

**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

DIRECT TESTIMONY OF NICHOLAS W. SMITH

ON BEHALF OF

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

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EXHIBIT

KSG Direct Exhibit NWS-1	Education, Employment History and Professional Experience
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List of Acronyms

ACA	Annual Cost Adjustment
Atmos	Atmos Energy Corporation
BHC	Black Hills Corporation
BHSC	Black Hills Service Company, LLC
BHUH	Black Hills Utility Holdings, Inc.
“Black Hills” or “the Company”	Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy
DCM	Digital Construction Management
Dth	Dekatherm
ED	Economic Development
EDIT	Excess Accumulated Deferred Income Taxes
KCC	Kansas Corporation Commission or Commission
KGS	Kansas Gas Service
K.S.A.	Kansas Statutes Annotated
LVI	Large Volume Interruptible
LVTS	Large Volume Transportation Service
LVTS-A	Large Volume Transportation Service-Aggregated
OFO	Operational Flow Order
OLVTS-A	Optional Large Volume Transportation Service-Aggregated
OTD	Operations Technology Development
PGA	Purchased Gas Cost Adjustment
SC	Small Commercial
Staff	Staff of the State Corporation Commission
SVF	Small Volume Firm Service
TA Rider	Tax Adjustment Rider

1 **I. INTRODUCTION**

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

3 A. My name is Nicholas W. Smith, and my business address is 601 N. Iowa Street,
4 Lawrence, KS 66044-9643.

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

6 A. I am employed by Black Hills Service Company, LLC. ("BHSC"). BHSC is a wholly
7 owned subsidiary of Black Hills Corporation ("BHC"). I am the Manager of Regulatory
8 for Kansas.

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

10 A. I am testifying on behalf of Black Hills/Kansas Gas Utility Company, LLC ("Black
11 Hills" or "the Company"). Black Hills is a wholly owned subsidiary of Black Hills
12 Utility Holdings, Inc. ("BHUH"). BHUH is a wholly owned subsidiary of BHC.

13 **II. STATEMENT OF QUALIFICATIONS**

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

16 A. My education, employment history, and professional experience are provided on KSG
17 Direct Exhibit NWS-1.

18 **Q. WHAT ARE YOUR CURRENT JOB RESPONSIBILITIES?**

19 A. I am responsible for regulatory strategy, policy, tariffs, filings, and other regulatory
20 matters for Black Hills/Kansas Gas Utility Company, LLC.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
2 **BODIES?**

3 A. Yes. I have previously testified before the Kansas Corporation Commission.

4 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

5 A. Yes, I am sponsoring the following Direct Exhibit:

KSG Direct Exhibit NWS-1	Education, Employment History, and Professional Experience
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6 **Q. HAVE THE TESTIMONY AND EXHIBITS THAT YOU ARE SPONSORING**
7 **BEEN PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

8 A. Yes.

9 **III. PURPOSE OF TESTIMONY**

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

11 A. The purpose of my testimony is to discuss, support, and make recommendations on
12 proposed changes to the Company's tariff as presented in Section 18 of the Company's
13 Application and to discuss two expense adjustments included within this general rate
14 application filing. The two expense adjustments include research and development
15 program funding and the state damage prevention plan advertising and education
16 campaign funding.

17 **IV. TARIFF REVISIONS AND MODIFICATIONS**

18 **Q. IS BLACK HILLS PROPOSING ANY TARIFF CHANGES OR**
19 **MODIFICATIONS?**

20 A. Yes. Black Hills proposes the following tariff adjustments as explained and supported

1 within the Direct Testimony of other Company witnesses:

- 2 1. The incorporation of new base rates into its tariff, as supported by the Direct
3 Testimony and Exhibits of Company witness Mr. Ethan J. Fritel; and
- 4 2. Transportation-specific tariff adjustments, as supported by the Direct Testimony of
5 Company witness Mr. Samuel B. Tobin.

6 Black Hills also proposes the tariff changes listed below in this rate case application:

- 7 A. Elimination of the Optional Large Volume Transportation Service -
8 Aggregated Rate Schedule;
- 9 B. Renaming the Commodity Charge to Delivery Charge;
- 10 C. Requiring telemetry equipment for Large Volume Interruptible Service
11 customers;
- 12 D. Service Fee adjustments;
- 13 E. Updating the Standards on Billing Practices;
- 14 F. Adding Indebted Household rules; and
- 15 G. Clarifying, Definitional, and other Changes to the tariff language.

16 I discuss each of these tariff items in the testimony below.

- 17 A. **Elimination of Optional Large Volume Transportation Service –**
18 **Aggregated Rate Schedule**

19
20 **Q. PLEASE DISCUSS THE OPTIONAL LARGE VOLUME TRANSPORTATION**
21 **SERVICE – AGGREGATED SERVICE RATE SCHEDULE AND EXPLAIN**
22 **WHY BLACK HILLS IS PROPOSING TO ELIMINATE IT.**

- 23 A. The Optional Large Volume Transportation Service – Aggregated (“OLVTS-A”) rate
24 schedule is optionally available to customers who supply quantities of gas to

1 aggregated delivery pools consisting of individually metered, non-residential End
2 Users whose individual annual natural gas usage is anticipated to be above 9,000 Dth
3 and not exceeding 30,000 Dth. The Large Volume Transportation Service – Aggregated
4 (“LVTS-A”) rate schedule is available to customers who deliver gas to aggregated
5 delivery pools consisting of individually metered, non-residential End Users whose
6 individual annual natural gas usage is anticipated to be above 5,000 Dth and not
7 exceeding 9,000 Dth.

8 All monthly charges, service considerations, terms and conditions, optional
9 services, and applicable “other” charges (such as daily imbalance and cash out charges)
10 are equivalent between the OLVTS-A and LVTS-A rate schedules. Under this
11 proposal, the “Availability” of the LVTS-A rate schedule will be revised to include the
12 upper annual usage parameter as currently defined within the OLVTS-A rate schedule.
13 Combining these rate schedules will help reduce administrative burden on the
14 Company and simplify rate schedule charges.

15 **Q. WHY WAS THE OLVTS-A RATE SCHEDULE CREATED INITIALLY?**

16 A. In Docket No. 03-AQLG-933-GIG, Aquila, Inc. (now Black Hills), filed information
17 with the Commission regarding the LVTS-A rate schedule. That filing also included
18 the creation of the current OLVTS-A rate schedule as a temporary, optional class for
19 customers with an anticipated annual usage of 9,000-30,000 Dth. The goal of the
20 OLVTS-A tariff was to investigate customer interest and affirm the Company’s ability
21 to support an aggregated pool of larger annual-usage customers. However, after two
22 decades of providing this tariff service, the OLVTS-A tariff currently serves only six

1 customers. Due to the lack of widespread use of the OLVTS-A tariff over an extended
2 period, the Company now proposes to (a) eliminate the OLVTS-A tariff, (b) increase
3 the upper annual natural gas usage within the LVTS-A tariff from 9,000 Dth to 30,000
4 Dth, and (c) serve OLVST-A customers under the revised LVTS-A tariff.

5 **Q. HOW DOES THIS PROPOSAL AFFECT THE RATES OF CUSTOMERS**
6 **WHO CURRENTLY USE THE OLVTS-A RATE SCHEDULE?**

7 A. Currently, both the fixed and variable tariffed OLVTS-A rates are equal to the LVTS-
8 A rates, so this proposal will not impact the six customers who currently use the
9 OLVTS-A rate schedule. Accordingly, the Company is proposing to eliminate the
10 OLVTS-A rate schedule and move those customers to the LVTS-A rate schedule.

11 **B. Renaming the Commodity Charge to Delivery Charge**

12 **Q. WHY IS BLACK HILLS REQUESTING A CHANGE TO THE NAME OF THE**
13 **COMMODITY CHARGE?**

14 A. Black Hills has two reasons for revising the name of the Commodity Charge within the
15 Company's tariff. First, the name "Commodity Charge" can be misleading since the
16 costs being recovered by the Company through this charge are more accurately
17 described as the cost to deliver natural gas to the customer, not for the natural gas
18 commodity itself. Second, Kansas Law, (i.e., K.S.A. § 79-3602), specifically exempts
19 delivery charges from the State Sales Tax. The tax savings will benefit Black Hills'
20 natural gas customers because the lower sales tax will flow-through to customers as a
21 reduction in the total sales taxes paid on the customer bills.

1 **Q. HAVE ANY OTHER NATURAL GAS UTILITIES IN KANSAS REQUESTED**
2 **APPROVAL FROM THE COMMISSION RECENTLY TO CHANGE THE**
3 **NAME OF “COMMODITY” CHARGE TO “DELIVERY” CHARGE?**

4 A. Yes. On February 14, 2024, Atmos Energy (“Atmos”) filed an application in Docket
5 No. 24-ATMG-574-TAR requesting approval from the Commission to rename the
6 Commodity Charge to Delivery Charge. Atmos requested the change to exempt the
7 Delivery Charge portion of customer bills from sales tax consistent with the
8 requirements of the Kansas Department of Revenue and K.S.A. § 79-3602. Atmos also
9 revised the name of its Commodity Charge to Delivery Charge to more accurately
10 describe the service provided by that charge. On May 8, 2024, the Staff of the Kansas
11 State Corporation Commission (“Staff”) filed a Report and Recommendation in
12 support of Atmos’ application. On June 20, 2024, the Commission approved Atmos’
13 application.

14 **C. Large Volume Interruptible Telemetry Requirements**

15 **Q. IS BLACK HILLS PROPOSING TO REQUIRE TELEMETRY EQUIPMENT**
16 **FOR ALL LARGE VOLUME INTERRUPTIBLE SALES CUSTOMERS?**

17 A. Yes. The requirement that all Large Volume Interruptible (“LVI”) customers have
18 electronic measurement provides significant benefits for the Company and its
19 customers in managing the Company’s gas distribution and interconnected pipeline
20 systems. LVI customers are exposed to potential service interruptions. Accordingly,
21 the Company benefits by understand precisely if, and when, LVI customers are using
22 gas supply during periods of gas distribution and interconnected pipeline system

1 capacity constraints. The system constraints occur most often during an Operational
2 Flow Order (“OFO”) issued by an upstream pipeline; however, system constraints can
3 occur at other times too. A requirement for LVI customers to have telemetry will
4 protect the Company, the LVI customer, and all other Black Hills customers. The use
5 of data from telemetry will ensure that each customer pays for the actual amounts
6 natural gas consumed by the customer. Telemetry will also allow the Company and the
7 customer with information to better manage the customer’s gas requirements.

8 Under the Company’s proposal, all new LVI customers will be required to have
9 telemetered service. LVI customers will be responsible for the Company’s costs of
10 acquiring and installing the telemetry equipment at the customer’s delivery point. For
11 existing customers, Black Hills plans to move all non-telemetered customers to
12 telemetry service within one year of Commission approval of the rate schedule changes
13 in this docket.

14 **D. Service Fee Adjustments**

15 **Q. WHAT ADJUSTMENTS IS THE COMPANY PROPOSING FOR THE**
16 **SERVICE FEES RATE SCHEDULE?**

17 A. Within Index No. 7, Sheet 12 of 12, the Company is proposing an adjustment to the
18 current fees and charges (“Fees”) for the following:

- 19 • Meter Reading Fee from \$15.00 to \$20.00;
- 20 • Connection/Reconnection Plus Charges for Non-Irrigation customers from
21 \$20.00 to \$25.00 during business hours and \$25.00 to \$30.00 after business
22 hours; and

- Temporary Service Minimum Fee from \$25.00 to \$30.00.

Q. WHY IS THE COMPANY PROPOSING AN INCREASE TO EACH OF THESE FEES?

A. The rationale for the Fee increases is that the current fee amounts do not adequately capture the costs incurred by the Company to perform the related service(s). For each of the Fees, a Black Hills technician is required to drive a Company vehicle from the closest operational office to the customer's service address. The Company technician then performs the meter read, connection, reconnection, or other required service before driving back to the Company's operational office.

Internal analysis shows the average labor cost to perform meter readings is approximately \$26 and the average labor cost to perform connections (including reconnections) is approximately \$38. Neither of these average costs include vehicle fuel or maintenance costs. Consequently, the current Fee structure is not capturing the costs incurred by the Company for these services and should be increased to reduce the subsidization of these services by all other Black Hills customers.

Q. IS THE COMPANY PROPOSING ANY OTHER ADJUSTMENTS TO RECONNECTION CHARGES OR FEES?

A. Yes, the Company is also proposing to revise tariff Section 5.3, Restoration of Service, to include language that requires customers who refuse access to Company's assets during a disconnection process. If a customer prohibits the Company from lawfully disconnecting natural gas service, then the customer will be required to pay the additional costs associated with the Company having to disconnect the customer

1 service from another point, such as at a distribution main. This proposed tariff language
2 and purpose is consistent with the language and intent of the tariff adjustment made by
3 Kansas Gas Service (“KGS”), and approved by the Commission, in Docket 24-KGSG-
4 610-RTS.

5 **E. Updating the Standards on Billing Practices**

6 **Q. WHAT CHANGE IS THE COMPANY PROPOSING TO MAKE TO THE**
7 **STANDARDS ON BILLING PRACTICES?**

8 A. Black Hills proposes two adjustments to Section 4.2-a of the current Standards on
9 Billing Practices:

- 10 1. Removing the collection charge of \$15.00 in the event collection of a delinquent
11 bill is at a customer’s premises. In Docket 24-GIMG-453-GIG, the Commission
12 granted Black Hills a permanent waiver to the Knock and Collect provision of the
13 Commission Billing Standards; therefore, Black Hills will no longer accept
14 collection of delinquent bills at a customer’s premises.
- 15 2. Removing the option for commercial customers to pay a one percent late fee every
16 month for a bill payment time extension of 9 days. This option has not been used
17 in Kansas by any commercial customers in the last five years. Therefore, it should
18 be removed from the Company’s tariff to reduce the complexity of the tariff
19 language.

1 **F. Adding Indebted Household Rules**

2 **Q. WHAT IS AN INDEBTED HOUSEHOLD IN THE CONTEXT OF A NATURAL**
3 **GAS UTILITY?**

4 A. An indebted household refers to a residential customer who has accumulated unpaid
5 balances for the customer’s natural gas service and has demonstrated an inability to
6 make full payments on their bills.

7 **Q. HOW DO THE CURRENT TARIFF RULES AND THE COLD WEATHER**
8 **RULE ALLOW INDEBTED HOUSEHOLDS TO POTENTIALLY ABUSE THE**
9 **COMPANY’S SERVICE?**

10 A. Current disconnection policies within the Company tariff, in conjunction with the Cold
11 Weather Rule, allow indebted households with multiple adults living in one unit to
12 continue making minimum payments, or no payments, on their outstanding balances.
13 Once the Company disconnects the customer for non-payment, another adult residing
14 in the unit could request gas service in their name, even though the second resident
15 received the benefit from the outstanding balance of the initial account holder. The
16 Company is obligated under its current tariff to reconnect the unit despite no payment
17 arrangements being made on the prior balance. This potential customer account
18 strategy can continue repeatedly. In addition, due to the state’s three-year statute of
19 limitations on open accounts pursuant to K.S.A. § 60-512, the outstanding Customer
20 account holder’s balance with Black Hills is reset to zero. This entire process can repeat
21 indefinitely. The Company is attempting to close and prohibit this practice by adding
22 the indebted household tariff changes. The proposed tariff language will benefit other

1 customers and the Company from subsidizing customers who engage in this account
2 enrollment and bill payment strategy.

3 **Q. HOW DOES THIS SITUATION IMPACT BLACK HILLS AND OTHER**
4 **RESIDENTIAL CUSTOMERS?**

5 A. Per the Purchased Gas Cost Adjustment (“PGA”) Procedure within Index 28 of the
6 Company’s tariff, the Gas Cost portion of the bad debt from these outstanding balances
7 are recovered through the Annual Cost Adjustment (“ACA”) to the extent that it is
8 greater than the bad debt expense allowed in base rates. Whether through base rates or
9 the ACA, this effectively transfers the responsibility for the Gas Cost portion of the
10 outstanding balance to all other Black Hills’ Residential customers. The non-Gas Cost
11 portion of the outstanding balance are effectively paid for by other customers as an
12 increase to overall bad debt expense.

13 **Q. HAS THIS SITUATION IMPACTED BLACK HILLS AND ITS CUSTOMERS**
14 **RECENTLY?**

15 A. Yes. Black Hills is aware of five instances of this situation occurring since 2022.

16 **Q. WHAT IS THE COMPANY PROPOSING AS A SOLUTION?**

17 A. The Company proposes adding the following language to Section 5.3, Restoration of
18 Service, within Index No. 8 of the Tariff:

19 *Customers residing in the same dwelling unit as a prior account holder*
20 *with unpaid balances may be required to demonstrate they are not*
21 *responsible for the outstanding debt before establishing new service.*
22 *The Company reserves the right to deny service or require payment on*
23 *the outstanding debt if there is evidence to suggest that the new account*
24 *holder is attempting to evade payment obligations in conjunction with*
25 *a prior account holder on the same dwelling unit.*

1 **G. Clarifying, Definitional, and Other Changes**

2 **Q. WHAT CLARIFYING AND DEFINITIONAL CHANGES HAS THE**
3 **COMPANY MADE IN ITS PROPOSED TARIFF AS REFLECTED IN**
4 **SECTION 18 OF ITS APPLICATION?**

5 A. Black Hills made several minor clarifying and definitional tariff changes throughout
6 the Company’s tariff. Some of the changes are listed below:

- 7 • Removing the availability of the Economic Development Service (“ED”) rate
8 schedule to Small Commercial (“SC”) and Small Volume Firm (“SVF”)
9 customers. Since this rate schedule requires a minimum consumption of 50
10 Dth/day, or 18,250 Dth/year, the annual consumption threshold is too high for
11 a SC or SVF customer.
- 12 • Clarifying that the ED rate schedule is an average minimum consumption of 50
13 Dth/day.
- 14 • Removing the Non-Telemetered Daily Balancing Service Charge for the
15 LVTS-A rate schedule since LVTS-A customers are required to have telemetry.
- 16 • Adding language in Tariff Section 2.1-c to inform customers how the Company
17 will treat Customer information regarding third parties.
- 18 • Adding the City of Rozel and the City of Haysville to the Index of Communities
19 Served.
- 20 • Minor formatting changes including font size, style, and spacing.

1 **Q. ARE THERE OTHER TARIFF CHANGES THAT BLACK HILLS IS**
2 **PROPOSING IN THIS CASE?**

3 A. Yes. As noted above, Company witnesses, Mr. Tobin and Mr. Fritel also discuss and
4 support proposed tariff changes in their respective testimony:

- 5 • As discussed in Mr. Tobin’s direct testimony, the Company proposes a variety
6 of inclusions, removals, and modifications to the company’s transportation
7 services, charges, and terms and conditions.
- 8 • As discussed in Mr. Fritel’s direct testimony, the Company proposes an
9 adjustment to the fixed and variable charges for Residential, Small Commercial,
10 Small Volume, Large Volume, and Irrigation Customers.

11 **Q. IS THE COMPANY REQUESTING TO RE-ESTABLISH THE BASE**
12 **AMOUNT OF AD VALOREM TAXES AS REFLECTED IN THE PROPOSED**
13 **TARIFF REVISIONS?**

14 A. Yes. The proposed tariff reflects that the Ad Valorem taxes will be based on the
15 outcome of the current rate proceeding and will be adjusted yearly based on any
16 amounts under or over-collected as prescribed by the tariff. Company witness, Ms.
17 Samantha K. Johnson proposes the new level of Ad Valorem taxes included in the
18 Company’s Application.

19 **Q. IS THE COMPANY PROPOSING AN ADJUSTMENT TO THE TAX**
20 **ADJUSTMENT RIDER RATE SCHEDULE?**

21 A. Not currently. As discussed in the Testimony of Company witness, Mr. Robert Daniel,
22 the Company will not know the exact amount of Non-Protected Excess Accumulated

1 Deferred Income Taxes (“EDIT”) until the Company files its federal income tax return
2 in October 2025. Because of this timing, the Company will need to revise the Tax
3 Adjustment Rider (“TA Rider”) rate schedule at a future date to accurately capture the
4 Non-Protected EDIT amount and refund period timing.

5 **V. EXPENSE ADJUSTMENTS**

6 **Q. PLEASE DISCUSS AND SUPPORT THE EXPENSE ADJUSTMENT IS-26, AS**
7 **MENTIONED IN THE DIRECT TESTIMONY OF COMPANY WITNESS, MS.**
8 **JOHNSON.**

9 A. The research and development expense adjustment identified as Expense Adjustment
10 IS-26 by the Company in Ms. Johnson’s direct testimony is for the membership fee
11 assessed to the Company by the Operations Technology Development (“OTD”).

12 **Q. WHAT IS OTD AND WHY IS BLACK HILLS INTERESTED IN SUPPORTING**
13 **IT?**

14 A. OTD is a not-for-profit organization focused on developing, testing, and implementing
15 new technologies to improve the safety, reliability, and environmental stewardship of
16 natural gas distribution systems. Through its membership in OTD, Black Hills is one
17 of many entities engaged with OTD, and their research partners. Black Hills joins with
18 other natural gas distribution companies to address shared challenges, leverage
19 collective expertise, and develop innovative solutions to the benefit of the natural gas
20 industry and their customers.

1 **Q. WILL FUNDING OTD’S RESEARCH BENEFIT KANSAS CUSTOMERS?**

2 A. Yes. Membership with OTD allows Black Hills to proactively address industry
3 challenges through the development and implementation of technologies that enhance
4 operational efficiency, reliability, and safety while also helping to promote
5 environmental preservation.

6 **Q. DOES BLACK HILLS CURRENTLY USE ANY PROJECTS FUNDED**
7 **THROUGH OTD?**

8 A. Yes. Black Hills uses the Locusview Digital Construction Management (“DCM”)
9 Application in all natural gas distribution states within their service territory, on every
10 construction job. The DCM platform automates data capturing processes, recording,
11 and maintaining data throughout the planning, execution, and project closure phases to
12 ensure accuracy from project start to finish. DCM enables all field crew members to
13 gather high quality data to help ensure and promote compliance, improve operational
14 efficiencies, and reducing future third-party damages.

15 **Q. PLEASE DISCUSS EXPENSE ADJUSTMENT IS-27, AS MENTIONED IN THE**
16 **DIRECT TESTIMONY OF COMPANY WITNESS, MS. JOHNSON.**

17 A. This expense adjustment provides Black Hills the necessary funding and ability to
18 create a public awareness and education campaign for the state’s damage prevention
19 plan.

1 **Q. WHY DOES BLACK HILLS NEED TO ESTABLISH A PUBLIC AWARENESS**
2 **AND EDUCATION CAMPAIGN FOR THE DAMAGE PREVENTION**
3 **PROGRAM?**

4 A. Damage to underground natural gas pipelines from third-party excavation is a risk to
5 the safety and reliability of the Company’s gas distribution system. By implementing a
6 comprehensive damage prevention program awareness and education campaign, Black
7 Hills aims to reduce these incidents, enhance public and employee safety, and minimize
8 service disruptions. This program also aligns with the Company’s commitment to
9 proactively protect system integrity and maintain compliance with pipeline safety
10 standards. Investing additional funds on advertising and education is in the Company
11 and Customer’s best interest.

12 **Q. WHAT ARE THE KEY COMPONENTS OF THE PROPOSED DAMAGE**
13 **PREVENTION PLAN AWARENESS AND EDUCATION CAMPAIGN?**

14 A. The proposed damage prevention plan will focus on public awareness and education
15 through community outreach, advertising, and educational materials. The goal of this
16 program is to educate stakeholders, including customers, construction crews, and the
17 public, about safe digging practices and the importance of using 811 before digging.

18 **Q. PLEASE GIVE EXAMPLES OF HOW THE PROGRAM BUDGET CAN BE**
19 **USED TO INCREASE PUBLIC AWARENESS AND EDUCATE**
20 **STAKEHOLDERS?**

21 A. The requested expense adjustment can help fund the creation and distribution of
22 brochures, post cards, and digital content to educate the public about damage

1 prevention. In addition, approving this adjustment will allow Black Hills create a media
2 campaign focusing on advertisements through social media, community events, radio,
3 and/or television.

4 **Q. HOW WILL THIS PROGRAM BENEFIT BLACK HILLS, ITS CUSTOMERS,**
5 **AND THE BROADER COMMUNITIES?**

6 A. All parties will benefit from the enhanced safety, improved reliability, and cost savings
7 that comes with a reduction in third party damages to the Company's natural gas
8 system. Fewer excavation-related damages reduce the risk of gas leaks and accidents
9 while also minimizing service interruptions and lowering operational expenses. By
10 reducing the time spent on repairing third-party damages, Black Hills' crews can
11 instead focus on infrastructure replacement projects that help improve the reliability of
12 the system.

13 **Q. CAN YOU PROVIDE AN EXAMPLE OF A NATURAL GAS UTILITY**
14 **IMPLEMENTING A DAMAGE PREVENTION PLAN THAT LED TO A**
15 **QUANTIFIABLE REDUCTION IN THIRD PARTY DAMAGES?**

16 A. Black Hills Energy's Arkansas operations experienced a 71% reduction in excavation
17 damages per thousand locate tickets from 2016 to 2023 after implementing a focused
18 education and awareness campaign for the damage prevention program. Their success
19 has improved public safety and operational efficiency while reducing costs related to
20 emergency repairs.

1 **VI. RECOMMENDATIONS**

2 **Q. WHAT ARE YOUR RECOMMENDATIONS?**

3 A. I recommend the Commission approve the following:

- 4 • The Company's proposed elimination of the OLVTS-A rate schedule and
5 proposal to move the existing OLVTS-A customers to the LVTS-A rate
6 schedule;
- 7 • The Company's proposed renaming of the Commodity Charge to Delivery
8 Charge;
- 9 • The Company's proposed telemetry requirement for LVI customers;
- 10 • The Company's proposed adjustments to the Service Fees and Standards of
11 Billing Practices;
- 12 • The Company's proposed Indebted Household Rules;
- 13 • The Company's proposal to reflect the outcome of the current rate proceeding
14 for the amount to be used in the Ad Valorem Tax Surcharge Rider;
- 15 • The Company's expense adjustments proposed to fund the public awareness
16 and education campaign for the damage prevention program; and
- 17 • All other modifications included in the Company's proposed tariff.

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

19 A. Yes.

AFFIDAVIT OF NICHOLAS W. SMITH

State of KS)
County of DG) ss

I, NICHOLAS W. SMITH, being first duly sworn on oath, depose and state that I am the same Nicholas W. Smith identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof; and that the foregoing Direct Testimony is true and correct to the best of my knowledge, information, and belief as of the date of this Affidavit.



Nicholas W. Smith

Subscribed and sworn to before me,
A Notary Public, in and for said County
and State, this 21 day of Jan, 2025.



Notary Public



My Commission expires: 05/15/2026

EDUCATION, EMPLOYMENT HISTORY
AND PROFESSIONAL EXPERIENCE

I graduated from Virginia Polytechnic Institute and State University (Virginia Tech) with a Bachelor of Science in Biological Sciences in 2010 and a Master of Science in Biological Systems Engineering in 2013. I later earned my MBA from Liberty University in 2020.

From 2015 through 2022, I worked for Dominion Energy in various environmental, regulatory, and analyst roles supporting their natural gas, electric generation, renewable, and nuclear footprints. In 2023, I joined Black Hills Energy as the Manager of Regulatory for the state of Kansas. In this role, my team and I are responsible for overseeing and participating in the development of regulatory strategy, policy, tariffs, and crafting regulatory filings on behalf of Black Hills Energy's Kansas Gas Utility.