

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] KCC Docket No. 21-BHCG-418-RTS
ENERGY, FOR APPROVAL OF THE]
COMMISSION TO MAKE CERTAIN]
CHANGES IN ITS RATES FOR NATURAL]
GAS SERVICE]

DIRECT TESTIMONY OF

ANDREA C. CRANE

RE: REVENUE REQUIREMENTS

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

September 10, 2021

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1 **I. STATEMENT OF QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Andrea C. Crane and my business address is 2805 E. Oakland Park Boulevard,
4 #401, Fort Lauderdale, FL 33308.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in
8 utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and
9 undertake various studies relating to utility rates and regulatory policy. I have held several
10 positions of increasing responsibility since I joined The Columbia Group, Inc. in January
11 1989. I became President of the firm in 2008.

12

13 **Q. Please summarize your professional experience in the utility industry.**

14 A. Prior to my association with The Columbia Group, Inc., I held the position of Economic
15 Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to
16 January 1989. From June 1982 to September 1987, I was employed by various Bell
17 Atlantic (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the
18 Product Management, Treasury, and Regulatory Departments.

19

20 **Q. Have you previously testified in regulatory proceedings?**

21 A. Yes, since joining The Columbia Group, Inc., I have testified in over 400 regulatory
22 proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Florida, Hawaii,

1 Kansas, Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma,
2 Pennsylvania, Rhode Island, South Carolina, Vermont, Washington, West Virginia and the
3 District of Columbia. These proceedings involved gas, electric, water, wastewater,
4 telephone, solid waste, cable television, and navigation utilities. A list of dockets in which
5 I have filed testimony over the past five years is included in Appendix A.
6

7 **Q. What is your educational background?**

8 A. I received a Master of Business Administration degree, with a concentration in Finance,
9 from Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A.
10 in Chemistry from Temple University.
11

12 **II. PURPOSE OF TESTIMONY**

13 **Q. What is the purpose of your testimony?**

14 A. On May 7, 2021, Black Hills Energy (“Black Hills” or “Company”) filed an Application
15 with the Kansas Corporation Commission (“KCC” or “Commission”) seeking a base
16 revenue increase of \$10,199,943, or approximately 11.34%, for its natural gas operations
17 in Kansas. Black Hills provides natural gas service to approximately 117,000 Kansas
18 customers in 65 communities located in 50 counties.

19 The proposed base revenue increase includes certain costs that are currently being
20 recovered through the annual Gas System Reliability Surcharge ("GSRS"). At the time of
21 filing, the GSRS was recovering \$4,787,225 from ratepayers. These costs would be rolled
22 into base rates at the effective date of new rates in this case. In addition, the Company

1 proposes to implement a Tax Adjustment Rider (“TA Rider”) to provide refunds of certain
2 excess deferred income taxes (“EDIT”) of \$2,807,996 annually for three years to Kansas
3 customers. The net impact of the base revenue increase, resetting of the GSRS to \$0, and
4 the TA Rider refund was a proposed increase of \$2,604,722, or approximately 4.5% for the
5 average residential customer.

6 The Columbia Group, Inc. was engaged by the State of Kansas, Citizens’ Utility
7 Ratepayer Board (“CURB”) to review the Company’s Application and to provide
8 recommendations to the KCC regarding the Company’s revenue requirement. In addition
9 to my testimony, CURB is sponsoring the testimony of Dr. J. Randall Woolridge on cost
10 of capital and capital structure issues, and of Glenn Watkins on rate design and class cost
11 of service issues.

12
13 **Q. What are the most significant issues in this rate proceeding?**

14 A. The most significant accounting issues driving Black Hills’s rate increase request are: 1)
15 the Company’s claim for a return on equity of 10.15%; 2) return requirements associated
16 with plant-in-service additions since the last base rate case, including post-test year
17 additions; 3) incremental salary and wage expenses and associated benefits, including costs
18 from Black Hills Service Company (“BHSC”); 4) the request to recover credit card fees in
19 base rates; 5) costs for a Data Improvement Integrity Program (“DIIP”); and 6) proposed
20 increases in depreciation rates.

1 **III. SUMMARY OF CONCLUSIONS**

2 **Q. What are your conclusions concerning the Company’s revenue requirement and its**
3 **need for rate relief?**

4 A. Based on my analysis of the Company’s filing and other documentation in this case, my
5 conclusions are as follows:

6 1. The twelve-month period ending December 31, 2020, as adjusted, is an acceptable
7 test year for use in this case to evaluate the reasonableness of the Company’s claim.

8 2. Black Hills has a test year, pro forma rate base of \$239,948,387, as shown on
9 Schedule ACC-3.¹

10 3. The Company has pro forma operating income at present rates of \$10,615,214, as
11 shown in Schedule ACC-10.

12 4. Based on my adjustments and on the recommendations of Dr. Woolridge, Black
13 Hills has a test year, pro forma, revenue deficiency of \$5,827,211, as shown on Schedule
14 ACC-1. This is in contrast to the Company’s claimed deficiency of \$10,199,943.

15 5. The current GSRS is \$6,610,982. Therefore, the roll-in of the GSRS will result in
16 a base rate reduction of \$783,771. When the TA Rider refund of \$2,807,966 is considered,
17 I am recommending an overall net annual revenue reduction of \$3,591,736, as shown on
18 Schedule ACC-1.

19

1 Schedules ACC-1, ACC-29, and ACC-30 are Summary Schedules, Schedule ACC-2 is a Cost of Capital Schedule, Schedules ACC-3 and ACC-9 are Rate Base Schedules, and Schedules ACC-10 to ACC-28 are operating income schedules.

1 **IV. COST OF CAPITAL AND CAPITAL STRUCTURE**

2 **Q. What is the cost of capital and capital structure that the Company is requesting in**
 3 **this case?**

4 A. The Company's filing was based on an overall cost of capital of 7.05%, which includes
 5 the following capital structure and cost rates, as shown in Section 7 of its Application:

	Percentage	Cost	Weighted Cost
Common Equity	50.34%	10.15%	5.11%
Long-Term Debt	49.66%	3.91%	1.94%
Total	100.00%		7.05%

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 7
 8
 9
 10 **Q. Is CURB recommending adjustments to this capital structure or cost of capital?**

11 A. Yes, as addressed by Dr. Woolridge in his testimony, CURB is recommending that the
 12 KCC authorize a return on equity of 8.75% for Black Hills. In addition, Dr. Woolridge is
 13 recommending a capital structure that includes 50% common equity and 50% long-term
 14 debt.

15
 16 **Q. What is the overall cost of capital that CURB is recommending in this case?**

17 A. As shown on Schedule ACC-2, CURB is recommending an overall cost of capital for Black
 18 Hills of 6.33%, based on the following capital structure and cost rates:

	Percentage	Cost	Weighted Cost
Common Equity	50.00%	8.75%	4.38%
Long-Term Debt	50.00%	3.91%	1.96%
Total	100.00%		6.33% ²

2 Does not add due to rounding.

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Please see the testimony of Dr. Woolridge for a detailed discussion of CURB’s cost of capital and capital structure recommendations.

V. RATE BASE ISSUES

Q. What test year did the Company utilize to determine its rate base claim in this case?

A. Black Hills’s rate base claim is based on the test year ending December 31, 2021, adjusted to reflect projected plant additions and retirements through June 30, 2021. In addition, the Company included an adjustment to reflect the impact of an adjustment to allocations per the Cost Allocation Manual (“CAM”) effective January 2021. The Company also included an adjustment to reflect depreciation reserve additions through June 30, 2021.

Q. In addition to net plant, what other components are included in the Company’s rate base claim?

A. Black Hills included materials and supplies, prepayments, and gas in storage based on the actual thirteen-month averages for the test year (December 2019 to December 2020). It also included a \$0 balance for cash working capital. Black Hills included customer advances and customer deposits based on balances at December 31, 2020. With regard to deferred income tax assets and liabilities, the Company generally included deferred tax balances at December 31, 2020, except for those deferred taxes that it proposed to return through the TA Rider, which were excluded from rate base.

1 **Q. Did the Company include Construction Work in Progress (“CWIP”) in rate base?**

2 A. The Company did not explicitly include CWIP in rate base. However, it did include plant
3 that was projected to be in service by June 30, 2021.

4
5 **Q. Does the Company’s inclusion of post-test year additions through June 30, 2021,
6 violate the test year concept?**

7 A. Yes, in many respects the Company’s inclusion of post-test year additions through June
8 30, 2021, does violate the test year concept. The use of projected plant through June 30,
9 2021, effectively results in a partially-forecast test year. This is particularly true in this
10 case, since the Company’s claim for post-test year plant additions of \$20,779,783 per
11 Section 3, Schedule 2, page 1 exceeds its test year CWIP balance by \$9,877,188.
12 Therefore, the Company’s rate base reflects millions of dollars of expenditures that were
13 not incurred by the end of the test year.

14
15 **Q. Has the KCC Staff previously supported the inclusion of post-test year plant additions
16 in rate base?**

17 A. Yes, they have. In the past several years, KCC Staff has permitted utilities to include post-
18 test year plant additions in rate base. I have generally opposed the inclusion of post-test
19 year plant in rate base, especially when such additions exceeded the test year CWIP
20 balance. Nevertheless, it is my understanding that it is now KCC Staff’s policy to permit
21 the inclusion of certain post-test year plant additions that are completed and in-service prior
22 to the filing of Staff and intervenor testimony.

1 **Q. Did the Company provide an update of actual plant additions through June 30, 2021?**

2 A. Yes, it did. In response to CURB-25, the Company provided its actual plant additions
3 through June 30, 2021. As shown in that response, actual plant additions were \$31,653,028,
4 approximately \$10 million higher than the projection included in the Company's filing.
5

6 **Q. What is the reason for the significant increase in plant additions relative to the
7 Company's original projection?**

8 A. According to the response to CURB-80, Black Hills inadvertently excluded the December
9 31, 2020, CWIP balance of \$10,902,595 from its June 30, 2021, plant projection.
10 Therefore, the Company's original adjustment of \$20,779,783 reflected only those projects
11 that the Company anticipated would be started and completed between January 1, 2021,
12 and June 30, 2021, and excluded those projects that were already under construction at the
13 end of the test year.
14

15 **Q. Have you included actual plant balances at June 30, 2021, in your rate base
16 recommendation?**

17 A. Yes, I have. While I continue to believe that this practice unnecessarily extends the test
18 year, given KCC Staff's acceptance of the practice in prior cases, I have reflected post-test
19 year plant additions in my rate base recommendation. In addition, I recognize many of
20 these projects would qualify for recovery under the GSRS. Therefore, ratepayers would
21 begin to pay for these projects prior to the next rate case in any event. Accordingly, I have
22 reflected the actual June 30, 2021, plant balances in rate base.

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Q. Please describe the Utility Plant in Service adjustment shown in Schedule ACC-4.

A. On Schedule 4, I have updated the Company’s Utility Plant in Service adjustment to reflect actual results at June 30, 2021. There are three components to this adjustment. First, as discussed above, I have reflected actual plant additions of \$31,653,028. Second, I have reflected actual plant retirements through June 30, 2021, of \$3,561,044. Third, I have reflected an adjustment based on the actual allocations effective January 1, 2021. The net adjustment is an increase to test year utility plant of \$29,274,555, which is \$9,767,057 higher than the utility plant included in the Company’s claim. The reason for the significant variance from the filing is largely the result of the Company’s failure to include CWIP balances in its projection for post-test year plant additions.

Q. Did you make a corresponding adjustment to the reserve for depreciation?

A. Yes, on Schedule ACC-5, I have updated the reserve for depreciation to reflect actual reserve additions through June 30, 2021. These adjustments include depreciation reserve additions on both test year and post-test year plant, as well as additions related to the changes in the CAM effective January 1, 2021. It also included the effect of actual retirements through June 30, 2021. The net impact of this adjustment is an increase to the depreciation reserve of \$2,611,792, which is \$1,022,697 less than the reserve addition projected by Black Hills in its filing.

1 **Q. Have you also made adjustments to the deferred income tax reserve balances?**

2 A. Yes, I have. The Company’s rate base claim included several categories of deferred income
3 tax balances. These include deferred income tax assets, deferred income tax liabilities
4 associated with property, non-property-related deferred income tax liabilities, regulatory
5 liabilities associated with EDIT related to the Tax Cut and Jobs Act of 2017 (“TCJA”),
6 regulatory liabilities associated with Kansas EDIT, and deferred tax liabilities allocated
7 from BHSC.

8 In response to KCC-169, Black Hills updated its deferred tax balances to reflect
9 actual balances at June 30, 2021. Since most of these deferred taxes relate to plant, it is
10 appropriate to reflect updated deferred tax balances in rate base, given the fact that my rate
11 base recommendation includes utility plant balances at June 30, 2021.

12 On Schedule ACC-6, I have included the updated balance of deferred income tax
13 assets. On Schedule ACC-7, I have included the updated deferred income tax liability
14 associated with property. On Schedule ACC-8, I have included the updated non-property-
15 related deferred income tax liability. Finally, on Schedule ACC-9, I have included the
16 updated deferred income tax liability allocated from BHSC.

17
18 **Q. Given the updates discussed above, what rate base are you recommending in this**
19 **case?**

20 A. My adjustments result in a rate base of \$239,948,387, as summarized on Schedule ACC-2.
21 My recommended rate base is \$9,610,608 higher than the rate base filed by Black Hills in
22 its Application.

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VI. OPERATING INCOME ISSUES

A. Pro Forma Revenues

Q. How did the Company determine its pro forma revenue claim in this case?

A. Black Hills began with its actual test year revenues and billing determinants. As discussed in the testimony of Company witness Mr. Hyatt, the Company then made an adjustment to normalize revenues for normal weather, based on a ten-year period as determined by the National Oceanic and Atmospheric Administration (“NOAA”). The Company also made an adjustment to reflect a five-year average for irrigation revenues. In addition, Black Hills made an adjustment to synchronize base year billing determinants and base year revenues.

Q. Are you recommending any adjustment to the Company’s claim?

A. Yes, I am recommending two adjustments, relating to weather normalization and changes in customers counts during the test year.

Q. How did the Company determine its weather normalization adjustment in this case?

A. The Company utilized a 10-year period to determine normal weather in calculating its pro forma weather-normalized revenue.

1 **Q Do you agree with the use of 10 years to weather-normalize sales?**

2 A. No, I do not. Instead, I recommend that the KCC continue to utilize a 30-year standard for
3 normal weather. It is my understanding that the KCC has consistently utilized a 30-year
4 standard in prior cases.

5
6 **Q. Why do you believe that 30-year data is more appropriate to utilize in developing the**
7 **Company’s weather normalization adjustment than the 10-year period recommended**
8 **by the Company?**

9 A. The 30-year normal has been established by NOAA, the government organization charged
10 with establishing and recording the climatic conditions of the United States. The 30-year
11 standard is the objective standard, established by the government body responsible for
12 determining normal weather conditions. Moreover, the 30-year standard is the international
13 standard adopted by the United Nation’s World Meteorological Organization (“WMO”).
14 The 30-year normal is used for a wide range of applications and it has served as the standard
15 in utility regulation in Kansas in the past.

16
17 **Q. Do you believe that the use of a NOAA standard is preferable to having regulatory**
18 **commissions set their own standards?**

19 A. Yes, I do. It should not be the role of each regulatory commission to determine “normal”
20 weather. Rather, that determination should be made by the governmental agency and other
21 international bodies with expertise and responsibility for tracking, analyzing, and reporting
22 weather statistics. In the United States, that agency is NOAA, which has determined that

1 normal weather should be defined as the arithmetic mean computed over a 30-year period.
2 NOAA has further defined the appropriate period over which to calculate normal weather
3 as three consecutive decades.
4

5 **Q. Why are longer periods preferable to shorter ones for weather normalization data?**

6 A. There are a couple of reasons. First, longer periods tend to average out weather and
7 temperature extremes much better than shorter periods. Obviously, one particularly cold
8 or warm year with many or few heating/cooling degree days has a much greater effect upon
9 a 10-year average than it does upon a 30-year average. In fact, a single data point has a
10 10% impact on a 10-year average, but only a 3.3% impact on a 30-year average. Therefore,
11 the effect of a single data point is three times greater with a 10-year average than with a
12 30-year average.

13 Second, a shorter period may fail to include extreme weather in computing average
14 degree days. It is normal and customary to have a very cold or a very warm year every so
15 often, and the database should include these extremes.
16

17 **Q. Why is it important to have appropriate standard weather data?**

18 A. Utility rates are based upon normal operating conditions. If revenues are based on an
19 accurate, consistent and widely accepted standard for normalizing weather, in some years
20 the Company's revenues will be less than normal, in some years the Company's revenues
21 will be greater than normal, but over time, the Company's revenues will reflect normal
22 weather and the Company will receive the opportunity to earn its fair rate of return. In

1 addition, the use of an accepted objective standard, such as the 30-year NOAA standard,
2 ensures consistency from case to case. Moreover, in this case, Black Hills has a Weather
3 Normalization Adjustment mechanism, so that the Company is made whole for variations
4 in gas sales that are the result of deviations from normal weather.

5
6 **Q. Are there other factors that lead you to favor the 30-year NOAA standard over the**
7 **10 years of data recommended by the Company?**

8 A. Yes. Among other things, the NOAA standard has a long history of use and acceptance.
9 The use of the NOAA thirty years as “normal” is based upon an international agreement
10 and is commonly used to reflect normal weather conditions in a variety of industries and
11 applications.

12
13 **Q. Is there a statistical reason why a 30-year normal should be used?**

14 A. Yes, there is. The use of 30 data points has its basis in the central limit theorem, which
15 states that if the sample size has at least 30 data points, then the distribution of sample
16 means is normal, resulting in a normal distribution centered around the mean with a
17 standard deviation that decreases as the sample size increases.

18
19 **Q. Is the purpose of a weather normalization adjustment to predict future weather, as**
20 **has sometimes been suggested?**

21 A. No, it is not. The purpose of a weather normalization adjustment is not to forecast or
22 predict weather for a particular year. Regulatory commissions are regulators, not weather

1 forecasters. The purpose of a weather normalization adjustment is, instead, to determine
2 what customer usage would be, assuming “normal” weather. Thus, finding that the use of
3 a 10-year normal is a better predictor of the weather does not provide any meaningful
4 information about normal weather on which utility rates should be based.

5 The regulator is attempting to determine, on a prospective basis, what a “normal”
6 period of operating results will be. One of the components of this determination is normal
7 weather. The regulator is not trying to predict weather or to make a company indifferent
8 to weather, but rather to set rates prospectively that are normalized for weather. In some
9 years, a utility will have colder than normal weather, and in some years, it will have warmer
10 than normal weather. Over time, these variations constitute normal weather.

11
12 **Q. Why is it important to have a consistent standard determined by an independent**
13 **objective organization like NOAA?**

14 A. The 30-year period for determining what constitutes normal weather was not defined by
15 Black Hills, or KCC Staff, or CURB. Rather, it was defined by the United States
16 Government organization that is responsible for defining normal weather, i.e., NOAA. If
17 an objective standard is not used, then all parties have an incentive to promote the period
18 that results in the best result for their particular constituency in each particular case.
19 Deviating from the objective standard as determined by NOAA will open the door to
20 arguments in every case about how long a period should determine what constitutes normal
21 weather.

22

1 **Q. Does climate change support using shorter periods to determine normal weather?**

2 A. No, it does not. Many parties argue that climate change, and the general warming of the
3 environment, suggest that a shorter period should be used to determine normal weather.
4 However, these arguments confuse the determination of what time period constitutes
5 “normal” weather with what that “normal” weather looks like. NOAA has determined that
6 data from a period of 30 years satisfactorily represents normal weather. To the extent
7 weather patterns do exhibit a permanent change over time, such changes will be reflected
8 in the 30-year NOAA data.

9 The KCC should also be mindful of the difference between changes in weather
10 patterns over time and changes in usage patterns over time. The two are not the same.
11 While NOAA uses a 30-year period to determine normal degree days, NOAA is not
12 involved in forecasting how gas sales are likely to be impacted due to variations in degree
13 days. Due to conservation efforts, more efficient appliances and furnaces, and other
14 factors, it is entirely possible that the impact of variations in degree days is different in
15 2021 than it was in 1991. My recommendation that the KCC continue to utilize a 30-year
16 standard does not prevent the utility or other parties from presenting arguments regarding
17 the *impact* of weather variations on energy usage. By continuing to utilize a thirty-year
18 weather standard, the KCC is not precluding any party from providing evidence that
19 demonstrates the impact of various weather changes on electricity or natural gas usage in
20 a utility base rate case.

21

1 **Q. How did you quantify your adjustment?**

2 A. In its filing, the Company's weather normalization adjustment increases operating revenue
3 at present rates by \$430,453. In response to CURB-63, the Company indicated that the use
4 of a 30-year normal would have increased revenue at present rates by \$832,196. At
5 Schedule ACC-11, I have made an adjustment to reflect a weather normalization
6 adjustment based on the use of a 30-year period to determine normal weather.

7

8 **Q. Are you recommending any other adjustment to the Company's pro forma revenue**
9 **claim?**

10 A. Yes, I am recommending that the KCC adopt a revenue annualization adjustment to reflect
11 the growth in residential customers that occurred during the test year. While the actual
12 number of residential customers fluctuated each month, there were generally more
13 residential customers at the end of the test year than at the beginning of the year. This is
14 consistent with the historic data presented in Section 8 of the Company's filing.

15

16 **Q. Why do you believe that such an adjustment is necessary?**

17 A. Annualization adjustments are frequently made to reflect the fact that customers typically
18 increase from year-to-year. This is particularly true of residential customers. In Section 8
19 of its Application, the Company provided information regarding the number of customers
20 over the past several years, by customer class. As shown in that Section, the average
21 number of residential customers increased from 101,826 for the twelve months ending
22 December 31, 2019, to 103,148 for the twelve months ending December 31, 2020, an

1 increase of 1,322 customers or approximately 1.29% over that period. The full impact of
2 this growth is not reflected in the Company's pro forma revenue claim because Black Hills
3 based its claim on actual average customers during the test year.

4
5 **Q How did you quantify your adjustment?**

6 A. As shown on Schedule ACC-12, I have increased the Company's pro forma residential
7 revenue by 0.64%, which reflects one-half of the growth from the average 2019 residential
8 customer counts to the average 2020 residential customer counts. I used one-half of the
9 average growth because the remaining 50% is already embedded in the actual test year
10 results.

11
12 **Q. Does your adjustment assume that residential customers will increase every month?**

13 A. No, there are still likely to be seasonal changes in the number of residential customers. My
14 adjustment does not assume constant growth month-over-month. Nor is it intended to
15 reflect growth after the end of the test year. My adjustment simply reflects the actual
16 growth that took place during the test year but which is not fully reflected in the Company's
17 pro forma revenue claim.

18
19 **Q. Why didn't you make an annualization adjustment for other customer classes?**

20 A. I limited my adjustment to the residential class because changes in customer counts in other
21 customer classes tend to be more volatile than changes in the residential class, which tend
22 to follow a fairly stable trend.

1 **B. Salaries and Wage Expense**

2 **Q. How did the Company determine its salary and wage claim in this case?**

3 A. Black Hills developed its salary and wage claim based on 2021 labor costs for each
4 position. In addition to base salaries, the Company’s adjustment includes incentive
5 compensation costs, overtime, standby and call out pay, 401K costs, medical and dental
6 costs, and other related employee benefits. Black Hills has included a salary and wage
7 adjustment of \$600,151 in its filing, which is 9.07% above its actual test year costs.

8
9 **Q. Are you recommending any adjustment to the Company’s payroll expense claim?**

10 A. Yes, I believe that the Company’s claim is overstated. The Company has included vacant
11 positions in its salary and wage expense claim. However, it is normal and customary for
12 companies to have unfilled positions at any given time. In addition, in many cases,
13 vacancies are filled by internal employees, thereby creating an additional vacancy that must
14 be filled. If utility rates are established based on a full complement of employees, and if
15 these employee positions remain vacant, then ratepayers will have paid rates that are higher
16 than necessary.

17
18 **Q. How do labor costs for the twelve months ending June 30, 2021, compare with the**
19 **actual test year labor costs?**

20 A. As shown in the Confidential response to KCC-163, the Company’s actual labor costs for
21 the twelve months ending June 30, 2021, were below the actual costs in the test year,
22 providing further evidence that the Company’s claim is overstated.

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Q. What do you recommend?

A. I recommend that the KCC reject the Company’s salary and wage adjustment and instead reflect the actual test year costs in calculating Black Hills’ revenue requirement in this case. My adjustment is shown in Schedule ACC-13.

Q. Are you making a similar recommendation regarding payroll costs allocated from BHSC?

A. While I believe that the labor costs included in the Company’s BHSC adjustment are overstated, I do believe that some increase over the actual test year costs may be appropriate. According to the testimony of Company witness Ms. Schuldt at pages 42-43, “employees in the Strategic Initiatives, Customer Service Call Center, and Safety departments were realigned within the organization as those departments moved from Black Hills direct departments to BHSC departments.” Therefore, the twelve months ending June 30, 2021, may not be representative of prospective costs. Accordingly, I am recommending that the BHSC labor costs be adjusted to reflect annualized costs for June 2021. This will result in a pro forma increase of \$356,780, instead of \$874,533 as reflected in the Company’s adjustment to intercompany charges. My adjustment is shown in Schedule ACC-14.

1 **C. Incentive Compensation Expense**

2 **Q. Please describe the Company’s incentive compensation programs.**

3 A. Black Hills Kansas has several incentive compensation plans as described in the testimony
4 of Company witness Ms. Johnson. All non-executive employees are eligible to participate
5 in the Annual Incentive Plan (“AIP”). The target percentage incentives differ, depending
6 on each pay grade, with target percentages generally increasing as pay grades increase. For
7 Black Hills direct employees, 50% of the AIP award is based on financial metrics, either
8 earnings per share or total operating income. Employees at the Director level and above
9 participate in a Short-term Incentive Plan (“STIP”), which is similar to the AIP. According
10 to Ms. Johnson’s testimony at page 15, the goals and performance measures that apply to
11 the AIP also apply to the STIP.

12 The third incentive compensation plan is the Long-Term Incentive Plan (“LTIP”).
13 This plan is available to officers at the level of Vice President and above. Awards made
14 under the LTIP consist of Performance Shares and Restricted Stock. The Performance
15 Shares are based on total shareholder return (“TSR”) compared with TSR of a peer group
16 of companies. Thus, performance share awards not only depend upon the shareholder
17 return at Black Hills but also on shareholder return at other unrelated companies.
18 Restricted Stock Awards are discretionary incentives that vest over a three-year period.

1 **Q. In addition to incentive compensation awards, have Black Hills employees received**
 2 **regular annual salary and wage increases?**

3 A. Yes, they have. As shown in the response to KCC-184, Black Hills employees received
 4 average merit increases of 2.77% in 2020 and 3.04% in 2021. Comparable increases were
 5 given to employees of BHSC. Moreover, in the confidential response to CURB-70, the
 6 Company provided its non-exempt and union pay structures. While the specific salaries
 7 for each pay grade are confidential, it certainly appears that the Company's pay scales are
 8 competitive.

9
 10 **Q. What were the actual incentive compensation costs incurred in the test year?**

11 A. According to the supplemental response to KCC-213, the Company incurred the following
 12 test year expenses for incentive compensation:

	BH Direct Incentive Expense	BHSC Allocated Incentive Expense	Total Incentive Compensation Expense
AIP	\$563,194	\$461,964	\$1,025,158
STIP	\$52,076	\$271,011	\$323,087
LTIP	\$52,492	\$216,549	\$269,041

14
 15
 16 **Q. Do the Company's incentive plans focus on parameters that directly benefit**
 17 **ratepayers?**

18 A. No, they do not. The Company's incentive compensation programs are heavily weighted
 19 toward financial benchmarks. The AIP and STIP awards are approximately 50% weighted

1 toward financial goals. The Performance Shares are 100% dependent on shareholder
2 returns. Restricted Shares awards are issued on a discretionary basis based on various
3 officer positions, but without specific metrics related to customer-oriented objectives.
4

5 **Q. Are you recommending any adjustment to the Company's incentive compensation**
6 **costs?**

7 A. Yes, I am recommending that the KCC disallow 50% of the test year costs for the AIP and
8 STIP awards. In addition, I am recommending that 100% of the LTIP awards be
9 disallowed, including both Performance Shares and Restricted Stock.
10

11 **Q. In addition to these operating expense impacts, do the incentive compensation awards**
12 **have a further impact on Kansas utility rates?**

13 A. Yes, they do. A substantial portion of the incentive compensation costs are not expensed
14 but rather are booked as capitalized overhead. While these capitalized overheads are not
15 included in the Company's expense claim, a portion of these capitalized overheads is
16 allocated to Kansas rate base assets and is therefore included in rate base as part of the
17 Company's plant-in-service claim or in other rate base components. Therefore, ratepayers
18 are likely incurring additional costs through a return on, and a return of, incentive
19 compensation costs that have been capitalized. In fact, approximately 35% of all incentive
20 compensation costs were capitalized in the test year. Therefore, the incentive compensation
21 expenses allocated to Kansas do not capture all of the costs being paid by Kansas ratepayers
22 relating to these programs.

1 **Q. Do you believe that the incentive compensation program costs claimed by Black**
2 **Hills should be passed through to ratepayers?**

3 A. No, I do not. The Company's incentive plans are heavily dependent upon financial
4 parameters. Moreover, a large portion of these costs is awarded to officers and other highly
5 compensated employees. In addition to incentive compensation awards, Black Hills also
6 provides generous merit award increases to its employees annually. While I am not making
7 any adjustments to the underlying base salary for any employee position, including officers
8 and other executives, ratepayers should not be required to pay for large incentive
9 compensation payments in addition to these generous base salaries.

10

11 **Q. Doesn't the Company use a compensation consulting firm to benchmark its**
12 **compensation?**

13 A. Yes, it does. As discussed on pages 6-7 of Ms. Johnson's testimony, Black Hills utilizes
14 compensation surveys to evaluate the competitiveness of its pay structures. However, the
15 use of such benchmarks can have a detrimental effect on ratepayers as compensation costs
16 spiral, especially at the executive level.

17

18 **Q. Why do you believe that the use of benchmarking results in spiraling executive**
19 **compensation costs?**

20 A. Many companies state that they must benchmark their compensation in order to be
21 competitive. However, such benchmarking actually results in ever-increasing executive
22 compensation levels. This is because companies generally target their compensation to the

1 50th percentile of companies in the proxy group selected for benchmarking. Such practices
2 tend to escalate increases in compensation, especially for highly paid officers. These
3 studies compare the subject company's compensation to compensation in a broad range of
4 other firms. Since most companies do not want to find themselves in the lower half of the
5 benchmark group, companies that fall below the average typically increase their
6 compensation hence, the average of the benchmark companies increases. This sets off a
7 chain of events that results in ever-increasing compensation levels as additional companies
8 must increase their compensation levels to avoid falling below the 50th percentile. The
9 KCC should be particularly wary of any compensation plans that utilities attempt to justify
10 by means of comparison to benchmark studies. It is not surprising that executive
11 compensation levels have risen dramatically over the past few years, along with the
12 practice of benchmarking. Ms. Johnson reports that the average base pay for Black Hills
13 non-union employees is 50.7% of the pay grade survey target. While the average pay for
14 BHSC employees was only 41.5% of the market, as noted by Ms. Johnson, these averages
15 reflect employees at a "point in time" and can vary due to normal fluctuations in the
16 employee population.

17
18 **Q. What do you recommend with regard to incentive compensation costs?**

19 A. I recommend that the KCC deny the Company's request for recovery of incentive
20 compensation costs that are tied to financial metrics or to metrics that do not otherwise
21 benefit ratepayers. Given that approximately 50% of the AIP and STIP are tied to
22 shareholder earnings or operating income, I recommended that 50% of the test year costs

1 for the AIP and STIP be disallowed. I recommend that 100% of the LTIP costs, including
2 both Restricted Stock and Performance Shares, be disallowed. These awards were
3 designed as incentives to enhance shareholder value. If the Company wants to reward
4 employees based, in whole or in part, on financial results then shareholders should be
5 willing to absorb these costs. This recommendation will require the Board of Directors to
6 establish incentive compensation plans that shareholders are willing to finance. As long as
7 ratepayers are required to pay the costs of these incentive plans, then there is no incentive
8 for management to control these costs. This is especially true since the officers and
9 executives of the Company are the primary beneficiaries of such plans. My adjustment is
10 shown in Schedule ACC-15. My adjustment only includes the expense portion of these
11 costs. Significant amounts of incentive compensation costs are routinely capitalized and
12 allocated to various plant accounts. It is difficult to quantify the amounts allocated to each
13 plant account and determine the ultimate impact of this allocation on the Company's rate
14 base, because these allocations have already been embedded in the utility's various plant
15 accounts. Therefore, my recommended incentive compensation adjustment is conservative
16 because it only adjusts the expense portion of these costs.

17
18 **D. Payroll Tax Expense**

19 **Q. Are you recommending any adjustment to the Company's payroll tax claim?**

20 A. Yes, since I am recommending a reduction to the Company's direct salary and wage costs,
21 allocated labor costs from BHSC, and incentive compensation, it is necessary to make a
22 corresponding adjustment to eliminate certain payroll taxes associated with my

1 recommended adjustments. At Schedule ACC-16, I have made an adjustment to eliminate
2 payroll taxes associated with my recommended adjustments to the Company’s labor and
3 incentive compensation costs.

4
5 **E. Pension and Other Post Employment Benefit (“OPEB”) Expense**

6 **Q. How did the Company develop its pension and OPEB expense claims in this case?**

7 A. The Company’s claim is based on actual test year pension and OPEB expense. Company
8 witness Ms. Curran recommends, at page 25 of her testimony, “using the 2020 actual
9 pension and OPEB expense because these are Black Hills’ actual expenses and they
10 represent reliable, documentable, and timely information at the end of the Test Year.” The
11 actual test year pension expense was \$351,522, while the actual test year OPEB expense
12 was \$178,426. The Company’s pension plan is closed to new employees and it is frozen
13 for certain employees that did not meet certain age and service-based criteria. The
14 Company continues to offer OPEB benefits to new retirees, as described on page 19 of Ms.
15 Curran’s testimony.

16
17 **Q. Are you recommending any adjustment to the Company’s claims for pension and
18 OPEB expenses?**

19 Q. Yes, I am recommending that these costs be updated with actual pension and OPEB costs
20 for June 2021. The KCC previously approved a pension and OPEB tracker for Black Hills,
21 which allows the Company to record a regulatory asset or liability for differences between
22 its actual pension and OPEB expenses and the amounts collected in rates. These regulatory

1 assets or liabilities are then amortized in a subsequent rate case. Therefore, the Company
2 is made whole for any differences between its actual costs and the amount collected from
3 ratepayers. Given this true-up mechanism, I believe it is more efficient to utilize the most
4 recent pension and OPEB expense data. Accordingly, at Schedule ACC-17, I have
5 reflected pension and OPEB adjustments based on annualizing the actual June 2021
6 expenses.

7
8 **Q. Are you also recommending an adjustment to the Company's claim related to**
9 **amortization of the pension and OPEB tracker?**

10 A. Yes, I am. The Company's filing includes a five-year amortization of the regulatory
11 liability associated with the pension and OPEB expense tracker. As shown on KSG Direct
12 Exhibit RRS-2, Schedule H-7, at December 31, 2020, the Company has a regulatory
13 liability of \$5,135,530 related to pension costs and a regulatory liability of \$564,741 related
14 to OPEB costs, which it proposed to amortize over five years at \$1,140,054 per year. As
15 of June 30, 2021, its combined regulatory liabilities had decreased slightly. Given the fact
16 that these amounts will eventually be trued-up, I recommend that the KCC utilize a more
17 recent deferral balance, which results in a slight decrease to the annual amortization
18 amount. My adjustment is shown in Schedule ACC-18.

19

1 **F. Uncollectible Expense**

2 **Q. How did the Company determine its uncollectible expense claim in this case?**

3 A. Black Hills’ bad debt expense ratio is based on the average of net write-offs from 2017-
4 2019, divided by the average of billed revenues over that same three-year period. This
5 resulted in a bad debt ratio of 0.6512%, as shown in KSG Direct Exhibit RRS-2, Schedule
6 H-9. The Company did not utilize its actual test year uncollectible expense in the
7 calculation. Because of the COVID-19 pandemic, Black Hills stated that the actual test
8 year expense was not representative of normal operating conditions. Black Hills applied
9 this bad debt expense ratio to its adjusted pro forma revenue, including both gas recovery
10 revenues and the proposed base revenue increase of \$10,199,945.

11
12 **Q. Are you recommending any adjustment to the Company’s claim for uncollectible**
13 **expense?**

14 A. I am not recommending any adjustment to the Company’s proposed bad debt ratio of
15 0.6512%. However, since I am recommending a lower base revenue increase than the
16 increase requested by Black Hills, it is necessary to reduce the Company’s uncollectible
17 costs to remove uncollectibles associated with that portion of its increase that I recommend
18 be disallowed. At Schedule ACC-19, I have eliminated uncollectible costs associated with
19 the entire requested increase of \$10,199,945. Instead, I have incorporated the Company’s
20 bad debt ratio into my revenue multiplier, as discussed later in my testimony. This will
21 ensure that the uncollectible expense included in the Company’s revenue requirement will
22 be synchronized with the overall base revenue increase.

1 **G. Rate Case Expense**

2 **Q. How did the Company determine its rate case expense claim in this case?**

3 A. The Company’s claim is based on projected costs for the current case of \$750,000. Black
4 Hills is proposing to amortize these costs over three years, for an annual amortization
5 expense of \$250,000.

6
7 **Q. Are you recommending any adjustments to the Company’s rate case expense claim?**

8 A. Yes, I am recommending adjustments to both the amount of pro forma rate case costs and
9 to the amortization period.

10
11 **Q. What are the actual rate case costs incurred to date by Black Hills?**

12 A. As shown in the response to KCC-219, the Company incurred actual rate case costs of
13 \$112,387 through August 16, 2021. This amount does not include costs from KCC Staff
14 or CURB. At the time of filing of Staff and intervenor testimony in the Company’s last
15 base rate case (KCC Docket No. 14-BHGC-502-RTS), the Company had incurred actual
16 rate case costs of \$225,363, as well as \$107,553 in costs from KCC Staff and CURB.³

17
18 **Q. What level of pro forma rate case costs do you recommend be included in the**
19 **Company’s revenue requirement?**

20 A. I have included pro forma rate case costs of \$500,000 in my recommendation. Although

3 Testimony of Ms. Finger, Exhibit ANF-4, KCC Docket No. 14-BHGC-502-RTS.

1 this amount is considerably higher than the actual costs incurred to date, and higher than
2 the costs incurred through the filing date of KCC Staff and intervenor testimony in the last
3 rate case, it is much more reasonable than the \$750,000 estimate included by Black Hills
4 in its filing.

5
6 **Q. Over what period do you recommend that rate case costs be amortized?**

7 A. I am recommending a five-year amortization period for rate case costs. The Company's
8 current rates became effective January 1, 2015. Therefore, these rates will have been in
9 effect for seven years, suggesting that the Company may not file frequent rate cases in the
10 future. In addition, the GSRS mechanism will allow Black Hills to be compensated for a
11 significant portion of its plant additions without the filing of a base rate case. For both
12 these reasons, I recommend that the KCC adopt a five-year amortization period for the
13 Company's pro forma rate case costs. My adjustments to the amount of pro forma rate
14 case costs, as well as to the proposed amortization period, are shown in Schedule ACC-20.

15
16 **H. Payment Fee Expense**

17 **Q. Please explain the Company's adjustment relating to payment fees.**

18 A. Fees associated with certain types of payments, such as credit cards and other SpeedPay
19 methods, are currently charged directly to Black Hills customers that use these alternative
20 forms of payment. The Company is proposing to include fees for alternative forms of
21 payments in its base rates for service. In calculating its adjustment, Black Hills assumed
22 that usage of these alternative forms of payment would increase by 25% if fees were not

1 charged directly to the customer. The Company has reflected an adjustment of \$231,768
2 relating to projected payment fees in its cost of service. This includes 125% of the actual
3 number of alternative payments in the test year.

4
5 **Q. Are you recommending any adjustment to the Company’s claim?**

6 A. I am not opposed to the inclusion of these fees in cost of service. However, the 25%
7 adjustment included by the Company is speculative, and does not represent a known and
8 measurable change to the test year. Therefore, I recommend that the alternative payment
9 fee allowance be based on the actual number of such payments made in the test year. My
10 adjustment is shown in Schedule ACC-21.

11
12 **I. Data Improvement Integrity Program (“DIIP”) Expense**

13 **Q. Please describe the DIIP expense included in the Company’s claim.**

14 A. As discussed in the testimony of Mr. Watkins, the Company has implemented a DIIP,
15 which consists of “specific initiatives to improve system data, including data gas reduction,
16 GIS updates and programmatic improvements.”⁴ Black Hills has included projected
17 operating costs of \$400,000 annually in its claim. This represents a significant increase
18 over the actual test year costs of \$168,152.

19

4 Testimony of Mr. Watkins, page 16.

1 **Q. What do you recommend with regard to DIIP expenses?**

2 A. Given the fact that the DIIP was not fully operational in the test year, it is reasonable to
3 include some post-test year adjustment in the Company's revenue requirement. However,
4 the Company's projection of \$400,000 is speculative. I have included DIIP costs of
5 \$347,935 in my revenue requirement recommendation, which are the actual costs incurred
6 for the twelve months ending June 30, 2021. My adjustment is shown in Schedule ACC-
7 22.

8
9 **J. Research and Development Expense**

10 **Q. Please describe the Company's claim for costs associated with research and**
11 **development projects.**

12 A. The Company is seeking authorization to recover \$58,184 in rates relating to funding of
13 the Operations Technology Development ("OTD") projects sponsored by the Gas
14 Technology Institute ("GTI"). GTI is a not-for-profit industry collaboration established in
15 2003 to undertake certain research and development projects. Local distribution
16 companies and gas pipelines previously funded research and development projects through
17 the Gas Research Institute ("GRI"), which was established in 1977 and was funded through
18 a FERC-approved mechanism. The restructuring of the natural gas industry and increased
19 competition between gas pipelines led to the dissolution of this funding mechanism, and
20 FERC-approved funding for research and development was phased out between 1998 and
21 2004.

22 In this case, the Company is seeking authorization to recover costs associated with

1 participation in the OTD, a member-controlled partnership of natural gas distribution
2 companies that was formed to develop, test, and implement new technologies.⁵ OTD
3 operates in collaboration with GTI.
4

5 **Q. Do you support the funding of these research and development activities by Kansas**
6 **ratepayers?**

7 A. No, I do not. Given that Kansas customers are captive monopoly customers, I generally
8 do not believe that ratepayer funds should be used to support research and development
9 activities. Rather, research and development activities should be financed either by the
10 private sector or by public government funds. As various projects and services then
11 become available, the utility can evaluate whether each should be adopted for Black Hills
12 customers. Therefore, I recommend that the Company's request to have Kansas ratepayers
13 fund research and development projects through OTD be denied. My adjustment is shown
14 in Schedule ACC-23.
15

16 **K. Meals and Entertainment Expense**

17 **Q. Are you recommending any adjustment to the Company's meals and entertainment**
18 **expense claim?**

19 A. Yes, I am. The Company has included in its filing \$56,660 of meals and entertainment
20 expenses that are not deductible on the Company's income tax return. The IRS typically

5 Per the OTD website.

1 limits recovery of meals and entertainment expenses to 50% on the basis that a portion of
2 these expenditures are not appropriate deductions for federal tax purposes. If these costs
3 are not deemed to be appropriate business expenses by the IRS, it is reasonable for the
4 KCC to conclude that they are not appropriate business expenses to include in a regulated
5 utility's cost of service. Accordingly, at Schedule ACC-24, I have made an adjustment to
6 eliminate these costs from the Company's revenue requirement. While there may be
7 certain costs for meals that should be borne by ratepayers, there are also likely to be costs
8 included in this category that should be entirely excluded from the Company's revenue
9 requirement. Discerning which meals and entertainment costs provided what, if any,
10 benefits for ratepayers or shareholders is a difficult task. Adopting this approach to
11 disallow 50% of these costs will account for the intangible measurement of ratepayer and
12 shareholder benefits. Therefore, my recommendation to apply a 50% disallowance, similar
13 to the IRS, reflects a reasonable balance between shareholders and ratepayers and should
14 be adopted by the KCC.

15
16 **L. Depreciation Expense**

17 **Q. Are you recommending any adjustment to the Company's claim for pro forma**
18 **depreciation expense?**

19 **A.** Yes, I am recommending one adjustment. As previously stated, I am recommending a
20 utility plant balance that is greater than the utility plant-in-service claim included by the
21 Company in its filing. Therefore, it is necessary to make a corresponding adjustment to
22 reflect an increase in depreciation expense associated with this incremental plant. At

1 Schedule ACC-25, I have reflected a depreciation expense adjustment, based on my
2 recommended utility plant adjustment and on the composite depreciation rate reflected in
3 the Company's claim.

4
5 **Q. Is the Company proposing new depreciation rates in this case?**

6 A. Yes, it is. In its filing, the Company included new depreciation rates for Black Hills plant,
7 based on the recommendations in the testimony of Black Hills witness John Spanos. As
8 shown in the response to CURB-33, the proposed new depreciation rates increase the
9 Company's depreciation expense by \$292,851.

10
11 **Q. Has CURB taken a position on whether new depreciation rates should be approved
12 in this case?**

13 A. No, we have not. I did not conduct an independent review of the proposed new depreciation
14 rates in this case. Therefore, the depreciation expense adjustment discussed above is based
15 on the composite rate included in the Company's filing. I understand that Staff will present
16 testimony on depreciation rates, although I am not aware of what position Staff may take
17 on this issue. Therefore, at this time, CURB reserves its right to review testimony filed by
18 other parties in this case on the issue of depreciation rates and may recommend additional
19 depreciation adjustments if appropriate.

1 **M. Excess Deferred Income Taxes**

2 **Q. Please summarize the impact of the TCJA on the Company's income tax expense.**

3 A. The TCJA, which became effective January 1, 2018, had a major impact on the cost of
4 service for regulated utilities, including Black Hills. The most significant feature of the
5 TCJA was a reduction in the corporate federal income tax rate from 35% to 21%. This
6 reduction in the federal income tax rate impacts Black Hills's cost of service in two ways.
7 First, beginning January 1, 2018, the Company's federal income tax liability was
8 significantly reduced, due to the reduction in the corporate income tax rate. Second, the
9 lower income tax rate results in excess deferred income taxes that must be refunded to
10 customers.

11
12 **Q. What are excess deferred income taxes?**

13 A. Excess deferred income taxes are the difference between the accumulated deferred income
14 tax liability booked at the prior tax rate of 35% and the accumulated deferred income tax
15 liability at the new tax rate of 21%.

16
17 **Q. How are excess deferred income taxes treated for ratemaking purposes?**

18 A. There are two types of excess deferred income taxes: protected and unprotected. Protected
19 excess deferred income taxes relate to deferred taxes associated with plant-related
20 balances, primarily related to accelerated depreciation methodologies (including bonus
21 depreciation) that were permissible for tax purposes but which were not reflected for
22 ratemaking purposes. Protected excess deferred income taxes are required to be returned

1 to ratepayers using the Average Rate Assumption Method (“ARAM”), which generally
2 provides that the excess deferred taxes cannot be flowed-through to ratepayers more
3 rapidly than the average remaining life of the underlying property that gave rise to the
4 deferred taxes.

5 Unprotected excess deferred taxes relate to differences between the tax and
6 ratemaking treatments afforded other types of costs, such as pension and benefit costs,
7 regulatory costs, and costs for which the Company accrues a reserve. Unprotected excess
8 deferred income taxes can also relate to plant-related timing differences other than those
9 related to depreciation. Utilities are not required to use ARAM to return unprotected excess
10 deferred taxes to ratepayers. Instead, unprotected excess deferred taxes can be flowed-
11 through for ratemaking purposes over any “reasonable” period.

12
13 **Q. How did the Company reflect EDIT in its filing?**

14 A. As discussed in the testimony of Mr. Crouch, Black Hills is proposing that protected excess
15 deferred income taxes be returned to ratepayers in base rates using the ARAM
16 methodology, which is the methodology that is required by the IRS. Black Hills is
17 proposing that non-protected EDIT, which consists of 1) non-protected, plant-related
18 EDIT, 2) non-protected, non-plant-related EDIT, and 3) unrefunded amortizations be
19 returned to customers over a three-year period through a TA Rider. These three
20 components total \$4,111,447 on a revenue requirement basis. In addition, Black Hills is
21 proposing to offset these refunds with a regulatory asset of \$184,834 related to a protected
22 Net Operating Loss (“NOL”), for a net refund of \$3,926,613.

1 In addition to these federal deferred taxes, Black Hills also has a state deferred tax
2 liability of \$3,733,744 to be returned to customers, relating to changes in state income tax
3 rates. Thus, the Company is seeking to return \$7,660,351, or a total of \$8,423,897 after
4 interest at the Company's proposed pre-tax weighted cost of capital is applied.

5
6 **Q. Are you recommending any adjustments to the Company's proposals regarding the**
7 **treatment of excess deferred income taxes?**

8 A. No, I am not recommending any adjustment to the Company's proposed TA Rider.
9 However, I recommend that the actual interest component be based on the pre-tax weighted
10 average cost of capital authorized by the KCC in this proceeding.

11
12 **N. Interest Synchronization and Taxes**

13 **Q. Have you adjusted the pro forma interest expense for income tax purposes?**

14 A. Yes, I made this adjustment at Schedule ACC-26. It is consistent (synchronized) with
15 CURB's recommended rate base, capital structure, and cost of capital recommendations. I
16 am recommending a higher rate base than the rate base that the Company included in its
17 filing. In addition, Dr. Woolridge is recommending a higher percentage of debt in the
18 capital structure. The net result of these recommendations is an increase in the Company's
19 pro forma interest expense. This higher interest expense, which is an income tax deduction
20 for state and federal tax purposes, will result in a decrease to the Company's income tax
21 liability under CURB's recommendations. Therefore, CURB's recommendations result in
22 an interest synchronization adjustment that reflects a lower income tax burden for the

1 Company, and an increase to pro forma income at present rates.

2
3 **Q. What income tax factor have you used to quantify your adjustments?**

4 A. As shown on Schedule ACC-27, I have used a composite income tax factor of 21.00%,
5 which only includes federal income taxes. It is my understanding that Black Hills is no
6 longer subject to state income taxes. This is the income tax rate used by Black Hills in its
7 filing.

8
9 **Q. What revenue multiplier have you used to gross up the Company's revenue**
10 **deficiency?**

11 A. As shown on ACC-28, I have used a revenue multiplier of 1.27412. This reflects an
12 uncollectible rate of 0.6512%, as discussed earlier, as well as the 21% federal income tax
13 rate.

14
15 **VII. REVENUE REQUIREMENT SUMMARY**

16 **Q. What is the result of the recommendations contained in your testimony?**

17 A. My adjustments indicate that the Company has a base revenue deficiency of \$5,827,211,
18 as summarized on Schedule ACC-1. This recommendation reflects revenue requirement
19 adjustments of \$4,372,732 to the revenue increase of \$10,199,943 requested by Black Hills.

20

1 **Q. Have you quantified the revenue requirement impact of each of your recommended**
2 **adjustments?**

3 A. Yes, at Schedule ACC-29, I have quantified the impact on the Company's revenue
4 requirement of CURB's rate of return, rate base, revenue and operating expense
5 adjustments.

6
7 **Q. Have you developed a pro forma income statement?**

8 A. Yes, Schedule ACC-30 contains a pro forma income statement, showing utility operating
9 income under several scenarios, including the Company's claimed operating income at
10 present rates, my recommended operating income at present rates, and operating income
11 under my proposed revenue increase. My recommendations will result in an overall return
12 on rate base of 6.33%, as recommended by Dr. Woolridge.

13
14 **Q. Can you summarize the components of the revenue adjustment that you are**
15 **recommending versus the Company's proposed increase?**

16 A. Yes, as shown in its filing, Black Hills proposed a base revenue increase of \$10,199,943.
17 In addition, Black Hills proposed to reset its GSRS, which at the time of filing was
18 recovering \$4,787,225 annually from ratepayers, to \$0. Finally, Black Hills proposed to
19 provide certain tax refunds to ratepayers through a TA Rider, which would return
20 \$2,807,996 annually to ratepayers over three years. The net impact on ratepayers was an
21 increase of \$2,604,722.

22 I am recommending a base revenue increase of \$5,827,211. Based on the

1 Company's most recent GSRS filing, Black Hills is currently recovering \$6,610,982
2 through the GSRS. Given the fact that the GSRS will be reset to \$0 when new rates from
3 this case are effective, and given the Company's TA Rider credit of \$2,807,966, the
4 recommendations contained in my testimony will result in a net decrease of \$3,591,736, as
5 shown below:

6 Summary of Rate Impacts

7

	Company	CURB
8 Base Revenue Increase	\$10,199,943	\$5,827,211
9 GSRS Rolled into Base Rates	(\$4,787,225)	(\$6,610,982)
Tax Adjustment Rider	(\$2,807,996)	(\$2,807,996)
Net Impact to Ratepayers	\$2,604,722	(\$3,591,736)

10

11 **Q. Does this conclude your testimony?**

12 **A.** Yes, it does.

VERIFICATION

STATE OF FLORIDA)
) ss:
COUNTY OF BROWARD)

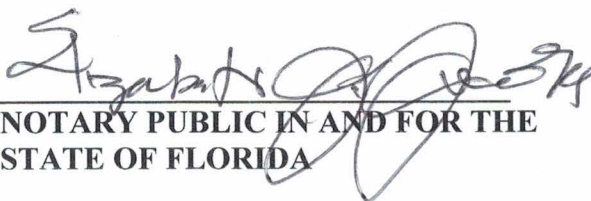
Andrea C. Crane, President of The Columbia Group, Inc., upon being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing Direct Testimony of Andrea C. Crane, and that the statements made therein are true and correct to the best of her knowledge, information and belief.

SIGNED this 10th day of September, 2021.

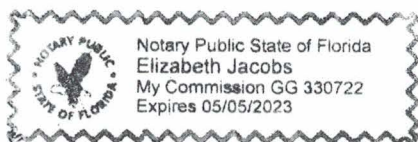


ANDREA C. CRANE

SUBSCRIBED AND SWORN TO before me by Andrea C. Crane on this 10th day of September, 2021.



**NOTARY PUBLIC IN AND FOR THE
STATE OF FLORIDA**



My Commission Expires: _____

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Black Hills/Kansas Gas Utility Company	G	Kansas	21-BHCG-418-RTS	9/21	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	21-00083-UT	8/21	Decertification of 114 MW of Palo Verde	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	21-00017-UT	7/21	Abandonment of Four Corners Power Plant	Office of Attorney General
Evergy Kansas Metro Evergy Kansas Central	E	Kansas	21-EKME-320-TAR	6/21	Electric Vehicle Program	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	20-00238-UT	5/21	Revenue Requirements	Office of Attorney General
Avista Corporation	E/G	Washington	UE-200900/UG-200901	4/21	Revenue Requirements	Public Counsel Unit
Public Service Company of New Mexico / Avangrid	E	New Mexico	20-00222-UT	4/21	Merger Transaction	Office of Attorney General
PSEG Nuclear and Exelon Generation Company	E	New Jersey	ER20080557-559	1/21	Nuclear Subsidies	Division of Rate Counsel
Utilities, Inc. of Florida	W/WW	Florida	20200139-WS	11/20	Revenue Requirements	Office of Public Counsel
El Paso Electric Company	E	New Mexico	20-00104-UT	10/20	Revenue Requirements	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	20-00121-UT	9/20	Regulatory Disincentive Mechanism	Office of Attorney General
Peoples Gas System	G	Florida	20200051-GU	9/20	Revenue Requirements	Office of Public Counsel
New Mexico Gas Company	G	New Mexico	19-00317-UT	7/20	Revenue Requirements	Office of Attorney General
El Paso Electric Company	E	New Mexico	19-00317-UT	4/20	CCN For Newman Unit 6	Office of Attorney General
Public Service Company of New Mexico	E	New Mexico	19-00195-UT	12/19	Replacement Resources for SJGS Units 1 and 4	Office of Attorney General
Southwestern Public Service Company	E	New Mexico	19-00170-UT	11/19	Revenue Requirements	Office of Attorney General
Atmos Energy Company	G	Kansas	19-ATMG-525-RTS	10/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Company of New Mexico	E	New Mexico	19-00018-UT	10/19	Abandonment of SJGS and Stranded Cost Recovery	Office of Attorney General
Rockland Electric Company	E	New Jersey	ER19050552	10/19	Revenue Requirements	Division of Rate Counsel
Avista Corporation	E/G	Washington	UE-190334/UG-190335	10/19	Revenue Requirements	Public Counsel Unit
Westar Energy, Inc.	E	Kansas	19-WSEE-355-TAR	6/19	JEC Capacity Purchase	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	19-EPDE-223-RTS	5/19	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	EO18060629/ G018060630	3/19	Energy Strong II Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	18-00308-UT	2/19	Voluntary Renewable Energy Program	Office of Attorney General
Zero Emission Certificate Program (Various Applicants)	E	New Jersey	EO18080899	1/19	Zero Emission Certificates Subsidy	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	18-00043-UT	12/18	Removal of Energy Efficiency Disincentives	Office of Attorney General
Kansas Gas Service	G	Kansas	18-KGSG-560-RTS	10/18	Revenue Requirements	Citizens' Utility

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
						Ratepayer Board
New Mexico Gas Company	G	New Mexico	18-00038-UT	9/18	Testimony in Support of Stipulation	Office of Attorney General
Kansas City Power and Light Company	E	Kansas	18-KCPE-480-RTS	9/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E/G	New Jersey	ER18010029/ GR18010030	8/18	Revenue Requirements	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	18-WSEE-328-RTS	6/18	Revenue Requirements	Citizens' Utility Ratepayer Board
Southwestern Public Service Company	E	New Mexico	17-00255-UT	4/18	Revenue Requirements	Office of Attorney General
Empire District Electric Company	E	Kansas	18-EPDE-184-PRE	3/18	Approval of Wind Generation Facilities	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	18-KCPE-095-MER	1/18	Proposed Merger	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Co.	E	New Jersey	GR17070776	1/18	Gas System Modernization Program	Division of Rate Counsel
Southwestern Public Service Company	E	New Mexico	17-00044-UT	10/17	Approval of Wind Generation Facilities	Office of Attorney General
Kansas Gas Service	G	Kansas	17-KGSG-455-ACT	9/17	MGP Remediation Costs	Citizens' Utility Ratepayer Board
Atlantic City Electric Company	E	New Jersey	ER17030308	8/17	Base Rate Case	Division of Rate Counsel
Public Service Company of New Mexico	E	New Mexico	16-00276-UT	6/17	Testimony in Support of Stipulation	Office of Attorney General
Westar Energy, Inc.	E	Kansas	17-WSEE-147-RTS	5/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
Kansas City Power and Light Company	E	Kansas	17-KCPE-201-RTS	4/17	Abbreviated Rate Case	Citizens' Utility Ratepayer Board
GPE/ Kansas City Power & Light Co., Westar Energy, Inc.	E	Kansas	16-KCPE-593-ACQ	12/16	Proposed Merger	Citizens' Utility Ratepayer Board
Kansas Gas Service	G	Kansas	16-KGSG-491-RTS	9/16	Revenue Requirements	Citizens' Utility Ratepayer Board

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

REVENUE REQUIREMENT SUMMARY

	Company Claim (A)	Recommended Adjustment	Recommended CURB	
1. Pro Forma Rate Base	\$230,337,779	\$9,610,608	\$239,948,387	(D)
2. Required Cost of Capital	7.05%	-0.72%	6.33%	(E)
3. Required Return	\$16,238,813	(\$1,050,081)	\$15,188,733	
4. Operating Income @ Present Rates	8,180,859	2,434,355	10,615,214	(F)
5. Operating Income Deficiency	\$8,057,954	(\$3,484,435)	\$4,573,519	
6. Revenue Multiplier	1.2658		1.2741	(G)
7. Required Revenue Increase	<u>\$10,199,943</u>	<u>(\$4,372,732)</u>	<u>\$5,827,211</u>	
8. GSRS Revenue Moved Into Base (B)	(\$4,787,225)		(\$6,610,982)	
9. Tax Adjustment Rider (C)	(2,807,996)		(2,807,966)	
10. Net Ratepayer Impact	<u>\$2,604,722</u>		<u>(\$3,591,736)</u>	

Sources:

(A) Company Filing Section 3, Schedule 1.

(B) Company Claim reflects GSRS Annual Revenue at time of filing.

CURB Recommendation reflects GSRS approved in KCC Docket No. 21-BHCG-434-TAR.

(C) Three year amortization of TA Rider Refund Amount of \$8,423,897, per KGS Direct Exhibit TDS-2.

(D) Schedule ACC-3.

(E) Schedule ACC-2.

(F) Schedule ACC-10.

(G) Schedule ACC-28.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

REQUIRED COST OF CAPITAL

	Capital Structure	Cost Rate		Weighted Cost
	(A)			
1. Common Equity	50.00%	8.75%	(B)	4.38%
2. Long Term Debt	50.00%	3.91%	(A)	1.96%
3. Total Cost of Capital	100.00%			<u>6.33%</u>

Sources:

(A) Company Filing, Section 7, Schedule 1.

(B) Recommendation of Dr. Woolridge.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

RATE BASE SUMMARY

	Company Claim	Recommended Adjustment		Recommended Position
	(A)			
1. Utility Plant in Service	\$371,393,987	\$9,767,057	(B)	\$381,161,044
Less:				
2. Accumulated Depreciation	(108,316,403)	1,022,697	(C)	(107,293,706)
3. Net Utility Plant	\$263,077,584	\$10,789,754		\$273,867,338
Plus:				
4. Construction Work In Progress	\$0	\$0		\$0
5. Materials and Supplies	2,673,612	0		2,673,612
6. Gas Storage	1,787,128	0		1,787,128
7. Prepayments	90,098	0		90,098
8. Cash Working Capital	0	0		0
9. Deferred Income Tax Assets	5,749,357	122,201	(D)	5,871,558
Less:				
10. Customer Advances	(\$114,892)	\$0		(\$114,892)
11. Customer Deposits	(1,433,558)	0		(1,433,558)
12. Acc. Deferred Inc. Taxes-Property	(26,330,141)	(1,544,638)	(E)	(27,874,779)
13. Regulatory Liability-Fed. TCJA EDIT	(11,989,467)	0		(11,989,467)
14. Regulatory Liability-KS EDIT	0	0		0
15. ADIT - Other	(690,064)	15,632	(F)	(674,432)
16. Allocated BHSC ADIT and EDIT	(2,481,878)	227,659	(G)	(2,254,219)
17. Total Rate Base	<u>\$230,337,779</u>	<u>\$9,610,608</u>		<u>\$239,948,387</u>

Sources:

- (A) Company Filing, Section 3, Schedule 1, page 1.
- (B) Schedule ACC-4.
- (C) Schedule ACC-5.
- (D) Schedule ACC-6.
- (E) Schedule ACC-7.
- (F) Schedule ACC-8.
- (G) Schedule ACC-9.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

UTILITY PLANT IN SERVICE

1. Actual Plant Additions Through 6/30/2021	\$31,653,028	(A)
2. Actual Plant Retirements Through 6/30/2021	(3,561,044)	(B)
3. Impact of CAM Adj. Through 6/30/2021	<u>1,182,571</u>	(C)
4. Total Gross Plant Additions Through 6/30/2021	\$29,274,555	
5 Per Company Filing	<u>19,507,498</u>	(D)
6. Recommended Adjustment	<u>\$9,767,057</u>	

Sources:

(A) Response to CURB-25.

(B) Response to CURB-26.

(C) Response to CURB-27.

(D) Company Filing, Section 3, Schedule 2, page 1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

ACCUMULATED DEPRECIATION

1. Actual Reserve Additions Through 6/30/2021	\$177,263	(A)
2. Actual Retirements Through 6/30/2021	(3,561,044)	(B)
3. Impact of CAM Adj. Through 6/30/2021	712,053	(C)
4. Depreciation Roll Forward to 6/30/2021	<u>5,283,520</u>	(D)
5. Total Reserve Additions Through 6/30/2021	\$2,611,792	
6 Per Company Filing	<u>3,634,489</u>	(E)
7. Recommended Adjustment	<u>(\$1,022,697)</u>	

Sources:

(A) Response to CURB-25.

(B) Response to CURB-26.

(C) Response to CURB-27.

(D) Response to CURB-28.

(E) Company Filing, Section 3, Schedule 2, page 1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

DEFERRED INCOME TAX ASSETS

1. Actual Balance at June 30, 2021	\$5,871,558	(A)
2. Company Claim	<u>5,749,357</u>	(B)
3. Recommended Adjustment	<u>\$122,201</u>	

Sources:

(A) Response to KCC-169.

(B) Company Filing, Schedule M-1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

ACCUMULATED DEFERRED INCOME TAXES-PROPERTY

1. Actual Balance at June 30, 2021	(\$27,874,779)	(A)
2. Company Claim	<u>(26,330,141)</u>	(B)
3. Recommended Adjustment	<u>(\$1,544,638)</u>	

Sources:

(A) Response to KCC-169.

(B) Company Filing, Schedule M-1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

ACCUMULATED DEFERRED INCOME TAXES-OTHER

1. Actual Balance at June 30, 2021	(\$674,432)	(A)
2. Company Claim	<u>(690,064)</u>	(B)
3. Recommended Adjustment	<u>\$15,632</u>	

Sources:

(A) Response to KCC-169.

(B) Company Filing, Schedule M-1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

ALLOCATED BHSC ADIT AND EDIT

1. Actual Balance at June 30, 2021	(\$2,254,219)	(A)
2. Company Claim	<u>(2,481,878)</u>	(B)
3. Recommended Adjustment	<u>\$227,659</u>	

Sources:

(A) Response to KCC-169.

(B) Company Filing, Schedule M-1.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

OPERATING INCOME SUMMARY

		Schedule No.
1. Company Claim	\$8,180,859	1
Recommended Adjustments:		
2. Weather Normalization Adjustment	\$315,310	11
3. Residential Revenue	166,031	12
4. Salary and Wage Expense	474,119	13
5. Incentive Compensation Expense	745,099	14
6. Payroll Tax Expense	98,396	15
7. Salary and Wage Expense - BHSC	281,856	16
8. Pension and OPEB Expense	161,959	17
9. Amortization of Pension Tracker	(3,222)	18
10. Uncollectible Expense	52,473	19
11. Rate Case Expense	118,500	20
12. Payment Fee Expense	36,619	21
13. Data Improvement Integrity Program Exp	41,131	22
14. Research and Development Expense	45,965	23
15. Meals and Entertainment Expense	44,761	24
16. Depreciation Expense	(191,356)	25
17. Interest Synchronization	46,712	26
18. Operating Income	<u>\$10,615,214</u>	

Appendix B
Schedule ACC-11

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

WEATHER NORMALIZATION ADJUSTMENT

1. Revenue Based on 30 Year Norma	\$832,196	(A)
2. Company Claim	<u>430,453</u>	(B)
3. Recommended Adjustment	\$401,743	
4. Uncollectible Expense	<u>2,616</u>	(C)
5. Net Revenue Adjustment	\$399,127	
6. Income Taxes @ 21.00%	<u>83,817</u>	
7. Operating Income Impact	<u>\$315,310</u>	

Sources:

(A) Response to CURB-63.

(B) Company Filing, KGS Direct Exhibit RRS-2, Statement I.

(C) Uncollectible Rate per Schedule ACC-19.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

RESIDENTIAL REVENUE

	<u>Residential Revenue</u>	
1. Residential Margin Revenue	\$33,011,046	(A)
2. Recommended Adjustment	<u>0.64%</u>	(B)
3. Pro Forma Revenue Adjustment	\$211,544	
4. Uncollectible Expense	0.65% <u>1,378</u>	(C)
5. Net Revenue Adjustment	\$210,166	
6. Income Taxes @	21.00% <u>44,135</u>	
7. Operating Income Impact	<u>\$166,031</u>	

Sources:

(A) Company Filing, KSG Direct Exhibit RRS-2, Statement I, plus Weather Normalization Adjustment per Schedule ACC-11.

(B) Based on average growth during the test year per Company Filing, Section 8, Schedule 4, pages 3-4.

(C) Uncollectible Rate per Schedule ACC-19.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

SALARY AND WAGE EXPENSE

1. Company Claim		\$600,151	(A)
2. Income Taxes @	21.00%	<u>126,032</u>	
3. Operating Income Impact		<u>\$474,119</u>	

Sources:

(A) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-5.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

SALARY AND WAGE EXPENSE - BHSC

1. Annualized Costs - June 2021	\$9,765,360	(A)
2. Company Claim	<u>10,122,140</u>	(B)
3. Recommended Adjustment	\$356,780	
4. Income Taxes @ 21.00%	<u>74,924</u>	
5. Operating Income Impact	<u>\$281,856</u>	

Sources:

(A) Based on the response to KCC-196.

(B) Response to KCC-160, Attachment B.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

INCENTIVE COMPENSATION EXPENSE

	Company Claim (A)	Recommended Adj. (%) (B)	Recommended Adj. (\$)
1. Annual Incentive Plan	\$1,025,158	50.00%	\$512,579
2. Short-Term Incentive Plan	323,087	50.00%	161,544
3. Long-Term Incentive Plan	<u>269,041</u>	100.00%	<u>269,041</u>
4. Total Recommended Adjustment			\$943,164
5. Income Taxes @	21.00%		<u>198,064</u>
6. Operating Income Impact			<u>\$745,099</u>

Sources:

(A) Supplemental Response to KCC-213.

(B) Recommendation of Ms. Crane.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

PAYROLL TAX EXPENSE

1. Salary and Wage Adjustment-BH	\$600,151	(A)
2. Salary and Wage Adjustment-BHSC	281,856	(B)
3. Incentive Compensation Adjustment	<u>943,164</u>	(C)
4. Total Labor Adjustment	\$1,825,171	
5. Composite Payroll Tax Rate	<u>6.82%</u>	(D)
6. Total Recommended Adjustment	\$124,551	
7. Income Taxes @ 21.00%	<u>26,156</u>	
8. Operating Income	<u>\$98,396</u>	

Sources:

(A) Schedule ACC-13.

(B) Schedule ACC-14.

(C) Schedule ACC-15.

(D) Composite rate per Company Filing, KSG Direct Exhibit RRS-2, Schedule L-1.

Appendix B
Schedule ACC-17

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

PENSION AND OPEB EXPENSE

1. Annualized Pension Expense Based on June 2021	\$108,528	(A)
2. Annualized OPEB Expense Based on June 2021	<u>216,408</u>	(B)
3. Total Annualized Pension/OPEB Expense	\$324,936	
4. Company Claim	<u>529,948</u>	(C)
5. Recommended Adjustment	\$205,012	
6. Income Taxes @ 21.00%	<u>43,053</u>	
7. Operating Income Impact	<u>\$161,959</u>	

Sources:

(A) Based on June 2021 Expense per the response to KCC-177.

(B) Based on June 2021 Expense per the response to KCC-178.

(C) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-6.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

AMORTIZATION OF PENSION AND OPEB TRACKER

1. Amortization Based on Balances at 6/30/2021	\$1,135,975	(A)
2. Company Claim	<u>1,140,054</u>	(B)
3. Recommended Adjustment	(\$4,079)	
4. Income Taxes @ 21.00%	<u>(857)</u>	
5. Operating Income Impact	<u>(\$3,222)</u>	

Sources:

(A) Response to KCC-175.

(B) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-7.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

UNCOLLECTIBLE EXPENSE

1. Requested Rate Increase	\$10,199,943	(A)
2. Three Year Average Rate	<u>0.651200%</u>	(B)
3. Recommended Adjustment	\$66,422	
4. Income Taxes @ 21.00%	13,949	
5. Operating Income Impact	<u>\$52,473</u>	

Sources:

(A) Company Filing, Section 3, Schedule 1, page 1.

(B) Company Filing, KGS Direct Exhibit RRS-2, Schedule H-9.

BLACK HILLS ENERGY

TEST YEAR ENDING SEPTEMBER 30, 2013

RATE CASE EXPENSE

1. Pro Forma Rate Case Costs	\$500,000	(A)
2. Proposed Amortization Period	<u>5</u>	(A)
3. Recommended Annual Costs	\$100,000	
4. Company Claim	<u>250,000</u>	(B)
5. Recommended Adjustment	\$150,000	
6. Income Taxes @ 21.00%	<u>31,500</u>	
7. Operating Income Impact	<u>\$118,500</u>	

Sources:

(A) Recommendation of Ms. Crane.

(B) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-10.

BLACK HILLS ENERGY

TEST YEAR ENDING SEPTEMBER 30, 2013

PAYMENT FEE EXPENSE

1. Cost at Current Levels		\$185,415	(A)
2. Company Claim		<u>231,768</u>	(B)
3. Recommended Adjustment		\$46,353	
4. Income Taxes @	21.00%	<u>9,734</u>	
5. Operating Income Impact		<u>\$36,619</u>	

Sources:

(A) Based on actual test year payments per Company workpaper.

(B) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-18.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

DATA IMPROVEMENT INTEGRITY PROGRAM EXPENSE

1. Actual Costs through June 30, 2021	\$347,935	(A)
2. Company Claim	<u>400,000</u>	(B)
3. Recommended Adjustment	\$52,065	
4. Income Taxes @ 21.00%	<u>10,934</u>	
5. Operating Income Impact	<u>\$41,131</u>	

Sources:

(A) Response to KCC-230.

(B) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-15.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

RESEARCH AND DEVELOPMENT EXPENSE

1. Recommended Adjustment	\$58,184	(A)
2. Income Taxes @	21.00% <u>12,219</u>	
3. Operating Income Impact	<u>\$45,965</u>	

Sources:

(A) Company Filing, KSG Direct Exhibit RRS-2, Schedule H-19.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

MEALS AND ENTERTAINMENT EXPENSE

1. Total Recommended Adjustment		\$56,660	(A)
2. Income Taxes @	21.00%	<u>11,899</u>	
3. Operating Income Impact		<u>\$44,761</u>	

Sources:

(A) Company Filing, KSG Direct Exhibit RRS-2, Statement K.

BLACK HILLS ENERGY

TEST YEAR ENDING SEPTEMBER 30, 2013

DEPRECIATION EXPENSE ADJUSTMENT

1. Gross Plant Adjustment	\$9,767,057	(A)
2. Composite Rate	<u>2.48%</u>	(B)
3. Recommended Adjustment	\$242,223	
4. Income Taxes @ 21.00%	<u>50,867</u>	
5. Operating Income Impact	<u>\$191,356</u>	

Sources:

(A) Schedule ACC-3.

(B) Based on composite proposed rate per KSG Direct

Exhibit RRS-2, Statement J, reflects BH only excluding vehicles.

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

INTEREST SYNCHRONIZATION

1. Pro Forma Rate Base	\$239,948,387	(A)
2. Weighted Cost of Debt	<u>1.96%</u>	(B)
3. Pro Forma Interest Expense	\$4,690,991	
4. Company Claim	<u>4,468,553</u>	(C)
5. Adjustment to Interest Expense	\$222,438	
6. Income Taxes @	21.00%	<u>\$46,712</u>

Sources:

(A) Schedule ACC-1.

(B) Weighted cost of long-term debt per Schedule ACC-2.

(C) Company Filing, KSG Direct Exhibit RRS-2, Statement K.

Appendix B
Schedule ACC-27

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

INCOME TAX FACTOR

1. Revenue	100.00%	
2. State Income Tax Rate	<u>0.00%</u>	(A)
3. Federal Taxable Income	100.00%	
4. Income Taxes @ 21%	<u>21.00%</u>	(A)
5. Operating Income	79.00%	
6. Total Tax Rate	<u>21.00%</u>	(B)

Sources:

(A) Rates per Company Filing, KSG Direct Exhibit RRS-2, Statement K.

(B) Line 2 + Line 4.

Appendix B
Schedule ACC-28

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

REVENUE MULTIPLIER

1. Revenue	100.00%	
2. Uncollectible Rate	<u>0.65%</u>	(A)
3. Taxable Income	99.35%	
4. State Income Tax @ 0.0%	<u>0.00%</u>	(B)
5. Federal Taxable Income	99.35%	
6. Income Taxes @ 21%	<u>20.86%</u>	(B)
7. Operating Income	78.49%	
8. Revenue Multiplier	<u>1.274120</u>	(C)

Sources:

(A) Rate per Schedule ACC-14.

(B) Rates per Company Filing, KSG Direct Exhibit RRS-2, Statement K.

(C) Line 1 / Line 7.

Appendix B
Schedule ACC-29

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

REVENUE REQUIREMENT IMPACT OF ADJUSTMENTS

1. Rate of Return	(\$2,099,281)
Rate Base Adjustments:	
2. Utility Plant in Service	782,601
3. Accumulated Depreciation	81,945
4. Deferred Income Tax Assets	9,792
5. Acc. Deferred Inc. Taxes-Property	(123,767)
6. ADIT - Other	1,253
7. Allocated BHSC ADIT and EDIT	18,242
Operating Income Adjustments	
8. Residential Revenue	(210,166)
9. Weather Normalization Adjustment	(399,127)
10. Salary and Wage Expense	(600,151)
11. Incentive Compensation Expense	(943,164)
12. Payroll Tax Expense	(124,551)
13. Salary and Wage Expense - BHSC	(356,780)
14. Pension and OPEB Expense	(205,012)
15. Amortization of Pension Tracker	4,079
16. Uncollectible Expense	(66,422)
17. Rate Case Expense	(150,000)
18. Data Improvement Integrity Program	(52,065)
19. Research and Development Expense	(58,184)
20. Meals and Entertainment Expense	(56,660)
21. Payment Fee Expense	(46,353)
22. Depreciation Expense	242,223
23. Interest Synchronization	(59,129)
24. Revenue Multiplier	<u>37,946</u>
25. Total Recommended Adjustments	(\$4,372,732)
26. Company Claim	<u>10,199,943</u>
27. Recommended Revenue Requirement	<u>\$5,827,211</u>

BLACK HILLS ENERGY

TEST YEAR ENDED DECEMBER 31, 2020

PRO FORMA INCOME STATEMENT

	Per Company	Recommended Adjustments	Pro Forma Present Rates	Recommended Rate Adjustment	Pro Forma Proposed Rates
1. Operating Revenues	\$52,260,734	\$613,287	\$52,874,021	\$5,827,211	\$58,701,232
2. Operating Expenses	27,054,450	(2,526,718)	24,527,732	37,947	24,565,679
3. Depreciation and Amortization	10,019,048	242,223	10,261,271	0	10,261,271
4. Taxes Other Than Income	6,373,210	(124,551)	6,248,659	0	6,248,659
5. Taxable Income Before Interest Expenses	\$8,814,026	\$3,022,333	\$11,836,359	\$5,789,265	\$17,625,623
6. Interest Expense	4,468,553	222,438	4,690,991		4,690,991
7. Taxable Income	\$4,345,473	\$2,799,895	\$7,145,368	\$5,789,265	\$12,934,632
8. Income Taxes @ 21.00%	633,169	587,978	1,221,147	1,215,746	2,436,892
9. Operating Income	\$8,180,857	\$2,434,355	\$10,615,212	\$4,573,519	\$15,188,731
10. Rate Base	\$230,337,779		\$239,948,387		\$239,948,387
11. Rate of Return	<u>3.55%</u>		<u>4.42%</u>		<u>6.33%</u>

APPENDIX C
REFERENCED DATA REQUESTS

CURB-25

CURB-26

CURB-27

CURB-28

CURB-33

CURB-63*

CURB-70**

CURB-80

KCC-160*

KCC-163 (Supplement) **

KCC-169

KCC-175

KCC-177

KCC-178

KCC-184

KCC-196*

KCC-213 (Supplement)

KCC-219*

KCC-230

* Voluminous – does not include all attachments

** Does not include Confidential attachments

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-25**

DATE OF REQUEST: 07/14/2021
DATE RESPONSE DUE: 07/28/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/28/2021
SUBJECT: Adjustment RB-1 Update
REFERENCE: Adjustment RB-1

REQUEST:

Please provide an update to Adjustment RB-1, based on actual results through June 30, 2021.

RESPONSE:

Please see the attached file, which reflects actual direct Black Hills/Kansas Gas Utility Company, LLC plant additions through June 30, 2021.

ATTACHMENTS:

Attachment CURB-25 RB-1 Actuals at June 30 2021.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: 07/28/2021**

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
CURB-25: RB-1 ADJUSTMENT FOR ADDITIONS AS OF 6/30/2021

LINE NO.		As Originally Filed	Based on Actual Results As of June 30, 2021
		RB-1 CAP ADDS	RB-1 CAPITAL ADDITIONS
001	GAS PLANT	20,932,095	31,653,028
002	DEPRECIATION AND AMORTIZATION RESERVE	132,312	177,263
003	NET GAS PLANT	\$20,799,783	\$31,475,765

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-26**

DATE OF REQUEST: 07/14/2021
DATE RESPONSE DUE: 07/28/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/28/2021
SUBJECT: Adjustment RB-2 Update
REFERENCE: Adjustment RB-2

REQUEST:

Please provide an update to Adjustment RB-2, based on actual results through June 30, 2021.

RESPONSE:

Please see the attached file, which reflects actual direct Black Hills/Kansas Gas Utility Company, LLC plant retirements through June 30, 2021.

ATTACHMENTS:

Attachment CURB-26 RB-2 Actuals at June 30 2021.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: 07/28/2021**

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
CURB-26: RB-2 ADJUSTMENT FOR RETIREMENTS AS OF 6/30/2021

LINE NO.		As Originally Filed	Based on Actual Results As of June 30, 2021
		RB-2 CAP RETIRES	RB-2 CAP RETIRES
001	GAS PLANT	(1,935,841)	(3,561,044)
002	DEPRECIATION AND AMORTIZATION RESERVE	(1,861,524)	(3,561,044)
003	NET GAS PLANT	(\$74,317)	(\$0)

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-27**

DATE OF REQUEST: 07/14/2021
DATE RESPONSE DUE: 07/28/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/28/2021
SUBJECT: Adjustment RB-3 Update
REFERENCE: Adjustment RB-3

REQUEST:

Please provide an update to Adjustment RB-3, based on actual results through June 30, 2021.

RESPONSE:

Please see the attached file, which reflects actual results through June 30, 2021.

ATTACHMENTS:

Attachment CURB-27 RB-3 Actuals at June 30 2021.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: 07/28/2021

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
CURB-27: RB-3 ADJUSTMENT FOR CAM AS OF 6/30/2021

LINE NO.		As Originally Filed	Based on Actual Results As of June 30, 2021
		RB-3 CAM ADJUST	RB-3 CAM ADJUST
001	GAS PLANT	511,244	1,182,571
002	DEPRECIATION AND AMORTIZATION RESERVE	25,267	712,053
003	NET GAS PLANT	\$485,977	\$470,518

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-28**

DATE OF REQUEST: 07/14/2021
DATE RESPONSE DUE: 07/28/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/28/2021
SUBJECT: Adjustment RB-4 Update
REFERENCE: Adjustment RB-4

REQUEST:

Please provide an update to Adjustment RB-4, based on actual results through June 30, 2021.

RESPONSE:

Please see Attachment CURB-28, which provides an update based on actual results through June 30, 2021.

ATTACHMENTS:

Attachment CURB-28 RB-4 Actuals at June 30 2021.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: 07/28/2021**

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
CURB-28: RB-4 ADJUSTMENT FOR DEPR ROLLFORWARD AS OF 6/30/2021

LINE NO.		As Originally Filed	Based on Actual Results As of June 30, 2021
		RB-4 DEPR ROLL FWD	RB-4 DEPR ROLL FWD
001	GAS PLANT		
002	DEPRECIATION AND AMORTIZATION RESERVE	5,338,434	5,283,520
003	NET GAS PLANT	(\$5,338,434)	(\$5,283,520)

BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-33

DATE OF REQUEST: 07/14/2021
DATE RESPONSE DUE: 07/28/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/28/2021
SUBJECT: Exhibit RRs-2, Statement J
REFERENCE: Exhibit RRS-2, Statement J

REQUEST:

Regarding Exhibit RRS-2, Statement J, please quantify the amount of the \$1,119,520 that is based on a) annualization of test year plant and b) the proposed new depreciation rates.

RESPONSE:

The depreciation expense increase in the as-filed revenue requirement model of \$1,119,520 is shown below.

- a) \$826,669 – Annualization of Test Year plant
- b) \$292,851 – Proposed new depreciation rates

ATTACHMENTS:

None.

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: 07/28/2021

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-63**

DATE OF REQUEST: 08/02/2021
DATE RESPONSE DUE: 08/16/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Douglas Hyatt
DATE RESPONDED: 08/16/2021
SUBJECT: Revenue Adjustments
REFERENCE: Testimony of Douglas Hyatt

REQUEST: Regarding the testimony of Mr. Hyatt at page 7, what would be the impact on the Company's revenue heating adjustment of \$430,453 per Exhibit DNH-3, if the Company had used a 30-year normal to determine its heating adjustment instead of the 10-year period discussed by Mr. Hyatt? Please include supporting calculations with your response.

RESPONSE:

If a 30-year rolling normal heating degree days based upon the period of 1991-2020 is used, the normalization for residential customers would be 3,580,932, and for commercial customers would be 1,388,263 as shown on tab labeled DNH-3 Test Year Normalization of the attached file.

ATTACHMENTS:

CURB 6-63 KSG Direct Exhibit DNH-x Billing Determinants.xls

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: 08/16/2021

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-70**

DATE OF REQUEST: 08/02/2021
DATE RESPONSE DUE: 08/16/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Chandra Mengel
DATE RESPONDED: 08/16/2021
SUBJECT: Compensation
REFERENCE:

REQUEST: Please provide the salary pay grades for a) Black Hills and b) Black Hills Service Company and identify the minimum and maximum salary levels for each pay grade.

RESPONSE:

Salary levels for non-union employees are the same for both Black Hills Kansas and Black Hills Service Company. See CURB-70 ATTACHMENT A CONFIDENTIAL 2021 Exempt and Non-Exempt Pay Structure for exempt and non-exempt pay grades.

For the Black Hills union employees, see CURB-70 ATTACHMENT B CONFIDENTIAL CWA 6407 Wage Schedule. Union employees are not subject to pay grades as their wages are set by the Collective Bargaining Agreement.

ATTACHMENTS:

Attachment CURB-70 ATTACHMENT A CONFIDENTIAL 2021 Exempt and Non-Exempt Pay Structure.pdf

Attachment CURB-70 ATTACHMENT B CONFIDENTIAL CWA 6407 Wage Schedule.pdf

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: 08/16/2021

BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
CITIZEN'S UTILITY RATEPAYER BOARD
DATA REQUEST NO. CURB-80

DATE OF REQUEST: 08/06/2021
DATE RESPONSE DUE: 08/20/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Joseph R. Astrab
ANSWERED BY: Rob Daniel
DATE RESPONDED: 08/20/2021
SUBJECT: Accounting
REFERENCE: CURB-25

REQUEST: Regarding the response to CURB-25, please explain why actual plant additions from January 1, 2021 through June 30, 2021 were over 50% higher than projected in the original application.

RESPONSE:

Upon review of the Company's projected plant additions in the original application, the estimated additions through June 30, 2021, inadvertently excluded the balances in Construction Work in Progress (CWIP) for capital projects as of December 31, 2020. The projected additions reflected the estimated capital costs that were expected to be incurred after December 31, 2020 and be in service by June 30, 2021. Accordingly, actual plant additions from January 1, 2021, through June 30, 2021, were higher than the original projection due to CWIP balances as of December 31, 2020 having also been placed into service as of June 30, 2021. The Company's actual plant additions through June 30, 2021, as provided in response to CURB-25, reflect capital investments that are used and useful in providing utility service to customers.

ATTACHMENTS:

None.

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: 08/20/2021

BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-160

DATE OF REQUEST: 07/09/2021
DATE RESPONSE DUE: 07/20/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Kristina Luke Fry
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/20/2021
SUBJECT: Intercompany Charges (IS-21)
REFERENCE:

REQUEST:

1. Regarding the Travel Expense portion of the IS-21 adjustment:
 - a. For the years 2018-2020, please provide the vendor listing and business purposes for expenses recording in those periods, similar to what was provided in data request 134.
2. Regarding the Wages & Salaries portion of the IS-21 adjustment:
 - a. Please update this portion of the adjustment to reflect actual Wages & Salaries for the 12 months ending June 30, 2021.

RESPONSE:

- 1a. See attached file, Attachment KCC-160 Travel Detail.xlsx
- 2a. The Test Year expenses (Column (a) on Schedule H-8 of KSG Direct Exhibit RRS-2) of \$13,771,001 includes \$9,247,607 for Wages & Salaries. The actual expenses for Wages & Salaries for the 12 months ending June 30, 2021 for this schedule was \$9,328,329, as shown in attached file, Attachment KCC-160 Shared Services Wages and Salaries.xlsx. The Test

Year, As Adjusted Expenses portion of Adjustment IS-21 relating to Wages and Salaries is \$10,122,140 as shown in column (e) of the attached file.

As discussed starting on line 16, page 42 in my direct testimony, the actual expenses recorded for the 12 months ending December 31, 2020 do not reflect the normal ongoing operating expenses related to wages and salaries charged to Black Hills from Black Hills Service Company (BHSC), so an adjustment of \$874,533 was made to reflect known and measurable changes to this expense.

There are three components of this wages and salaries adjustment, and considering an alternative 12 month period from July 1, 2020 to June 30, 2021 does not capture the full costs of these three components:

- Annualize the costs of new positions hired during 2020 where the Test Year does not capture a full year of labor costs: \$277,137. This portion of the adjustment annualizes the costs of new positions hired during 2020 as well as the costs of existing employees whose departments were realigned from Black Hills-direct to BHSC-allocated costs. Personnel attrition was factored into the adjustment, as no adjustment was made to annualize existing BHSC positions that were temporarily open during the Test Year between the time an employee terminated employment and a replacement was hired. The specific positions annualized in this portion of the wage and salary adjustment were new positions within the organization. To be clear, “new position” for this adjustment is not the same as a “new employee”.
- Annual merit adjustments and in-grade promotions that occurred in March 2021: \$286,414. This portion of the adjustment includes the known and measurable increase to wages and salaries expense that was effective February 22, 2021 and paid to non-union employees starting on March paychecks.
- Annualize the O&M costs for additional headcount that exclusively support Black Hills operations: \$310,982. All but one of these positions were hired in the second quarter of 2021. The final position has been accepted and the employee will start work August 16, 2021.

Actual Wages and Salaries on this adjustment for the 12 months ending June 30, 2021 does not reflect the actual known and measurable changes to expenses as listed above.

ATTACHMENTS:

Attachment KCC-160 ATTACHMENT A Travel Detail.xlsx

Attachment KCC-160 ATTACHMENT B Shared Services Wages and Salaries.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: July 20, 2021

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
 DR KCC 9-160: Travel Expense Adjustment

Sum of MONETARY_AMOUNT	Column Labels			
Row Labels	2018	2019	2020	Grand Total
814000	(0.00)			(0.00)
830000	0.00			0.00
840000	-			-
850000	3,303.13	8,262.67	2,035.79	13,601.59
852000		37.47	7.82	45.29
857000		0.74		0.74
859000	46.81	85.83	17.23	149.87
861000		487.76		487.76
863000		50.25		50.25
870000	38,772.37	49,766.39	21,039.95	109,578.71
874000	15.67	36.75		52.42
878000		8.90		8.90
880000	7,004.03	6,524.25	5,673.23	19,201.51
885000	669.37			669.37
887000		71.95	85.61	157.56
888000			39.38	39.38
893000	6,580.03	6,429.56	2,682.02	15,691.61
901000	5,060.79	3,649.56	512.82	9,223.17
902000	102.14	0.42	49.26	151.82
902002	0.65			0.65
903000	24,133.21	20,757.79	5,692.03	50,583.03
903002	4.09			4.09
905000	1,508.45	1,153.28		2,661.73
907000	688.57	1,665.69	599.22	2,953.48
908000	4,083.38	4,447.87	74.62	8,605.87
910000	297.70	74.88	38.11	410.69
912000	3,580.57	3,888.74	1,087.11	8,556.42
916000	111.02	83.06		194.08
921000	217,083.84	300,034.64	60,818.19	577,936.67
925000	0.60			0.60
930200	8,255.85	4,270.84	915.16	13,441.85
Grand Total	321,302.27	411,789.29	101,367.55	834,459.11

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
 INTERCOMPANY CHARGES FROM BLACK HILLS SERVICE COMPANY - Wages and Salaries

(a) Line No.	(b) FERC Acct. No.	(c) Description	(Note 2)	(Note 3)	(Note 3)	(g)	(h)	(i)	(j)
			Total	Non-Wage & Salaries	Wage & Salaries	Wages & Salaries	Wages & Salaries	Test Year	Increase/
			Per Book Expenses Year Ended December 31, 2020	Per Book Expenses Year Ended December 31, 2020	Per Book Expenses Year Ended December 31, 2020	Per Book 12 Months Ended June 30, 2021	Adjustment for Annualization of BHSC Employees	As Adjusted	(Decrease)
1	850	TRANS OPS SUPERV & ENG	108,187	6,157	102,031	80,866	1,974	104,004	1,974
2	851	System control and load dispatching.	261	-	261	-	15	276	15
3	852	COMMUNICATION SYS EXP	247	247	-	-	-	-	-
4	856	Mains expenses.	-	-	-	-	-	-	-
5	857	Measuring and regulating station expenses.	-	-	-	-	-	-	-
6	859	OTHER TRANS OPS EXP	156,933	151,982	4,952	7,549	56	5,007	56
7	860	Rents.	-	-	-	-	-	-	-
8	861	TRANS MAINT SUPERV & ENGIN	170	170	-	1,253	-	-	-
9	863	TRANS MAINT OF MAINS	-	-	-	-	-	-	-
10	864	Maintenance of compressor station equipment.	-	-	-	-	-	-	-
11	865	Maintenance of measuring and regulating station equipment.	-	-	-	-	-	-	-
12	867	Maintenance of other equipment.	-	-	-	-	-	-	-
13	870	DIST OPS SUPERVISION AND ENGIN	823,297	311,995	511,302	522,229	193,293	704,596	193,293
14	871	DIST LOAD DISPATCHING	4	-	4	4,483	0	4	0
15	874	OPER/INSPECT UG DIST MAINS-GAS	269	-	269	303	1	270	1
16	875	DIST MEAS & REG STAT - GENERAL	120	-	120	-	1	121	1
17	876	ng and regulating station expenses—Industrial.	-	-	-	-	-	-	-
18	877	Measuring and regulating station expenses—City gate check stations.	-	-	-	-	-	-	-
19	878	OPER/INSP MTRS COLLECT DATAGAS	911	-	911	-	25	936	25
20	879	Customer installations expenses.	-	-	-	-	-	-	-
21	880	DIST OPS OTHER EXPENSE	24,498	8,408	16,091	18,273	72	16,162	72
22	881	DIST OPER RENTS	1,122	1,122	-	-	-	-	-
23	885	Maintenance supervision and engineering.	-	-	-	-	-	-	-
24	886	Maintenance of structures and improvements.	-	-	-	-	-	-	-
25	887	PERF UG DISTRIB LINE MAINT-GAS	86	86	-	-	-	-	-
26	888	DIST MAINT COMPR STATION EQUIP	55	39	15	1,605	0	15	0
27	889	Maintenance of measuring and regulating station equipment—General.	-	-	-	-	-	-	-
28	890	Maintenance of measuring and regulating station equipment—Industrial.	-	-	-	-	-	-	-
29	891	Maintenance of measuring and regulating station equipment—City gate check stations.	-	-	-	-	-	-	-
30	892	Maintenance of services.	-	-	-	-	-	-	-
31	893	DIST MAINT METERS & HSE REGS	67,190	16,641	50,550	57,433	1,043	51,592	1,043
32	894	Maintenance of other equipment.	-	-	-	-	-	-	-
33	901	CUST ACCTS SUPERVISION	91,723	(11,780)	103,504	100,235	2,718	106,222	2,718
34	902	READ METERS	21,662	98	21,564	12,917	239	21,804	239
35	903	CUST ACCTS RECORDS & COLLECTIO	1,798,912	690,541	1,108,371	1,107,562	46,089	1,154,460	46,089
36	905	MISC CUSTOMER ACCOUNTS	53,857	59	53,798	53,122	1,700	55,498	1,700
37	907	CUSTOMER SERVICE SUPERVISION	41,537	(3,673)	45,211	40,691	1,397	46,607	1,397
38	908	CUSTOMER ASSISTANCE EXP	167,081	(10,552)	177,633	216,776	5,080	182,713	5,080
39	909	INFORMATIONAL & INSTRUCT ADS	203	-	203	391	5	208	5
40	910	MISC CUST SERVICE & INFO	40	40	-	45	-	-	-
41	912	SALES DEMONSTRATING & SELLING	121,787	13,084	108,703	110,690	2,786	111,489	2,786
42	913	SALES ADVERTISING EXPENSES	28,801	28,801	-	-	-	-	-
43	920	ADMIN AND GENERAL SALARIES	5,052,558	2,344	5,050,214	5,170,632	556,135	5,606,349	556,135
44	921	OFFICE SUPPLIES & EXPENSE	1,148,825	1,103,213	45,612	44,085	-	45,612	-
45	922	ADMIN EXP TRANS CREDIT	(1,095,639)	(1,095,639)	-	-	-	-	-
46	923	OUTSIDE SERVICES	1,018,380	1,018,380	-	-	-	-	-
47	924	PROPERTY INSURANCE	6,975	6,975	-	-	-	-	-
48	925	INJURIES AND DAMAGES	374,591	374,591	-	-	-	-	-
49	926	EMPLOYEE PENSIONS & BENEFITS	1,586,003	(259,234)	1,845,238	1,770,438	61,746	1,906,984	61,746
50	928	Regulatory commission expenses.	172,226	172,226	-	-	-	-	-
51	929	DUPLICATE CHARGES - CREDIT	4	4	-	-	-	-	-
52	930.1	GENERAL ADVERTISING	477,146	477,150	(4)	157	-	(4)	-
53	930.2	MISCELLANEOUS GENERAL EXP	32,267	28,330	3,938	5,914	124	4,061	124
54	931	RENT EXPENSE	797,823	797,823	-	-	-	-	-
55	932	MAINTENANCE GENERAL PLANT GAS	690,887	693,769	(2,882)	682	34	(2,848)	34
56		Total	\$ 13,771,001	\$ 4,523,394	\$ 9,247,607	\$ 9,328,329	\$ 874,533	\$ 10,122,140	\$ 874,533

58 (Note 1) Removed pro forma adjusted balances in accounts 930.1 and 913 related to advertising.

59 (Note 2) These expenses are a combination of Assigned, Distributed and indirect allocated charges to Black Hills/Kansas Gas Utility Company, LLC from Black Hills Service Company without any additional fees. All costs are charged to Black Hills/Kansas Gas Utility Company, LLC as the costs are incurred by Black Hills Service Company. The allocation methods for indirect charges are described in the Cost Allocation Manual.

60 (Note 3) Total Per Book Expenses for Year Ended December 31, 2020 are split: Wages & Salaries are shown in column (f) and Other Expenses, Non-Wages & Salaries are shown in column (e).

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-163 - SUPPLEMENT**

DATE OF REQUEST: 07/09/2021
DATE RESPONSE DUE: 07/20/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Kristina Luke Fry
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 07/30/2021
SUBJECT: Payroll
REFERENCE:

REQUEST:

Please provide a copy of the "Sched H-5" workpaper updated to actual amounts as of June 30, 2021.

SUPPLEMENTAL RESPONSE:

Please see the attached Confidential file. This attachment provided below updates the workpaper for Schedule H-5 with the direct employee census data for 130 employees as of July 31, 2021.

ATTACHMENTS:

Attachment KCC -163 SUPP.1 CONFIDENTIAL Additional Payroll.xls

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: July 30, 2021**

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-169**

DATE OF REQUEST: 07/12/2021
DATE RESPONSE DUE: 07/21/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Ian Campbell
ANSWERED BY: Ken Crouch
DATE RESPONDED: 07/21/2021
SUBJECT: ADIT
REFERENCE:

REQUEST:

Please provide the Accumulated Deferred Income Tax (ADIT) balances in a format similar to Stmt E in the Application as of June 30, 2021.

RESPONSE:

Please refer to the Attachment to KCC-169 for the ADIT balances as of June 30, 2021 in a format similar to Sched M-1 in the Application.

ATTACHMENTS:

Attachment KCC-169 ADIT as of June 30, 2021

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: July 21, 2021

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
 OTHER RATE BASE ITEMS
 AS OF JUNE 30, 2021
 KCC-169

Schedule M-1

Line #	Account	Description	(a)	(b)	(c)
			June 30, 2021 Ending Balance	Pro Forma Adjustment	Adjusted Other Rate Base Reductions
1		Deferred Income Tax Assets			
2	190300.DT1000	DTA LT - VACATION:	82,971		82,971
3	190300.DT1010	DTA LT - BAD DEBT RESERVE:	1,278,717	(37,093)	1,241,624
4	190300.DT1020	DTA LT - EMPLOYEE GROUP INSURANCE:	6,283		6,283
5	190300.DT1032	DTA LT - AIP BONUS:	(43,334)		(43,334)
6	190300.DT1050	DTA LT - WORKMANS COMP:	(12,419)		(12,419)
7	190300.DT1099	DTA LT-OTHER:	2,149		2,149
8	190300.DT2020	DTA LT-RETIREE HEALTHCARE:	4,144		4,144
9	190300.DT2092	DTA LT-TAX ON TAX FED GROSS UP - TCJA	3,394,279	(883,134)	2,511,145
10	190300.DT2095	DTA LT-TAX ON TAX FED GROSS UP - KS HB2585	784,086	(784,086)	-
11	190300.DT3010	DTA LT-PERFORMANCE PLAN:	(888)		(888)
12	190300.DT3076	DTA LT-LINE EXTENSION DEP GAS:	43,679		43,679
13	190300.DT3090	DTA LT-PENSION FAS 87:	(516,886)		(516,886)
14	190300.DT4120	DTA LT-PENSION FAS 158 LIAB:	1,390,824		1,390,824
15	190300.DT4125	DTA LT-RET HLTH FAS158 LIAB:	377,191		377,191
16	190300.DT4165	DTA LT-NOL CARRYFORWARD:	-	32,992	32,992
17	190300.DT4135	DTA LT-INS RESERVE LIAB:	21,616		21,616
18	190300.DT4415	DTA LT - ALT FUEL VEHICLE CREDIT:	50,000		50,000
19	190300.DT4430	DTA LT - R&D CREDIT:	434,081		434,081
20	190300.DT4466	DTA LT - PUC FEES:	84,262		84,262
21	190998.DT2092	DTA LT - SVC CO FAS 109 OTHER:	162,124		162,124
22		Total Deferred Income Tax Assets	7,542,879	(1,671,321)	5,871,558
23					
24		Accumulated Deferred Income Taxes - Property			
25	282300.DT4063	DEF TAX PROPERTY LT-ACCELERATED DEP:	(27,807,472)	(67,307)	(27,874,779)
26		Total Accumulated Deferred Income Taxes - Property	(27,807,472)	(67,307)	(27,874,779)
27					
28		Regulatory Liabilities for federal TCJA EDIT			
29	DFTX.DT5000	PROTECTED PROPERTY RB	(12,268,144)	278,676	(11,989,468)
30	DFTX.DT5001	NON-PROTECTED PROPERTY EDIT	(3,636,109)	3,636,109	-
31	DFTX.DT5002	PROTECTED NOL DDIT	184,834	(184,834)	-
32	DFTX.DT5003	NON-PROTECTED, NON-PROPERTY EDIT	540,107	(540,107)	-
33	DFTX.DT5005	NON-REFUNDED ARAM	(1,015,555)	1,015,555	-
34		Total Regulatory Liabilities for federal TCJA EDIT	(16,194,866)	4,205,398	(11,989,468)
35					
36		Regulatory Liabilities for Kansas EDIT			
37	254015.DT1500	REG LIAB EXCESS DEF STATE INCOME TAX - HB2585	\$ (3,733,744)	3,733,744	-
38		Total Regulatory Liabilities for Kansas EDIT	(3,733,744)	3,733,744	-
39					
40		Accumulated Deferred Income Taxes - Other			
41	283300.DT4040	DTL LT - PREPAID EXPENSES:	(19,517)		(19,517)
42	283300.DT4098	DTL LT - DEFERRED REGULATORY:	(22,312)		(22,312)
43	283300.DT4110	DTL LT-OTHER REGULATORY LIABILITIES:	(105)		(105)
44	283300.DT4130	DTL LT-RETIREE HEALTHCARE:	(136,352)		(136,352)
45	283300.DT4150	DTL LT-LT RATE CASE ASSET:	-		-
46	283300.DT4155	DTL LT-REG PSC PENSION ASSET:	0		0
47	283300.DT4201	DTL LT-LT REG OTHER ASSET:	(496,148)		(496,148)
48		Total Accumulated Deferred Income Taxes - Other	(674,432)	-	(674,432)
49					
50		Allocated Black Hills Service Company ADIT & EDIT			
51	282998.DT4060	BHSC ALLOC DEF TAX PROPERTY-LT ACCELERATED DEP	(1,650,722)	(23,139)	(1,673,860)
52	254998	BHSC ALLOC REG LIAB EDIT	(580,358)		(580,358)
53		Total Allocated Black Hills Service Company ADIT & EDIT	(2,231,080)	(23,139)	(2,254,219)
54					
55	235000	CUSTOMER DEPOSITS	(1,323,084)		(1,323,084)
56	252000/252001	CUSTOMER ADVANCES	(14,413)		(14,413)
57					
58		Total Other Rate Base Items	\$ (44,421,800)	\$ 6,177,376	\$ (38,244,424)

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-175**

DATE OF REQUEST: 07/15/2021
DATE RESPONSE DUE: 07/26/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Bill Baldry
ANSWERED BY: Christianne Curran
DATE RESPONDED: 7/26/21
SUBJECT:
REFERENCE: Adjustment IS – 20 Pension and Retiree Healthcare

REQUEST:

Please update the amortization of the pension and retiree healthcare liability through June 30, 2021.

RESPONSE:

Please see Attachment KCC-175 6-30-21 Liability Amortization.

ATTACHMENTS:

Attachment KCC-175 6-30-21 Liability Amortization.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: July 26, 2021

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC

THROUGH JUNE 30, 2021

ADJUSTMENT IS-20

LINE NO.	AMORTIZATION OF PENSION & RETIREE HEALTHCARE LIABILITY ADJUSTMENT	
001	GAS SALES REVENUES	0
<u>002</u>	OTHER REVENUES	<u>0</u>
003	TOTAL OPERATING REVENUES	\$ 0
	<u>OPERATING EXPENSES</u>	
004	PURCHASED GAS	0
<u>005</u>	O & M	<u>(1,135,975)</u>
006	TOTAL OPERATING EXPENSES	\$ (1,135,975)
007	DEPRECIATION & AMORTIZATION	0
008	TAXES OTHER THAN INCOME	0
009	CUSTOMER DEPOSIT INTEREST EXPENSE	0
<u>010</u>	INCOME TAXES	<u>238,555</u>
<u>011</u>	TOTAL EXPENSES	\$ <u>(897,420)</u>
<u>012</u>	TOTAL UTILITY OPERATING INCOME	\$ <u>897,420</u>

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
 AMORTIZATION OF PENSION AND RETIREE HEALTHCARE LIABILITY
 THROUGH JUNE 30, 2021

KCC DR 175

No.	FERC Acct	Description	FERC Description	Reference	Amount
1	926	Retiree Healthcare Plan Tracker Liability Balance		(Note 1)	\$ (560,769)
2					
3		Amortization Period		5 Years	5
4					
5	926	Annual Amortization Amount	Employee Pensions and Benefits	Ln.1 ÷ Ln.3	<u>\$ (112,154)</u>
6					
7	926	Pension Plan Tracker Liability Balance		(Note 1)	\$ (5,119,104)
8					
9		Amortization Period		5 Years	5
10					
11	926	Annual Amortization Amount	Employee Pensions and Benefits	Ln.7 ÷ Ln.9	<u>\$ (1,023,821)</u>
12					
13	926	Total Annual Amortization Amount	Employee Pensions and Benefits	Ln.5 + Ln.11	<u>\$ (1,135,975)</u>
14					
15					
16		(Note 1) Please see the testimony of Ms. Christianne Curran for an explanation of the regulatory liability related to the pension and retiree healthcare trackers.			

Black Hills/Kansas Gas Utility Company, LLC
Docket No. 21-BHCG-418-RTS
2021 Rate Review - CURB 31
Information Request Number 175
Cumulative Regulatory Asset/(Liability) Balances for Pension and Retiree Healthcare Trackers

	(a)	Retiree Healthcare Plan Tracker Regulatory Asset/(Liability) Summary				Pension Plan Tracker Regulatory Asset/(Liability) Summary			
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(j)
	Balances as of	Actual Expense	Tracker Amount Allowed	Expense in Excess of (Less than) Amount in Tracker	Cumulative Regulatory Asset/(Liability)	Actual Expense	Tracker Amount Allowed	Expense in Excess of (Less than) Amount in Tracker	Cumulative Regulatory Asset/(Liability)
1									
2									
3	12/31/2015	\$ 238,116	\$ 276,855	\$ (38,739)	\$ (38,739)	\$ 1,409,845	\$ 1,267,730	\$ 142,115	\$ 142,115
4	12/31/2016	\$ 172,776	\$ 276,855	\$ (104,079)	\$ (142,817)	\$ 638,099	\$ 1,267,730	\$ (629,631)	\$ (487,516)
5	12/31/2017	\$ 189,959	\$ 276,855	\$ (86,896)	\$ (229,713)	\$ 130,836	\$ 1,267,730	\$ (1,136,894)	\$ (1,624,416)
6	12/31/2018	\$ 185,503	\$ 276,855	\$ (91,352)	\$ (321,065)	\$ 419,396	\$ 1,267,730	\$ (848,334)	\$ (2,472,745)
7	12/31/2019	\$ 157,149	\$ 276,855	\$ (119,706)	\$ (440,771)	\$ 150,176	\$ 1,267,730	\$ (1,117,554)	\$ (3,590,299)
8	12/31/2020	\$ 178,426	\$ 276,855	\$ (98,429)	\$ (539,200)	\$ 351,522	\$ 1,267,730	\$ (916,208)	\$ (4,506,507)
9	6/30/2021	\$ 116,858	\$ 138,428	\$ (21,569)	\$ (560,769) ⁽¹⁾	\$ 21,268	\$ 633,865	\$ (612,597)	\$ (5,119,104) ⁽¹⁾

11 Note

12 (1) The general ledger balances as of June 30, 2021 in the Regulated Tracker Liability accounts are (\$568,571) and (\$5,127,721), respectively. The differences of (\$7,802)
13 and (\$8,617), are due to monthly tracker adjustments calculated by the difference between the Last Rate Review approved expense of \$276,855 and \$1,267,730, and
14 Actuarial provided annual Net Periodic Expense and estimated administrative expense. The accounts are adjusted at year-end for actual amounts.

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-177**

DATE OF REQUEST: 07/15/2021
DATE RESPONSE DUE: 07/26/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Bill Baldry
ANSWERED BY: Christianne Curran
DATE RESPONDED: 7/26/21
SUBJECT:
REFERENCE: Pension Expense - Update

REQUEST:

Please provide the pension expense by month for the period of January 2019 through June 2021 for Black Hills / Kansas Gas Utility Company.

RESPONSE:

Please see Attachment KCC-177 Pension Expense By Month. The attachment includes actual incurred pension expense for the requested years but does not include the tracker adjustment component for the difference between actual pension expense and approved pension expense from the Company's 2014 Rate Review.

ATTACHMENTS:

Attachment KCC-177 Pension Expense by Month.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: July 26, 2021**

Black Hills/Kansas Gas Utility Company, LLC
Docket No. 21-BHCG-418-RTS
2021 Rate Review
Information Request Number 177
Pension Expense by Month for the Period January 2019 through June 2021

<u>Year</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
2019	\$ 32,887	\$ 2,634	\$ 11,638	\$ 10,222	\$ 11,353	\$ 10,168	\$ 12,938	\$ 10,929	\$ 10,403	\$ 9,976	\$ 14,804	\$ 12,226	\$ 150,176
2020	\$ 91,440	\$ (4,911)	\$ 30,758	\$ 16,616	\$ 27,225	\$ 27,191	\$ 27,328	\$ 27,181	\$ 27,133	\$ 27,210	\$ 27,120	\$ 27,230	\$ 351,522
2021	\$ 7,486	\$ 7,534	\$ (21,539)	\$ 9,049	\$ 9,695	\$ 9,044							\$ 21,268

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-178**

DATE OF REQUEST: 07/15/2021
DATE RESPONSE DUE: 07/26/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Bill Baldry
ANSWERED BY: Christianne Curran
DATE RESPONDED: 7/26/21
SUBJECT:
REFERENCE: Post-Retirement Benefit Expense-Update

REQUEST:

Please provide the post-retirement benefit expense by month for the period of January 2019 through June 2021 for Black Hills / Kansas Gas Utility Company.

RESPONSE:

Please see Attachment KCC-178 Post Retirement Benefit Expense by Month. The attachment includes actual incurred post-retirement benefit expense for the requested years but does not include the tracker adjustment component for the difference between actual post-retirement benefit expense and approved post-retirement benefit expense from the Company's 2014 Rate Review.

ATTACHMENTS:

Attachment KCC-178 Post Retirement Benefit Expense by Month.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

**Signed: /s/ Rob Daniel
Date: July 26, 2021**

Black Hills/Kansas Gas Utility Company, LLC
Docket No. 21-BHCG-418-RTS
2021 Rate Review
Information Request Number 178
Post-Retirement Benefit Expense by Month for the Period January 2019 through June 2021

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
1														
2	2019	\$ 14,465	\$ 18,663	\$ 12,615	\$ 12,687	\$ 12,305	\$ 12,305	\$ 12,441	\$ 12,305	\$ 12,305	\$ 12,305	\$ 12,444	\$ 12,305	\$ 157,149
3	2020	\$ 14,613	\$ 14,126	\$ 14,126	\$ 22,556	\$ 14,126	\$ 14,126	\$ 14,126	\$ 14,126	\$ 14,126	\$ 14,126	\$ 14,126	\$ 14,126	\$ 178,426
4	2021	\$ 18,182	\$ 18,182	\$ 26,533	\$ 18,034	\$ 17,893	\$ 18,034							\$ 116,858

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-184**

DATE OF REQUEST: 07/16/2021
DATE RESPONSE DUE: 07/26/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR:
ANSWERED BY: Kristi Johnson
DATE RESPONDED: 07/26/2021
SUBJECT: Merit Increase
REFERENCE:

REQUEST:

Please provide the average merit increase granted for the years 2015-2021.

RESPONSE:

Below is average merit increase percentage amount by year and the number of Black Hills Kansas direct employees receiving an increase in that year.

Note: Union employees are not eligible for merit increases, as base pay and potential annual increases are negotiated collectively.

Year	Avg Merit Increase	Employees That Received Merit
2015	3.01%	112
2016	3.09%	101
2017	3.07%	97
2018	2.57%	96
2019	2.62%	101
2020	2.77%	102
2021	3.04%	105

ATTACHMENTS:

None.

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: July 26, 2021

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-196**

DATE OF REQUEST: 07/28/2021
DATE RESPONSE DUE: 08/06/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Kristina Luke Fry
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 08/06/2021
SUBJECT: Intercompany Charges
REFERENCE: Adjustment IS-21

REQUEST:

Please provide, in the same format as the workpapers supporting Adjustment IS-21, the actual Wages and Salaries for the month of June 2021.

RESPONSE:

Wages and Salaries for the month of June 2021 are shown on tab 'DR196 Wage & Salaries 6-21'.

As discussed in the response to KCC-160, the per book totals for the month of June do not fully reflect actual known and measurable changes to expenses for the additional headcount that exclusively support Black Hills operations because June 2021 did not include a full month of wages for all positions included in that portion of the adjustment. (This component of the Wage and Salary adjustment on Schedule H-8/Adjustment IS-21 is \$310,982.)

In addition, the benefits/overhead costs within the Wages and Salaries for an individual month are not representative of the full year of benefits since benefits are applied through a loading process. An individual month may experience either under-loading or over-loading, situations where the expenses loaded differ from the actual expenses

incurred. Loading rates are adjusted quarterly with an annual true-up in December to balance the year's activity.

ATTACHMENTS:

Attachment KCC-196 Shared Services Wages and Salaries for June 2021.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/Rob Daniel

Date: August 6, 2021

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
 INTERCOMPANY CHARGES FROM BLACK HILLS SERVICE COMPANY - Wages and Salaries For The Month of June 2021

KCC-196

(a)	(b)	(c)	(d)
Line No.	FERC Acct. No.	Description	Wages & Salaries Per Book Month Ended June 30, 2021
1	850	TRANS OPS SUPERV & ENG	7,373
2	851	System control and load dispatching.	-
3	852	COMMUNICATION SYS EXP	-
4	856	Mains expenses.	-
5	857	Measuring and regulating station expenses.	-
6	859	OTHER TRANS OPS EXP	134
7	860	Rents.	-
8	861	TRANS MAINT SUPERV & ENGIN	-
9	863	TRANS MAINT OF MAINS	-
10	864	Maintenance of compressor station equipment.	-
11	865	Maintenance of measuring and regulating station equipment.	-
12	867	Maintenance of other equipment.	-
13	870	DIST OPS SUPERVISION AND ENGIN	52,518
14	871	DIST LOAD DISPATCHING	858
15	874	OPER/INSPECT UG DIST MAINS-GAS	-
16	875	DIST MEAS & REG STAT - GENERAL	-
17	876	ng and regulating station expenses—Industrial.	-
18	877	Measuring and regulating station expenses—City gate check stations.	-
19	878	OPER/INSP MTRS COLLECT DATAGAS	-
20	879	Customer installations expenses.	-
21	880	DIST OPS OTHER EXPENSE	1,465
22	881	DIST OPER RENTS	-
23	885	Maintenance supervision and engineering.	-
24	886	Maintenance of structures and improvements.	-
25	887	PERF UG DISTRIB LINE MAINT-GAS	-
26	888	DIST MAINT COMPR STATION EQUIP	1,541
27	889	Maintenance of measuring and regulating station equipment—General.	-
28	890	Maintenance of measuring and regulating station equipment—Industrial.	-
29	891	Maintenance of measuring and regulating station equipment—City gate check stations.	-
30	892	Maintenance of services.	-
31	893	DIST MAINT METERS & HSE REGS	2,419
32	894	Maintenance of other equipment.	-
33	901	CUST ACCTS SUPERVISION	8,817
34	902	READ METERS	1,011
35	903	CUST ACCTS RECORDS & COLLECTIO	98,236
36	905	MISC CUSTOMER ACCOUNTS	4,563
37	907	CUSTOMER SERVICE SUPERVISION	3,285
38	908	CUSTOMER ASSISTANCE EXP	20,059
39	909	INFORMATIONAL & INSTRUCT ADS	194
40	910	MISC CUST SERVICE & INFO	-
41	912	SALES DEMONSTRATING & SELLING	7,006
42	913	SALES ADVERTISING EXPENSES	-
43	920	ADMIN AND GENERAL SALARIES	468,158
44	921	OFFICE SUPPLIES & EXPENSE	4,914
45	922	ADMIN EXP TRANS CREDIT	-
46	923	OUTSIDE SERVICES	-
47	924	PROPERTY INSURANCE	-
48	925	INJURIES AND DAMAGES	-
49	926	EMPLOYEE PENSIONS & BENEFITS	130,940
50	928	Regulatory commission expenses.	-
51	929	DUPLICATE CHARGES - CREDIT	-
52	930.1	GENERAL ADVERTISING	-
53	930.2	MISCELLANEOUS GENERAL EXP	290
54	931	RENT EXPENSE	-
55	932	MAINTENANCE GENERAL PLANT GAS	-
56		Total	<u>\$ 813,780</u>

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-213 - SUPPLEMENT**

DATE OF REQUEST: 08/04/2021
DATE RESPONSE DUE: 08/13/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Kristina Luke Fry
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 08/19/2021
SUBJECT: Compensation
REFERENCE:

REQUEST:

Please identify the total amount of a) AIP awards, b) restricted stock awards, and c) performance share awards incurred by Black Hills Kansas in each of the past five years. Please include awards for both Black Hills Kansas and as well as the amounts allocated to Black Hills Kansas by any affiliate or other entity that allocates costs to Black Hills Kansas. Also, please separately identify the amount of Test Year awards that were expensed vs. capitalized by Black Hills Kansas.

SUPPLEMENTAL RESPONSE:

Black Hills completed further analysis and determined that the figures provided in the original attachment for the response to Request 213 were inaccurate for the Black Hills/Kansas Gas Direct Charges columns (Excel columns C through F). A corrected attachment is provided to replace the original attachment. There are no changes to the Allocated Charges portion of the attachment (Excel columns H through K).

ATTACHMENTS:

Corrected Attachment KCC-213 AIP Restricted Stock and Performance Shares.xlsx

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: August 19, 2021

AIP, RESTRICTED STOCK, AND PERFORMANCE SHARE AWARDS - Corrected

		Black Hills/Kansas Gas Direct Charges				Allocated Charges			
		Performance				Performance			
		AIP	Restricted Stock	Shares	STIP	AIP	Restricted Stock	Shares	STIP
2016	Capitalized/Other	264,100.15	21,607.52	1,059.37	891.29	86,546.03	47,185.45	25,348.78	66,940.98
	Regulated O&M	437,275.96	45,425.57	2,636.02	38,626.98	366,410.58	197,933.83	106,333.19	291,524.33
	TOTAL 2016	701,376.11	67,033.09	3,695.39	39,518.27	452,956.61	245,119.28	131,681.97	358,465.31
2017	Capitalized/Other	189,838.95	17,893.35	4,341.72	16,069.83	85,413.03	51,331.12	8,126.20	42,398.64
	Regulated O&M	422,293.67	36,276.03	10,372.17	38,773.78	351,459.27	215,324.01	20,857.58	172,542.37
	TOTAL 2017	612,132.62	54,169.38	14,713.89	54,843.61	436,872.30	266,655.13	28,983.78	214,941.01
2018	Capitalized/Other	53,184.14	23,988.13	13,569.50	(7,060.84)	92,322.21	57,471.37	44,060.11	66,535.91
	Regulated O&M	541,503.31	37,211.51	24,127.38	39,255.34	352,474.09	220,693.18	166,452.16	254,488.12
	TOTAL 2018	594,687.45	61,199.64	37,696.88	32,194.50	444,796.30	278,164.55	210,512.27	321,024.03
2019	Capitalized/Other	326,877.59	25,142.02	10,514.73	33,833.13	110,580.11	53,333.70	39,091.08	57,209.03
	Regulated O&M	492,835.94	42,353.29	20,458.86	48,220.96	412,257.17	198,835.07	147,748.76	213,282.73
	TOTAL 2019	819,713.53	67,495.31	30,973.59	82,054.09	522,837.28	252,168.77	186,839.84	270,491.76
2020	Capitalized/Other	218,733.22	30,068.79	4,491.93	23,129.06	139,551.58	55,401.38	9,713.47	81,867.82
	Regulated O&M	563,194.36	45,020.13	7,471.83	52,076.11	461,963.83	183,397.70	33,151.56	271,010.62
	TOTAL 2020	781,927.58	75,088.92	11,963.76	75,205.17	601,515.41	238,799.08	42,865.03	352,878.44

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-219**

DATE OF REQUEST: 08/10/2021
DATE RESPONSE DUE: 08/19/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Kristina Luke Fry
ANSWERED BY: Ann Stichler
DATE RESPONDED: 08/19/2021
SUBJECT: Rate Case Expense
REFERENCE:

REQUEST:

1. Please provide a detailed update of rate case expense. This update should include:
 - a. Invoices from vendors;
 - b. Hours worked and hourly rate of each vendor;
 - c. Explanation as to why the company sought outside vendors instead of internal employees to discuss specific issues.

RESPONSE:

Please see the following attachment for the summary of rate case expenses through August 16, 2021: Attachment KCC-219 Rate Case Expense Summary.

- a. Please see Attachment KCC-219 Rate Case Expense Invoices for invoices from vendors.
- b. Please see Attachment KCC-219 Rate Case Expense Invoices for hours worked and hourly rate of each vendor, where applicable.

- c. For many of the same reasons relied upon by other parties in this proceeding, the Company relies on external experts to provide subject matter expertise that does not exist internally within Black Hills. An external subject matter expert may also assist the internal Black Hills subject matter expert, to the extent that the internal subject matter expert requires additional support and knowledge to timely and efficiently address the areas of the rate application within his/her expertise. The external subject matter experts also bring experience and knowledge of Black Hills along with regulatory knowledge and experience with jurisdictions other than Kansas. This experience and expertise results in a more thorough and comprehensive rate case application and responses to discovery requests.

ATTACHMENTS:

Attachment KCC-219 ATTACHMENT A Rate Case Expenses.xlsx

Attachment KCC-219 ATTACHMENT B Rate Case Expense Invoices.pdf

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: August 19, 2021

GL	BU	JOURNAL ID	IRLN	DATE	DT	TRACCD	QP UNIT	PROD	ISS	TRK	ORDER	AMOUNT	INCH	PLD	BU	VENDOR ID	IRLN	LINE	DESCR	IRLN	LINE	CHG	ST	FIELD	DESCR	DEPT	DESCR	QP UNIT	DESCR	VENDOR NAME	INVOICE	DT	AMOUNT	Exp	Report ID				
50504	APAC	423006	11/20/2020	4715	186002	132900	103	1809	10075496	745.00	00098325	50504	0000074755	DEPRECIATION STUDY	00098325	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	11/10/2020	0677605905																		
50504	APAC	428486	12/30/2020	4715	186002	132900	103	1809	10075496	5,735.00	00146965	80802	0000074755	KANSAS DEPRECIATION STUDY	00146965	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	12/28/2020	067760-5741																		
50504	APAC	431094	1/18/2021	4715	186002	132900	103	1809	10075496	11,470.00	00147798	80802	0000074755	KANSAS GAS DEPRECIATION STUDY	00147798	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	1/12/2021	067760-5809																		
50504	APAC	432156	1/26/2021	4706	186002	132900	103	1800	10075496	287.85	00147672	80802	0000027428	LEGAL FEES - KS RATE REVIEW	00147672	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	1/4/2021	35444																		
50504	APAC	435896	2/22/2021	4715	186002	132900	103	1809	10075496	10,200.00	00149563	80802	0000074755	KANSAS GAS DEP STUDY	00149563	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	2/17/2021	067760-5907																		
50504	APAC	436048	2/23/2021	4706	186002	132900	103	1800	10075496	48.45	00148785	80802	0000027428	LEGAL FEES - Rate Review	00148785	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	1/30/2021	35540																		
50504	APAC	437533	3/3/2021	4822	186002	132900	103	1800	10075496	106.01	00149683	80802	0000050415	VERBATIM SMARTDISK 8GB	00149683	LEGAL FEES	SC-REGULATORY & FINANCE	KSG GENERAL	CDW DIRECT LLC	2/22/2021	8342914																		
50504	APAC	438503	3/9/2021	4706	186002	132900	103	1800	10075496	1,926.60	00150066	80802	0000027428	LEGAL FEES - KS Rate Review	00150066	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	3/1/2021	40047																		
50504	APAC	440819	3/25/2021	4715	186002	132900	103	1809	10075496	3,670.00	00101771	50504	0000074755	DEPRECIATION STUDY	00101771	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	3/24/2021	067760-111580																		
50504	APAC	442578	4/6/2021	4822	186002	132900	103	1809	10075496	8,750.00	00101948	50504	0000074286	RATE REVIEW	00101948	CONSULTING FEES	SC-REGULATORY & FINANCE	KSG GENERAL	NAVILLUS UTILITY CONSULTING LLC	4/1/2021	2021-11																		
50504	APAC	443644	4/13/2021	4706	186002	132900	103	1800	10075496	5,190.28	00151427	80802	0000027428	KS RATE DESIGN	00151427	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	4/1/2021	40187																		
50504	APAC	444575	4/20/2021	4822	186002	132900	103	1809	10075496	20,275.00	00102225	50504	0000045636	CONSULTING SERVICES	00102225	CONSULTING FEES	SC-REGULATORY & FINANCE	KSG GENERAL	FINCAP INC	3/31/2021	01819																		
50504	APAC	447998	5/10/2021	4715	186002	132900	103	1809	10075496	487.50	00102811	50504	0000074755	DEPRECIATION STUDY	00102811	CONSULTING FEES	SC-F&A LEADERSHIP	KSG GENERAL	GANNETT FLEMING VALUATION AND RATE	5/3/2021	067760-113960																		
50504	APAC	447877	5/11/2021	4706	186002	132900	103	1800	10075496	8,096.85	00152587	80802	0000027428	RATE CASE	00152587	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	5/3/2021	40259																		
50504	APAC	448950	5/19/2021	5383	186002	132900	103	1809	10075496	3,625.00	00103082	50504	0000045636	CONSULTING SERVICES	00103082	CONSULTING FEES	KSG-ENERGY DLVR-OPS-LAWRENCE	KSG GENERAL	FINCAP INC	4/30/2021	01819																		
50504	APAC	450208	5/27/2021	4704	186002	132900	103	1809	10075496	5,830.88	00153350	80802	0000060505	KANSAS RATE CASE	00153350	CONSULTING FEES	SC-TAX	KSG GENERAL	PRICEWATERHOUSECOOPERS LLP	5/20/2021	1034872729-7																		
50504	APAC	451140	6/3/2021	4822	186002	132900	103	1809	10075496	8,750.00	00103583	50504	0000074286	KANSAS RATE REVIEW	00103583	CONSULTING FEES	SC-REGULATORY & FINANCE	KSG GENERAL	NAVILLUS UTILITY CONSULTING LLC	5/1/2021	2021-13																		
50504	APAC	452064	6/9/2021	4706	186002	132900	103	1800	10075496	4,314.90	00153651	80802	0000027428	KS RATE CASE	00153651	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	5/29/2021	40431																		
50504	EXACC	54874	6/30/2021	4822	186002	132900	103	1800	10075496	536.40				KS/A Rate Review Witness Preparation	0000202391	AIR TRANSPORTATION	SC-REGULATORY & FINANCE	KSG GENERAL	DELTA AIR 0062457133518																		0000202391		
50504	APAC	456806	7/13/2021	4822	186002	132900	103	1809	10075496	1,750.00	00104512	50504	0000074286	Kansas Gas Rate Review	00104512	CONSULTING FEES	SC-REGULATORY & FINANCE	KSG GENERAL	NAVILLUS UTILITY CONSULTING LLC	7/1/2021	2021-24																		
50504	APAC	459533	7/30/2021	4706	186002	132900	103	1800	10075496	2,600.00	00155856	80802	0000094911	(KS) Witness Development	00155856	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	THE COMMUNICATION COUNSEL OF AMERICA INC	7/28/2021	21-000708F																		
50504	APAC	461130	8/11/2021	4706	186002	132900	103	1800	10075496	5,483.40	00156063	80802	0000027428	KS RATE CASE - LEGAL FEES	00156063	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	8/2/2021	40625																		
50504	APAC	461130	8/11/2021	4706	186002	132900	103	1800	10075496	2,445.30	00156357	80802	0000027428	KS RATE CASE - LEGAL FEES	00156357	LEGAL FEES	SC-LEGAL - CORPORATE	KSG GENERAL	ANDERSON & BYRD LLP	7/1/2021	40492																		
												112,324.42																											
												(316.78)																											
												379.10																											
												112,386.74																											
													Sub-total Rate Case Expenses through 8/16/2021																										
													Correction Needed: Tax applied in error (Inv. #40167)																										
													Correction Needed: Recalculation of rate case exp (Inv. #35444)																										
													Adjusted Rate Case Expense through 8/16/2021																										

**BLACK HILLS / KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY
DOCKET NO. 21-BHCG-418-RTS
KANSAS CORPORATION COMMISSION
DATA REQUEST NO. KCC-230**

DATE OF REQUEST: 08/17/2021
DATE RESPONSE DUE: 08/20/2021
REQUESTOR: Kansas Corporation Commission
AUDITOR: Ian Campbell
ANSWERED BY: Rachel Schuldt
DATE RESPONDED: 08/20/2021
SUBJECT: DIIP
REFERENCE:

REQUEST:

Please provide the actual costs related to the DIIP for the 12 months ending June 30, 2021.

RESPONSE:

Actual costs related to the Data Improvement Integrity Program (DIIP) for the 12 months ending June 30, 2021, total \$347,935.51.

Additionally, costs of \$90,931.48 were incurred for DIIP in July 2021.

ATTACHMENTS:

None.

Verification of Response

I have read the foregoing information request and answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this information request.

Signed: /s/ Rob Daniel

Date: August 20, 2021

CERTIFICATE OF SERVICE

21-BHCG-418-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 10th day of September, 2021, to the following:

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Senior Administrative Specialist