

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of a General Investigation)
Regarding the Effect of Federal Income Tax)
Reform on the Revenue Requirements of)
Kansas Public Utilities and Request to Issue an)
Accounting Authority Order Requiring Certain)
Regulated Public Utilities to Defer Effects of)
Tax Reform to a Deferred Revenue Account.)

Docket No. 18-GIMX-248-GIV

TESTIMONY OF ROBERT J. AMDOR

IN SUPPORT OF THE

SETTLEMENT AGREEMENT

ON BEHALF OF

**BLACK HILLS/KANSAS GAS UTILITY
COMPANY, LLC, d/b/a BLACK HILLS ENERGY**

1 **I. INTRODUCTION**

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

3 A. My name is Robert J. Amdor, and my business address is 1102 East 1st Street, Papillion,
4 Nebraska 68046.

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

6 A. I am employed by Black Hills Utility Holdings ("BHUH"), a subsidiary of Black Hills
7 Corporation ("BHC") as Director of Regulatory.

8 **Q. WHAT ARE YOUR JOB RESPONSIBILITIES?**

9 A. I am responsible for regulatory matters for four natural gas utilities Kansas, Nebraska and
10 Iowa, including the regulatory activities for Black Hills/Kansas Gas Utility Company, LLC,
11 d/b/a Black Hills Energy (hereinafter "Black Hills" or "Company"). In this role, my team
12 handles regulatory compliance, internal support, external relations, application filings and
13 planning.

14 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
15 **EXPERIENCE.**

16 A. I am a graduate of Iowa State University with a bachelor's degree in Industrial
17 Administration with a specialization in Finance, and from Creighton Law School with a
18 Juris Doctorate. I worked as an attorney in private practice and as an investment advisor
19 prior to joining UtiliCorp United, Inc. in the Regulatory Services department in 1995.
20 Since that time, I have held various positions in the Regulatory Department supporting
21 operations in Kansas, Iowa, Nebraska, Missouri and Colorado. I have held my present
22 position with BHC since 2008, when the Company acquired various properties formerly
23 owned by Aquila, including the natural gas properties in Kansas.

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

2 A. I am providing testimony in support of the Settlement Agreement ("Agreement") between
3 Black Hills, the Staff of the Kansas Corporation Commission ("Staff") and the Citizens'
4 Utility Ratepayer Board ("CURB") (collectively, the "Parties"), which is being submitted to
5 the Commission for approval. I was personally involved in negotiating the terms of the
6 Agreement. The Agreement: (1) quantifies the economic impact of the new lower federal
7 corporate income tax rate under the Tax Cuts and Jobs Act ("TCJA"); (2) sets forth a plan to
8 refund the tax savings to Black Hills' Kansas customers; (3) requires Black Hills to establish
9 a regulatory liability to capture the tax savings relating to its excess accumulated deferred
10 income taxes ("ADIT"); and (4) defers any issues regarding the tax savings regarding the
11 excess ADIT to Black Hills' next general rate case. I am providing background
12 information regarding this matter, summarizing the terms of the Agreement, and addressing
13 and applying the Commission standards for review of settlements to the Agreement in this
14 case.

15 **II. BACKGROUND**

16 **Q. CAN YOU PROVIDE SOME BACKGROUND INFORMATION REGARDING**
17 **THIS MATTER?**

18 A. Yes. On December 14, 2017, Staff filed a Motion to Open a General Investigation and
19 Issue Accounting Authority Order Regarding Federal Tax Reform ("Staff Motion").¹ Staff
20 attached a Report and Recommendation ("Staff's R&R") to the Staff Motion, which
21 recommended the Commission issue an Order addressing the following:

¹Staff Motion to Open General Investigation and Issue Accounting Authority Order Regarding Federal Tax Reform filed December 14, 2017, in Docket No. 18-GIMX-248-GIV ("248 Docket") ("Staff Motion").

1 a. Opening a general investigation for the purpose of examining the financial
2 impact of anticipated federal income tax reform on regulated public utilities operating in
3 Kansas;²

4 b. Requiring, through the use of an Accounting Authority Order ("AAO"),
5 certain regulated public utilities that are taxed at the corporate level, which included Black
6 Hills, to track and accumulate in a deferred revenue account, with interest compounded
7 monthly at the most current Commission-approved customer deposit interest rate, the
8 reduction in their regulated cost of service that would occur in the event that a new lower
9 federal income tax rate is signed into law. These deferrals should take effect at the same
10 time as the new federal corporate tax rate change and the calculations should be performed
11 using the cost of service data that was used to set the utilities' last Commission-approved
12 revenue requirement (including any line-item surcharges that contain a provision for
13 regulated income tax expense);³ and

14 c. Confirming that the Commission's intention regarding the AAO is to
15 preserve any potential tax benefits so that they may be evaluated in the context of a
16 comprehensive evaluation of the reasonableness of the utilities' rates as well as notifying
17 utilities that this portion of their rates should be considered interim subject to refund until the
18 Commission has the opportunity to review the reasonableness of the utilities' rates on a
19 comprehensive and case-by-case basis and confirming that the Commission intends to
20 capture the reduction in Accumulated Deferred Income Tax ("ADIT") balances that will

²Staff Motion, page 1.

³Staff Motion, page 1.

1 occur in the event that a lower corporate federal income tax rate takes effect, over time, in a
2 manner that comports with Internal Revenue Services ("IRS") Tax Normalization Rules.⁴

3 Staff's R&R referred to and provided a copy of the order issued by the Commission
4 in Docket No. 155,094-U dated March 18, 1987, relating to the effects of the Federal Tax
5 Reform Act of 1986 ("1987 Order") and suggested that its recommendation in the current
6 docket was consistent with the 1987 Order.⁵

7 On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law.
8 Among other things, the TCJA reduced the federal corporate income tax rate from 35% to
9 21% beginning on January 1, 2018.⁶

10 On December 22, 2017, CURB filed a Petition to Intervene and a Response in
11 Support of Staff's Motion.⁷

12 On January 18, 2018, the Commission issued its *Order Opening General*
13 *Investigation and Issuing Accounting Authority Order Regarding Federal Tax Reform*
14 *("Order")*.⁸ In that Order, the Commission made the following findings and conclusions:

15 a. The TCJA has the potential to significantly reduce the cost of service for
16 many utilities operating in Kansas since tax expenses are recovered in rates.⁹

⁴Staff Motion, page 1.

⁵Staff's Motion, attached to Staff's R&R dated December 3, 2017, page 3, 1987 Order attached to Staff's R&R as Attachment A.

⁶Tax Cuts and Jobs Act, Public Law No. 115-97; Statute 131 Stat. 2054 (December 22, 2017).

⁷CURB's Petition to Intervene and a Response in Support of Staff's Motion filed December 22, 2017, in the 248 Docket.

⁸Order issued January 18, 2018, in the 248 Docket.

⁹*Id.* at page 5, ¶6.

1 b. A significant reduction to the corporate tax rate may also impact the ADIT
2 Liabilities and Assets on the regulated books of utilities.¹⁰

3 c. An investigation into the impact of the TCJA on utility rates is warranted.¹¹

4 d. The 1987 Order issued by the Commission relating to the effects of the
5 Federal Tax Reform Act of 1986, is informative but not precedential.¹²

6 e. The purpose of the investigation is to quantify the economic impacts of the
7 new lower tax rates on Kansas utilities, and where appropriate, direct that any cost savings
8 be passed on to Kansas utility customers.¹³

9 f. All regulated public utilities that are taxable at the corporate level are
10 directed to accrue monthly, in a deferred revenue account, the portion of its revenues
11 representing the difference between (1) the cost of service approved by the Commission in
12 its most recent rate case; and (2) the cost of service that would have resulted had the
13 provision for federal income taxes been based upon the corporate income tax rate approved
14 in the TCJA.¹⁴

15 g. Taxable utilities operating in Kansas are notified that the portion of their
16 regulated revenue stream that reflects higher corporate tax rates should be considered
17 interim and subject to refund, with interest calculated at the rate being used for interest paid
18 on customer deposits, until the Commission can more fully evaluate on a case-by-case basis

¹⁰*Id.*, at page 5, ¶6.

¹¹*Id.*, at page 5, ¶7.

¹²*Id.*, at page 5, ¶6.

¹³*Id.*, at page 5, ¶7.

¹⁴*Id.*, at page 5, ¶7.

1 the impact of the TCJA.¹⁵

2 h. Upon the Commission completing its case-by-case evaluation, if it is
3 determined that a rate decrease is proper and would have been proper as of the January 1,
4 2018, effective date of the TCJA, any excessive collections in the deferred revenue
5 subaccount, or other appropriate tracking mechanism approved by the Commission, with
6 appropriate adjustments, shall be refundable to customers with interest. Any balance
7 remaining in the account shall be credited to the utility's operating revenue.¹⁶

8 i. The Commission intends to capture excess ADIT for the benefit of customers
9 using a methodology that is consistent with the tax normalization requirements specified in
10 the tax legislation or IRS Tax Normalization Rules, as applicable.¹⁷

11 j. Any affected utility that believes other components of their cost of service
12 have more than offset the decrease in its income tax expenses will have the ability to file
13 such information and supporting data with the Commission, to be considered on a
14 case-by-case basis. The Commission's intention here is not to materially impact regulated
15 utilities' profitability, but rather, ensure that the affected utilities are neither positively nor
16 negatively impacted by the passage of federal income tax reform.¹⁸

17 k. The Commission adopts the Staff's R&R and incorporates it into the Order.

18 On January 31, 2018, Black Hills filed its entry of appearance in this docket.¹⁹

¹⁵*Id.*, at page 5, ¶8.

¹⁶*Id.*, at page 6, ¶8.

¹⁷*Id.*, at page 6, ¶8.

¹⁸*Id.*, at page 7, ¶11.

¹⁹*Id.*, Order, page 1, ¶11.

1 On February 21, 2018, Black Hills representatives met in Topeka with Staff and
2 CURB to discuss and attempt to reach agreement to quantify the economic impacts of the
3 new lower tax rates on Black Hills' Kansas operations based upon the instructions provided
4 by the Commission in its Order and how cost savings related to the lower tax rates should be
5 passed on to Black Hills' Kansas customers with interest. We also discussed how Black
6 Hills should capture excess ADIT for the benefit of its customers using a method that is
7 consistent with the tax normalization requirements specified in the tax legislation or IRS
8 Normalization Rules, as applicable. As a result of that meeting and follow-up discussions
9 among the parties, Black Hills, Staff and CURB were able to reach the Agreement, which is
10 attached to the Joint Motion as Exhibit A, which was filed with the Commission for
11 approval.²⁰

12 **III. TERMS OF THE AGREEMENT**

13 **Q. ARE YOU FAMILIAR WITH THE TERMS OF THE AGREEMENT?**

14 A. Yes, I am. The terms of the Agreement address the following:

- 15 (1) REDUCTION IN FEDERAL INCOME TAX EXPENSE INCLUDED IN BLACK HILLS' COST OF
16 SERVICE RESULTING FROM THE TCJA'S LOWERING OF THE FEDERAL INCOME TAX
17 RATE FROM 35% TO 21%
- 18 (2) REFUND OF \$1,719,619 IN TAX SAVINGS INCLUDING INTEREST TO BLACK HILLS'
19 CUSTOMERS
- 20 (3) REFUND OF AN ADDITIONAL \$154,331 IN TAX SAVINGS TO CUSTOMERS RELATING TO
21 BLACK HILLS' GSRS SURCHARGE

²⁰See, Exhibit A to the Joint Motion, Settlement Agreement dated March 7, 2018 ("Agreement").

1 (4) TAX SAVINGS RELATING TO EXCESS ADIT

2 (5) GENERAL PROVISIONS

3 (6) EFFECTIVE DATE OF ORDER

4 **Q. WOULD YOU EXPLAIN HOW EACH ONE OF THESE ITEMS WAS SETTLED**
5 **BY THE PARTIES?**

6 A.

7 1. REDUCTION IN FEDERAL INCOME TAX EXPENSE INCLUDED IN BLACK HILLS' COST OF
8 SERVICE RESULTING FROM THE TCJA'S LOWERING OF THE FEDERAL INCOME TAX
9 RATE FROM 35% TO 21%

10
11 As indicated in the background section of my testimony, the Commission stated that
12 in order to quantify the economic impacts of the new lower tax rates on Kansas utilities the
13 calculation should be based upon the difference between (1) the cost of service approved by
14 the Commission in the utility's most recent rate case; and (2) the cost of service that would
15 have resulted had the provision for federal income taxes been based upon the corporate
16 income tax rate approved in the TCJA. In Appendix 1 to the Agreement, Black Hills has
17 used the calculation method set forth by the Commission in its Order to determine the tax
18 savings that results from the lowering of the federal income tax rate under the TCJA from
19 35% to 21%. The result of that calculation is an annual cost of service savings to customers
20 in the amount of \$1,718,203, exclusive of interest. The Staff has verified and agreed with
21 Black Hills' calculation. Black Hills, Staff and CURB have concurred that the annual cost
22 of service savings to customers relating to the reduction in federal income tax expense
23 included in Black Hills' cost of service resulting from the TCJA's lowering of the federal
24 income tax rate from 35% to 21% is \$1,718,203. This amount is exclusive interest and
25 exclusive of the cost savings relating to Black Hills' GSRS surcharge, which is calculated

1 and accounted for separately in the Agreement, and exclusive of any cost savings relating to
2 capturing excess ADIT for the benefit of customers consistent with tax normalization
3 requirements, which is also addressed separately in the Agreement.

4 2. REFUND OF \$1,718,203 IN TAX SAVINGS TO BLACK HILLS' CUSTOMERS

5 As also indicated in the background portion of my testimony, the Commission stated
6 that the utility shall refund tax savings to customers with interest calculated at the rate being
7 used for interest paid on customer deposits, which is currently 1.62%. Under the terms of
8 the Agreement, Black Hills shall refund \$1,719,619, which includes interest on the amount
9 of monthly collections in the deferred revenue account for the months of January, February
10 and March 2018, by providing Black Hills' customers an annual one-time separate line bill
11 credit in April 2018. The refund is intended to mirror the rate design approved by the
12 Commission in the Company's last rate case in 2014. The refund will be comprised of a
13 fixed bill credit equal to 53% of the tax savings and a volumetric credit returned to the
14 customers through Black Hills' purchased gas adjustment ("PGA") for the remaining 47% of
15 the tax savings. The 53% and 47% allocations of the tax savings between the fixed bill
16 credit and the volumetric PGA credit roughly tie to the percentage allocations in Black Hills'
17 last rate case for the amount of total non-gas or non-PGA costs recovered through the
18 monthly customer charge (53%) and the amount of total costs recovered through the
19 commodity charge (47%). The allocation of the tax savings between the bill credit and the
20 PGA credit will reasonably assign the refund to customers within each class so that
21 customers who use more gas and pay more of the revenue, and thus, more of the utility's tax
22 expense, will receive an appropriate amount of the tax refund.

23 The tax savings is also allocated among Black Hills' customer classes based upon the

1 allocation to customer classes approved by the Commission in Black Hills' last rate case.

2 Appendix 2 of the Agreement shows how the refund is allocated between customer
3 classes and then allocated to the annual one-time separate line bill credit and the volumetric
4 credit to the PGA. Each Black Hills' residential customer will receive an annual one-time
5 separate line bill credit on their bill in April 2018 (if the Agreement is approved by the
6 Commission by March 27, 2018) of \$7.34. In addition to the \$7.34 annual one-time bill
7 credit, residential customers on average will receive roughly \$4.23 as a result of the
8 volumetric credit to the PGA, for a total annual refund of \$11.57.

9 Under the Agreement, the one-time bill credit and volumetric credit to the PGA will
10 be provided to the Black Hills' customers in January of each succeeding year following 2018
11 until Black Hills' base rates are changed in its next rate case. At that point in time, the tax
12 savings will be reflected in the new base rates for the benefit of the customers.

13 3. REFUND OF AN ADDITIONAL \$154,331 IN TAX SAVINGS TO CUSTOMERS RELATING TO
14 BLACK HILLS' GSRS SURCHARGE
15

16 The Commission in its Order adopted Staff's R&R and incorporated it into its Order
17 by reference. The Staff's R&R recommended tax savings also be calculated by the utilities
18 for any line-item surcharges that contain a provision for regulated income tax expense.
19 Pursuant to that recommendation, Black Hills calculated the tax savings associated with its
20 Gas System Reliability Surcharge ("GSRS") to be \$154,331 ("GSRS Refund"). Staff has
21 verified and agrees with Black Hills' GSRS tax savings calculation. Under the Agreement,
22 Black Hills will refund an additional \$154,331 in tax savings to customers relating to Black
23 Hills' GSRS surcharge. Appendix 3 to the Agreement contains the calculation of the GSRS
24 surcharge tax savings agreed to by Black Hills, Staff and CURB.

Appendix 4 to the Agreement shows the allocation of the GSRS Refund to each Black Hills' customer class; the April 2018 one-time credit per customer by class for the January, February and March 2018 billing cycles to reflect the tax savings (with interest) relating to the GSRS for those three months; and the permanent reduction in the monthly GSRS surcharge to reflect the tax savings. Black Hills' residential customers will receive a one-time credit of \$0.24 per meter in their GSRS rate in April 2018, and their monthly GSRS surcharge will be reduced from the current \$0.69 to \$0.61, a savings of \$0.08 per month. The allocation and method of refunding the additional tax savings to customers relating to Black Hills' GSRS surcharge is set forth in Appendix 4 to the Agreement.

4. TAX SAVINGS RELATING TO EXCESS ADIT

The Commission in its Order stated its intent was also to capture tax savings relating to excess ADIT for the benefit of customers using a methodology that is consistent with the tax normalization requirements specified in the tax legislation or IRS Normalization Rules. Under the Agreement, Black Hills shall establish a regulatory liability to account for and capture tax savings relating to excess ADIT and is required to provide evidence of such to Staff and CURB. Black Hills, Staff and CURB have agreed to defer any issues regarding the amount of tax savings relating to excess ADIT and how those savings should be passed on to customers to Black Hills' next general rate case filing with the understanding and concurrence that Black Hills' customers are entitled to the benefits.

Black Hills has also agreed that its excess ADIT as of December 31, 2017, will not be amortized for ratemaking purposes until the excess ADIT is reflected in base rates approved by the Commission in Black Hills next general rate case filing. With respect to the timing of Black Hills' next general rate case filing, under the provisions of the GSRS statute (K.S.A.

1 66-2203), in order for Black Hills to retain its GSRS surcharge it is required to file a general
2 rate case every five years unless it obtains approval from the Commission for an additional
3 one year extension. Black Hills' last general rate case was decided by the Commission on
4 December 16, 2014. Therefore, if Black Hills wishes to continue to retain its ability to use
5 the GSRS surcharge, it will be required to file its next general rate case within the time
6 restrictions set forth in the GSRS statute. In that next general rate case filing, Black Hills
7 has agreed to reflect the tax savings relating to the excess ADIT in its cost of service, in
8 accordance with IRS normalization procedures, so those savings can be passed through in
9 the base rates approved by the Commission in that next general rate case.

10 5. GENERAL PROVISIONS

11 If approved by the Commission, the Agreement will apply only to Black Hills' tax
12 refund plan and shall not be binding on Staff, CURB or the Commission in reviewing or
13 approving any TCJA tax refund plan submitted by any other public utility in this docket or
14 ordered by the Commission in this or any other docket.

15 Staff and CURB specifically reserved their respective rights to make all arguments
16 and to take positions that are different than what they have agreed to in the Agreement
17 relating to Black Hills' TCJA tax refund plan with respect to TCJA tax refund plans
18 submitted by other public utilities for approval by the Commission.

19 Nothing in the Agreement is intended to impinge or restrict, in any manner, the
20 exercise by the Commission of any statutory right, including the right of access to
21 information, and any statutory obligation, including the obligation to ensure that Black Hills
22 is providing efficient and sufficient service at just and reasonable rates.

23 The Agreement contains a provision whereby the parties represented to the

1 Commission that they have entered into a negotiated settlement that resolves the issues in
2 this docket as it relates to Black Hills only. They further represented that the terms of the
3 Agreement constitute a fair and reasonable resolution of the issues addressed in this general
4 investigation as they relate to Black Hills only. Except as specified in the Agreement,
5 Black Hills, Staff and CURB shall not be prejudiced, bound by, or in any way affected by the
6 terms of the Agreement (a) in any future proceeding; (b) in any proceeding currently
7 pending under a separate docket; and/or (c) in this proceeding should the Commission
8 decide not to approve the Agreement in the instant proceeding. If the Commission accepts
9 the Agreement in its entirety and incorporates the same into a final order without material
10 modification, Black Hills, Staff and CURB agreed to be bound by its terms and the
11 Commission's order incorporating its terms as to all issues addressed herein and in
12 accordance with the terms hereof, and will not appeal the Commission's order on these
13 issues.

14 Finally, the Agreement includes a provision that the terms are interdependent. In
15 the event the Commission does not approve and adopt the terms of the Agreement in total, it
16 shall be voidable and none of the signatories shall be bound, prejudiced, or in any way
17 affected by any of the agreements or provisions thereof. Further, in such event, the
18 Agreement shall be considered privileged and not admissible in evidence and shall be
19 withdrawn from the record in this proceeding and not made a part of the record in any other
20 proceeding.

21 6. EFFECTIVE DATE OF ORDER

22 The calculations set forth in the appendices to the Agreement are based upon the
23 Commission issuing an order approving the Agreement by no later than March 27, 2018, to

1 allow Black Hills time to prepare April bills to show the credits relating to the tax savings.
2 Black Hills, Staff and CURB agreed that if the Commission approves the Agreement after
3 March 27, 2018, then the interest on the amount in the deferred account will not be adjusted,
4 because Black Hills has agreed to refund the entire amount of the tax savings as soon as
5 approved by the Commission, and not on a month to month basis for the remainder of 2018.
6 This provision recognizes the fact Black Hills is refunding the revenues relating to the tax
7 expense change prior to receiving those revenues from its customers. The intent of the
8 parties in including this provision in the Agreement is to pass through the tax savings to
9 customers as soon as possible and to avoid having to re-file the Joint Motion and Agreement
10 should the Commission be unable to rule on the Joint Motion in time to allow Black Hills to
11 reflect the credits in its April billings to customers.

12 **Q. IF THE COMMISSION IS UNABLE TO ISSUE AN ORDER BY MARCH 27, 2018,**
13 **WHEN WILL THE CREDIT BE ISSUED TO BLACK HILLS' KANSAS**
14 **CUSTOMERS?**

15 **A.** The credit would be issued in May 2018, instead of April 2018.

16 **IV. COMMISSION STANDARDS FOR REVIEW OF AGREEMENT**

17 **Q. ARE YOU FAMILIAR WITH THE FACTORS THE COMMISSION CONSIDERS**
18 **WHEN REVIEWING A PROPOSED SETTLEMENT AGREEMENT?**

19 **A.** Yes, I am. I understand there are five factors the Commission considers when reviewing a
20 proposed settlement agreement, and I have reviewed several of the Commission's rate case
21 orders since the Commission adopted its five factor test in 2008.

22 **Q. CAN YOU IDENTIFY THOSE FIVE FACTORS?**

23 **A.** The five factors the Commission considers when reviewing proposed settlement agreements

are as follows:

- (1) whether there was an opportunity for the opposing party to be heard on their reasons for opposition to the Agreement;
- (2) whether the Agreement is supported by substantial competent evidence;
- (3) whether the Agreement conforms with applicable law;
- (4) whether the Agreement results in just and reasonable rates; and
- (5) whether the results of the Agreement are in the public interest.

Q. WHO ARE THE PARTIES TO THIS DOCKET?

A. The parties to this general investigation docket included all of the investor owned utilities, CURB and Staff. However, because the Agreement only pertains to Black Hills' tax savings refund plan and only impacts Black Hills' customers, the relevant parties are all signatories to the Agreement.

Q. ARE THERE ANY ISSUES NOT ADDRESSED IN THE AGREEMENT THAT ANY OF THE PARTIES WISH TO LITIGATE?

A. No. The Agreement addresses all issues between Black Hills, Staff and CURB.

Q. WHO PARTICIPATED IN THE SETTLEMENT NEGOTIATIONS IN THIS DOCKET?

A. Representatives from Black Hills, Staff, and CURB participated in the settlement negotiations as it related to Black Hills tax savings refund plan. Black Hills originally met with the parties at the Commission on February 21, 2018, to collectively discuss the issues in this docket and the possibility for settlement of some or all of the issues. The parties continued discussions through March 7, 2018. A settlement of all issues was reached by Black Hills, Staff and CURB resulting in the Agreement filed with the Commission on

1 March 8, 2018.

2 **Q. DID ALL PARTIES WHO WILL BE IMPACTED BY THE PROPOSED TAX**
3 **SAVINGS REFUND PLAN HAVE AN OPPORTUNITY TO BE HEARD WITH**
4 **RESPECT TO THE TERMS OF THE AGREEMENT?**

5 A. Yes. All parties participated in the settlement discussions.

6 **Q. IS THE SETTLEMENT AGREEMENT AMONG THE PARTIES IN**
7 **CONFORMITY WITH THE FACTORS THE COMMISSION USES TO REVIEW**
8 **SETTLEMENTS?**

9 A. Yes. Although the factors established by the Commission have a legal application, it is my
10 understanding all the parties agree that the established standards have been met. A legal
11 analysis in the Joint Motion addresses these points. The final settlement agreement
12 conforms to the instructions included by the Commission in its Order, is consistent with the
13 intent set forth by the Commission in its Order, and will result in a TCJA tax savings refund
14 plan that is fair and reasonable.

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

16 A. Yes.

VERIFICATION OF ROBERT J. AMDOR

STATE OF NEBRASKA)
)ss:
COUNTY OF SARPY)

I, Robert J. Amdor, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing Testimony of Robert J. Amdor in Support of the Settlement Agreement; that I have read the testimony and am familiar with its contents; and that the facts set forth therein are true and correct.


Robert J. Amdor

SUBSCRIBED AND SWORN to before me this 9th day of March, 2018.


Notary Public

Appointment/Commission Expires:



CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing Testimony of Robert J. Amdor in Support of the Settlement Agreement was sent via electronic mail, this 9th day of March, 2018, addressed to:

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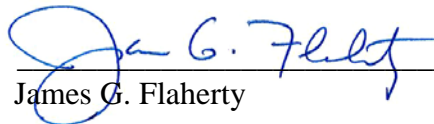
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