

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy, for Approval of the Commission to Make Certain Changes in its Rates for Natural Gas Service

Docket No.  
14-BHCG-502 -RTS

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DIRECT TESTIMONY OF

JODI L. CULP

FOR BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC

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1        **I. INTRODUCTION**

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

3        A. My name is Jodi L. Culp. My business address is 1102 East First Street,  
4        Papillion, NE.

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

6        A. I am employed by Black Hills Corporation (“BHC”) as Director of Gas Supply  
7        Services.

8        **Q. WILL YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
9        BUSINESS EXPERIENCE?**

10       A. I obtained a Bachelor of Arts degree in Communications with a Public Relations  
11       emphasis from the University of Nebraska-Omaha in 1992. I have attended  
12       several training courses throughout my tenure in the energy industry, including  
13       courses that addressed natural gas fundamentals, basis and trading,

1 derivatives, hedging, and marketing. Additionally, I have attended several  
2 industry conferences and workshops throughout my career, as well as training,  
3 meetings and conferences held by specific interstate pipeline companies and  
4 natural gas suppliers who provide natural gas products and services to BHC.

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**  
6 **BODIES?**

7 A. No.

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 A. I will discuss the Gas Management System Project in support of the expense  
10 and investment adjustments in this rate case proceeding.

11  
12 **II. GAS MANAGEMENT SYSTEM PROJECT**

13 **Q. PLEASE EXPLAIN THIS PROJECT.**

14 A. Gas Supply Services has utilized the in-house custom-developed GasTrack  
15 application as its system of record for many years to handle the core functions  
16 of contract management, deal capture, gas scheduling and pipeline  
17 nominations for delivery of purchases to BHC's general system utility  
18 customers, as well as accepting third-party nominations for Transport and  
19 Brokered customers. GasTrack also captures and stores measurement data,  
20 weather, pricing, pipeline storage and transportation capacity information, in  
21 addition to providing related reporting functionality, which allows Black Hills  
22 Utility Holdings ("BHUH") to reliably serve and manage the natural gas  
23 requirements of its customers. This application was developed on what now is

1 an aged technology platform known as FoxPro. Microsoft no longer supports  
2 FoxPro, meaning updates to address security concerns, software  
3 enhancements, and “bug” fixes are not available. In addition to the technology  
4 risks, BHUH also faces intellectual risks with the GasTrack platform. The  
5 primary IT developer who has worked with GasTrack since inception, and who  
6 continues to be the primary technical support person is nearing retirement, as is  
7 the primary business analyst who provides business application support and is  
8 the liaison between the end-user and IT.

9 **Q. WHAT TYPE OF RISK DOES THIS IMPOSE?**

10 A. Both the technical and intellectual factors associated with GasTrack impose  
11 business risks relating specifically to the effectiveness of Gas Supply Services  
12 performance, as well as the accuracy and reliability of its system of record. An  
13 inadequate gas management system could disrupt the effective management of  
14 day-to-day business, as well as the real-time decision-making process. If the  
15 application were to have technical or security vulnerabilities, or if GasTrack is  
16 no longer compatible with other industry platforms (including interstate  
17 pipelines), the ability for Gas Supply Services to prudently provide safe, reliable  
18 gas supply to our customers may be significantly hindered, if not restricted, and  
19 Gas Supply Services could potentially run the risk of financial penalties due to  
20 the inability to accurately manage supply, customer usage and pipeline  
21 services and assets. This risk increases with the passage of time.

22 **Q. ARE THERE ANY OTHER CONCERNS?**

1 A. Yes. Unfortunately GasTrack does not facilitate the deal capture associated  
2 with financial hedge activity transacted by Gas Supply Services. Currently, we  
3 utilize spreadsheets for gas hedging functions. Over time, these spreadsheets  
4 have become very large and difficult to work with. The data input and formulas  
5 created in the spreadsheets are all manually maintained, introducing additional  
6 business risk due to potential human error. Also of concern with the  
7 spreadsheets is the possibility of technical issues and loss of data due to their  
8 size and complexity. Ideally, we would like all of our gas transactional activity  
9 to be housed in one system of record.

10 **Q. PLEASE CONTINUE.**

11 A. As mentioned earlier, another concern is related to the aging workforce that  
12 supports the application. There are several individuals that have a great deal of  
13 knowledge of both the business and technical components of the application  
14 that will be retiring over the next few years. This knowledge is not easily  
15 replaced. This needs to be addressed now to reduce the risk to Gas Supply  
16 Services.

17 **Q. HOW DOES BHC INTEND TO ADDRESS THESE RISKS?**

18 A. After a thorough analysis of various possible solutions, including doing nothing  
19 at this time, building our own software solution as we had done with the  
20 GasTrack System, or purchasing a commercial off-the-shelf software solution  
21 with limited customizations, Gas Supply Services was able to recommend the  
22 purchase and implementation of commercial software.

1 **Q. WHY IS IT NOT NECESSARY TO CUSTOMIZE YOUR OWN SOFTWARE AS**  
2 **DONE IN THE PAST?**

3 A. Over the past five years, the market for software that performs the functions  
4 required has expanded greatly. There are a number of vendors that have  
5 developed and continue to enhance their solutions for Natural Gas and other  
6 commodities. Our high level tasks were identified, and a thorough analysis  
7 ensued. This resulted in the identification of a commercial software that will  
8 best fulfill the total requirements of the business needs with limited  
9 customization required.

10 **Q. WHEN WILL THE NEW SOFTWARE BE IN PLACE?**

11 A. The new software package will be implemented in a phased approach during  
12 2014. BHC requests the opportunity to provide cost and implementation  
13 updates through the discovery and settlement phases of the rate case.

14 **Q. WILL IMPLEMENTATION OF THE NEW SOFTWARE RESULT IN PAYROLL**  
15 **COST SAVINGS?**

16 A. The benefit is soft savings in process improvements. No headcount reductions  
17 will result from these process improvements. The estimate of these soft  
18 savings is \$29,992 annually. As mentioned, the benefit is not cost savings, but  
19 rather the avoidance of business risk associated with a system whose  
20 underlying development language is no longer supported by Microsoft, and a  
21 system which is heavily dependent upon internal expertise to maintain.

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1           **III. CONCLUSION**

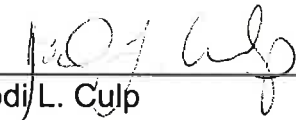
2           **Q.   MS. CULP, DOES THIS CONCLUDE YOUR PRE-FILED DIRECT**  
3           **TESTIMONY IN THIS PROCEEDING?**

4           **A.   Yes.**

State of Nebraska            )  
  ) ss  
County of Sarpy             )

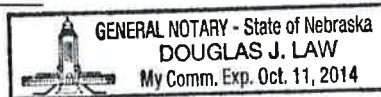
**AFFIDAVIT OF JODI L. CULP**

I, Jodi L. Culp, being first duly sworn on oath, depose and state that I am the same Jodi L. Culp identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof, and that the foregoing Direct Testimony as identified therein is true and correct to the best of my knowledge, information, and belief as of the date of this Affidavit.

  
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Jodi L. Culp

Subscribed and sworn to before me,  
A Notary Public, in and for said County  
and State, this 15<sup>th</sup> day of April.

  
\_\_\_\_\_  
Notary Public



My Commission expires: \_\_\_\_\_