

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

**In the Matter of the Application of)
Black Hills/Kansas Gas Utility)
Company, LLC, d/b/a Black Hills)
Energy, for Approval of the)
Commission to Make Certain Changes)
in its Rates for Natural Gas Service**

Docket No. 25-BHCG-298-RTS

REBUTTAL TESTIMONY OF NICHOLAS W. SMITH

ON BEHALF OF

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

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	EXPENSE ADJUSTMENTS	2
	1. Payment Processing Fee Adjustment	3
	2. Research and Development Expense Adjustment	5
	3. Damage Prevention Expense Adjustment	8
III.	TARIFF REVISIONS.....	9
IV.	ENERGY CONVERSION EXPENSE RECOVERY	12
V.	DAILY SCHEDULING CHARGE UPDATE.....	15
VI.	CONCLUSION	16

EXHIBITS

KSG Rebuttal Exhibit NWS-1	Payment Processing Fee transactions by month for 2021-2024
KSG Rebuttal Exhibit NWS-2	Summary of each intervenor's Direct testimony positions on the Company's proposed tariff adjustments
KSG Rebuttal Exhibit NWS-3	American Energy Pipeline LLC's formal notice to customers stating that their service would be terminated
KSG Rebuttal Exhibit NWS-4	The Company's October 2024 annual letter to gas gathering system customers
KSG Rebuttal Exhibit NWS-5	Select pages from Northern Natural Gas Company's currently approved Gas Tariff

List of Acronyms

AEPL	American Energies Pipeline, LLC
BHC	Black Hills Corporation
BHSC	Black Hills Service Company, LLC
“Black Hills” or “Company”	Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy
CAGR	Compound Annual Growth Rate
“Commission”	Kansas Corporation Commission
CURB	Citizen’s Utility Ratepayer Board
DDVC	Daily Delivery Variance Charge
FERC	Federal Energy Regulatory Commission
GTI	Gas Technology Institute
KCC	Kansas Corporation Commission
NNG	Northern Natural Gas
OTD	Operations Technology Development
PGA	Purchased Gas Adjustment
R&D	Research & Development
SOL	System Overrun Limitation
SMS	System Management Service
Staff	Staff of the Kansas Corporation Commission

1 **I. INTRODUCTION**

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

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

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

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

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

10 A. I am testifying on behalf of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black
11 Hills Energy ("Black Hills" or "Company").

12 **Q. ARE YOU THE SAME NICHOLAS W. SMITH WHO FILED DIRECT**
13 **TESTIMONY IN THIS DOCKET?**

14 A. Yes.

15 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR REBUTTAL**
16 **TESTIMONY?**

17 A. Yes. I am sponsoring the following exhibits:

- 18 • **KSG Rebuttal Exhibit NWS-1:** Payment Processing Fee transactions by month
19 for 2021-2024.
- 20 • **KSG Rebuttal Exhibit NWS-2:** Summary of each intervenor's Direct Testimony
21 positions on the Company's proposed tariff adjustments.

- 1 • **KSG Rebuttal Exhibit NWS-3:** American Energy Pipeline LLC’s (“AEPL”) formal notice to customers stating that their service would be terminated.
- 2
- 3 • **KSG Rebuttal Exhibit NWS-4:** The Company’s October 2024 annual letter to gas gathering system customers.
- 4
- 5 • **KSG Rebuttal Exhibit NWS-5:** Select pages from Northern Natural Gas Company’s currently approved Federal Energy Regulatory Commission’s (“FERC”) Gas Tariff.
- 6
- 7

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. My Rebuttal Testimony addresses certain expense and tariff adjustment recommendations made by the Staff of the Kansas Corporation Commission (“Staff” and “Commission,” respectively) and the Citizen’s Utility Ratepayer Board (“CURB”), and the impact of these recommendations. Additionally, my Rebuttal Testimony addresses the following two miscellaneous items:

10

11

12

13

- 14 • Energy Conversion Cost Recovery
- 15 • An Adjustment to the Daily Scheduling Charges within Index No. 37 of the Company’s Currently Approved Tariff.
- 16

17 **II. EXPENSE ADJUSTMENTS**

18 **Q. PLEASE DISCUSS STAFF’S AND CURB’S RECOMMENDATIONS TO BLACK HILLS’ PROPOSED EXPENSE ADJUSTMENTS.**

19

20 A. While other witnesses may address various aspects of the following proposed expense adjustments, my testimony will address Staff’s and CURB’s recommendations pertaining to each of the following:

21

22

- 1 • IS-22: Payment Processing Fee Adjustment
- 2 • IS-27: Research and Development Expense Adjustment
- 3 • IS-28: Damage Prevention Expense Adjustment

4 **1. Payment Processing Fee Adjustment**

5 **Q. WHAT RECOMMENDATIONS DO STAFF AND CURB MAKE REGARDING**
6 **THE PAYMENT PROCESSING FEE EXPENSE ADJUSTMENT?**

7 A. Both Staff and CURB recommend calculating the Company's Payment Processing
8 Expense using historical transaction data rather than data based on trending increases
9 in the volume of customer transactions.

10 **Q. DO YOU AGREE WITH STAFF AND CURB'S RECOMMENDATIONS?**

11 A. No. I do not agree with the recommendation to solely use historical transaction data
12 and ignoring data showing a clear sustained trend in the increase in the volume of
13 customer transactions to calculate the Company's Payment Processing Expense. CURB
14 witness Benham acknowledges this sustained trend but also ignores that fact in making
15 her adjustment.

16 **Q. WHAT REASON DO STAFF AND CURB PROVIDE FOR SOLELY USING**
17 **HISTORICAL DATA?**

18 A. Staff does not provide a specific rationale for relying solely on historical transaction
19 data. CURB witness Ms. Benham, however, states in her testimony that "While there
20 has been some increase in the volume of transactions...the additional 18% increase is
21 speculative and not known and measurable."¹

¹ See Direct Testimony of Audrey Benham, p. 16.

1 **Q. HOW DO YOU RESPOND TO CURB’S ASSERTION THAT THE 18%**
2 **INCREASE IS SPECULATIVE?**

3 A. This assertion by CURB’s witness is inaccurate. The Company calculated the average
4 monthly Compound Annual Growth Rate (“CAGR”) of credit card transactions from
5 January 2021 through December 2024, which resulted in an average CAGR of 18.24%.
6 To ensure this growth was not driven by an outlier year, the Company also analyzed
7 year-over-year growth rates for the same period. The results were consistent:

- 8 • 2021 to 2022: 17.67%
- 9 • 2022 to 2023: 20.24%
- 10 • 2023 to 2024: 16.82%

11 These figures demonstrate a stable and sustained growth trend. Both the CAGR and
12 year-over-year calculations can be found in KSG Rebuttal Exhibit NWS-1.

13 **Q. WHAT IS THE COMPANY’S POSITION BASED ON THIS ANALYSIS?**

14 A. Given the consistent growth in credit card transactions over the past four years, the
15 Company maintains that projecting an 18% increase is both reasonable and appropriate.
16 Based on the evidence provided above, this is the most logical and accurate way to
17 calculate the correct level of payment processing fee expenses going forward.
18 Therefore, the use of data used by the Company in calculating the Payment Processing
19 Expense should be approved by the Commission.

1 **2. Research and Development Expense Adjustment**

2 **Q. WHAT RECOMMENDATIONS DO STAFF AND CURB MAKE REGARDING**
3 **THE RESEARCH AND DEVELOPMENT EXPENSE ADJUSTMENT?**

4 A. Staff supports including \$29,864 of the proposed \$59,712 in annual Research and
5 Development (“R&D”) spending for the Gas Technology Institute’s Operations
6 Technology Development (“GTI”, “OTD”) membership fee. This support is contingent
7 upon the Company submitting an annual report detailing the specific projects funded
8 by Black Hills through the OTD program.

9 CURB recommends that the Commission deny Black Hills’ request to recover
10 \$59,712, the full amount proposed in adjustment IS-26 for the *pro forma* period ending
11 September 30, 2025.

12 **Q. DO YOU AGREE WITH STAFF AND/OR CURB’S RECOMMENDATIONS?**

13 A. No. Black Hills maintains that 100% of the funding for OTD’s membership fee should
14 be funded by customers.

15 **Q. WHAT REASON DOES CURB GIVE FOR DENYING THE FULL PROPOSED**
16 **RESEARCH AND DEVELOPMENT EXPENSE ADJUSTMENT?**

17 A. According to Ms. Benham’s Direct Testimony, the Company “should only be allowed
18 to recover costs from customers when such programs and technologies are
19 deployed...not before.”²

20 This argument is fundamentally flawed and detrimental for future research. If
21 utilities are only allowed to recover costs after deployment, it creates a disincentive to

² See Direct Testimony of Audrey Benham, p. 18.

1 invest in R&D in the first place. All R&D - projects may not lead to immediate
2 deployment, but they still provide valuable insights and foundational knowledge
3 towards future projects that will benefit utilities and their customers. Without cost
4 recovery, utilities could abandon or drastically scale back R&D efforts, effectively
5 halting innovation. This would be detrimental to both the utility and customers.

6 **Q. DO ANY OF BLACK HILLS' OTHER JURISDICTIONS PARTICIPATE IN**
7 **THE OTD/GTI PROGRAM WITH FUNDING PROVIDED BY THE UTILITY**
8 **CUSTOMERS?**

9 A. Yes. As discussed in my Direct Testimony, the customers in Black Hill's other
10 jurisdictions, including Wyoming, Iowa, Colorado, Arkansas, and Nebraska, all
11 completely fund the Company's participation in this program with no reporting
12 requirements.

13 **Q. WHAT REASON DOES STAFF GIVE FOR ONLY SUPPORTING \$29,864?**

14 A. Ms. Hefley proposes shared costs between customers and Black Hills shareholders
15 because R&D benefits both parties – the customers get lower operating costs from
16 successful projects implemented by the Company and shareholders can focus their
17 investments into capital projects rather than repair efforts. Ms. Hefley also proposes an
18 annual report to ensure Black Hills is closely managing GTI and can also demonstrate
19 how their R&D is benefiting customers.

1 **Q. WHY SHOULD CUSTOMERS BEAR THE FULL COST OF THE OTD R&D**
2 **MEMBERSHIP FEES?**

3 A. While it is true that R&D can yield benefits for both shareholders and customers, the
4 primary and most Direct beneficiaries of R&D are the customers. The OTD program is
5 primarily designed to improve safety, reliability, and operational efficiency, all of
6 which are core elements of utility service that directly impact customers.

7 R&D programs are not speculative ventures for shareholder profit - they are
8 strategic investments in the public interest. Technologies and knowledge developed
9 through OTD, such as improved pipeline monitoring or digital recordkeeping systems,
10 reduce operational costs, enhance safety, and prevent costly failures. These outcomes
11 translate into lower rates, fewer service disruptions, and a safer system for customers.
12 Requiring shareholders to co-fund these efforts discourage utilities from participating
13 in such research programs, ultimately depriving customers of these benefits.

14 Improved efficiency can benefit shareholders by enabling better capital
15 allocation, however these benefits are secondary. The primary goal of utility R&D is
16 to serve the public interest by improving service quality and reducing long-term costs.
17 Moreover, Black Hills is already subject to regulatory oversight that ensures all
18 Company expenses are balanced against customer value. Penalizing utilities for
19 participating in R&D by denying full cost recovery undermines the incentive to
20 innovate.

1 **Q. DOES BLACK HILLS SUPPORT AN ANNUAL REPORT IF THE OTD**
2 **MEMBERSHIP FEE IS ENTIRELY FUNDED BY CUSTOMERS?**

3 A. Yes. Should Staff support customers entirely funding the OTD R&D membership fee,
4 Black Hills fully supports filing an annual report on the projects currently being funded
5 by the Company's membership fee. Black Hills proposes that this report be submitted
6 to Staff and CURB once each year, by August 31st, containing a full list of active OTD
7 projects currently being funded by BHE and a one-to-two-page detailed summary of
8 each project.

9 **3. Damage Prevention Expense Adjustment**

10 **Q. WHAT RECOMMENDATIONS DO STAFF AND CURB MAKE REGARDING**
11 **THE DAMAGE PREVENTION PLAN EXPENSE ADJUSTMENT?**

12 A. Staff supports Black Hills' expense adjustment, provided the Company is required to
13 notify the Kansas Corporation Commission ("KCC") within 30 minutes of the
14 Company being notified of pipeline damages. CURB recommends removal of the
15 Company's damage prevention adjustment.

16 **Q. DO YOU AGREE WITH STAFF'S RECOMMENDATIONS?**

17 A. The Company agrees with Staff's acceptance of the Damage Prevention Expense
18 Adjustment; however, does not support a 30-minute notification requirement.
19 Company witness Marc T. Eyre discusses this topic in greater detail in his Rebuttal
20 Testimony.

1 **III. TARIFF REVISIONS**

2 **Q. PLEASE DESCRIBE THE RECOMMENDATIONS MADE BY STAFF**
3 **REGARDING THE COMPANY'S PROPOSED TARIFF REVISIONS.**

4 A. Please see KSG Rebuttal Exhibit NWS-2 for a list of Company proposed tariff revisions
5 including Staff and CURB's position on each revision.

6 Staff witness Lana J. Ellis recommends approval of all tariff revisions proposed
7 by the Company with the following modification identified on page 20 of Ms. Ellis'
8 Direct Testimony:

- 9 • Adding the following modified language to Section 5.3 within Index No. 8 of the
10 Tariff:

11 Customers residing in the same dwelling unit as a prior account holder with
12 unpaid balances [during the time the debt was incurred] may be required to
13 demonstrate they are not responsible for the outstanding debt before
14 establishing new service. The Company reserves the right to deny service or
15 require payment on the outstanding debt if there is evidence to suggest that the
16 new account holder is attempting to evade payment obligations in conjunction
17 with a prior account holder on the same dwelling unit [subject to the Company's
18 other Rules and Regulations].

19 **Q. WHAT IS YOUR RESPONSE TO MS. ELLIS' RECOMMENDATIONS?**

20 A. Black Hills accepts Ms. Ellis' recommended tariff modification as listed on page 20 of
21 her Direct Testimony.

1 **Q. PLEASE DESCRIBE THE RECOMMENDATIONS MADE BY CURB**
2 **REGARDING THE COMPANY’S PROPOSED TARIFF REVISIONS.**

3 A. CURB witness Josh Frantz recommends approval of Black Hills’ tariff adjustment to
4 Section 2.1-c with certain proposed revisions, which can be found on page 5 and 6 of
5 Mr. Frantz’ testimony:

- 6 • Revising Section 2.1-c to provide CURB the same exception that is granted to the
7 Commission and its Staff.
- 8 • Language be added in Section 2.1-c to allow for the disclosure of relevant
9 customer-specific information to Commission-approved intervenors in KCC
10 proceedings.

11 In addition to adjustments to the specific tariff language, Mr. Frantz also
12 recommends the following:

- 13 • Black Hills provide notice to each currently contracted third-party vendor, and any
14 other vendor who received customer specific information, directing them to discard
15 all Customer data immediately including a notice to all employees and
16 subcontractors who may also have access to that data.
- 17 • Black Hills file a status update in this docket within three months of the
18 Commission’s Order, disclosing which vendors received customer-specific
19 information and confirming that each vendor was provided notice, along with “any

1 other pertinent information on issues or conflicts that have arisen regarding the
2 retraction of customer-specific data.”

- 3 • If Black Hills intends to work with third-party vendors to share customer data, then
4 the Company should work with Staff and CURB to discuss the Company’s plans to
5 educate customers about its data sharing policies and the process to obtain consent
6 from customers.

7 **Q. WHAT IS YOUR RESPONSE TO MR. FRANTZ’ RECOMMENDATIONS?**

8 A. Black Hills accepts Mr. Frantz’s proposed language modifications to Section 2.1c of
9 the tariff. However, the Company does not support the additional requirements outlined
10 in his testimony.

11 The Company’s proposed revision to Section 2.1c changes the current “opt-
12 out” protocol for sharing customer data to an “opt-in” protocol. As Mr. Frantz notes,
13 this represents a significant shift in the Company’s data security policy - one initiated
14 voluntarily by Black Hills. In line with this change, the Company does not object to
15 notifying currently contracted third-party vendors to request the deletion of customer
16 data, nor to providing status updates to CURB and Staff.

17 However, Mr. Frantz also recommends that the Company track and report
18 whether third-party vendors have deleted customer data, along with “any other
19 pertinent information on issues or conflicts that have arisen regarding the retraction of
20 customer-specific data.”³ This requirement would impose an unnecessary
21 administrative burden to verify these actions. Also, this obligation does not appear to

³ See Direct Testimony of Josh Frantz, p. 6.

1 be imposed on other utilities with similar tariff provisions for utilities in the State of
2 Kansas.

3 For these reasons, the Company proposes instead to collaborate informally with
4 Staff and CURB to ensure that third-party vendors are appropriately directed to delete
5 customer data. Once the initial deletion request is made, any subsequent actions taken
6 by those vendors are beyond the Company's control and cannot be tracked or
7 guaranteed.

8 **IV. ENERGY CONVERSION EXPENSE RECOVERY**

9 **Q. PLEASE EXPLAIN THE CIRCUMSTANCES THAT LED TO BLACK HILLS**
10 **FUNDING THE CONVERSION OF CUSTOMERS FROM NATURAL GAS**
11 **SERVICE TO PROPANE?**

12 A. On December 1, 2024, AEPL informed Black Hills that it intended to shut off
13 production to the gathering system serving customers in Burton, Kansas. The shut-off
14 was scheduled to occur prior to January 1, 2025. Recognizing the potential hardship of
15 losing natural gas service during the winter, Black Hills collaborated with AEPL to
16 delay the shut-off, providing additional time for affected customers to explore
17 alternative energy solutions.

18 Following the finalization of an extension agreement with AEPL, Black Hills
19 formally notified impacted customers on January 8, 2025 that their natural gas service
20 would be discontinued due to the decommissioning of AEPL's gathering system.
21 Customers were advised to transition to an alternative energy source by February 14,
22 2025.

1 On January 15, 2025, Paul Owings, Chief Engineer for Commission Staff,
2 requested a meeting with Black Hills, which was held on January 17th. During this
3 meeting, it was agreed that Black Hills would assist these residential customers in
4 converting their heating systems to either propane or electric and would cover all
5 associated costs to ensure continuity of heating service during the winter.

6 On January 20, 2025, Black Hills contacted the affected customers by phone
7 and email to inform them of the company's commitment to fund the conversion of their
8 heating systems. While coordination efforts continued among Staff, Black Hills, and
9 AEPL, AEPL agreed to a second extension and, on February 18, 2025, issued a formal
10 notice stating that service would be terminated effective March 24, 2025. A copy of
11 this notice can be found in KSG Rebuttal Exhibit NWS-3.

12 **Q. WERE THESE CUSTOMERS PREVIOUSLY MADE AWARE OF**
13 **POTENTIAL SERVICE ISSUES?**

14 A. Yes. The Company proactively communicated with these customers on multiple
15 occasions. Most notably, on October 29, 2024, Black Hills sent a letter informing them
16 that they were receiving exit tap service from a gas gathering system and that declining
17 gas quality and pressure could potentially result in service curtailment or termination.
18 The letter also stated that Black Hills could no longer guarantee the deliverability or
19 quality of the gas being delivered. Please see KSG Rebuttal Exhibit NWS-4 for a copy
20 of this letter.

1 **Q. WHAT WAS THE TOTAL COST TO CONVERT THESE CUSTOMERS TO**
2 **PROPANE-FUELED HEATING SYSTEMS?**

3 A. Approximately \$100,000.

4 **Q. WHY IS BLACK HILLS SEEKING RECOVERY FOR THE CONVERSION**
5 **COSTS?**

6 A. These costs were incurred solely to protect customers from an unexpected and
7 unavoidable loss of service due to the actions of a third-party gas supplier. These costs
8 were not the result of any failure or mismanagement by the Company. Rather, the
9 conversion costs reflect a good-faith effort by Black Hills to maintain safe and reliable
10 service for its customers. Notably, the decision to cover these propane conversion costs
11 was made in consultation with Staff and was necessary to avoid service disruption
12 during the winter months. As these situations continue to arise, Black Hills may need
13 to assist additional customers in transitioning to alternative energy sources to avoid
14 cutting of gas service to residential customers during winter heating season; therefore,
15 the Company believes it is prudent to include this cost in rates.

16 **Q. WAS THIS SITUATION AN ISOLATED INCIDENT OR DO YOU EXPECT**
17 **OTHER CUSTOMERS ON GATHERING SYSTEMS TO BE AFFECTED IN**
18 **THE FUTURE?**

19 A. This is not an isolated incident. These notices, sent annually to all customers receiving
20 service off a gas gathering system, reflect the ongoing risk that customers may lose
21 service due to upstream supply issues beyond the Company's control. In most cases,
22 converting customers to propane is far more cost-effective than extending the

1 Company's gas system to reach a new supply source. The Company respectfully
2 requests that the Commission approve this expense as a reasonable and prudent
3 response to service disruptions. The inclusion of this adjustment is discussed in Ms.
4 Samantha K. Johnson's Rebuttal Testimony. Company witness, Mr. Eyre also supports
5 this energy conversion cost arising an operations and customer safety events that could
6 occur again in the future.

7 **V. DAILY SCHEDULING CHARGE UPDATE**

8 **Q. PLEASE DISCUSS THE CURRENT LANGUAGE AND PROPOSED**
9 **ADJUSTMENT TO THE DAILY SCHEDULING CHARGE.**

10 A. In accordance with Index 37.2.B.1.b of the Company's currently approved tariff,
11 customers served via Northern Natural Gas ("NNG") who exceed 105% of their
12 confirmed nomination are subject to Daily Scheduling Charges. These charges are
13 defined as the greater of \$16.055 or two times the highest published Platts "Gas Daily"
14 Midpoint price for the applicable day.

15 The \$16.055 figure was originally derived from NNG's System Overrun
16 Limitation ("SOL") Day Punitive Daily Delivery Variance Charge ("DDVC"), which,
17 at the time of the last tariff update, reflected five times the SMS monthly reservation
18 fee of \$3.211. Since then, NNG has updated Section 5.4 of its FERC-approved tariff,
19 effective September 30, 2024, to reflect a revised SMS Reservation Charge of \$4.2550.
20 This change results in a recalculated SOL Day DDVC of \$21.275 – a copy NNG's
21 current FERC Gas Tariff sheets showing the calculation of this new rate can be found

1 in KSG Rebuttal Exhibit NWS-5. As such, the Company proposes adjusting the
2 currently listed \$16.055, within Index 37.2.B.1.b, to \$21.275.

3 Although the specific dollar amount in the Company's tariff has not yet been
4 revised to reflect this updated rate, the Company continues to apply the most current
5 charges in accordance with Index 37.2, which asserts that all "FERC-approved charges
6 apply." It is important to note that these charges do not constitute revenue for the
7 Company. Rather, they represent a passthrough of upstream pipeline costs credited
8 back to sales customers, as authorized under the current Purchased Gas Adjustment
9 procedure.

10 VI. CONCLUSION

11 Q. WHAT ARE YOUR OVERALL RECOMMENDATIONS?

12 A. I recommend that the Commission approve the following tariff revisions and expense
13 adjustments:

- 14 • The Company's proposed Payment Processing Fee, reflective of the consistently
15 observed transaction growth rate.
- 16 • The Company's entire OTD R&D Membership Fee, including the Company's
17 proposed annual reporting requirement.
- 18 • The Company's Damage Prevention Expense Adjustment, without the 30-minute
19 notification requirement.
- 20 • The Company's Energy Conversion Expense Adjustment for gas gathering system
21 customers.

- 1 • All Company-proposed tariff revisions, including Staff's modification to Section
2 5.3 and CURB's language modifications to Section 2.1c.
- 3 • The Company's Daily Scheduling Charge tariff update to Index 37.2.
- 4 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**
- 5 A. Yes.

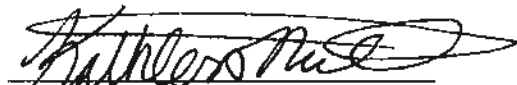
AFFIDAVIT OF NICHOLAS W. SMITH

State of KS)
County of DG) ss
)

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


Nicholas W. Smith

Subscribed and sworn to before me,
A Notary Public, in and for said County
and State, this 22 day of May, 2025.


Notary Public



My Commission expires: 5/15/2026

2021	January	February	March	April	May	June	July	August	September	October	November	December	Total	Year over Year Increase
SpeedPay	11,346	10,637	14,134	11,677	10,844	10,473	10,416	10,747	10,057	9,913	10,505	10,850	131,599	-
2022	January	February	March	April	May	June	July	August	September	October	November	December	Total	Year over Year Increase
SpeedPay	12,293	12,141	14,011	12,867	13,663	12,384	11,784	13,366	12,462	13,121	13,022	13,743	154,857	17.67%
2023	January	February	March	April	May	June	July	August	September	October	November	December	Total	Year over Year Increase
SpeedPay	16,235	15,667	17,247	14,992	17,106	15,280	14,595	14,889	14,288	15,864	15,071	14,964	186,198	20.24%
2024	January	February	March	April	May	June	July	August	September	October	November	December	Total	Year over Year Increase
Paymentus	10,113	17,569	18,144	18,904	18,139	16,469	18,210	17,384	18,119	18,785	17,995	19,776	209,607	16.82%
SpeedPay	7,781	133											7,914	
2024 Total	17,894	17,702	18,144	18,904	18,139	16,469	18,210	17,384	18,119	18,785	17,995	19,776	217,521	
CAGR	16.40%	18.50%	8.68%	17.42%	18.71%	16.29%	20.47%	17.39%	21.68%	23.75%	19.65%	22.15%	18.24%	

BHE Proposed Tariff Adjustments	BHE Witness	Staff Witness	Staff Position	CURB Witness	CURB Position	Seaboard Position	Freedom Pipeline Position	WoodRiver Position
General								
Eliminating the Optional Large Volume Transportation Service-Aggregated Rate Class	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Renaming the Commodity Charge to Delivery Charge	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Increasing Select Service Fees	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Updating the Standards on Billing Practices	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Adding Indebted Household Rules	<i>Smith</i>	<i>Ellis</i>	Support*		n/a	n/a	n/a	n/a
Revising the Company Policy on Customer Information Regarding Third Parties	<i>Smith</i>	<i>Ellis</i>	Support	<i>Frantz</i>	Support*	n/a	n/a	n/a
Removing the Economic Development Service Rate Schedule to Small Commercial and Small Volume Firm Customers	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Clarifying that the Economic Development Rate Schedule is an Average Minimum Consumption of 50 Dth/day	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a
Updating the Index of Communities Served	<i>Smith</i>	<i>Ellis</i>	Support		n/a	n/a	n/a	n/a

****Supported, with provided revisions***



February 18, 2025

Black Hills Utility Holdings, Inc.
Attn: Daryl Keller
2330 N Hoover
Wichita, KS 67205

**RE: Abandonment of AEPL-Operated Gas systems
Termination of Gas Purchase Contracts
Harvey, Kingman, Marion, McPherson and Reno Counties, Kansas**

To whom it may concern:

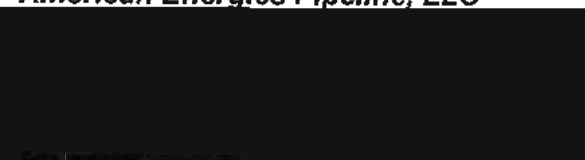
American Energies Pipeline, LLC ("AEPL") operates multiple natural gas pipelines in Harvey, Kingman, Marion, McPherson and Reno Counties, Kansas. These systems are known as the Burrton, Canton, Friendship, Reno, Twenty First Street and Yoder systems (collectively, the "Systems"). AEPL delivers natural gas to Black Hills Utility Holdings, Inc. using the Systems.

AEPL intends to discontinue its operation of the Systems. As of January 27, 2025, AEPL has delivered notice of termination of the Systems and the associated gas purchase contracts to the operators that sell gas into the Systems. Please let this letter serve as adequate notice of termination of AEPL's operation of the Systems effective March 24, 2025. Further, please let this letter serve as adequate notice of termination of that certain Base Contract for Sale and Purchase of Natural Gas dated July 1, 2008 by and between Black Hills Utility Holdings, Inc. and Mid Kansas Gas Gathering, LLC.

If you wish to take over ownership and operation of the Systems from AEPL, please contact [REDACTED] or me via the contact info below. If you have any questions, please don't hesitate to reach out.



Regards,
American Energies Pipeline, LLC



Senior Landman



October 29, 2024

[REDACTED]

Meter Number: [REDACTED]

Meter Address: [REDACTED]

Dear Valued Black Hills Energy Customer:

You currently are being provided exit tap service from a gas gathering system. You likely obtained this service through a Right of Way Agreement with the owner of the gas gathering system.

Under Kansas law, the owner of the gas gathering system has informed Black Hills Energy that a potential decline in the natural gas quality and pressure delivered to your exit tap from the gas gathering system may result in the curtailment of service and the loss of natural gas to the end use customer. Accordingly, Black Hills Energy is notifying you that it cannot guarantee the deliverability or quality of the gas delivered to you from the exit tap.

This is to notify you that if the pressure and/or quality problems with the natural gas supplies from the gathering systems continue, a service problem could arise, up to and including termination of service. It is our intent to continue to work with the gas gathering company providing you your exit tap to address the pressure and/or quality problems so that we can continue to provide safe and reliable natural gas service for our customers.

The aforementioned quality problems could also cause internal corrosion of your natural gas system. As a result, Black Hills Energy advises that you have your natural gas appliances, equipment and pipes inspected for signs of corrosion.

If you have any questions regarding your service, you can reach me at [REDACTED].

Sincerely,

Ron Henning
Compliance Coordinator
Black Hills Energy

Northern Natural Gas Company

FERC Gas Tariff

Seventh Revised Volume No. 1

Part 4 - Currently Effective Rates

Section 5 - SMS

Version 0.0.0

5. RATE SCHEDULE SMS

Reservation Charge	\$4.2550
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Commodity Rate	\$0.0208
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Northern Natural Gas Company
 FERC Gas Tariff
 Seventh Revised Volume No. 1

Part 4 - Currently Effective Rates
 Section 8 - Daily Delivery Variance Charges (DDVC)
 Version 0.0.0

8. DAILY DELIVERY VARIANCE CHARGES (DDVC)

Commodity Charges

Non-SOL/SUL/Critical Day

Positive DDVC	1/
Negative DDVC	1/
Punitive DDVC	1/

SOL Day

Positive DDVC	greater of \$1.0000 or 1.25 times 2/
Negative DDVC	\$0.0000
Punitive DDVC	greater of 3/ or 2.0 times 2/

SUL Day

Positive DDVC	\$0.0000
Negative DDVC	greater of \$1.0000 or 1.25 times 2/
Punitive DDVC	\$0.0000

Critical Day

Positive/Critical DDVC	
- First 2%	greater of \$15.0000 or 1.50 times 2/
- Next 3%	greater of \$22.0000 or 1.75 times 2/
Negative DDVC	\$0.0000
Punitive/Critical DDVC	
- Level I	greater of \$56.5000 or 2.0 times 2/
- Level II	greater of \$113.0000 or 3.0 times 2/

- 1/ The rate will be the applicable maximum Winter Season or Summer Season Market Area TI Rate.
- 2/ The highest published Platts "Gas Daily" Midpoint price on the applicable day at any of the applicable index points of: Market Area - Northern, demarc and Northern, Ventura; or Field Area - Panhandle, Tx.-Okla. and El Paso, Permian.
- 3/ Charge equal to five (5) times the SMS monthly reservation fee.