

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:                      Andrew J. French, Chairperson  
   Dwight D. Keen  
   Annie Kuether

In the Matter of the Application of Black    )  
Hills/Kansas Gas Utility Company, LLC, d/b/a    ) Docket No. 24-BHCG-457-TAR  
Black Hills Energy, for Approval of Revisions    )  
to Tariff Language on Other Transportation    )  
Service Charges.                                        )

**ORDER APPROVING TARIFF REVISIONS**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and record and being duly advised in the premises, the Commission makes the following findings:

1.        On December 20, 2024, Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy (Black Hills) filed an Application requesting Commission approval of revisions to its Other Transportation Charges (OTC) Tariff.

2.        Specifically, Black Hills requests changes to Index No. 37, part 5, Monthly Cash Out Charges. This portion of the tariff describes the Cash Out Price calculations for any Transportation Customer that is out of balance at the end of the calendar month, which is the charge to a Transportation customer when there is a variance between the allocated Receipts and allocated Deliveries of natural gas. The reason for the Cash Out Price changes is “an effort to control potentially exorbitant penalties from driving peak demand prices higher, while also continuing to encourage Transportation Customers to remain in balance.”<sup>1</sup>

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<sup>1</sup> Black Hills’ Application for Tariff Revision (Application), p. 4 (Dec. 20, 2024).

3. On June 21, 2024, Commission Staff (Staff) filed its Report and Recommendation (R&R) regarding Black Hills' Application. Staff determined the proposed OTC tariff changes were just and reasonable, as they protect Transportation customers from extraordinary penalties while still acting as an incentive to keep natural gas orders in balance. Furthermore, Sales customers benefit from natural gas pricing to reduce the likelihood of gas underage penalties. Staff also stated the proposed changes to be in the public interest.

4. On June 28, 2024, the Citizens' Utility Ratepayer Board (CURB) filed its Response to Staff's Report and Recommendation, stating that CURB supported the R&R filed by Staff.

5. K.S.A. 66-1,202 states that every natural gas public utility must "establish just and reasonable rates, charges and exactions." Further, tariffs should serve the public interest, that is to say, "[e]very unjust or unreasonably discriminatory or unduly preferential rule, regulation, classification, rate, charge or exaction is prohibited, unlawful and void."<sup>2</sup>

6. Staff determined that Black Hills' proposed tariff changes are just and reasonable. Staff stated Black Hills' OTC tariff provides for Transportation customers that are out of balance at the end of the month to be charged a penalty, or Cash Out Price, based on the variance. The purpose of the Cash Out Price is to incentivize Transportation customers to accurately assess their gas needs, schedule appropriate quantities, and conserve gas when conditions necessitate. However, there are instances where penalties can be extraordinary due to extreme price fluctuations. The proposed changes would ensure the Cash Out Price would not be subject to extremes as a result of unpredictable price fluctuations.<sup>3</sup>

7. Staff also determined that Black Hills' proposed changes are in the public interest. Staff stated that the proposed changes reduce the exposure of Transportation customers to

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<sup>2</sup> K.S.A. 66-1,202.

<sup>3</sup> Staff's R&R, p. 2-3.

extraordinary penalties as a result of extreme pricing events, while still ensuring that any penalties charged by upstream providers are collected from the customers responsible for incurring them.<sup>4</sup>

8. The Commission adopts Staff's analysis and recommendation of June 21, 2024, as stated in its Report and Recommendation and finds that Black Hills' Application should be granted and the requested tariff revisions approved.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy's Application is hereby granted and its proposed OTC tariff revisions are hereby approved.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>5</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 07/23/2024



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Lynn M. Retz  
Executive Director

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<sup>4</sup> Staff's R&R, p. 4.

<sup>5</sup> K.S.A. 66-118b; K.S.A. 77-503(c); and K.S.A. 77-531(b).

## **CERTIFICATE OF SERVICE**

24-BHCG-457-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 07/23/2024.

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/S/ KCC Docket Room

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