

**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**

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**DIRECT TESTIMONY OF MARC T. EYRE**

**ON BEHALF OF**

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

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**EXHIBITS**

<b>KSG Direct Exhibit MTE-1</b>	<b>Education, Employment History and Professional Experience</b>
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### List of Acronyms

ARP	Accelerated Pipeline Replacement Program
“Black Hills” or “the Company”	Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy
BHC	Black Hills Corporation
BHEA	Black Hills Energy Arkansas, Inc
BHSC	Black Hills Service Company
BHUH	Black Hills Utility Holdings, Inc.
CAM	Cost Adjustment Manual
Commission or “KCC”	Kansas Corporation Commission
DIIP	Data Infrastructure Improvement Program
GHG	Green House Gas
GIS	Geographic Information System
GPS	Global Positioning System
GSRS	Gas System Reliability Surcharge
KPA	Kansas Pipeline Association
MAOP	Maximum Allowable Operating Pressure
O&M	Operations & Maintenance
<i>Pro Forma</i> Period	October 1, 2024 through September 30, 2025 (Capital and O&M)
Test Year	Historical based on 12 month ending September 30, 2024 (10/1/2023 to 9/30/2024)
TVC	Traceable, Verifiable and Complete

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**I. INTRODUCTION**

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

3 A. My name is Marc Eyre. My business address is 655 E. Millsap Road, Fayetteville,  
4 Arkansas 72703.

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

6 A. I am employed by Black Hills Energy Arkansas, Inc. (“BHEA”) as its Vice President  
7 of Operations. I also serve as Vice President of Operations for Black Hills’ natural gas  
8 utility operations in Kansas. BHEA is a wholly owned subsidiary of Black Hills Utility  
9 Holdings, Inc. (“BHUH”). BHUH is a wholly owned subsidiary of Black Hills  
10 Corporation (“BHC”).

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

12 A. I am testifying on behalf of Black Hills/Kansas Gas Utility Company, LLC (“Black  
13 Hills” or “the Company”). Black Hills is a wholly owned subsidiary of BHUH. BHUH  
14 is a wholly owned subsidiary of BHC.

15 **II. STATEMENT OF QUALIFICATIONS**

16 **Q. WHEN DID YOU BEGIN YOUR EMPLOYMENT WITH BLACK HILLS  
17 CORPORATION (“BHC”)?**

18 A. I began full time employment with BHC in 2008.

1 **Q. WILL YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
2 **BUSINESS EXPERIENCE?**

3 A. My education, employment history, and professional experience are provided on KSG  
4 Direct Exhibit MTE-1.

5 **Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT OF**  
6 **OPERATIONS FOR BLACK HILLS?**

7 A. In my position as Vice President of Kansas and Arkansas Operations, I have  
8 responsibility over all employee safety, public safety, system safety, and reliability in  
9 Kansas. I am responsible for the financial and operational performance of Black Hills'  
10 gas distribution and transmission operations in the state. In this role, I oversee operating  
11 functions including natural gas distribution and transmission network operations,  
12 maintenance, construction, customer service, customer relations, and community  
13 relations. I am actively involved in the oversight of other functions that are centralized  
14 in BHC and provide support to the Kansas operations, including gas supply services,  
15 regulatory services, legislative affairs, and the Company's call centers.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KANSAS**  
17 **CORPORATION COMMISSION ("COMMISSION" OR "KCC") OR OTHER**  
18 **REGULATORY COMMISSIONS?**

19 A. No. This is my first time appearing before the KCC, but I have previously filed  
20 testimony with the Arkansas Public Service Commission (Docket No. 23-074-U) and  
21 the Wyoming Public Service Commission.

1 Q. ARE YOU SPONSORING ANY EXHIBITS?

2 A. Yes, I am sponsoring the following Exhibit:

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

5 A. Yes.

6 III. PURPOSE OF TESTIMONY

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. My testimony will:

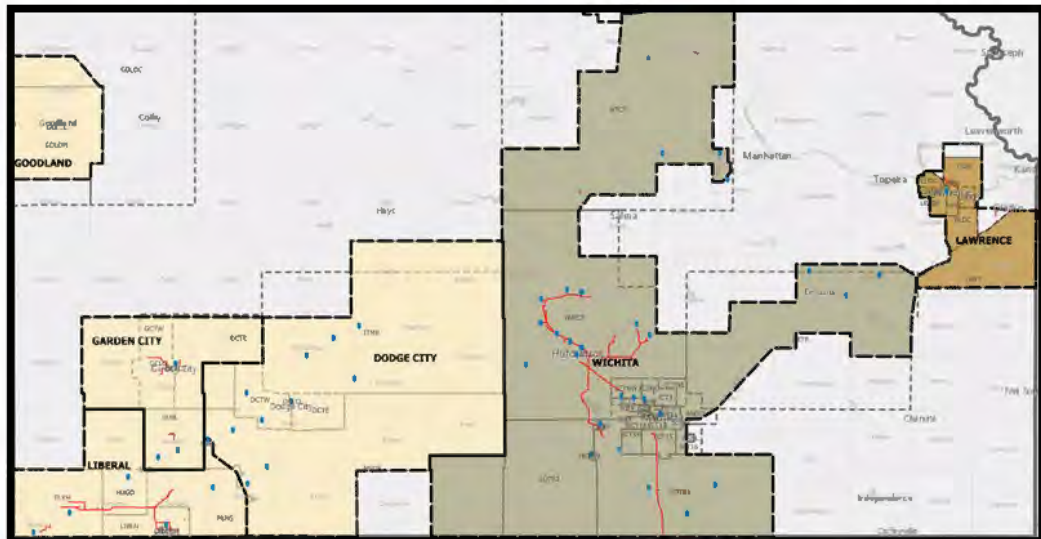
- 9 • describe the Company’s Kansas operations;
- 10 • explain the Company’s need for a rate application at this time;
  - 11 ○ Sponsor expense adjustments for DIIP, line locating expense, and
  - 12 vegetation management;
  - 13 ○ Plan to refund estimated non-protected EDIT to customers;
- 14 • explain the Company’s growth, integrity, and reliability capital expenditures;
- 15 • describe the Company’s Accelerated Pipeline Replacement Program (“ARP”);
- 16 • discuss the Company’s Gas System Reliability Surcharge (“GSRS”);
- 17 • describe the Company’s success in delivering safe and reliable service; and
- 18 • discuss the Company’s proposal for an abbreviated rate case within twelve months
- 19 after the final Commission order in this case.

1           **IV.     DESCRIPTION OF BLACK HILLS' KANSAS OPERATIONS**

2   **Q.     PLEASE DESCRIBE BLACK HILLS' KANSAS SERVICE AREAS.**

3   A.     Black Hills provides natural gas service to approximately 119,500 customers in 65  
4     communities across 50 counties in Kansas. Black Hills' three regional operations  
5     centers are located in Lawrence, Wichita, and Southwest Kansas. Southwest Kansas is  
6     further subdivided into service centers located in Dodge City, Garden City, Liberal,  
7     and Goodland. The Company's Kansas operations are widely disbursed through larger  
8     communities and in many rural areas. In addition to customers in rural areas, Black  
9     Hills serves approximately 34,800 customers in Lawrence, 30,500 customers in  
10    Wichita, 10,300 customers in Dodge City, 10,700 customers in Garden City, 7,300  
11    customers in Liberal, and 2,300 customers in Goodland. The map included below  
12    (Figure 1), shows Black Hills' operating regions in Kansas.

**Figure MTE-1 – Black Hills Kansas Operations Map**



1 **Q. PLEASE DESCRIBE THE DISTRIBUTION ASSETS OF BLACK HILLS.**

2 A. The Black Hills distribution system consists of approximately 3,026 miles of pipeline  
3 mains and approximately 1,400 miles of service lines, which run from the pipeline main  
4 to the meter.

5 **Q. PLEASE PROVIDE AN OVERVIEW OF THE NATURAL GAS**  
6 **TRANSMISSION SYSTEM OF BLACK HILLS.**

7 A. Black Hills has approximately 339 miles of transmission pipeline that provides critical  
8 supply to the towns it serves along with direct deliveries to municipal owned systems  
9 and large volume customers. The Black Hills transmission system has several  
10 interconnects with Federal Energy Regulatory Commission jurisdictional interstate  
11 pipelines. These interconnect points are with Enable Gas Transmission, Colorado  
12 Interstate Gas Company, Natural Gas Pipeline of America, Northern Natural Gas  
13 Company, Panhandle Eastern Pipe Line Company, LP, Southern Star Central Pipeline  
14 Company, Tallgrass Energy, and West Texas Gas.

15 **Q. DOES THE COMPANY HAVE NON-REGULATED OPERATIONS IN**  
16 **KANSAS?**

17 A. Yes. Black Hills offers limited appliance repair services through its Service Guard  
18 program and natural gas operational/construction expertise performed through  
19 technical service contracts. Black Hills also partners with HomeServe to offer  
20 qualifying customers protection plans for heating, cooling, plumbing, and electrical  
21 repairs typically not covered by homeowners' insurance. In accordance with the Cost  
22 Allocation Manual ("CAM"), costs incurred to support and administer non-regulated



1 activities are charged to non-regulated accounts to avoid any inadvertent subsidization  
2 of these activities in tariffed rates. The CAMs in effect during 2023 and 2024 are  
3 provided as KSG Direct Exhibits SKJ-4 and SKJ-5 and are discussed in the Direct  
4 Testimony of Ms. Samantha K. Johnson.

5 **Q. PLEASE SUMMARIZE THE MANAGEMENT STRUCTURE OF THE STATE**  
6 **OPERATIONS.**

7 A. As shown on the map (Figure 1) above, Kansas operations are divided into three  
8 operating regions: Lawrence, Wichita, and Southwest (Liberal, Garden City, Dodge  
9 City, and Goodland). Black Hills has a General Manager that leads utility operations  
10 across the state. Reporting to the General Manager are three Operations Managers, one  
11 for each of the three operating regions listed above. The Operations Manager in these  
12 regions are responsible for safety, operations, customer service, and community  
13 relations within the region. In addition to the employees located in Kansas, Black Hills  
14 also receives support from centralized shared services.

15 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY CENTRALIZED SHARED**  
16 **SERVICES.**

17 A. Black Hills Service Company, LLC (“BHSC”) provides centralized corporate services  
18 to all BHC subsidiaries. Some examples of centralized shared services include  
19 information technology, human resources, tax, regulatory, gas supply, shipper services,  
20 and legal services. Having centralized service functions avoids the cost of duplication  
21 of these functions within each jurisdiction. Accordingly, BHC subsidiaries, such as  
22 Black Hills, realize lower costs through the sharing of these services with other BHC

1 subsidiaries. BHSC provides various centralized services to Black Hills that benefit  
2 Kansas customers. The cost allocation methodology for the services provided by BHSC  
3 is discussed in greater detail in the Direct Testimony of Ms. Johnson.

4 **Q. HOW DOES BLACK HILLS BENEFIT FROM THE SHARED SERVICES AND**  
5 **INVESTMENTS IN COMMON ASSETS PROVIDED BY BHSC?**

6 A. Having a central source for the necessary services provided by function minimizes the  
7 need for each subsidiary, including Black Hills, to provide such services independently.  
8 The result is that the business units gain access to specialized skills and resources in an  
9 efficient and cost-effective manner.

10 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE TYPES OF CUSTOMERS**  
11 **SERVED BY BLACK HILLS.**

12 A. Black Hills serves a wide range of retail customers including residential, commercial,  
13 industrial, and irrigation customers. Some larger business customers contract for  
14 transportation service which requires the customer to purchase their own gas and pay  
15 Black Hills to transport the gas to the customer's premise.

16 **Q. HOW DOES BLACK HILLS DEMONSTRATE ITS COMMITMENT TO THE**  
17 **SAFETY OF COMMUNITIES AND CUSTOMERS IT SERVES?**

18 A. Safety, which includes asset integrity and system reliability, is a top priority for Black  
19 Hills. For example, the Company partners with local fire departments to provide natural  
20 gas fire demonstrations and trainings for first responders in the community at no cost  
21 to attendees. Black Hills also leads damage prevention efforts throughout its service  
22 territory in partnership with Kansas 811, and annually sends damage prevention

1 materials to excavators in the counties the Company serves. Black Hills is also active  
2 in the Kansas Pipeline Association (“KPA”). The KPA is a non-profit organization  
3 consisting of hazardous liquid, natural gas transmission, and natural gas distribution  
4 companies that have operations in the state. Its purpose is to promote damage  
5 prevention, educate, and plan proper response techniques with emergency official  
6 agencies across the state.

7 Black Hills assists with Commission pipeline safety workshops which are  
8 designed to help municipalities better operate their gas systems. Critical safety  
9 communication to customers is shared in a variety of methods including bill messages,  
10 media alerts to local publications, and social media. These include a variety of safety  
11 messages on subjects such as call before you dig 811 damage prevention, what to do if  
12 you smell gas, and reminders to clear snow from meters. In addition to external  
13 communication and education, the Black Hills Accelerated Pipeline Replacement  
14 Program (“ARP”) allows for proactive replacement of obsolete infrastructure, helping  
15 to reduce risk and increase safety in the communities it serves. The Company  
16 proactively evaluates and manages risk as it strives to strictly adhere to all Pipeline  
17 Safety Regulations as required by the Commission.

18 **Q. BEYOND BLACK HILLS’ COMMITMENT TO SAFETY, HOW DOES**  
19 **BLACK HILLS DEMONSTRATE ITS COMMITMENT TO THE**  
20 **COMMUNITIES AND CUSTOMERS IT SERVES?**

21 A. As a community partner, Black Hills remains active in numerous civic and community  
22 matters and economic development efforts. Black Hills has been involved in a broad

1 range of projects to improve its local communities, including local United Way  
2 campaigns, United Way Day of Caring, employee involvement in numerous  
3 community and civic organizations, extensive involvement in the Chamber of  
4 Commerce and economic development in the communities served by the company,  
5 Power of Trees planting programs, and participation in numerous safety education and  
6 career development programs.

7 Black Hills leads in Kansas through its community service. Its Kansas  
8 employees often serve as volunteer firefighters in the communities they live, some even  
9 being recognized as volunteer firefighters of the year. Black Hills employees serve on  
10 boards including the Kansas Economic Development Association, the local Red Cross,  
11 Junior Achievement, First Tee, the Lawrence Chamber of Commerce, Salvation Army,  
12 Wichita Startup Week and more. The company encourages involvement and empowers  
13 its employees by supporting the causes they are passionate about. For example, Black  
14 Hills experienced one of the highest participation rates at BHC for its United Way  
15 campaign by achieving 100% participation. These employee-donated dollars are then  
16 matched dollar for dollar by the Company up to 25 percent. The Company has been  
17 recognized by United Way of the Plains for its giving level as well as the United Way  
18 of Kaw Valley for one of the top campaigns in the region.

19 Keeping donated dollars local is a critical strategy to benefit Black Hills'  
20 customers in Kansas. Black Hills proudly sponsors local chamber efforts like the Dodge  
21 City and Lawrence Shop Local campaigns. The Lawrence utility assistance partnership  
22 is a case study for the Company and the community and was used as a model for the

1 city as an effective utility assistance program.

2 Black Hills also goes above and beyond to support its customers who struggle  
3 to pay their bills. Black Hills actively supports and provides resources and assistance  
4 to customers and communities in Kansas through Black Hills Cares. The Black Hills  
5 Cares program is the Company's utility assistance program where donated funds from  
6 employees and customers stay local and is matched dollar for dollar by the Black Hills  
7 Corporation Foundation for the benefit of individuals and families in our community  
8 even if they are not Black Hills customers. Kansas customers and employees  
9 generously give some of the most consistent and impactful donations of any location  
10 across the Company. Those funds are administered by local third-party non-profit  
11 organizations, helping fellow Kansans with life saving energy in their time of need.  
12 Additionally, the Company recently created an energy assistance department to help  
13 customers struggling with their bills and to connect them with internal resources as well  
14 as external partners and funding.

15 The Company has a foundation that contributes generously to local needs. It is  
16 invested in its communities and prioritizes serving their needs today and tomorrow. To  
17 protect Black Hills' communities for tomorrow, the company leveraged its foundation  
18 to give away hundreds of free trees to Kansas customers reducing their carbon footprint  
19 and providing energy-saving shade for decades to come. The foundation's other  
20 contributions include empowering the arts through the Lawrence Arts Center and  
21 supporting the trades through Peaselee Tech. It has given the gift of life by helping  
22 purchase a blood transport vehicle for the American Red Cross in Kansas. The

1 foundation has helped customers reduce their bills by using grant funding to replace  
2 aging windows. It has donated to help purchase fire training equipment for volunteer  
3 firefighters in Kansas. These donated funds from the Black Hills Corp. Foundation  
4 directly benefit the communities our Kansas customers call home, without any impact  
5 to their utility rates.

6 Black Hills regularly implements engagement opportunities thanks to its  
7 volunteer activation program, called Ambassador 2.0. This community-focused  
8 program taps emerging leaders and puts them on a two-year path to specifically  
9 demonstrate Black Hills' commitment to the towns it serves. The participants are  
10 charged with identifying micro-giving projects that have a big impact on the macro  
11 level. Examples of these projects include participating in local parades, feeding  
12 thousands in local barbecue events, raising thousands of dollars in a staff-driven golf  
13 tournament, and showing young people who are seeking a future in the trades through  
14 hands-on demonstrations.

15 Finally, focusing on the macro level, Black Hills actively empowers economic  
16 development initiatives locally and throughout the state. Locally, Company employees  
17 support and serve on the boards of chambers across Kansas. Their success is Black  
18 Hills' success and its customers' success, so the Company prioritizes supporting the  
19 economic development organizations' long-term development strategies through  
20 programs like Lawrence EDC's Rising Together campaign. Regionally, employees are  
21 active in organizations such as the Western Kansas Rural Economic Development  
22 Alliance and the K-96 Corridor Association. At the state level, Black Hills supports the

1 Kansas Economic Development Alliance, the Kansas Chamber, and others. In  
2 summary, Black Hills supports and assists communities to grow at every level possible.

3 **Q. PLEASE FURTHER DESCRIBE BLACK HILLS' SUPPORT FOR ENERGY**  
4 **ASSISTANCE?**

5 A. Black Hills actively supports energy assistance programs in Kansas to assist low-  
6 income customers in paying a portion of their utility bills. Black Hills Energy has a  
7 dedicated team focused on increasing access to energy assistance resources for  
8 customers. This includes partnering with the Kansas Department of Children and  
9 Family Service as they administer the federally funded Low Income Energy Assistance  
10 Program (LIEAP). Additionally, the Company partners with two community-based  
11 organizations to support families in need in Kansas: The Salvation Army and Warm  
12 Hearts of Douglas County. Customers and employees can make a tax-deductible  
13 donation through payroll deductions, the Black Hills Energy website, or on their  
14 monthly bill. When employees or customers donate to Black Hills Cares, the two  
15 community organizations receive a 100% match in funds from the Black Hills Energy  
16 Corporate Foundation to assist customers in need. In addition, Black Hills has given  
17 microgrants to both organizations and has had multiple representatives on both their  
18 boards of directors.

19 Since 2014, Black Hills Cares has distributed approximately \$1.3 million in  
20 emergency utility assistance to Kansas residents. Contributions and matching funds  
21 from the Black Hills Cares program are administered for those in need by Warm Hearts

1 of Douglas County for the Lawrence area, and by the Salvation Army's Heat Share  
2 Program for the remainder of the Black Hills Kansas service territory.

3 **Q. PLEASE DESCRIBE BLACK HILLS' CURRENT WORKFORCE.**

4 A. As of November 2024, Black Hills had 118 employees with two more in the hiring  
5 process to back fill for recent vacancies. The workforce includes primarily field utility  
6 operations and support staff. These employees include both non-union and a group  
7 covered by a collective bargaining agreement. In addition, and as discussed above,  
8 there are Kansas based and centrally located employees of BHSC that perform key  
9 functions for the Kansas gas operations, such as engineering, financial management,  
10 accounting, customer service/call centers, regulatory services, etc.

11 **Q. PLEASE DESCRIBE THE BLACK HILLS UNION WORKFORCE.**

12 A. Black Hills has a diverse workforce including employees in bargaining unit and non-  
13 bargaining unit positions. Currently, there are approximately fifteen (15) employees  
14 covered by the Communication Workers of America, Local 6423, all located in  
15 Lawrence, Kansas.

16 **Q: WHAT IS THE STATUS OF THE CURRENT COLLECTIVE BARGAINING**  
17 **AGREEMENTS?**

18 A. The current collective bargaining agreement was executed January 1, 2025. On  
19 November 22<sup>nd</sup>, 2024, the Company and union ratified a new five-year collective  
20 bargaining agreement that is now in effect and runs through December 31<sup>st</sup>, 2029.



1 **Q: HOW ARE BARGAINING EMPLOYEE WAGE INCREASES DETERMINED?**

2 A. Wages for employees covered by a collective bargaining agreement are negotiated.  
3 Proposed wage rates are based on those negotiations and market rates gathered by the  
4 union and Black Hills. The average wage increase included in the *Pro Forma* Period  
5 for union employees is 3.75% based on the recently negotiated agreement.

6 **V. NEED FOR RATE APPLICATION**

7 **Q. WHY IS BLACK HILLS FILING A RATE APPLICATION AT THIS TIME?**

8 A. As discussed in the Direct Testimony of Company Witness Mr. Robert Daniel, there  
9 are several drivers that have caused Black Hills to file this rate application. These  
10 include increased operating expenses as a result of inflation, higher cost of debt with  
11 rising interest rates, and recovery of capital investments necessary to provide safe,  
12 reliable service to customers. For example, Black Hills recovers a portion of its capital  
13 expenditures through its GSRS. This recovery program is used to comply with safety  
14 requirements, replace high risk or obsolete pipe, and road relocation projects that result  
15 from governmental improvements to roads and highways. There is a need for further  
16 integrity and reliability investments into the future. With this rate application, the  
17 Company's GSRS will renew in accordance with Kansas Statutes.<sup>1</sup> Future Black Hills'  
18 GSRS filings will support the Company's Accelerated Pipeline Replacement Program  
19 ("ARP") and ongoing system integrity and reliability investments. Capital  
20 improvements recovered through the GSRS are critical to the ongoing safety and  
21 reliability of the system and provide a direct benefit to customers. As noted by Mr.

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<sup>1</sup> K.S.A. § 66-2203(b)

1 Daniel, Black Hills will have invested approximately \$118 million in capital  
2 improvements on behalf of Kansas customers since the last rate review in 2021 through  
3 the end of the *Pro Forma* Period. As a result, Black Hills is experiencing an annual  
4 revenue deficiency of approximately \$17.2 million which excludes the approximate  
5 \$4.4 million of revenue already being collected through the GSRS.

6 Black Hills provides natural gas distribution and other utility services that are  
7 critical to public safety, convenience, and necessity. Black Hills has prudently, and  
8 effectively managed expenses and investments as proven by infrequent rate  
9 proceedings. Previous general rate case proceedings were completed in 2014 and 2021.  
10 Black Hills is filing a rate application at this time to enable continued investment in its  
11 system to provide safe and reliable natural gas service to Kansas customers.

12 **Q. IS A DEFERRED ACCOUNTING TRACKER FOR INSURANCE COSTS**  
13 **NEEDED?**

14 A. Yes. As discussed in Ms. Johnson's and Mr. Daniel's testimony, the Company is  
15 requesting a deferred accounting tracker for insurance costs. This tracker is needed as  
16 required insurance premium costs have become volatile and variable, unpredictable,  
17 and outside of management control.

18 **Q. HOW HAS HIGHER INFLATION AFFECTED BLACK HILLS' COST OF**  
19 **SERVICE?**

20 A. The rate of inflation accelerated coming out of the Covid-19 pandemic and peaked at  
21 9.1% for the twelve months ended June 2022. This was the highest inflation rate since  
22 the twelve-month period ending November 1981. Black Hills' operating expenses

1 increased across most categories with many increasing well above the inflation rate.  
2 The cost of pipeline construction also increased significantly due to increases in  
3 internal and contract labor, materials, odorant and other consumables, fuel, vehicles,  
4 equipment and tools, property, and other right of way costs. Additionally, Black Hills’  
5 cost of capital has increased substantially due to interest rate increases by the Federal  
6 Reserve to fight inflation in recent years. Costs necessary to serve customers are  
7 significantly higher than the cost of service approved in the previous rate review with  
8 both short-term interest rates and 30-year treasury yields remain significantly higher  
9 than they were in 2021.

10 **Q. HOW DO TEST YEAR OPERATIONS AND MAINTENANCE (“O&M”)**  
11 **EXPENSES COMPARE TO THE LAST RATE PROCEEDING?**

12 A. Black Hills has closely and prudently managed its O&M expenses since the 2021 rate  
13 proceeding. Despite those mitigation efforts, O&M expenses have increased since  
14 Black Hills’ last rate application as result of inflation. Materials, outside services, and  
15 labor costs have increased since the last rate proceeding. The costs reflected in this  
16 application reflect the environment in which Black Hills and its customers now live  
17 and what it actually costs to safely operate and maintain our system when new rates  
18 from this proceeding become effective. Simply put, it costs more today to operate the  
19 business than it did in the last proceeding. The Company is proud to have been able to  
20 provide benefit by shielding customers from these inflationary impacts as long as it has  
21 - as all other living costs have increased around them during this time. It is now

1 necessary in this application to update rates to reflect today's cost of providing safe,  
2 reliable service.

3 **Q. PLEASE DESCRIBE THE DATA INFRASTRUCTURE IMPROVEMENT**  
4 **PROGRAM (DIIP) THAT WAS IMPLEMENTED IN KANSAS.**

5 A. In the Company's last general rate review the long-term Data Infrastructure  
6 Improvement Program ("DIIP") was first included in base rates and this application  
7 includes \$400,000 of annualized expense. The DIIP has and will continue to improve  
8 knowledge of Black Hills gas pipeline system, provide the ability to positively confirm  
9 the integrity of the pipeline system, close known data gaps, and verify current data for  
10 accuracy. To appropriately rank higher risk pipeline projects for purposes of  
11 prioritizing accelerated threat mitigation efforts, it is vital for the Company to be able  
12 to identify risks, understand the consequences of those risks, close known data gaps,  
13 and continuously improve system knowledge. The DIIP implements specific initiatives  
14 to improve system data, including pressure test records, material verification, mapping,  
15 and other programmatic improvements. This program will help Black Hills comply  
16 with its duty of safety and reliability and can reduce costs for customers in the long-  
17 term.

18 **Q. WHAT DOES THE DIIP ENTAIL?**

19 A. The DIIP focuses on the improvement of data within the Company's Geographic  
20 Information System ("GIS") databases. The DIIP will evaluate, populate, and verify  
21 information that is missing with respect to main and service line locations, materials,  
22 diameter, cathodic protection, pressure tests, and maximum allowable operating

1 pressure ("MAOP"). As a part of the program multiple data improvement projects will  
2 be undertaken including efforts to digitally map service lines, survey our assets using  
3 high accuracy Global Positioning System ("GPS"), digitize and link legacy  
4 construction records to our assets, update and populate missing GIS data, and model  
5 systems including cathodic protection systems, pressure systems, and emergency  
6 response zones.

7 **Q. WHAT DIIP PROJECTS WERE UNDERTAKEN DURING THE TEST YEAR?**

8 A. In the test year Black Hills' DIIP efforts focused on mapping gas service lines in our  
9 GIS system. The gas service mapping projects includes mapping, verifying, or  
10 adjusting the centerlines of service line as-builts (service cards) in the Company's GIS  
11 system. These service cards are currently maintained as digital records in our document  
12 management system and linked to the service points, but the majority remain un-  
13 mapped in the GIS system. This project includes updating the pipeline spatial location,  
14 physical pipeline attributes and pressure test attributes in the GIS system. The  
15 documents, including physical gas service cards, also verify MAOP attributes and  
16 update any missing service attributes and features in GIS. This ensures our service line  
17 records are not only digitally mapped in our GIS system, but that they are Traceable,  
18 Verifiable and Complete ("TVC"). Mapping service cards is critical to pipeline safety  
19 as employees and contractors are now able to know the location of facilities quickly as  
20 they are out in the field working. One of the biggest benefits is having digital access  
21 and seeing the accurate location of the gas service while locating facilities prior to  
22 digging or responding to emergency leak calls including leak investigations. While

1 substantial progress has been made, Black Hills is approximately 38% complete with  
2 this project. Funding and recovery of DIIP expenses going forward is critical to  
3 enhanced customer and community safety.

4 **Q. IS THERE MORE DIIP SPEND NEEDED, RESULTING IN AN ADJUSTMENT**  
5 **TO THE DIIP EXPENSE IN THE *PRO FORMA* PERIOD?**

6 A. Yes. During the test year ending September 30<sup>th</sup>, 2024, the Company spent \$149,724  
7 on the projects discussed above. As shown on IS-25 of Exhibit SKJ-2, the test year is  
8 being increased by \$250,276 for a total annual spend of \$400,000. The Company is  
9 proposing an annual spend of approximately \$400,000 over the next ten years. This  
10 amount may vary slightly from year to year based on the level of work performed by  
11 outside service providers but overall, this average level of spending is needed in order  
12 to reduce risk and enhance public safety.

13 **Q. PLEASE DESCRIBE THE BENEFITS THAT RESULT FROM A**  
14 **COMPREHENSIVE DAMAGE PREVENTION PROGRAM?**

15 A. The uncontrolled release of natural gas caused by external force damage is the number  
16 one threat to the Black Hills pipeline system and has a very significant financial cost  
17 due the time and effort required to respond to and repair pipeline damage. The most  
18 important benefit of our damage prevention program is improved public, excavator,  
19 and employee safety. Reducing damage to our system and improving One Call law  
20 compliance reduces the likelihood of serious injury to the excavator who hits the line,  
21 first responders, our employees who respond to uncontrolled, blowing gas incidents,  
22 and the general public. Historically, damage rates in Kansas have been high and

1 continued collaboration and partnership between all stakeholders involved will help  
2 continued improvement in our ability to safely serve customers and communities. It  
3 also reduces workload and costs associated with responding to and repairing line hits.  
4 Another benefit is improved reliability to our customers since damages to our system  
5 can require stopping the flow of gas to the affected region and customer outages while  
6 system repairs are completed in an unplanned timeframe. Finally, the Black Hills  
7 damage prevention program plays an important role in achieving our GHG reduction  
8 goals by reducing methane emissions that occur due to excavation damage and  
9 resulting uncontrolled release of methane.

10 **Q. HAS THE BLACK HILLS DAMAGE PREVENTION PROGRAM BEEN**  
11 **SUCCESSFUL?**

12 A. Yes. The Black Hills focused damage prevention program has been effective as  
13 evidenced by the successful reduction in damages to the system as measured by hits  
14 per thousand locate tickets or HPT. Kansas pipeline damages have been reduced from  
15 a rate of 2.43 HPT in 2022 to 1.95 in 2024. This has resulted in a reduction of 46  
16 damages to our system on an annualized basis when compared to 2022. Each damage  
17 has the potential to create an uncontrolled release of natural gas that could create a  
18 hazardous atmosphere for the public, first responders, and Black Hills employees.

19 **Q. IS ADDITIONAL IMPROVEMENT NECESSARY?**

20 A. Yes. The goal of Black Hills is to collaborate with all stakeholders to reduce damages  
21 year over year and to achieve a rate within the top quartile performance across the  
22 industry. Even with the improvements over the past few years, Black Hills still

1 experienced 150 damages to our system in 2024. Each of these damages has the  
2 potential to become a serious incident with risk to public safety. The Company works  
3 continuously to improve its damage prevention program, but more work and resources  
4 are needed to continue to drive third party damages down. As discussed in the Direct  
5 Testimony of Mr. Nicholas W. Smith, the Company is proposing to increase the amount  
6 of damage prevention expense by \$49,228 annually in this application. These dollars  
7 are focused on public outreach, education, and awareness to increase excavators' and  
8 homeowners' knowledge and adherence to Kansas one call laws. This investment will  
9 benefit customers with reduced costs for responding to unplanned damages, but most  
10 importantly it will increase public safety by eliminating the risk to life and property  
11 that comes with every uncontrolled release of natural gas caused by a third-party  
12 pipeline excavation damage.

13 **Q. BLACK HILLS USES AN OUTSIDE SERVICES COMPANY TO PERFORM**  
14 **LINE LOCATES ON ITS PIPELINE SYSTEM. HAS THE COMPANY**  
15 **EXPERIENCED INCREASES IN THE COST OF LOCATING**  
16 **UNDERGROUND FACILITIES?**

17 A. Yes, Black Hills has experienced steady increases in the cost of locating and anticipates  
18 that trend to continue into the future, as shown in Table MTE-1 below.



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**Table MTE-1 – Line Locate Cost per Ticket**

<b>Year</b>	<b># Tickets</b>	<b>Total</b>	<b>Avg \$/ Ticket</b>
2021	78,151	\$1,345,281	\$17.21
2022	75,446	\$1,444,443	\$19.15
2023	74,838	\$1,586,764	\$21.20
2024	76,187	\$1,533,315	\$20.13
<b>Total</b>	<b>304,622</b>	<b>\$5,909,803</b>	<b>\$19.40</b>

2

In compliance with the Kansas 811 law, Black Hills locates and marks underground facilities to eliminate third party damages to our pipelines and ultimately keep our customers and communities safe. Over the last four years Black Hills, through its contractor, has completed an average of 76,145 locates per year. In 2024, Black Hills completed a total of 76,187 locates. While the volume of locates have remained somewhat flat, the cost has increased. Currently Black Hills contracts with US Infrastructure Company (USIC) to perform line locating. Over this same 4-year period, the cost per locate has increased by 13.98% as USIC's costs have increased with inflation. The current USIC contract runs through March 2025, and the Company anticipates that, as it solicits bids for contract services going forward, costs will increase in 2025 based on current inflation rates. The test period expense for line locating totaled \$1,380,538 and the Company is anticipating a 4% increase in 2025 and are seeking recovery of an adjusted *pro forma* adjustment of \$69,889, as shown on IS-29 of Exhibit SKJ-2. This cost is necessary and required to comply with the call before you dig laws and are critical to keeping customers and communities safe.

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1 **Q. PLEASE DESCRIBE THE VEGETATION CONTROL PROGRAM AND WHY**  
2 **THE EXPENSE IS REQUIRED TO PROVIDE SAFE, RELIABLE SERVICE?**

3 A. In this application, the Company is proposing to spend \$100,000 annually related to  
4 vegetation management and right of way clearing. Vegetation management is a direct  
5 safety and integrity benefit to customers and has natural variations in spend year to  
6 year. If vegetation is not cleared it poses a safety risk as it inhibits access to and has the  
7 potential to damage critical natural gas assets. If left unchecked, roots can entangle gas  
8 service and mains which over time can lead to leaks including the uncontrolled release  
9 of natural gas as root balls have the potential to be turned up during extreme wind and  
10 weather events. Untrimmed vegetation can also make accessing facilities to perform  
11 leak surveys and routine maintenance difficult, if not impossible. Vegetation can also  
12 grow into or fall onto above ground facilities causing additional safety concerns. By  
13 clearing vegetation, customers are kept safe from potential integrity and reliability  
14 issues.

15 There are natural variations to vegetation clearing (and associated spend) as  
16 Black Hills systematically works through our pipeline right of ways. Some pipeline  
17 segments will require more or less spend to clear depending on access, location, terrain,  
18 types of vegetation, availability of contactors, and schedules. While Black Hills  
19 recognizes there has been timing variances on vegetation spend in the test period, this  
20 program requires that multiyear trends be reviewed and that the full expense included  
21 in Ms. Johnson's IS-30 (H-20) adjustment of \$100,000 is needed to maintain safe and  
22 reliable service. Vegetation Management is required by code that is enforced by the

1 Kansas Corporation Commission’s (“KCC”) Office of Pipeline Safety and therefore  
2 the cost of this program should be included in the revenue requirement. The KCC  
3 Office of Pipeline Safety regularly inspects Black Hills facilities to ensure compliance  
4 with applicable codes and standards. Black Hills and the Office of Pipeline Safety agree  
5 if a deficiency or issue is identified in those audits then it should be promptly  
6 remediated within the specified timeline. In Black Hills Corporation’s other  
7 jurisdictions state pipeline safety inspectors have cited sections in 49 CFR 192 referring  
8 to ‘Patrols’ and ‘Continuing Surveillance’ as the code requiring Black Hills to address  
9 and remediate potential vegetation related violations. These are prudent and necessary  
10 costs required to stay in compliance with the code, and more importantly to keep the  
11 public safe from vegetation related hazards on the pipeline right of way.

12 **Q. PLEASE DESCRIBE THE ACTIONS BLACK HILLS HAS TAKEN TO**  
13 **CONTROL COSTS AND INCREASE EFFICIENCY.**

14 A. Black Hills is continually looking for ways to control costs and increase efficiency.  
15 Some of the steps taken to control costs and increase efficiency include improvements  
16 in customer service experience, automating and standardizing processes,  
17 standardization of materials, and implementing a field service software application that  
18 optimizes routing and dispatching technicians.

19 In November 2023, BHC realigned its workforce to ensure that the right people  
20 are doing the right things while remaining focused on key business objectives and  
21 results. As a result of this realignment, BHC eliminated 44 positions across the  
22 company. A majority of these were Service Company positions whose costs get

1 allocated to the business units. This workforce realignment mitigated labor cost  
2 increases and facilitated efficient operations while maintaining critical support services  
3 for customers.

4 As high inflationary pressures continue, Black Hills is focused on providing  
5 safe reliable service while balancing affordability given the necessary upgrades  
6 required to meet growing demand and compliance with federal regulatory  
7 requirements.

8 **Q. DOES BLACK HILLS ALSO PROPOSE TO REFUND NON-PROTECTED**  
9 **EXCESS ACCUMULATED DEFERRED INCOME TAXES (“EDIT”) TO**  
10 **CUSTOMERS IN THIS APPLICATION?**

11 A. Yes. As described in detail in Mr. Daniel’s testimony, the Company plans to refund  
12 customers for the Non-Protected EDIT via the TA Rider, beginning in November 2025  
13 continuing through April 2026. This timing ensures that customers will benefit from  
14 these refunds during the winter heating season, a period when energy bills are usually  
15 higher due to increased usage. While the exact amount is still unknown, it is estimated  
16 to be between \$2.7 and \$3.3 million, providing timely financial relief during the winter  
17 heating season.

1 VI. COMPANY'S GROWTH, INTEGRITY, AND RELIABILITY CAPITAL  
2 EXPENDITURES

3 Q. PLEASE PROVIDE AN OVERVIEW OF GENERAL OPERATIONAL  
4 IMPROVEMENTS AND DIRECT INVESTMENTS BENEFITING BLACK  
5 HILLS' CUSTOMERS.

6 A. Black Hills is committed to providing safe, reliable, and resilient natural gas service to  
7 its Kansas customers and communities as well as improving employee safety,  
8 developing process efficiencies, and streamlining operations. To continue to provide  
9 the safe and reliable delivery of natural gas service, Black Hills strives to ensure that  
10 all assets are installed per the applicable requirements, comprised of approved  
11 materials, are in good operating condition, are in a safe accessible location, are  
12 locatable, and have adequate records of installation and maintenance. Meeting these  
13 industry standards including federal and state regulations is vital to providing safe and  
14 reliable service which benefits customers, communities, and the Black Hills employees  
15 maintaining those facilities. Employee and customer safety is a core value at Black  
16 Hills and all other BHC entities.

17 As noted earlier in my testimony, Black Hills will have invested approximately  
18 \$118 million dollars in capital through the end of the *Pro Forma* Period since the last  
19 rate review in 2021, as shown in Table MTE-2 below.

1

**Table MTE-2 – Historical Capital Additions (in millions)**

Year	Transmission	Distribution	General	Total
7/1/2021 - 12/31/2021	\$1.65	\$13.26	\$0.46	\$15.38
2022	\$1.88	\$20.97	\$0.92	\$23.78
2023	\$0.57	\$20.11	\$3.37	\$24.05
2024	\$2.10	\$24.96	\$3.02	\$30.08
1/1/2025 - 09/30/2025	\$1.51	\$20.07	\$2.82	\$24.40
Total	\$7.72	\$99.37	\$10.60	\$117.69

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The capital investments reflected in Table MTE-2 by functional class, make up the critical safety, integrity, reliability, growth, and general plant additions benefiting Kansas customers and communities across our territory. Safety and integrity capital pipeline projects replace aging materials that can corrode, degrade, or become brittle over time leading to potential risks of leaks or system failures. Replacing these pipe segments with modern materials, such as polyethylene or coated steel significantly reduces the risk of incidents. These and other capital improvements also enhance system reliability. Customers are kept safe and enjoy uninterrupted natural gas service, even during periods of high demand or extreme weather conditions. Growth capital improvements are the lifeblood of a thriving local economy. They are necessary to serve new industrial, commercial, and residential customers. All capital improvement projects stimulate the local economy by creating jobs for skilled technicians, contractors, construction crews, and other related industries. These investments also enhance property values and support the broader economic vitality of the Kansas communities Black Hills serves by ensuring the availability of reliable and efficient energy.

1 Additional and ongoing capital expenditures are required to fulfill our  
2 obligation to serve including safety, integrity, reliability, growth, and general plant  
3 additions. Table MTE-3 shows the 2025 capital additions by month in the *Pro Forma*  
4 Period.

5 **Table MTE-3 – Pro Forma Capital Additions by Month (in millions)**

Month	2025 Forecasted Capital Additions
January	\$3.58
February	\$2.61
March	\$2.14
April	\$2.78
May	\$2.62
June	\$2.19
July	\$2.84
August	\$2.99
September	\$2.65
Total	\$24.40

6 **Q. PLEASE DISCUSS THE CAPITAL INVESTMENT MADE TO THE BLACK**  
7 **HILLS DISTRIBUTION SYSTEM.**

8 A. Black Hills made important investments to the gas distribution system since the last  
9 rate proceeding in 2021. Through the end of the *Pro Forma* Period, total Rate Base  
10 increased by approximately \$65 million, growing to a Total Rate Base of approximately  
11 \$306 million through the *Pro Forma* Period in this rate proceeding. The cost of  
12 construction work that was a part of the Company's ARP has been mostly recovered  
13 through Black Hill's GSRS. However, Black Hills has expended additional capital that  
14 is not currently being recovered under the GSRS. These non-GSRS investments are

1 prudent and necessary to either comply with applicable changes in pipeline safety  
2 regulations, to ensure the provision of reliable service, or to meet the reasonable growth  
3 experienced on different parts of the distribution system. These projects benefit the  
4 operational performance of the system, thus benefiting customers. In addition to the  
5 GSRS projects, the capital projects that were not eligible for recovery through the  
6 GSRS are included in this rate application.

7 **Q. HAS BLACK HILLS INCLUDED IN THIS RATE APPLICATION**  
8 **ADDITIONAL CAPITAL INVESTMENTS BEYOND THE TEST YEAR?**

9 A. Yes. Black Hills has included \$38.5 million of planned capital additions through the  
10 *Pro Forma* Period ending September 30<sup>th</sup>, 2025. As with capital investments made  
11 during the Test Year, these investments are prudent and necessary to either comply  
12 with applicable changes in pipeline safety regulations, to ensure the provision of  
13 reliable service, or to meet the reasonable growth experienced on different parts of the  
14 distribution system. These projects benefit customers by enhancing safety through  
15 reducing the risk of leaks and pipeline failures, increasing system reliability to ensure  
16 a consistent gas supply during extreme cold weather and peak demand periods, and  
17 lowering maintenance costs as the new assets are less likely to require repairs or  
18 experience leaks. Table MTE-4 below illustrates Black Hills' proven track record of  
19 executing on its planned and forecasted capital improvements. The Company has full  
20 confidence that all the forecasted capital spend through the *Pro Forma* Period ending  
21 September 30<sup>th</sup>, 2025, will be placed in service and be used and useful benefiting  
22 Kansas customers.



1 **Table MTE-4: Black Hills Capital Spend by Year vs Forecast (in millions)**

Year	Forecasted Capital Spend	Actual Capital Spend	Variance
2021	\$38.89	\$40.45	\$1.56m (3.9%)
2022	\$26.18	\$26.66	\$0.48m (1.8%)
2023	\$25.59	\$27.06	\$1.46m (5.6%)
2024	\$32.99	\$32.30	\$0.69m (2.1%)

2 **VII. ACCELERATED PIPELINE REPLACEMENT PROGRAM (ARP)**

3 **Q. PLEASE DESCRIBE THE COMPANY’S SUCCESS IN DELIVERING SAFE**  
4 **AND RELIABLE SERVICE.**

5 A. Black Hills is dedicated and prides itself on its ability to provide safe and reliable  
6 service to its utility customers. Black Hills and its predecessors have been doing so for  
7 over 80 years in the state of Kansas. Our employees recognize that the safety and  
8 reliability of the assets serving customers and communities is the number one priority  
9 of Black Hills. Black Hills has a demonstrated record of continuing to make  
10 investments in safety, infrastructure, employee training, and system monitoring to  
11 ensure safety and reliability while maintaining high levels of service. As Kansas  
12 continues to grow, so will the demand for natural gas requiring continued investments  
13 to maintain reliable service. In addition to customer growth, Black Hills has  
14 experienced increased extreme weather as illustrated during winter storms Uri (2021),  
15 Elliott (2022) and Gerri (2024) in recent years. This has highlighted the close  
16 connection of system reliability with safety and integrity as the Company continues to  
17 evaluate and make system improvements to ensure gas will be available to sustain life  
18 and property during the most extreme weather conditions.

1 **Q. WHAT ARE THE COMPANY’S SAFETY AND RELIABILITY POLICIES?**

2 A. Black Hills safety and reliability policies are discussed in its O&M and Technical  
3 Standards manuals. It is the policy of Black Hills to take all practical steps to safeguard  
4 employees from injuries, to provide a safe and healthy working environment, to ensure  
5 public safety, and to maintain its operational policies, procedures, and practices to  
6 comply with applicable governmental regulations, including those of the Department  
7 of Transportation, Pipeline and Hazardous Materials Safety Administration (PHMSA),  
8 appropriate State Pipeline Safety Agencies, those regulation promulgated under the  
9 Occupational Safety and Health Act (OSHA Part 1910 and 1926), National Fuel Gas  
10 Code, and the National Fire Protection Association (NFPA 54).

11 **Q. PLEASE EXPLAIN THE COMPANY’S PIPELINE REPLACEMENT POLICY.**

12 A. At the beginning of each construction season, Black Hills utilizes a worst-first and  
13 highest risk prioritization model to determine which projects to perform in each  
14 construction season. That model considers leak history, type of material, class location,  
15 potential risks, and other factors. The Company ranks projects using a point system.  
16 Black Hills appropriately prioritizes projects to accelerate the replacement of bare steel  
17 pipe, PVC, Pre-1973 Aldyl A pipe, and bare steel high-pressure transmission pipe.

18 **Q. PLEASE EXPLAIN THE COMPANY’S ACCELERATED PIPELINE**  
19 **REPLACEMENT PROGRAM (ARP).**

20 A. The ARP was implemented in 2018 to eliminate all obsolete pipe in the Black Hills  
21 system. This proactive program benefits customers by replacing cathodically  
22 unprotected bare steel gas pipelines with polyethylene or coated steel pipelines that are

1 the current standard practice in the industry. Unprotected steel pipelines are at a higher  
2 risk of leaks and failure from corrosion over time, while all new steel lines are coated  
3 and cathodically protected resulting in enhanced customer safety from lower risk of  
4 corrosion failure. Black Hills began implementing its ARP in July of 2018. As adjusted,  
5 it is a twenty-five-year plan for Black Hills to replace and eliminate all bare steel mains,  
6 bare steel service lines, and bare steel yard lines in Class 3 or urban locations by 2043  
7 in the state of Kansas. In total this represents 146 miles of bare steel main lines and  
8 28,942 bare steel service and yard lines in Class 3 or urban areas.

9 **Q. WHAT IS THE STATUS OF THE ARP?**

10 A. Black Hills continues to make meaningful progress as reflected in the annual updates  
11 that have been provided to the Commission. From 2018 through December 31<sup>st</sup>, 2023,  
12 Black Hills had replaced 85.7 miles of bare steel main with 60.3 miles remaining to be  
13 replaced; 15,508 bare steel service lines and yard lines with 13,434 remaining to be  
14 replaced.

15 **Q. HOW ARE THE COSTS OF THE PROJECTS IN THE ARP RECOVERED?**

16 A. The costs are recovered through rate review proceedings and the GSRS, subject to the  
17 cap as described below.

18 **VIII. GAS SYSTEM RELIABILITY SURCHARGE (GSRS)**

19 **Q. PLEASE DESCRIBE THE GSRS.**

20 A. The GSRS is a mechanism that allows Black Hills to recover the costs of reliability and  
21 integrity projects. The GSRS is a surcharge for the costs of eligible projects which is  
22 typically filed annually. The monthly surcharge may not increase more than \$0.80 per

1 residential customer over the most recent filing of the GSRS as required by Kansas  
2 laws, rules, and regulations.

3 **Q. HAS THE GSRS MECHANISM BENEFITED CUSTOMERS AND ALLOWED**  
4 **BLACK HILLS TO RECOVER ITS ELIGIBLE COSTS?**

5 A. Yes, the GSRS mechanism as is currently in effect, has allowed Black Hills to invest  
6 in its infrastructure to continue to provide safe and reliable service to its customers. The  
7 GSRS mechanism facilitates needed safety and reliability capital improvements. For  
8 example, the GSRS mechanism accelerates some pipeline replacements that might  
9 otherwise be delayed or unfunded without this recovery mechanism. Continuing the  
10 GSRS is critical and necessary to allow further infrastructure investments to the benefit  
11 of Black Hills' customers. Over time if costs or the need for additional investment  
12 changes, Black Hills may need to request a statutory change to enhance the GSRS or  
13 seek other safety and reliability investment recovery mechanisms from the  
14 Commission.

15 **IX. SUCCESS IN DELIVERING SAFE AND RELIABLE SERVICE**

16 **Q. HAS BLACK HILLS BEEN SUCCESSFUL IN DELIVERING SAFE,**  
17 **RELIABLE SERVICE TO KANSAS CUSTOMERS?**

18 A. Yes. As noted in Section VII of my testimony, Black Hills has been successful in  
19 delivering safe, reliable service to our Kansas customers as a result of continued  
20 investment in critical maintenance activities and capital replacement programs. While  
21 Black Hills has been successful, additional investments are needed to continue this  
22 result into the future. Aging gas infrastructure including outdated materials can pose

1 significant safety risks including increased probability of leaks and pipeline failures.  
2 Proactive investment in system upgrades including replacing aging pipe, enhanced  
3 monitoring and safety systems can minimize these risks and provide enhanced  
4 reliability and resiliency to Kansas customers.

5 **X. ABBREVIATED RATE CASE**

6 **Q. DO YOU SUPPORT THE PROPOSAL OF AN ABBREVIATED RATE CASE?**

7 A. Yes, I fully support filing an abbreviated rate case in the first half of 2026 as detailed  
8 in Mr. Daniel’s testimony. If approved, this abbreviated rate case will be focused on a  
9 true-up of plant in service additions through the *Pro Forma* Period ending September  
10 30<sup>th</sup>, 2025, recovering plant in service additions through December 31<sup>st</sup>, 2025, and  
11 addressing any potential items that arise in this case. The abbreviated case will be  
12 focused, efficient, and beneficial to all parties. As proposed, customers would benefit  
13 from the ongoing safety and reliability investments placed in service. Additionally, this  
14 abbreviated case will allow subsequent GSRS filings to be delayed and reduces the  
15 Company’s revenue deficiency potentially pushing out rate review applications in the  
16 future.

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

18 A. I respectfully recommend that the Commission approve Black Hills’ request for an  
19 increase in its rates along with renewal of the GSRS to support the Company’s ARP  
20 and ongoing system investments necessary to safely and reliably provide service to  
21 Kansas customers.

1           I also recommend approval of the Company's proposed: deferred accounting  
2           tracker for insurance costs, customer refund for the non-protected EDIT, abbreviated  
3           rate case to true-up plant in service additions, and all other tariff changes as outlined in  
4           this application.

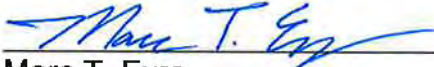
5   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

6   A.    Yes.

**AFFIDAVIT OF MARC T. EYRE**

State of Arkansas )  
County of Washington ) ss

I, MARC T. EYRE, being first duly sworn on oath, depose and state that I am the same Marc T. Eyre 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.

  
\_\_\_\_\_  
Marc T. Eyre

Subscribed and sworn to before me,  
A Notary Public, in and for said County  
and State, this 20<sup>th</sup> day of January, 2025.

  
\_\_\_\_\_  
Notary Public

CASANDRA GIBSON  
Notary Public  
Washington County, Arkansas  
Commission Expires 08/06/2032  
Commission #12719480

My Commission expires: 08/06/2032

**EDUCATION, EMPLOYMENT HISTORY**  
**AND PROFESSIONAL EXPERIENCE**

I attended the University of Wyoming, where I received a Bachelor of Science degree in Electrical Engineering. I was an intern for BHC during my senior year of college. Following graduation in 2008, I joined BHC fulltime as an Electrical Engineer in its Cheyenne Wyoming operations. I worked for BHC in Cheyenne for approximately ten years during which time I had responsibilities as an Electrical Engineer, Natural Gas Engineer, Gas Operations Supervisor and Electric Operations Manager.

In 2018, I relocated to Rapid City, South Dakota where I served for five years in operations leadership roles including two years as Director of Electric Operations and three years as Vice President of Electric Operations. In June 2023 I assumed my new duties as Vice President of Operations for BHC's Kansas and Arkansas natural gas utilities.