

**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. 25-BHCG-298-RTS**

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**REBUTTAL TESTIMONY OF SAMUEL B. TOBIN**

**ON BEHALF OF**

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

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## EXHIBITS

<b>KSG Rebuttal Exhibit SBT-1</b>	<b>Data Request No. KCC-219</b>
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### **List of Acronyms**

BHC	Black Hills Corporation
BHSC	Black Hills Service Company
Black Hills or “the Company”	Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy
EBB	Electronic Bulletin Board
EFM	Electronic Flow Measurement
Freedom Pipeline	Freedom Pipeline, LLC
ITS-A	Irrigation Transportation Services - Aggregated
KCC	Kansas Corporation Commission
KMGA	Kansas Municipal Gas Agency
LVTS-A	Large Volume Transportation Services - Aggregated
NAESB	North American Energy Standards Board
OBA	Operational Balancing Agreement
OFO	Operational Flow Orders
Seaboard Energy	Seaboard Energy Kansas, LLC
Staff	Staff of the Kansas Corporation Commission
Symmetry	Symmetry Energy Solutions, LLC
WoodRiver	WoodRiver Energy, LLC

1 **I. INTRODUCTION**

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

3 A. My name is Samuel B. Tobin. My business address is 1515 Arapahoe, Tower One,  
4 Suite 1200, Denver, Colorado 80202.

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

6 A. I am employed by Black Hills Service Company, LLC ("BHSC"), a wholly owned  
7 subsidiary of Black Hills Corporation ("BHC"). My title is Senior Manager of  
8 Commercial Services.

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

10 A. I am testifying on behalf of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black  
11 Hills Energy ("Black Hills" or "Company").

12 **Q. ARE YOU THE SAME SAMUEL B. TOBIN WHO FILED DIRECT**  
13 **TESTIMONY IN THIS DOCKET?**

14 A. Yes.

15 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR REBUTTAL**  
16 **TESTIMONY?**

17 A. Yes. I am sponsoring KSG Rebuttal Exhibit SBT-1: Data Request No. KCC-219.

18 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

19 A. My Rebuttal Testimony addresses the following transportation tariff changes proposed  
20 by Black Hills:

21 (1) Standardizing the Enrollment Period for Aggregated Customers,

- 1 (2) Operational Flow Orders,  
2 (3) Expansion of Daily Imbalances Charges,  
3 (4) Receipt Point Assignments,  
4 (5) Increase of the Non-Telemetered Daily Balancing Service Charge, and  
5 (6) Clarification of Gas Quality Specifications.

6 My testimony will also respond to a proposal by Freedom Pipeline for Black  
7 Hills to offer Operational Balancing Agreements (OBAs) to transportation shippers.

8 **Q. WHICH WITNESSES PROVIDED TESTIMONY SPECIFICALLY**  
9 **ADDRESSING TRANSPORTATION TARIFF CHANGES?**

10 A. The following witnesses addressed the transportation tariff proposals:

- 11 • Mr. Owings on behalf of Kansas Corporation Commission Staff (“Staff”);  
12 • Mr. Krattenmaker on behalf of WoodRiver Energy, LLC (“WoodRiver”);  
13 • Mr. Heger on behalf of Freedom Pipeline, LLC (“Freedom Pipeline”);  
14 • Ms. Dubler on behalf of Seaboard Energy Kansas, LLC (“Seaboard Energy”);  
15 and  
16 • Mr. Headrick on behalf of Symmetry Energy Solutions, LLC (“Symmetry”).

17 Additionally, Darren Prince filed Direct Testimony on behalf of Kansas  
18 Municipal Gas Agency (“KMGA”) regarding transportation service rate design that  
19 will be addressed in the Rebuttal Testimony of Company witness, Mr. Fritel.

1 **Q. PLEASE SUMMARIZE THE POSITION OF THE PARTIES ON EACH**  
2 **TRANSPORTATION TARIFF CHANGE PROPOSED BY THE COMPANY.**

3 A. Rebuttal Table SBT-1 below summarizes the respective position of the parties in the  
4 proceeding on each proposed transportation tariff change. I will address each of the  
5 Company's tariff proposals and the opposing parties' position in the following sections  
6 of my testimony.

7 **REBUTTAL TABLE SBT – 1 TRANSPORTATION TARIFF ISSUES**

<b>X = Supports U = No Testimony or Unopposed O = Opposes or Conditions</b>							
<b>Transportation Tariff Change</b>	<b>Black Hills</b>	<b>Staff</b>	<b>CURB</b>	<b>Freedom</b>	<b>Seaboard</b>	<b>Symmetry</b>	<b>WoodRiver</b>
Aggregation Enrollment Period Revision	X	X	U	U	U	O	O
Expansion of Operational Flow Order (OFO) Applicability	X	X	U	U	U	U	X
Addition of Daily Balance Charges	X	X	U	O	O	O	O
Revision to Receipt Point Assignments	X	X	U	U	U	U	U
Non- Telemetered Daily Balancing Service Charge	X	X	U	U	U	U	O
Gas Quality Specifications	X	X	U	U	U	U	U
LVI Telemetry Requirements	X	X	U	U	U	U	U

1                   **II.     AGGREGATION ENROLLMENT PERIOD CHANGES**

2     **Q.     WHICH PARTIES SUPPORT OR DO NOT OPPOSE THE AGGREGATION**  
3           **ENROLLMENT PERIOD CHANGES?**

4     A.     Staff witness Mr. Owings states that if the tariff modification is allowed by the  
5           Commission, then Staff recommends allowing the Large Volume Transportation  
6           Services – Aggregated (LVTS-A) customers one year after the date of tariff approval  
7           to align their contract endpoints in order to allow marketers the opportunity to adjust  
8           their contract terms because there is no restriction on the BHE endpoints under the  
9           current tariff.<sup>1</sup> For Irrigation Transportation Services – Aggregated (ITS-A) customers,  
10          Staff witness Mr. Owings recommends that the Commission request the parties to  
11          submit their preferred enrollment period dates, with the goal of reaching a consensus.<sup>2</sup>

12                 All other intervening parties, except for WoodRiver and Symmetry, do not  
13          oppose the proposed change to the enrollment period.

14     **Q.     WHICH PARTIES OPPOSED THE AGGREGATION ENROLLMENT**  
15           **PERIOD CHANGES?**

16     A.     Mr. Krattenmaker filed testimony on behalf of WoodRiver opposing the proposed  
17           changes to the transportation service Aggregation Enrollment period and I will address  
18          his testimony and concerns raised regarding the enrollment period changes. In addition,

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<sup>1</sup> KCC Staff, Owings at p. 4.

<sup>2</sup> KCC Staff, Owings at p. 6.

1 Symmetry filed Cross-Answering Testimony of Mr. Headrick challenging *Staff's*  
2 *Answer* testimony supporting the Company's transportation tariff change to the  
3 Aggregation Enrollment Period. Mr. Headrick testifies that Symmetry opposes Black  
4 Hills' change in the enrollment period. Mr. Headrick does not explain why Symmetry  
5 did not file Answer testimony like other intervenors to address its issues to Black Hills'  
6 proposed change to the enrollment period and instead attempts to challenge Staff's  
7 testimony in support of Black Hills.

8 **Q. WILL THE PROPOSED AGGREGATION ENROLLMENT PERIOD**  
9 **CHANGES LIMIT AGGREGATION TRANSPORTATION CUSTOMER**  
10 **OPTIONS FOR SUPPLY?**

11 A. No. Black Hills will work with its customers to educate them on the change to this  
12 program. In addition, Black Hills will ensure that customers would have adequate time  
13 under the termination provisions of their existing supply agreements to consider  
14 alternative suppliers at the point in time that the Customer's current supply contract  
15 expires. Black Hills will consider adopting a reasonable transition period as it prepares  
16 to implement this tariff change.

17 The possible misalignment of the proposed Aggregation Transportation  
18 Customer enrollment period changes and the term of a customer's supply agreement  
19 with the Customer's gas supplier is unique to each Aggregation Transportation  
20 Customer. The contractual terms between a supplier and the Customer are not  
21 information that the Company possesses. As a Supplier/Aggregator in the program, Mr.



1 Krattenmaker’s description of customers becoming “price takers” for a supplier to  
2 agree to continued supply through a short period to align them to the proposed  
3 enrollment period changes is concerning to Black Hills. Suppliers/Aggregators should  
4 be working with their transportation customers in good faith to manage gas supply  
5 delivery at reasonable competitive market-pricing through a transitional period.  
6 Suppliers should not use this tariff change as an opportunity to punish the customer by  
7 making them, “price takers.” Transportation aggregation customers have multiple  
8 suppliers to choose from for gas supply; therefore competition for these customers  
9 should control the pricing for both a short-term supply contract and future annual  
10 supply contracts.

11 **Q. HOW DOES THE COMPANY RESPOND TO MR. KRATTENMAKER’S**  
12 **UNFOUNDED CONCERNS RELATED TO ADMINISTRATIVE SUPPORT**  
13 **AND COSTS FOR THE AGGREGATION ENROLLMENT PERIOD**  
14 **CHANGES?**

15 A. Mr. Krattenmaker’s unfounded conclusion that Black Hills did not provide any  
16 evidence related to the change in the Aggregation Enrollment Period is incorrect. Black  
17 Hills has extensive experience with transportation programs in several different states.  
18 The Company understands the administrative burdens associated with transportation  
19 programs and the change to an annual enrollment period for aggregated transportation  
20 customers, for the reasons described in my Direct Testimony, provides a sufficient  
21 basis for the proposed tariff change.

1           In addition, Mr. Krattenmaker’s testimony regarding a perceived lack of  
2           evidence or examples of unrecovered costs is also inaccurate and should be  
3           disregarded. In fact, Black Hills’ proposal to streamline the Aggregation Transportation  
4           Customer enrollment process is not directly related to unrecovered costs. Instead, the  
5           proposed change is simply about continuing to pursue efficiencies in business processes  
6           that lower the cost of serving customers. Accordingly, the Commission should approve  
7           the requested Aggregation Enrollment Period change as requested by Black Hills.

8   **Q.   HOW DO YOU RESPOND TO SYMMETRY’S CROSS-ANSWER POSITION**  
9       **ON STAFF’S SUPPORT FOR BLACK HILLS AGGREGATION**  
10      **ENROLLMENT PERIOD CHANGES?**

11   A.   On behalf of Symmetry, Mr. Headrick claims that Staff does not adequately justify its  
12       support for Black Hills’ proposed change to the transportation enrollment period.<sup>3</sup> Mr.  
13       Headrick further testifies that Staff does not quantify the “administrative burden” in  
14       processing customer changes to their transportation status.<sup>4</sup> Symmetry also relies  
15       upon testimony submitted by WoodRiver to further challenge Staff’s support for Black  
16       Hills’ enrollment tariff change.<sup>5</sup>

17               I recommend the Commission dismiss and disregard the issues raised by Mr.  
18       Headrick on behalf of Symmetry. First, Symmetry had the opportunity to file testimony

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<sup>3</sup> Symmetry, Headrick at p.4.

<sup>4</sup> Symmetry, Headrick at p. 4.

<sup>5</sup> Id. at Headrick 4:10-17.

1 in opposition to the Company's transportation enrollment period as required by the  
2 procedural schedule adopted in this proceeding. Symmetry does not raise any issue that  
3 is new or different than those raised by WoodRiver. Second, Staff's support for Black  
4 Hills' proposed enrollment period change was based on a thorough review of the  
5 testimony, discovery responses, and evidence filed in this proceeding. Mr. Headrick's  
6 legal conclusion that Staff did not provide adequate evidentiary support for Black Hills'  
7 enrollment period tariff change appears to be an improper conclusion for the  
8 Commission to consider. Other than indicating its arguably late position on this issue,  
9 Mr. Headrick's testimony does not provide a justification for rejecting Black Hills'  
10 proposed tariff change.

11 As stated on KSG Rebuttal Exhibit SBT-1: KCC Data Request No. KCC-219,  
12 the Company informed Staff that the processing of enrollment changes requires  
13 approximately six Black Hills employees. In addition, a customer moving to or from  
14 sales service to transportation service requires approximately eight Black Hills  
15 employees to process. Furthermore, the system processes and automation that support  
16 enrollment activity are designed for batch data flows due to the large number of  
17 customers using aggregation services. The administration of a single customer change  
18 is a similar workload to updating multiple customers.

19 Based on testimony and evidence submitted by Black Hills, and the collective  
20 experience of both Black Hills and Staff witnesses on this matter, the Commission can  
21 reject the Cross-Answer testimony of Symmetry and the Direct Testimony of

1 WoodRiver and approve the Aggregation Enrollment Period tariff changes proposed  
2 by Black Hills. As Black Hills acknowledged in the testimony above, it will work with  
3 its customers to establish a reasonable transition period to implement this new change  
4 in the enrollment period. Any concerns to customer pricing will be addressed through  
5 the competitive gas supply markets established under the Company's transportation  
6 program.

7 **Q. PLEASE RESPOND TO SYMMETRY'S OPPOSITION TO STAFF'S**  
8 **PROPOSAL IN ALLOWING LTVS-A CUSTOMERS A YEAR AFTER TARIFF**  
9 **APPROVAL TO ALIGN CONTRACT ENDPOINTS?**

10 A. On behalf of Symmetry, Mr. Headrick states that Symmetry opposes Staff's proposal  
11 to allow LTVS-A customers a year to align contract endpoints. Mr. Headrick goes on  
12 to testify as follows: "Irrespective of contract alignment, an annual enrollment period  
13 does not provide benefits to Black Hills Energy that outweigh the costs to marketers'  
14 ability to acquire new customers and end users' flexibility to select between different  
15 marketers for service and reduce their costs."<sup>6</sup>

16 Mr. Headrick's conclusory testimony about respective costs should be rejected.  
17 He claims throughout his testimony that Staff lacks evidentiary support for its support  
18 of Black Hills transportation tariff changes but then fails to provide any credible  
19 evidence or argument to justify the position of Symmetry or other Intervenors to whom

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<sup>6</sup> Symmetry, Headrick at p. 6, lines 4-6.

1 Mr. Headrick references in his testimony.

2 **III. OPERATIONAL FLOW ORDERS**

3 **Q. ARE THE PARTIES SUPPORTIVE OF THE EXPANSION OF THE**  
4 **COMPANY'S OPERATION FLOW ORDER TARIFF CHANGE?**

5 A. Yes. Staff supports the Company's proposal relating to Operational Flow Orders  
6 ("OFO"). In addition, Mr. Krattenmaker testified that WoodRiver is generally  
7 supportive of rules that allow the Company to protect the integrity of its system and  
8 that provide a fair and equitable playing field for all participants.<sup>7</sup> The other parties  
9 do not address this specific tariff change in testimony. Considering that all parties either  
10 support or do not directly oppose the Company's OFO tariff change, the Company  
11 strongly recommends the Commission approve the OFO proposed tariff change.

12 **IV. EXPANSION OF DAILY IMBALANCE CHARGE**

13 **Q. PLEASE DESCRIBE STAFF'S POSITION ON THE DAILY IMBALANCE**  
14 **CHARGES AND WHY STAFF IS SUPPORTIVE OF THE PROPOSED**  
15 **EXPANSION TO TRANSPORTATION CUSTOMERS.**

16 A. Staff Witness Mr. Owings discusses on page 11 of his testimony that the Daily  
17 Imbalance Charge is intended to incent transportation customers to manage their  
18 scheduling imbalances and to ensure Black Hills' retail customers are recovering all  
19 gas balancing charges from upstream pipelines. Staff witness Mr. Owings further

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<sup>7</sup> WoodRiver, Krattenmaker at p. 12.

1 testified on page 12 of his testimony as follows: “To be clear, I do not view the  
2 imbalance charge as an additional cost for the aggregator or the transportation customer  
3 because there will be no charge if the aggregator/end user stays within the 5% daily  
4 scheduling tolerance.” The Company agrees with Mr. Owings’ assessment of this  
5 proposed tariff change and it aligns with the intent of assigning the imbalance costs to  
6 those customers causing the daily imbalances. The extension of applying FERC-  
7 approved imbalance charges to Black Hills transmission customers is a reasonable  
8 request, and it will protect retail customers from absorbing the costs incurred by Black  
9 Hills to manage supply from upstream pipelines with different balancing  
10 requirements.<sup>8</sup>

11 **Q. ARE SEVERAL INTERVENORS OPPOSING THE EXPANSION OF THE**  
12 **DAILY IMBALANCE CHARGE?**

13 A. Yes. WoodRiver, Freedom Pipeline, and Seaboard all opposed the expansion of the  
14 Daily Imbalance Charge. Symmetry also indicated that it opposes the Daily Imbalance  
15 Charge by filing Cross-Answering Testimony to Staff’s support of the Daily Imbalance  
16 Charge.

17 The Company’s proposed change to the Daily Imbalance Charge is to protect  
18 the utility system and this charge is separate and distinct from any similar charge that

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<sup>8</sup> Staff Witness, Owings 12:7-12.

1 a customer or its marketer/supplier may incur as a result of imbalances on the upstream  
2 interstate natural gas pipeline.

3 **Q. WOODRIVER WITNESS MR. KRATTENMAKER DESCRIBES THE**  
4 **IMPACTS OF ALLOCATIONS IMPACTING ITS GAS NOMINATIONS.**  
5 **HOW WILL THE EXPANSION OF DAILY IMBALANCE CHARGES**  
6 **IMPACT ALLOCATIONS?**

7 A. On behalf of WoodRiver, Mr. Krattenmaker states on page ten of his testimony, “A  
8 shipper may be nominating gas in excess of its expected burn in order to avoid monthly  
9 cashouts which may result in all shippers being allocated under the pro rata  
10 methodology.” These excessive month end nominations that are occurring today are a  
11 byproduct of not having an incentive to manage imbalances daily. In this hypothetical  
12 situation, shippers are nominating excessive quantities at the end of the month to  
13 balance out a month’s worth of accrued daily imbalances to avoid month end cash outs.  
14 This behavior results in the Company’s system being unable to physically receive the  
15 volumes because they no longer align with the physical demand behind the system.  
16 Black Hills asserts that the expansion of Daily Imbalance Charges will incentivize  
17 transportation customers to manage gas supply imbalances daily and it will minimize  
18 the allocation issues hypothesized by WoodRiver.

1           In his Cross-Answer Testimony, Symmetry’s Mr. Headrick echoes the concerns  
2           raised by WoodRiver.<sup>9</sup> In opposing Staff’s support for the Daily Balancing Charge,  
3           Mr. Headrick states that “The approval of a new daily imbalance charge will increase  
4           costs for the customers of Symmetry, including Freedom Pipeline, LLC, another  
5           intervenor in this docket, in a manner that does not correspond to the costs that these  
6           customers are responsible for.”<sup>10</sup>

7   **Q.   DOES THE CROSS-ANSWER TESTIMONY OF SYMMETRY PRESENT ANY**  
8           **ARGUMENT OR EVIDENCE THAT IS DIFFERENT FROM OTHER**  
9           **INTERVENORS?**

10   A.   No. Mr. Headrick’s testimony related to the Daily Balancing Charge and challenging  
11           Staff’s testimony should be rejected as it does not present any credible argument or  
12           other evidence that the Commission can rely upon to reject the Company’s proposed  
13           change. All of the Transportation Marketers appear to argue for the status quo so that  
14           they don’t have to increase their own costs or efforts to balance their customer loads  
15           daily. Black Hills understands that customer gas consumption can be volatile at times.  
16           However, to incentivize more effective nominations and system balancing, Black Hills  
17           maintains that the change in the Daily Imbalance Charge is appropriate and necessary.

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<sup>9</sup> Symmetry, Headrick at pp. 3 and 4.

<sup>10</sup> Symmetry, Headrick at p. 3, lines 18-20.



1           The Company does not profit from the proposed change in the Daily Balancing  
2           Charge. In fact, any penalty revenue collected from a customer who is assessed a  
3           penalty goes back to PGA customers. Black Hills faces the same weather and interstate  
4           capacity constraints that face each of the Suppliers/Marketers opposing this Daily  
5           Imbalance Charge. However, to keep PGA and General System customers from the  
6           imbalances caused by a Transportation Customer, whether intentional or not, Black  
7           Hills asserts that its proposed change to the Daily Balancing Charge is appropriate and  
8           necessary. Accordingly, Symmetry’s testimony in opposition should be considered and  
9           rejected. The Company’s Daily Balancing Charge tariff changes should be approved.

10   **Q.   DO YOU AGREE WITH FREEDOM PIPELINE’S WITNESS MR. HEGER**  
11       **WHO STATES THAT THE PROPOSED DAILY IMBALANCE TARIFF**  
12       **CHANGE WILL PENALIZE “GOOD-FAITH EFFORTS?”**

13   A.   No. Daily Imbalance Charges are designed to incentivize system balancing. If a  
14       transportation customer balances its gas supply transportation loads within the given  
15       tolerance of 5%, then the Customer will not pay imbalance charges. Mr. Heger goes on  
16       to describe Freedom Pipeline’s load as “weather-sensitive” and “extremely weather-  
17       dependent”<sup>11</sup>, and further describes the issues with monthly balancing of its loads by  
18       saying, “If an unexpected weather event early in the month causes a significant  
19       imbalance, Freedom Pipeline may try to correct this by adjusting nominations later in

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<sup>11</sup> Freedom Pipeline, Heger 3:10 and 19.

1 the month. However, those corrective nominations may themselves exceed daily limits,  
2 triggering additional penalties.”<sup>12</sup> These statements by Mr. Heger are the main reason  
3 for implementing the expanded Daily Imbalance Charges. The incentive to manage  
4 imbalances daily would greatly minimize the challenges experienced from the month-  
5 end balancing activities described by both Freedom Pipeline and WoodRiver.

6 **Q. DO YOU AGREE WITH SEABOARD ENERGY WITNESS MS. DUBLER**  
7 **POSITION ON DAILY IMBALANCE CHARGES?**

8 A. No. Ms. Dubler states that Seaboard Energy would have incurred approximately  
9 \$148,000 in increased charges for the year if the proposed Daily Imbalance Charge had  
10 been in effect last year. As previously stated, Daily Imbalance Charges are designed to  
11 incentivize balancing. If a transportation customer balances its gas loads within the  
12 given imbalance tolerance, then that customer will NOT be required to pay the Daily  
13 Imbalance Charges. Therefore, looking backwards and applying the future Daily  
14 Imbalance Charges to past results fails to capture the change in behavior that this  
15 proposal will incentivize and should be disregarded. Ms. Dubler and Seaboard Energy’s  
16 hypothetical example incorrectly assumes that Seaboard Energy would not take any  
17 action to avoid or reduce the Daily Imbalance Charges. Likewise, as previously stated  
18 by both Black Hills and KCC Staff, a customer who causes an imbalance above the

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<sup>12</sup> Hegler at 4:16-17.

1 five (5%) percent tolerance should be responsible for paying the imbalance charge to  
2 avoid other customers subsidizing that imbalance.

3 **Q. FREEDOM PIPELINE’S WITNESS MR. HEGER RAISES A CONCERN**  
4 **THAT SHIPPERS CANNOT CHANGE NOMINATIONS OVER A WEEKEND.**  
5 **IS THAT ACCURATE?**

6 A. No. Mr. Heger’s testimony example on page three of his testimony is incorrect. Mr.  
7 Heger hypothesizes that if an unanticipated rainfall reduces the need for irrigation over  
8 the weekend, then a customer would be unable to adjust its gas transportation  
9 nomination retroactively. While it is true that a customer can’t adjust a gas load  
10 nomination to either Black Hills or an upstream interstate natural gas pipeline  
11 nomination retroactively, it is incorrect to infer or state that the Customer is unable to  
12 adjust its transportation nomination during the weekend in order to manage for the  
13 unanticipated weather.

14 **Q. DOES THE COMPANY ALLOW TRANSPORTATION CUSTOMERS TO**  
15 **CHANGE NOMINATIONS OVER THE WEEKEND?**

16 A. Yes. Black Hills supports standard North American Energy Standards Board  
17 (“NAESB”) gas cycles, which consist of five cycles:

- 18 1. Timely
- 19 2. Evening
- 20 3. Intraday 1
- 21 4. Intraday 2
- 22 5. Intraday 3

1           The Timely and Evening gas cycles are for day ahead gas day and the Intraday  
2           1-3 cycles are for current gas day. Black Hills supports full five cycle nominations  
3           seven days a week, 365 days a year through Black Hills' Electronic Bulletin Board  
4           ("EBB"). This means, in the event of an unanticipated weekend rainfall event, Freedom  
5           Pipeline or any other customer with an unexpected load change, would be able to adjust  
6           the nominated supply on Black Hills' EBB for their adjusted usage expectations  
7           throughout any of the five NAESB-standard gas cycles.

8   **Q.   DOES BLACK HILLS DISTINGUISH BETWEEN INTENTIONAL NON-**  
9   **COMPLIANCE AND CIRCUMSTANCES BEYOND A TRANSPORTER'S**  
10   **CONTROL?**

11   A.   No. Mr. Heger testifies that imbalance penalties are levied on operators like Freedom  
12       Pipeline that are acting responsibly, and the Black Hills' system fails to distinguish  
13       between intentional non-compliance and circumstances beyond a Transporter's  
14       control.<sup>13</sup>

15   **Q.   IS MR. HEGER'S ASSESSMENT OF BLACK HILLS' IMBALANCE**  
16   **PROPOSAL CORRECT?**

17   A.   No. Black Hills does not distinguish between "intentional non-compliance" and  
18       "circumstances beyond a transporter's control." The expansion of the Daily Imbalance  
19       Charge proposed by Black Hills will provide a "level playing field" where transporters

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<sup>13</sup> Freedom Pipeline, Heger at p. 4.

1 would all be subject to the same daily balancing requirements, and it will reduce and  
2 potentially eliminate “intentional non-compliance” opportunities that are present under  
3 the current monthly balanced areas. When a customer makes the decision to transport  
4 on the Black Hills system, they must take responsibility for their total supply needs.  
5 Even when the management of that gas supply requirement is difficult to predict or  
6 otherwise, “out of the transporter’s control,” as stated in Mr. Heger’s testimony, it  
7 remains the customer’s responsibility to manage its gas supply deliveries and its end  
8 use consumption. The system imbalances resulting from the transportation customer’s  
9 gas consumption should not shift to other customers or other customer classes. The  
10 expansion of the Daily Imbalance Charge will help ensure that cost causers are  
11 incentivized to manage their gas supply and transportation costs and will prevent those  
12 system imbalance costs from being imposed onto other customers or customer classes.

13 **Q. IS AN OPERATIONAL BALANCING AGREEMENT (“OBA”) AN**  
14 **APPROPRIATE ALTERNATIVE TO EXPANSION OF DAILY IMBALANCE**  
15 **CHARGES AS PROPOSED BY MR. HEGER ON BEHALF OF FREEDOM**  
16 **PIPELINE?**

17 **A.** No. Mr. Heger proposes that the Commission should direct Black Hills to create and  
18 offer transportation customers an OBA instead of changing the Daily Imbalance

1 Charges<sup>14</sup> I will explain why this proposal is not feasible and should be rejected by the  
2 Commission.

3 **Q. WHAT IS AN OBA AND WHY WOULD IT BE INAPPROPRIATE IN THIS**  
4 **SITUATION?**

5 A. An OBA is an agreement entered into between two interconnecting pipelines to manage  
6 the administration of nomination and flow between the pipelines. OBAs are  
7 administrative tools used between pipelines and are never meant to replace pipeline  
8 services. The Black Hills Kansas tariff defines an OBA as, “An agreement between the  
9 Company and interconnecting pipeline which describes the manner in which  
10 differences between actual Receipts into the Company’s system and nominated  
11 quantities into Company’s system will be resolved between the parties.” As such, it  
12 would be inappropriate and unsuitable for the Company to have an OBA with Freedom  
13 Pipeline, as it is neither an interconnecting interstate natural gas pipeline nor a pipeline  
14 operator.

15 **Q. DOES ANY ADDITIONAL TESTIMONY FILED BY FREEDOM PIPELINE IN**  
16 **ITS CROSS-ANSWERING TESTIMONY JUSTIFY A CHANGE TO THE**  
17 **PROPOSED DAILY IMBALANCE CHARGE?**

18 A. No. Mr. Heger’s response to Staff’s support for the Daily Imbalance Charge does not  
19 provide any reason to reject the Company’s proposed Daily Imbalance Charge. Mr.

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<sup>14</sup> Freedom Pipeline, Heger at p. 5. Freedom Pipeline is an intrastate gas pipeline regulated by the KCC.

1 Heger's testimony challenging Staff's testimony on the Daily Imbalance Charge is  
2 similar to Mr. Heger's testimony challenging Black Hills Daily Imbalance Charge  
3 testimony. Mr. Heger takes issues with the following items: (a) need for the balancing  
4 rate proposal, (b) the imbalance rate, (c) comparison of Black Hills imbalance charge  
5 to the Daily Imbalance Charge imposed by Northern Natural Gas, (d) cost of service  
6 rate analysis, (e) Black Hills justification to incentivize shippers to balance the  
7 Customer's gas load requirements, (f) a lack of support for costs of Black Hills above  
8 the 5% tolerance set by upstream interstate pipelines, (g) a lack of evidence related to  
9 irrigation customers, (h) a conclusion that the Daily Imbalance Charge of Black Hills  
10 is not a separate or additional charge on irrigation customers, (i) an alternative proposal  
11 for Black Hills to offer an Operational Balancing Agreement.<sup>15</sup>

12 Black Hills does not find it necessary to address each of Mr. Heger's responses  
13 to Staff testimony. Many of the arguments challenging Staff's testimony are either (i)  
14 addressed in this rebuttal to Freedom Pipeline's Answer Testimony or (ii) challenge  
15 Staff expertise and experience in analyzing Black Hills proposed tariff change for its  
16 Daily Balance Charge.

17 However, the Company does refute any argument of Freedom Pipeline or other  
18 Intervenors asserting that if it does not receive a penalty from an upstream interstate  
19 pipeline, then no comparable Daily Imbalance Charge should be implemented by Black

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<sup>15</sup> Freedom Pipeline, Heger, Cross-Answer at pp. 2-5.

1 Hills to protect its own system balance. Black Hills has various interconnections with  
2 interstate pipelines and gathering systems. Thus, Black Hills must maintain its own  
3 system balance. Effective imbalance provisions independent of an interconnecting  
4 pipeline are needed to ensure that customers and shippers have incentive to balance  
5 their own gas loads. That system balance must be done daily. Whether Black Hills is  
6 in sync with an interconnecting pipeline regarding balancing is not a reason to reject  
7 Black Hills proposed Daily Imbalance Charge.

8 Likewise, Black Hills previously addressed that an OBA is not a viable option.  
9 Accordingly, restating that argument in Cross-Answer testimony doesn't add any value  
10 to the proposal. The Commission should reject Freedom Pipeline's OBA alternative for  
11 the same reasons previously refuted by Black Hills in my Rebuttal Testimony.<sup>16</sup>

12 **V. RECEIPT POINT REQUIREMENTS**

13 **Q. DOES STAFF SUPPORT THE RECEIPT POINT TARIFF CHANGE?**

14 A. Yes. Staff supports the increase to the Receipt Point requirements tariff change.

15 **Q. DO ANY PARTIES DIRECTLY OPPOSE THE RECEIPT POINT TARIFF**  
16 **CHANGE?**

17 A. No. The other intervening Parties did not provide opposition testimony to the requested  
18 change. However, Mr. Krattenmaker testified on behalf of WoodRiver that the  
19 assignment of receipt points and receipt point capacity is a concern. He further states

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<sup>16</sup> Freedom Pipeline, Heger, Cross-Answer at p.6.



1 that, without knowing how this Receipt Point tariff change would be applied in practice,  
2 WoodRiver struggles to agree with this proposed change. He states that its concern  
3 stems around the frequency of the potential changes and the communication of those  
4 changes.

5 **Q. SHOULD THE COMMISSION APPROVE THE RECEIPT POINT TARIFF**  
6 **CHANGE PROPOSED BY THE COMPANY?**

7 A. Yes. The proposals are reasonable and should be approved by the Commission. The  
8 frequency and communication concerns raised by Mr. Krattenmaker will be addressed  
9 using industry standard communication methods with sufficient notice of any changes.

10 **VI. NON-TELEMETERED DAILY BALANCING SERVICE CHARGE**

11 **Q. DOES STAFF SUPPORT THE INCREASE TO THE NON-TELEMETERED**  
12 **DAILY BALANCING SERVICE CHARGE?**

13 A. Yes. Staff witness Mr. Owings supports the increase to the Non-Telemetered Daily  
14 Balancing Service Charge.

15 **Q. WHICH PARTIES OPPOSED THE INCREASE TO THE NON-**  
16 **TELEMETERED DAILY BALANCING SERVICE CHARGE?**

17 A. WoodRiver opposed the Company's recommendation. Mr. Krattenmaker testified that  
18 WoodRiver does not object to the Non-Telemetered Daily Balancing Service Charge.  
19 However, WoodRiver objects to the proposed change of that charge from \$0.009 to  
20 \$0.015 per therm. All other parties either supported the change or did not directly  
21 oppose this proposed change in testimony. In Symmetry's Cross—Answer testimony,

1 Mr. Headrick notes a typo included in the testimony of Staff witness Mr. Unrein.  
2 Symmetry points out Mr. Unrein states that Black Hills' Non-Telemetered Daily  
3 Balancing Service Charge was \$0.15 when the actual proposed increase is to move to  
4 \$0.015. Symmetry did not indicate any opposition to the Company's proposed increase.

5 **Q. WHAT CHALLENGES DOES THE COMPANY FACE IN DETERMINING**  
6 **THE COST OF PROVIDING NON-TELEMETERED DAILY BALANCING**  
7 **SERVICE?**

8 A. The main challenge Black Hills faces in isolating the cost of service for these customers  
9 is determining the actual daily usage of the non-telemetered transportation customers  
10 given the non-telemetered nature of their service. Black Hills has no real time or daily  
11 measurement, or other data related to the daily usage of the non-telemetered  
12 transportation customers. Thus, the Company has no ability during the day or month to  
13 ensure customers are bringing on sufficient supplies intramonth. Mr. Krattenmaker's  
14 testimony for WoodRiver proposes to determine a rate based off, "an annual study to  
15 determine the cost of providing this service and adjust the rate accordingly to protect  
16 the sales customers and potentially not overburden this small transportation customer  
17 class."<sup>17</sup> However, WoodRiver's proposed solution would not provide the necessary  
18 visibility to establish a Non-Telemetered Daily Balancing Service Charge that is more

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<sup>17</sup> WoodRiver, Krattenmaker at p. 14.

1 reliable than the Non-Telemetered Daily Balancing Service Charge proposed by Black  
2 Hills.

3 **Q. HOW WOULD THE COMPANY PROPOSE TO DETERMINE THE ACTUAL**  
4 **COST OF SERVICE?**

5 A. If the Company had to determine the actual cost of service, the easiest way would be  
6 to require Electronic Flow Measurement (“EFM”) for all current aggregated non-  
7 telemetered transportation customers and move them to telemetered Aggregation  
8 Delivery Pools. However, the expense of installing EFM for each non-telemetered  
9 customer is too costly and currently not a prudent option. To that possible end, Black  
10 Hills has no intention of imposing that additional cost on the non-telemetered  
11 customers. In the alternative, the Non-Telemetered Daily Balancing Service Charge  
12 proposed by the Company should be approved by the Commission as a reasonable cost  
13 of balancing the non-telemetered customers. As technology improves in the future, and  
14 if more cost-effective gas flow measurement becomes available, then Black Hills  
15 would be willing to revisit its non-telemetered customer service. For now, Black Hills  
16 requests that the Commission approve its proposed increase in the Non-Telemetered  
17 Daily Balancing Service Charge.

18 **VII. OTHER TARIFF CHANGES**

19 **Q. ARE THE PARTIES SUPPORTIVE OF THE COMPANY’S GAS QUALITY**  
20 **CHANGES?**

21 A. Yes. Staff witness Mr. Owings states that the Company’s proposed revisions to the gas

1           quality specifications provide additional clarity to help define the commercial quality  
2           of gas that Black Hills is willing to accept. No other party directly opposes the  
3           Company's gas quality requirements tariff change.

4   **Q.    ARE THE PARTIES SUPPORTIVE OF THE LVI TELEMETRY**  
5   **REQUIRMENTS?**

6   A.    Yes, Staff witness, Mr. Owings, supports that tariff change and Company witness, Mr.  
7           Smith, addresses this tariff change. Table SBT-1 of my Rebuttal Testimony captures  
8           the respective positions of the parties in this proceeding for all the different  
9           transportation tariff changes proposed by Black Hills or others in this proceeding.

10   **VIII. CONCLUSION**

11   **Q.    DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

12   A.    Yes.

**AFFIDAVIT OF SAMUEL B. TOBIN**

State of Colorado )  
City of ) ss  
County of Denver )

I, SAMUEL B. TOBIN, being first duly sworn on oath, depose and state that I am the same Samuel B. Tobin identified in the foregoing Rebuttal Testimony; that I have caused the foregoing Rebuttal Testimony to be prepared and am familiar with the contents thereof; and that the foregoing Rebuttal Testimony is true and correct to the best of my knowledge, information, and belief as of the date of this Affidavit.

ELAINE D HEGLER  
Notary Public  
State of Colorado  
Notary ID # 19984031852  
My Commission Expires 11-17-2026

  
Samuel B. Tobin

Subscribed and sworn to before me,  
A Notary Public, in and for said County  
and State, this 22<sup>nd</sup> day of May, 2025.

Elaine D. Hegler  
Notary Public

My Commission expires: 11-17-25

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC  
d/b/a BLACK HILLS ENERGY  
DOCKET NO. 25-BHCG-298-RTS  
KANSAS CORPORATION COMMISSION  
DATA REQUEST NO. KCC-219**

DATE OF REQUEST: 04/17/2025  
DATE RESPONSE DUE: 04/28/2025  
REQUESTOR: Kansas Corporation Commission  
AUDITOR: Dr. Lana Ellis  
ANSWERED BY: Samuel Tobin  
DATE RESPONDED: 04/24/2025  
SUBJECT: Aggregated Customers

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**REQUEST:**

Samuel Tobin recommends in his direct testimony that the period for enrollment be standardized for Aggregated Customers

- (1) What are aggregated customers? How are they different from transportation customers?
- (2) What was the initial reason for the current different enrollment periods for different types of customers?
- (3) How much monthly changing of status has taken place among the Large Volume transportation customers? How many customers move more frequently than once a year between aggregators?
- (4) Specify the administrative burden that the current different enrollment periods create?
- (5) How many people are required to work on the administration of change status of customers from sales to transportation, transportation to sales, and between aggregators?

**RESPONSE:**

1. Aggregated customers or “Aggregation” is “the practice of combining more than one End-User Delivery Point(s) served by a common pipeline and common Aggregator for ease of nominating and balancing. Aggregation of End-Users is

allowed only on a common pipeline. To qualify for aggregation service, irrigators must be served by a common pipeline, and all other Customers must be served by a common pipeline. End-Users with telemetry may not be aggregated into the same Aggregation Pool as End-Users without telemetry.” (Black Hills tariff Index No. 30 Sheet 1 of 4)

Aggregation customers are transportation customers. However, the Aggregation Rate Schedules are only available to Rate Schedules applicable to transportation customers using less than 30,000 Dth annually—Small Commercial Transportation Service - Aggregated (SCTS-A), Small Volume Transportation Service – Aggregated (SVTS-A), Irrigation Transportation Service – Aggregated (ITS-A) and Optional Large Volume Transportation Service – Aggregated (OLTVS-A). Black Hills is filing to eliminate the OLVTS-A Rate Schedule in this proceeding, which will reduce the availability of aggregation down to customers using 9,000 Dth annually or less.

2. The original reasoning of the current different enrollment periods is unknown.
3. There is an average of four changes per year over approximately 120 Large Volume transportation customers. It is uncommon for a customer to move between aggregators more than once per year and mostly occurs as a result of a change in the customer at the premise.
4. The system processes and automation that support enrollment activity are designed for batch data flows due to the large number of customers using aggregation services. The administration of a single customer change is a similar workload to updating multiple customers.
5. Aggregator changes require approximately six employees to administer the change. Sales-to-transportation and transportation-to-sales changes between aggregators require approximately eight employees to administer the change.

#### ATTACHMENTS:

None

#### **Verification of Response**

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/Rob Daniel**

**Date: April 24, 2025**