

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Investigation into Black Hills)
Kansas Gas Utility Company, d/b/a Black Hills Energy) Docket No. 21-BHCG-334-GIG
Regarding the February 2021 Winter Weather Events,)
as Contemplated by Docket No. 21-GIMX-303-MIS)

**PLAN TO MINIMIZE FINANCIAL EFFECTS OF COLD WEATHER EVENT AND
APPLICATION FOR WAIVER OF TARIFF PROVISIONS**

Pursuant to the Commission’s order initiating this Docket on March 9, 2021 (“Order”), Black Hills/Kansas Gas Utility Company LLC, d/b/a Black Hills Energy (“Black Hills” or “Applicant”) submits its Plan to Minimize the Financial Effects of the Cold Weather Event (“Plan”) and in order to implement its Plan also applies for waiver of certain provisions of its purchased gas adjustment tariff pursuant to K.S.A. 66-1,201, 66-1,207, 77-526 and K.A.R. 82-1-202, K.A.R. 82-11-6, and other applicable statutes and regulations (“Application”). By its Application, Applicant is requesting waiver of certain provisions of its Kansas Corporation Commission (“Commission”) approved tariff in order to minimize the financial impact on customers of recovery of extraordinary gas costs incurred during the extreme February 2021 weather event (“Cold Weather Event”). In support of its Plan and Application, Black Hills states as follows:

I. INTRODUCTION

1. Black Hills is a limited liability company with its principal place of business in Kansas located at 601 N. Iowa Street, Lawrence, Kansas 66044. Black Hills is duly authorized to transact business in the State of Kansas, holds appropriate certificates from the Commission to transact business as a natural gas public utility and is now and has been engaged in the purchase,

transmission, sale and distribution of natural gas in the State of Kansas in accordance with the laws of said state and the rules and regulations of the Commission. Black Hills serves approximately 117,000 customers in 65 communities and in 48 surrounding counties in Kansas.

2. The names, addresses and phone numbers of the persons authorized to receive notices and communications with respect to this Application on behalf of Black Hills are as follows:

Jeff Dangeau
Associate General Counsel
Black Hills Corporation
655 E. Millsap Rd.
Fayetteville, AR 72703
Phone: (479) 601-8174
Jeff.Dangeau@blackhillscorp.com

Thomas D. Stevens
Director of Regulatory and Finance
Black Hills Corporation
655 Millsap Rd.
Fayetteville, AR 72703
(479) 601-8201
tom.stevens@blackhillscorp.com

II. PLAN TO MINIMIZE FINANCIAL EFFECTS OF COLD WEATHER EVENT

1. As further explained in the Direct Testimony of Robert W. Daniel, during and as a result of the Cold Weather Event Black Hills incurred approximately \$87.9 million in extraordinary gas costs (“Extraordinary Gas Costs”). As explained in the Direct Testimony of Kent J. Kopetzky, the Extraordinary Gas Costs were prudently incurred. Pursuant to the Commission’s Emergency Order in Docket No. 21-GIMX-303-MIS, the Extraordinary Gas Costs have been deferred to a regulatory asset account with carrying costs at Black Hills weighted average cost of capital (“WACC”) and remain unrecovered. At this point Black Hills has not been billed for any pipeline penalties.

However, if Black Hills is billed for penalties related to the Cold Weather event in the future, these penalties will be added to the total and recovered pursuant to the Plan.

2. Black Hills recovers its cost of purchased gas from its customers with no mark-up through Purchased Gas Adjustment (PGA) Procedure, rate schedule PGA-96 as filed with the Commission. Under the PGA, changes in gas costs are typically filed on a monthly basis. The cost of gas billed to customers also includes an annual actual cost adjustment (“ACA”) factor, which includes any over or under recovered gas costs.

3. If the approximately \$87.9 million in Extraordinary Gas Costs were to be recovered as part of the ACA it would result in an average monthly bill increase of \$53.51, or 96%, for an average residential customer using 56 therms per month.

4. In order to reduce the financial impact on customers, Black Hills requests the Commission’s approval to recover its Extraordinary Gas Costs over a period of five years with carrying costs at Black Hills WAC, currently 7.98%, beginning August 1, 2021. This would result in an average monthly bill increase of \$12.23, or 22%, for an average residential customer using 56 therms per month. Charges for recovery of the Extraordinary Gas Costs would appear as a separate line item on customer bills. This Plan is described in more detail in the Direct Testimony of Robert W. Daniel.

5. Under Black Hills’ Plan the Extraordinary Gas Costs and associated carrying costs will be allocated among rate schedules based on February 2021 usage and exclude the Irrigation sales rate schedule.

III. APPLICATION FOR LIMITED WAIVER

1. For the sole purpose of recovering its Extraordinary Gas Costs and associated carrying costs through its Plan, Black Hills request a waiver of all provisions of tariff Schedule PGA-96 and other tariffs which would or may be in conflict with the Plan, including, but not limited to:

- a. the Settlement Provision on sheet 4 of Schedule PGA-96 and the calculation and recovery of unrecovered costs through the ACA as described in the Settlement Provision;
- b. all tariff provisions that would require the Extraordinary Gas Costs to be recovered from Irrigation sales customers; and
- c. any other tariff provisions which may be in conflict with the Plan.

WHEREFORE, for the reasons set forth herein, Black Hills respectfully asks that the Commission issue an order approving its Plan to Minimize Financial effects of the Cold Weather Event and request for limited waiver of its tariff as explained above.

Respectfully submitted

/s/ James G. Flaherty

James G. Flaherty, #11177
ANDERSON & BYRD, LLP
216 S. Hickory ~ P.O. Box 17
Ottawa, Kansas 66067
(785) 242-1234, telephone
(785) 242-1279, facsimile
jflaherty@andersonbyrd.com

Jeff Dangeau
Associate General Counsel
Black Hills Corporation
655 E. Millsap Rd.
Fayetteville, AR 72703
Phone: (479) 601-8174
Jeff.Dangeau@blackhillscorp.com

Douglas J. Law
Associate General Counsel
Black Hills Corporation
1731 Windhoek Dr.
Lincoln, NE 68512
(402) 221-2635
douglas.law@blackhillscorp.com

Attorneys for Black Hills Kansas Gas Utility Company,
LLC, d/b/a Black Hills Energy

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail this 16th day of June 2021, addressed to:

JEFF AUSTIN
AUSTIN LAW P.A.
7111 W. 151st St.
Suite 315
Overland Park, KS 66223
jeff@austinlawpa.com

ROB DANIEL
BLACK HILLS/KANSAS GAS UTILITY COMPANY
D/B/A BLACK HILLS ENERGY
601 North Iowa Street
Lawrence, KS 66044
rob.daniel@blackhillscorp.com

ANN STICHLER
BLACK HILLS/KANSAS GAS UTILITY COMPANY
D/B/A BLACK HILLS ENERGY
2287 College Road
Council Bluffs, IA 51503
ann.stichler@blackhillscorp.com

TOM STEVENS
BLACK HILLS/KANSAS GAS UTILITY COMPANY
D/B/A BLACK HILLS ENERGY
655 East Millsap Drive
Fayetteville, AR 72703
tom.stevens@blackhillscorp.com

JULIE AGRO
BLUEMARK ENERGY
4200 East Skelly Drive
Suite 300
Tulsa, OK 74135
jagro@bluemarkenergy.com

MIKE WESTBROCK
BLUEMARK ENERGY
4200 East Skelly Drive
Suite 300
Tulsa, OK 74135
westbrock@bluemarkenergy.com

JOSEPH R. ASTRAB, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
j.astrab@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.nickel@curb.kansas.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
s.rabb@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

MONTGOMERY ESCUE, CONSULTANT
FREEDOM PIPELINE, LLC
PO BOX 622377
OVIEDO, FL 32762
montgomery@escue.com

KIRK HEGER
FREEDOM PIPELINE, LLC
1901 UNIVERSITY DRIVE
LAWRENCE, KS 66044
kirkheger@gmail.com

BRIAN G. FEDOTIN, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
b.fedotin@kcc.ks.gov

LAUREN LAUSHMAN, OFFICE OF GENERAL COUNSEL
ATTORNEY
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
l.laushman@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3167
m.neeley@kcc.ks.gov

TERRI PEMBERTON, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3354
t.pemberton@kcc.ks.gov

GLENDA CAFER, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY
800 SW JACKSON
SUITE 1310
TOPEKA, KS 66612-1216
Fax: 785-233-3040
gcafer@morrislaing.com

RICHARD L. HANSON
RICHARD L. HANSON
16171 ROAD I
LIBERAL, KS 67901
rlhanson@wbsnet.org

/s/ James G. Flaherty

James G Flaherty