

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF)
BLACK HILLS NEBRASKA GAS , LLC d/b/a)
BLACK HILLS ENERGY FOR A DEFERRED)
ACCOUNTING ORDER ALLOWING TO RECORD) Application No. NG-107
AND PRESERVE COSTS RELATED TO THE)
COVID-19 PANDEMIC)

APPLICATION

Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy¹ (“BH Nebraska Gas” or “Black Hills Energy”) submits this Application pursuant to the State Natural Gas Regulation Act² (“Act”) respectfully requesting an order from the Nebraska Public Service Commission (the “Commission”) authorizing BH Nebraska Gas to establish a regulatory asset to record and preserve costs related to the COVID-19 pandemic.

In support of this Application, BH Nebraska Gas states as follows:

1. Black Hills Nebraska Gas, LLC is the combination of Black Hills/Nebraska Gas Utility Company, LLC (“BH Gas Utility” formerly Aquila) and Black Hills Gas Distribution, LLC (“BH Gas Distribution” formerly Source Gas) and tariffs effective January 1, 2020 pursuant to approval of the Nebraska Public Service Commission (“Commission”) in Commission Application No. NG-100.³ BH Nebraska Gas provides retail natural gas distribution service to approximately 300,000 customers located in or around 319 communities Nebraska.

¹ Black Hills Nebraska Gas, LLC is a jurisdictional utility as defined under Section 66-1802 (10) of the State Natural Gas Regulation Act. *Neb. Rev. Stat. § 66-1802(10)*.

² *Neb. Rev. Stats. §§ 66-1801 et seq.*

³ *In Re the Joint Application of Black Hills Gas Distribution, LLC and Black Hills/Nebraska Gas Utility Company, LLC and Black Hills Nebraska Gas, LLC for a Commission Decision 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 Black Hills Nebraska Gas, LLC, Docket No. NG-100.*

2. The purpose of this filing is for authority to establish a regulatory asset to record and preserve costs related to the COVID-19 pandemic. On March 11, 2020, the World Health Organization declared the COVID-19 virus a pandemic. On March 13, 2020, Nebraska Governor Pete Ricketts declared a State of Emergency and Public Health Emergency in the state of Nebraska in response to the evolving COVID-19 outbreak. Also, on March 13, 2020, President Trump declared the COVID-19 pandemic a national emergency.

3. In response to the COVID-19 pandemic and as communicated in a public conference on April 8, 2020, pursuant to the Commission's order in Application No. NG-101/PI-224⁴, BH Nebraska Gas has taken the following actions:

- a. BH Nebraska Gas is limiting customer orders to essential work only. These services include: meter reading, no heat, no hot water, non-functioning range, non-cooling refrigerator, and emergency response orders.
- b. BH Nebraska Gas has updated our Turn Off Process by stopping all turn off requests until a transfer of service is requested. During this process customers will not be charged for service after their request is submitted. This process was updated in an effort to avoid field employees from unnecessarily entering homes and risking exposure.
- c. BH Nebraska Gas has removed the Start/Stop Service from our web page in order to prevent customers from avoiding the COVID-19 questions. Customers will be directed to the contact center to complete the service request.
- d. Currently, BH Nebraska Gas has discontinued the disconnect process to assist with customers facing financial hardships. When the current quarantine requirements are

⁴ *In the Matter of the Commission, on its own motion, opening an investigatory docket for the purpose of general monitoring of issues regarding the natural gas industry and jurisdictional utilities in Nebraska.*

lifted, BH Nebraska Gas will offer a 12-monthly payment arrangements. BH Nebraska is also offering Budget Billing to all customers, even those whom have a past due balance.

- e. BH Nebraska Gas is waiving all Western Union payment location fees for customers during this response.
 - f. BH Nebraska Gas is working with all of our contractors to ensure BH Nebraska Gas' COVID-19 response procedures are being followed during the contract work being completed on behalf of BH Nebraska Gas.
 - g. BH Nebraska Gas sent out a media release in order to bring awareness to the assistance to our customers and the communities we serve in response to COVID-19.
 - h. BH Nebraska Gas has requested all non-essential employees to work from home to avoid additional risk factors in response to COVID-19.
 - i. BH Nebraska Gas has supplied all field employees with personal protective equipment. These items include: N95 masks, gloves, Tyvek suits, foot covers, safety glasses. All items are stored in a bag and a trash bag has been included for disposal.
4. BH Nebraska Gas believes it will incur extraordinary costs and experience lost revenue related to the COVID-19 pandemic. These costs and revenue losses were not anticipated and are not currently included in base rates. Some of the anticipated extraordinary costs include increased cost of operation due to COVID-19 precautions,⁵ an increase in bad debt related to customers' inability to pay utility bills, and other COVID-19 related lost revenue. BH Nebraska

⁵ COVID-19 related increased cost of operations may include, but are not limited to bad debts, increased labor costs, safety equipment, and COVID-19 related employee benefits.

Gas requests deferred accounting treatment with the establishment of a regulatory asset to record and preserve these costs with disposition to be determined at a later date. The regulatory asset would cover all COVID-19 related costs, including increased amounts of bad debt and other COVID-19 related lost revenue beginning on March 1, 2020.

5. BH Nebraska Gas will not include any COVID-19 related costs in the upcoming Rate Application, as those costs may not be known at the time of the filing or during the pendency of the case.

6. BH Nebraska Gas proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC accounts associated with the expenses, such as FERC Account 904 (Uncollectible Accounts).

7. BH Nebraska Gas acknowledges that the Commission's approval of deferred accounting treatment for COVID-19 related costs will not constitute approval of ultimate recovery of those costs. Recovery of the costs would be subject to a prudence review and a final decision on rate recovery in a future regulatory filing.

8. BH Nebraska Gas agrees to maintain proper documentation for costs recorded within the requested regulatory asset and such costs will be subject to review by the Commission and other interested parties prior to being included in rates charged to customers.

9. BH Nebraska Gas also requests a waiver of certain provisions of the Company's tariffs, Operation & Maintenance standards, and Commission Rules and Regulations⁶ to protect the health and safety of its employees and customers. Specifically, the Company requests a waiver of requirements related to meter replacement and testing, farm tap replacements, government mandated road moves that require service line replacements, meter reading, and any processes that

⁶ 291 Neb. Admin. Code, Ch.9.

require entry into a customer premise or customer contact. BH Nebraska Gas notes that some customers do not want Company technicians to enter their premises. The Company also wishes to protect its employees if current pandemic conditions worsen by delaying work required in the tariffs, standards and rules. The Company is also concerned that when the quarantine provisions are lifted, a substantial backlog of work will burden the Company's employees and potentially could cause increased risk to Company technicians as they deal with a likely delay in service response times.

10. BH Nebraska Gas further requests that the Commission authorize BH Nebraska Gas to record carrying charges related to any COVID-19 pandemic related deferrals at the Commission approved customer deposit rate.

Communications

Communications regarding this Application should be addressed to the following:

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Conclusion

WHEREFORE, Black Hills Nebraska Gas, LLC respectfully requests that the Nebraska Public Service Commission:

1. Issue an order allowing for the establishment of a deferred accounting regulatory asset for the recording and preservation of costs related to the COVID-19 pandemic including an increase in bad debt related to customers' inability to pay utility bills, and COVID-19 related loss of revenue. The order shall also include a waiver of tariffs and rules relating to work performed inside customer premises.

Dated this 22nd day of April, 2020.

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

By: /s/ Jason Bennett

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing Application was served electronically on this 22nd day of September, 2019, upon the following:

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