebraska jurisdiction during the period.</p> <p>B. Contract P-0802 costs shall be computed on a unit-of- delivery methodology, based on the Nebraska portion of the projected difference between the purchase cost associated with Contract P-0802 purchase obligations and the revenues recovered by the Company, or an affiliate of the Company, through resale of such volumes at market prices, divided by the projected Nebraska customer delivered volumes for the upcoming twelve month period, adjusted to reflect the impact of prudent discounting by the Company. Contract P-0802 purchase costs shall include costs associated with Contract P-0802 which are transferred out of Account 165 due to physical deliveries associated with such costs. In the alternative, the Contract P-0802 costs shall be computed on a unit-of-delivery methodology based on the Nebraska portion of a negotiated buy-out amount for Contract P-0802 divided by projected total Nebraska customer delivered volumes for a period to be determined by the Company. In addition, an amount shall be added to or subtracted from the Contract P- 0802 cost to represent a reconciliation from the prior twelve-month period between revenues the Company collected with respect to Contract P-0802 and actual net costs incurred by the Company for Contract P- 0802.</p> <p>C. In the event that the Company, at its sole discretion, needs to purchase: i) backup or emergency gas supplies or other services in order to ensure system integrity; or ii) replacement gas supplies or other services due to the failure of qualified supplier(s) to deliver sufficient gas volumes, and the Company does not recover sufficient dollars from the non-performing supplier(s) to fully reimburse it for any costs related to such purchases, then the actual unrecovered cost to the Company for such purchasing, including but not limited to gathering, transporting, storing, treating, and processing of any backup, emergency or replacement gas supply, or any other services, fees and taxes related to such gas, shall be included in the Gas Supply Cost for the period.</p> |

RATE SCHEDULES AND OTHER CHARGES
GAS SUPPLY COST ADJUSTMENT CGS (CHOICE GAS SERVICE)

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| DETERMINATION OF GAS SUPPLY COSTS (Continued) | D. If circumstances arise whereby the Company is required to implement its emergency backup service, the Company will immediately provide notice of such emergency to the Commission. For any costs not recovered from suppliers related to service described in paragraph C of this section, the Company shall request approval from the Commission to be reimbursed through the GSCA mechanism. |
| PROJECTED GAS SUPPLY COST RATE DETERMINATION | Projected Gas Supply Cost Rate Determination. The Company, at its sole discretion, but at least on an annual basis for any period in which Gas Supply Costs are expected to be incurred, will file an application with the Commission to establish a projected Gas Supply Cost rate to be included in rates. This filing will be made only when costs defined above are projected to be incurred. The projected Gas Supply Cost rate will be determined by dividing projected gas delivery costs by the projected volumes delivered under Rate Schedules CGS, CCGS-NSS and ACGS-SS, adjusted to reflect the impact of prudent discounting. |
| ACTUAL GAS SUPPLY COST RATE DETERMINATION | Actual Gas Supply Cost Determination. Actual unit gas supply costs for the period will be determined by dividing the actual Gas Supply Costs for the period by actual volumes delivered under Rate Schedules CGS, CCGS-NSS and ACGS-SS, adjusted to reflect the impact of prudent discounting. |
| GAS SUPPLY COST ADJUSTMENT AND ACCRUAL | <p>A. The GSCA for each month will be determined by multiplying the difference between the actual unit Gas Supply Cost and the projected unit Gas Supply Cost by the jurisdictional Choice Gas Service volume as determined from actual billings to Jurisdictional Customers served under a Choice Gas Service rate schedule.</p> <p>B. The monthly difference between actual costs and revenues calculated in accordance with the preceding paragraph shall be recorded in Account 191 - Unrecovered Purchased Gas Costs of the Uniform System of Accounts. A positive amount (defined as actual gas delivery cost exceeding projected gas delivery cost) represents an under-recovery of costs and will be debited to Account 191. A negative amount (defined as projected delivery cost exceeding actual gas delivery cost) represents an over-recovery of costs and will be credited to Account 191.</p> |

RATE SCHEDULES AND OTHER CHARGES
GAS SUPPLY COST ADJUSTMENT CGS (CHOICE GAS SERVICE)

**GAS SUPPLY
COST
ADJUSTMENT
AND ACCRUAL
(Continued)**

C. If the Company's projected gas supply costs during the remaining months of the projection period change significantly from the filed projected gas delivery cost, the Company may file an interim GSCA application before its next scheduled GSCA application, to revise its projected gas supply costs, provided that the Company's rate change equates to at least 0.05% of the gas cost supply rate for the period

**SURCHARGE
DETERMINATION**

- A. Monthly interest will be calculated on any over- or under- recovered gas supply amounts at a rate equal to the then current rate of interest on pipeline refunds established by the Federal Energy Regulatory Commission.
- B. Annually, the Company will calculate a surcharge (positive or negative) to amortize the accumulated over- or under-collected gas delivery costs by dividing the balance in Account 191 at the end of the accumulation period by projected jurisdictional Choice Gas Service volumes for the next twelve months. Total gas delivery cost rates will be determined by adding this unit surcharge to the projected gas delivery cost rate.

**TIMING OF
FILING AND
DETERMINATION
OF
ACCUMULATION
PERIOD**

- A. If Gas Supply Costs are incurred, the Company may file, at least annually, to adjust its rates to be effective each June 1; provided the Company may make out of period filings as it deems necessary. The accumulation period of future gas delivery costs incurred shall be the twelve- month period ending each March 31.
- B. There will be a GSCA developed and included in rates to refund or recover the under- or over-collected balance of gas costs that exists as of May 31, 2003. Such GSCA will be effective June 1, 2003, and will remain in effect until the balance of gas costs that exists at May 31, 2003 is fully amortized. If Rate Schedule SS is terminated, any under- or over- recovered costs applicable to the GSCA rate for that rate schedule shall be included in the next calculation of the GSCA under this section, or in an interim GSCA filing, if the magnitude required by this section for interim filings is met.

DISCOUNTING

If and when the Company discounts its service in order to maintain or increase system load, the Account No. 191 Charge, the P- 0802 Charge and the HEAT Charge shall be discounted, in that order, prior to discounting of any other components of the base rates. In providing discounts, the Company shall not grant any undue preference or unjust discounts. Company is entitled to reflect the effect of prudent discounting in calculations of the Account No. 191 Charge and the P-0802 Charge.

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
CUSTOMER RETENTION INCENTIVE PROGRAM CHARGE

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| DESCRIPTION | The customer retention incentive program, called High Efficiency Assistance Tool (HEAT), enables the Company to offer an incentive to Jurisdictional Residential and Commercial Service Customers to assist with the costs associated with the purchase and installation of a new, natural gas burning space- heating or water heating appliances. |
| HEAT CHARGE | HEAT Charge. A flat monthly HEAT Charge shall be added to the monthly Customer Charge for all jurisdictional Residential and Commercial Service Customers on the effective date of the HEAT Charge. |
| DETERMINATION OF HEAT PROGRAM COSTS | <p>Determination of HEAT program costs.</p> <p>A. Annual Report. On or before November 1, the Company will submit a report to the Commission detailing HEAT activity and expenses for the 12-month period ending August 31. The resulting HEAT Charge, as determined below, will be assessed to Customers January 1 through December 31. This process will be repeated each year.</p> <p>B. HEAT program expenses which are eligible for inclusion in the determination of the HEAT Charge include only the actual incentive amounts paid.</p> <p>C. The report filed by November 1 will include the eligible expenses associated with HEAT as well as the allocation of those expenses as described below. Additionally, the report will state the proposed HEAT Charge to be effective January 1 of the upcoming year.</p> <p>D. The Company shall reconcile on an annual basis the eligible program expenses related to HEAT program activity with the revenues collected through the HEAT Charge.</p> |
| DETERMINATION OF HEAT CHARGE | <p>Determination of HEAT Charge.</p> <p>A. The Residential and Commercial HEAT Charges will be determined by dividing the number of forecasted annual Residential and Commercial Service bills into the total of HEAT program costs.</p> <p>B. The HEAT Charges will be added to the monthly Customer Charge component of the Customer's bill.</p> |
| DISCOUNTING | If and when the Company discounts service charges or rates in order to maintain or increase system load, the Account 191 Charge, P-802 Charge and the HEAT Charge shall be discounted, in that order, prior to the discounting of any other components of the base rates. |

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

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| ADDITIONAL FACILITIES CHARGE | As determined by the Company pursuant to Sheet 58, Additional Facilities, of the General Terms and Conditions, and included in the Facilities Agreement executed by the Company and the Customer(s). | As set forth on Sheet 58 |
| AFTER HOURS AND HOLIDAY CALL-OUT CHARGE | This charge shall be established by the Company for service calls occurring after normal working hours, including holidays. | 100% of the applicable hourly rate(s) for service calls occurring after normal working hours, and on holidays |
| BILL COLLECTION CHARGE | A bill collection charge may be collected from the Customer when a service call is made for discontinuance of service and Customer avoids discontinuance by payment of the delinquent bill or by entering into a written payment agreement with the Company to pay the delinquent bill in installments. | 50% of the Company's standard hourly service charge |
| CONNECTION CHARGE | The Company may assess a charge for connecting service to a new Customer upon a request for service. If connected after normal working hours, the connection charge maybe charged in addition to the Company's after hours call out charges. | 60% of the Company's standard hourly service charge |
| CUSTOMER METER TEST REQUEST | The Company will require a meter test charge under the conditions for Meter Testing on Sheet 51 | 200% of the Company's standard hourly service charge |
| FACILITIES RELOCATION CHARGE | As set forth on Sheet 27, Relocation of Facilities, the Company may assess a charge for work performed at the Customer's request or when necessary to comply with applicable legal requirements or to mitigate potential or existing safety hazards to property or personnel. | Company's current standard hourly service charge for all work performed |

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

| | | |
|---------------------------------|---|--|
| INSUFFICIENT FUNDS CHECK CHARGE | The Company may require from the Customer the charge allowed by law for each check returned for insufficient funds or returned for any other reason. | Maximum charge allowed by law |
| LATE PAYMENT CHARGE | Late payment penalties are assessed on the past due amount in the amount of 5% on the first \$20.00 of the delinquent amount outstanding, plus 2% on the excess delinquent amount outstanding over \$20.00 | 5% on first \$20, plus 2% on the excess over \$20 |
| MISSED APPOINTMENT CHARGE | A missed appointment charge may be collected from the Customer when a service call is made by Company personnel upon appointment with the Customer and the Customer is not present to permit the schedule work or business to be performed or conducted. | 50% of the Company's standard hourly service charge |
| SERVICE DISCONNECTION CHARGE | The Company may assess a charge for disconnecting service to a Customer. This charge shall be in addition to the reconnection charge, if any, assessed the Customer for restoration of service following disconnection. | 50% of the Company's standard hourly service charge |
| SERVICE RECONNECTION CHARGE | The Company may assess a reconnection charge after the Customer's service has been disconnected. If reconnected after normal working hours, the reconnection charge may be charged in addition to the Company's after hours call out charges. In addition, the Company may require a security deposit before service is reconnected, and payment of all- outstanding bills for utility service of the Customer. | 100% of the Company's standard hourly service charge |
| TEMPORARY SERVICE | Company may require Customer to pay all costs of making the service connection and extension and removing the material after service has been discontinued. | All costs including labor and material |

RATE SCHEDULES AND OTHER CHARGES
CHARGES FOR MISCELLANEOUS SERVICES

| | <u>Administration 1/</u> | <u>Bad Debt 2/</u> | <u>Total 3/</u> |
|---------------------|--------------------------|--------------------|-----------------|
| Supplier Fee | \$1.094 | \$0.119 | \$1.213 |

1/ This is a fixed fee, per month, per customer billed for each supplier in the Residential and Commercial Choice Gas Program.

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

3/ This fee is charged to each Residential and Commercial Choice Gas Program participating supplier each month based on the number of customers billed for that supplier.

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

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RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

RATE SCHEDULES AND OTHER CHARGES
NATURAL GAS SERVICE

RESERVED FOR FUTURE USE

CROSS REFERENCE TO TARRF BOOKS OF BH GAS DISTRIBUTION AND BH GAS UTILITY

BH Nebraska Gas - Tariff Book Index

| | Tariff Sheet Nos. | | |
|---|-------------------|---------------------|----------------|
| | BH Nebraska Gas | BH Gas Distribution | BH Gas Utility |
| Rules and Regulations Applicable to All Rate Areas | 2-65 | | |
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| Company-Owned Service Lines | 22 | 83 | — |
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BLACK HILLS NEBRASKA GAS, LLC
Attachment RJA-1
CROSS REFERENCE TO TARRF BOOKS OF BH GAS DISTRIBUTION AND BH GAS UTILITY

| BH Nebraska Gas - Tariff Book Index | Tariff Sheet Nos. | | |
|--|-------------------|---------------------|----------------|
| | BH Nebraska Gas | BH Gas Distribution | BH Gas Utility |
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| Immediate and Serious Health Hazard | 41 | 72 | 17 |
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BLACK HILLS NEBRASKA GAS, LLC

Attachment RJA-1

CROSS REFERENCE TO TARRF BOOKS OF BH GAS DISTRIBUTION AND BH GAS UTILITY

| BH Nebraska Gas - Tariff Book Index | Tariff Sheet Nos. | | |
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CROSS REFERENCE TO TARRF BOOKS OF BH GAS DISTRIBUTION AND BH GAS UTILITY

| BH Nebraska Gas - Tariff Book Index | Tariff Sheet Nos. | | |
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A "—" notation indicates that the utility did not have that tariff section in its tariff