

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

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the Matter of the Application of Black)
Hills/Kansas Gas Utility Company, LLC, d/b/a)
Black Hills Energy ("Black Hills") for an)
Extension of its Certificate of Convenience and) Docket No. 17-BHCG-511-ACQ
Authority to Operate as a Natural Gas Public)
Utility in an Area Heretofore Served by the)
City of Attica, Kansas, a Municipally Owned)
Natural Gas Utility.)

ORDER ADOPTING REVISION

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

I. BACKGROUND

1. On May 19, 2017, Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy (Black Hills), filed an Application requesting an extension of its Certificate of Convenience and Authority to operate as a natural gas public utility in the area presently served by the City of Attica, Kansas, a municipally owned natural gas utility (City of Attica).¹ Black Hills submitted this Application in conformance with the Order issued by the Commission on December 18, 2007, in Docket No. 08-ATMG-182-ACQ (08-182 Docket), which approved a program and filing template for natural gas public utilities to acquire Kansas municipal gas systems.²

¹ Application for Black Hills/Kansas Gas Utility, LLC, p. 1 (May 19, 2017) (Application).

² *Id.* at p. 1.

2. On July 18, 2017, Commission Staff (Staff) submitted its Report and Recommendation.³ Staff recommended, among other things, the Commission grant the necessary approvals for Black Hills to execute the proposed acquisition of the City of Attica's natural gas distribution facilities.⁴

3. On July 25, 2017, the Commission issued its Order and Certificate extending Black Hills' service territory, approving Black Hills' Asset Purchase Agreement, establishing rates for Black Hills' newly acquired service territory, and permitting Black Hills to record the purchase price at Black Hills' current distribution system average per customer embedded cost for meters, services and mains on an original cost basis.⁵

4. On August 9, 2017, Staff submitted its Motion to Reopen Record and Petition for Reconsideration.⁶

II. DISCUSSION

5. After the Commission issued its Order and Certificate, Staff was made aware of an error in Staff's calculation of Black Hills' average per customer embedded cost.⁷ Specifically, an allocated piece of FERC account 385 was excluded from Staff's calculation as shown in Exhibit 1 to Staff's Report and Recommendation. Staff initially reported Black Hills' average per customer embedded cost as \$1,729.88.⁸ The correct average per customer embedded cost is \$1,733.22.⁹

6. Staff requested the Commission reopen the record in this proceeding to accept Staff's Revised Exhibit 1 thereby permitting Black Hills to accurately record this cost.

³ Notice of Filing of Staff's Report and Recommendation (Jul. 27, 2017) (R&R).

⁴ *See id.* at p. 5.

⁵ *See* Order and Certificate, p. 8 (Jul. 25, 2017).

⁶ *See* Motion to Reopen Record and Petition for Reconsideration (Aug. 9, 2017) (Motion to Reopen).

⁷ *See id.* at p. 3.

⁸ *See* R&R, p. 3.

⁹ *See* Motion to Reopen, Revised Exhibit 1.

Specifically, Staff noted paragraph 8(b) of the Commission's Order and Certificate references the incorrect average per customer embedded cost due to the error contained in Staff's Original Exhibit 1.¹⁰ In support of this request, Staff cited Kansas law and Commission rules and regulations allowing for such corrections.¹¹

III. FINDINGS AND CONCLUSIONS

7. In accordance with K.A.R. 82-1-230(k), K.A.R. 82-1-235, K.S.A. 66-118b and K.S.A. 77-529 the Commission grants Staff's request to reopen the record and engage in further proceedings.

8. The Commission finds its Order and Certificate issued July 25, 2017, contains the error described above. Accordingly, the Commission concludes further proceedings are required to remedy the error contained with its Order and Certificate issued July 25, 2017.

9. The Commission finds Staff's Revised Exhibit 1 attached to its Motion to Reopen Record and Petition for Reconsideration correctly states Black Hills' average per customer embedded cost of \$1,733.22. The Commission finds and concludes the record in this matter shall be reopened to incorporate Staff's Revised Exhibit 1.

10. Upon incorporating Staff's Revised Exhibit 1, the Commission amends paragraph 8(b) of its Order and Certificate issued July 25, 2017, to read as follows:

The purchase price of \$300,000 is reasonable.¹² This equates to approximately \$800 per customer, which is well below Black Hills' average per customer embedded cost of \$1,733.22.¹³

¹⁰ See *id.* at p. 4.

¹¹ See Motion to Reopen at pp. 2-4.

¹² See *id.*

¹³ See Motion to Reopen, Revised Exhibit 1.

11. The Commission finds and concludes Black Hills shall be permitted to utilize the corrected average per customer embedded cost (\$1,733.22) as contained in Staff's Revised Exhibit 1.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(A) Black Hills may record the purchase price at Black Hills' current distribution system average per customer embedded cost, as corrected by Staff's Revised Exhibit 1, for meters, services and mains on an original cost basis. No separate accounting is required.

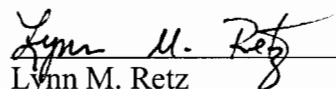
(B) Parties have 15 days, plus three days if service is by mail, from the date of service of this Order to petition the Commission for reconsideration or request a hearing, as provided in K.S.A. 77-542.¹⁴

(C) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Shari Feist Albrecht, Commissioner; Emler, Commissioner

Dated: AUG 29 2017


Lynn M. Retz
Secretary to the Commission

REV/JF

Order Mailed Date

AUG 30 2017

¹⁴ See also K.S.A. 66-118b; K.S.A. 77-529(a)(1).

CERTIFICATE OF SERVICE

17-BHCG-511-ACQ

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on **AUG 29 2017**.

JAKE FISHER, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
j.fisher@kcc.ks.gov

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
Fax: 785-242-1279
jflaherty@andersonbyrd.com

SUZANNE NORRIS, CITY CLERK
CITY OF ATTICA
CITY HALL 127 N. MAIN STREET
PO BOX 421
ATTICA, KS 67009
atticaclerk@sutv.com

ROBERT VINCENT, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
r.vincent@kcc.ks.gov

/s/ DeeAnn Shupe

DeeAnn Shupe

Order Mailed Date

AUG 30 2017