

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of Black Hills/Kansas Gas Utility     )  
Company, LLC, d/b/a Black Hills Energy ("Black     )  
Hills"), Compliance Filing of its Accelerated Pipe     )  
Replacement Plan Pursuant to the Commission     )  
Orders in Docket No. 15-GIMG-343-GIG     )     Docket No. 18-BHCG-319-CPL

**COMPLIANCE FILING**

In accordance with the memorandum filed by the Staff of the State Corporation Commission of the State of Kansas ("Commission") on December 19, 2018, in Docket No. 15-GIMG-343-GIG, Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills"), submits this report detailing progress made in the preceding year.

**I. BACKGROUND**

1. On April 23, 2018, Black Hills filed in this docket its *Final Accelerated Pipe Replacement Plan* ("Plan") setting forth (1) a seven-year Phase 1 plan to eliminate all bare steel mains, bare steel service lines, and bare steel yard lines in Class 3/urban locations and a ten-year Phase 2 plan to eliminate all remaining obsolete pipe in Kansas; (2) a plan for increased leak detection of obsolete plastic pipe; and (3) an annual lost and unaccounted for gas ("L&U") report for cities having over 10,000 customers.

2. On December 19, 2018, Staff filed a memorandum in Docket No. 15-GIMG-343-GIG recommending future actions to monitor the utilities' plans, including a requirement for the utilities to file an annual report by March 31 detailing progress made in the preceding year, explaining any deviation from the preceding year's projections, any deviation from initial projections, and revising remaining plan projections. Staff also recommended that utilities include in annual reports an update of parameters similar to those listed in Tables LMH-1 and LMH-2 that were included in the body of Staff's memorandum.

3. Black Hills meets quarterly with Staff and the Citizens Utility Ratepayer Board and Black Hills typically provides updates on the Plan. Pursuant to Commission Order 20-GIMX-393-MIS which stays all open dockets and suspends all deadlines through the Kansas state government shut down period of March 23, 2020 through April 6, 2020, Black Hills is filing this annual report on April 6 upon lifting of the government shutdown.

## **II. L&U FILING**

4. Black Hills' Plan includes a requirement to file an annual report of L&U for communities of 10,000 or more customers. This will include the communities of Lawrence, Wichita, and Garden City. Black Hills has discussed with Staff that it will file the L&U report following the receipt of March data, which is at the beginning of May. Accordingly, Black Hills will file the L&U report by May 18, 2020.

## **III. LEAK SURVEYS**

5. The Staff Memorandum recommended that utilities increase the frequency of the surveys of **all** plastic pipe to once every three (3) years. As stated in Black Hills' comments to the Staff Memorandum, filed on January 15, 2019, Black Hills currently has a process pursuant to which it surveys its obsolete piping at least once every three (3) years and all other plastic piping at least once every five (5) years. In discussions with Staff, Staff agreed that Black Hills' process meets the intended safety requirements and that Staff had no objection to Black Hills continuing to survey other-than-obsolete piping once every five (5) years.

## **IV. REPORTING PLASTIC PIPE FAILURES**

6. The Staff Memorandum recommended that utilities report plastic pipe failures (leaks) according to the American Gas Association Plastic Pipe Database Committee ("AGA PPDC") Plastic Pipe Failure Report. Black Hills is a member of the AGA PPDC and reports accordingly. Black Hills had zero plastic pipe failures in 2019.

## V. ANNUAL COMPLIANCE UPDATE

7. Black Hills began implementing its Accelerated Replacement Program in July of 2018. As previously stated, the Plan included two phases. The seven-year Phase 1 included the replacement of 22,217 bare steel yard lines, 6,725 bare steel service lines and 139 miles of bare steel main lines in Class 3 or urban areas with a total estimated cost of \$79,016,987.

8. The table below provide updates to the Plan showing revisions to the Plan and progress made during 2019.

[Complete Table on Following Page]

TABLE 1

	BHE Adjusted Plan*	2018 Activity	2019 Activity	Current BHE ARP Status
Number of Urban Areas	65	0	3	62
Miles of Bare Steel Main	146	20	30	96
Planned (Avg Miles/Year) Replacement Rate	21			19
Number of Bare Steel Service Lines & Yard Lines	28,942	1,654	3,192	24,096
Planned Service & Yard (Avg Line/Year) Replacement Rate	4134			4,819
Years to Completion Phase 1	7 Years			5 Years
Underground leaks per 100 mile obsolete pipeline	17.2	11.9	10.8	
Total Project Cost	\$89M	\$7.5M**	\$13.5M**	\$71M***
Main Replacement (7 Yr Avg \$/Mile)	\$212,520	\$212,520**	\$237,600**	\$237,600
Service Line Replacement (7 Yr Avg \$/Each)	\$2,000	\$2,000**	\$2,000**	\$2,000

\* The information in the column “BHE Adjusted Plan” reflects updated information provided in October 2018 in Data Request No. 12.

\*\* These costs are estimates based on average costs.

\*\*\* The Project Cost for the remaining years to complete Phase 1 incorporates the increased per-mile replacement cost based on 2019 activity.

## VI. SAFETY MANAGEMENT SYSTEM

9. Black Hills continued implementation of its Pipeline Safety Management System (“PSMS”) in 2019 with the formation of its PSMS Steering Committee and careful consideration and prioritization of opportunities for improvement identified in the 2018 gap analysis. Initiatives were launched and completed in 2019 to improve emergency preparedness and response, incident investigation, evaluation and lessons learned.

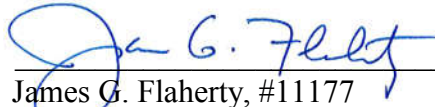
10. Black Hills launched its Emergency Response Line (“ERL”) company-wide in July.

ERL is a tool that allows employees to simultaneously notify a large group of employees (operations, gas control, communications, engineering, legal, regulatory, etc.) of an event via text and e-mail and provides for timely corporate response externally (Media, PHMSA, OSHA, EPA, State Agencies, etc.). Conference calls may be established if necessary as well as follow-up information to ensure prompt, efficient and effective responses to natural gas emergencies. ERL implementation has been extremely successful and is being used to report any significant event such as interruptions to service, structure fires, third-party damages/unplanned releases of natural gas, natural disasters, vandalism and other system failures.

11. A tabletop emergency simulation exercise was held in September to simulate the threat of widespread panic in select areas. Another simulation of a large-scale/major outage was held in November to test Black Hills' Major Events Playbook. Operations leadership and other key employees across the company participated in these exercises either in-person or remotely via video and teleconferencing.

12. Black Hills also established a procedure to investigate incidents and near-misses and to communicate lessons learned via a Safety Flash template to appropriate personnel. A Lessons-Learned library of the Safety Flashes has been established on the Black Hills intranet website for subsequent use by any employee at safety meetings, tailgate sessions and other suitable occasions. Information from Black Hills' ERL, Safety Management System, other communications and external events are all possible sources for lessons-learned and Safety Flashes.

WHEREFORE, Black Hills submits this annual compliance report as requested by the Commission in the 343 Docket.



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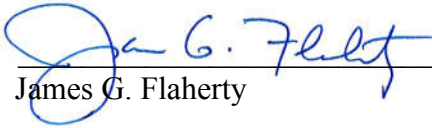
Attorneys for Black Hills/Kansas Gas Utility Company,  
LLC, d/b/a Black Hills Energy

**VERIFICATION**

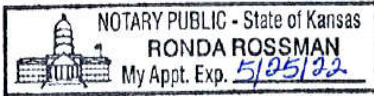
STATE OF KANSAS  
COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being first duly sworn on oath, states:

That he is an attorney for Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills"), named in the foregoing Compliance Filing, and is duly authorized to make this affidavit; that he has read the foregoing Compliance Filing, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.

  
James G. Flaherty

SUBSCRIBED AND SWORN to before me this 6<sup>th</sup> day of April, 2020.



  
Ronda Rossman

Notary Public

Appointment/Commission Expires:

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent electronically, this 6<sup>th</sup> day of April, 2020, addressed to:

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