

<sup>2</sup> *Id.* at p. 1.

2. On July 18, 2017, Commission Staff (Staff) submitted its Report and Recommendation.<sup>3</sup> 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.<sup>4</sup>

3. On July 25, 2017, the Commission issued its Order and Certificate 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.<sup>5</sup>

## **II. MOTION TO REOPEN THE RECORD**

4. Pursuant to K.A.R. 82-1-230(k), the Commission may reopen a record for the purposes of taking additional evidence. "After the record . . . has been closed . . . any party may apply to reopen the record for good cause shown."<sup>6</sup> 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. 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 (Original Exhibit 1). Staff initially reported Black Hills' average per customer embedded cost as \$1,729.88.<sup>7</sup> The correct average per customer embedded cost is \$1,733.22.<sup>8</sup> Staff asserts good cause exists to reopen the record in this proceeding to correct this miscalculation.

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

<sup>4</sup> *See id.* at p. 5.

<sup>5</sup> *See* Order and Certificate, p. 8 (Jul. 25, 2017).

<sup>6</sup> K.A.R. 82-1-230(k).

<sup>7</sup> *See* R&R, p. 3.

<sup>8</sup> *See* Revised Exhibit 1, attached hereto.

5. Attached is a Revised Exhibit 1 showing \$372,044 of additional capital expenditures inadvertently omitted from Staff's Original Exhibit 1. The additional expenditures relate to measuring (metering) and regulating equipment located on the distribution system that serves large industrial customers. These amounts are reported in FERC Account 385 - Industrial Measuring and Regulating Station Equipment. Staff's Revised Exhibit 1 includes the additional \$372,044, which appears in cell D26 and is highlighted for reference. The effect of including these expenditures increases the average per customer embedded cost (cell H31) from \$1,729.88 to \$1,733.22.

6. Investor owned natural gas utilities follow a Commission template when acquiring municipally operated natural gas systems.<sup>9</sup> Part of the Commission's template allows natural gas utilities to record the purchase price at the current distribution system average per customer embedded cost.<sup>10</sup> Staff respectfully requests the Commission reopen the record in this proceeding to accept Staff's Revised Exhibit 1 thereby permitting Black Hills to accurately record this cost.

### **III. PETITION FOR RECONSIDERATION**

7. Pursuant to K.A.R. 82-1-235, K.S.A. 66-118b and K.S.A. 77-529, Staff respectfully requests the Commission reconsider its Order and Certificate issued July 25, 2017, in light of Staff's Revised Exhibit 1. Petitions for Reconsideration must state the specific grounds for which relief is requested.<sup>11</sup> These grounds must be sufficiently specific and direct to apprise the Commission and opposing parties of the points relied on.<sup>12</sup> This allows the

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<sup>9</sup> See Order Approving Application, Docket No. 08-ATMG-182-ACQ, pp. 3-5 (Dec. 18, 2007).

<sup>10</sup> See *id.* at pp. 4-7.

<sup>11</sup> See K.S.A. 77-529(a).

<sup>12</sup> See Application of SW. Bell Tel. Co., 9 Kan. App. 2d 525, 536-38, 685 P.2d 304, 313-14 (1984).

Commission and other parties to correct errors of fact contained within the record and Commission orders.<sup>13</sup>

8. As detailed above, Staff hereby asserts its Original Exhibit 1 relied upon by the Commission contains an error requiring correction. Specifically, paragraph 8(b) of the Commission's Order and Certificate references the incorrect average per customer embedded cost due to an error contained within Staff's Original Exhibit 1. To ensure Black Hills is permitted to properly account for the transaction subject to this proceeding, Staff respectfully requests it be permitted to correct its mistake.

9. Pursuant to K.S.A. 77-529, the Commission may set a matter for further proceedings.<sup>14</sup> Staff respectfully requests the Commission reconsider its Order and Certificate issued July 25, 2017, and permit Staff to enter its Revised Exhibit 1, attached hereto, into the record. Staff respectfully requests the Commission revise its Order and Certificate to incorporate this correction. Staff's correction should not in any way impact Black Hills' ability to move forward with this transaction.

WHEREFORE, Staff respectfully requests the Commission issue an Order on Reconsideration permitting Staff to introduce its Revised Exhibit 1, permit Black Hills' to utilize the corrected average per customer embedded cost information contained in Staff's Revised Exhibit 1, and for such other relief as the Commission deems just and proper.

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<sup>13</sup> See *Citizens' Util. Ratepayer Bd. v. State Corp. Comm'n*, 24 Kan. App. 2d 222, 228 (1997), *aff'd in part, rev'd in part sub nom. Citizens' Util. Ratepayer Bd. v. State Corp. Comm'n*, 264 Kan. 363 (1998); See also *Peoples Nat. Gas Div. of N. Nat. Gas Co. v. State Corp. Comm'n*, 7 Kan. App. 2d 519, 527, 644 P.2d 999, 1005-06 (1982).

<sup>14</sup> See K.S.A. 77-529(b).

Respectfully submitted,

/s/ Robert Elliott Vincent

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	A	B	C	D	E	F	G	H	I	J	K
3	BLACK HILLS GAS						Revised Exhibit 1				
4							17-BHCG-511-ACQ				
5	KANSAS GAS UTILITY										
6											
7											
8	Average per customer embedded cost for Meters, Services, & Mains										
9	2016 Kansas Supplemental Annual Report										
10											
11											
12	FERC		Assigned	Allocated	Source	Total		Cost Per		Average Cost	
13	Account		Direct					Customer		Original Cost	
14											
15	374	Land and Land Rights	370,721	14,711	(1)	385,432	\$	3.46	\$	1,297.16	
16	375	Structures and Improvements	837,743		(1)	837,743	\$	7.52	\$	2,819.39	
17	376	Mains	87,461,209		(1)	87,461,209	\$	784.93	\$	294,347.40	
18	377	Compressor Station Equipment	174,659		(1)	174,659	\$	1.57	\$	587.81	
19	378	Measure & Regulator Station Equipment-General	4,918,692	9,373	(1)	4,928,065	\$	44.23	\$	16,585.22	
20	379	Measure & Regulator Station Equipment-City Gate	61,111		(1)	61,111	\$	0.55	\$	205.67	
21	380	Services	53,694,596		(1)	53,694,596	\$	481.89	\$	180,707.14	
22	381	Meters	18,636,332	569,699	(1)	19,206,031	\$	172.37	\$	64,637.17	
23	382	Meter Install	1,928,246		(1)	1,928,246	\$	17.31	\$	6,489.44	
24	383	House Regulators	17,919,667		(1)	17,919,667	\$	160.82	\$	60,307.96	
25	384	House Regulators Installed	-		(1)	-	\$	-	\$	-	
26	385	Industrial Measure & Reg Station Equipment	5,843,160	372,044	(1)	6,215,204	\$	55.78	\$	20,917.03	
27	386	Other Property on Customer Premises	-		(1)	-	\$	-	\$	-	
28	387	Other Equipment	49,909	7,495	(1)	57,404	\$	0.52	\$	193.19	
29	388	Asset Retirement Costs - Distribution	256,812		(1)	256,812	\$	2.30	\$	864.29	
30											
31			192,152,857	973,322		193,126,179		\$ 1,733.22		\$ 649,958.87	
32											
33	Number of Kansas Customers in BH 2016 Annual Report					(2)	111,426				
34											
35	Number of Customers in Attica					(3)	375				
36											
37	Source										
38	(1) Page 9 KS Supplemental Annual Report										
39	(2) Page 12 KS Supplemental Annual Report										
40	(3) Application Paragraph 3										
41											

**CERTIFICATE OF SERVICE**

17-BHCG-511-ACQ

I, the undersigned, certify that a true and correct copy of the above and foregoing Motion to Reopen Record and Petition for Reconsideration was served by electronic service on this 9 th day of August, 2017, to the following:

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