

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

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

In the Matter of the Application of Black )  
Hills/Kansas Gas Utility Company, LLC, d/b/a )  
Black Hills Energy, for Approval of the ) Docket No. 14-BHCG-593-TAR  
Commission for Gas System Reliability )  
Surcharge per K.S.A. 66-2201 through 66- )  
2204 )

**ORDER ADOPTING STAFF'S REPORT AND RECOMMENDATION**

This matter comes before the State Corporation Commission of the State of Kansas (Commission) on the Application of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy (Black Hills) for approval of its Gas System Reliability Surcharge (GSRS). After review of the pleadings, the Commission makes the following findings and conclusions.

1. On June 24, 2014, Black Hills filed its Application requesting an increase in the GSRS to recover costs for eligible infrastructure system replacements, which would result in a rate base increase of \$6,440,271. Black Hills proposed a \$640,637 revenue increase.
2. On July 22, 2014, the Commission granted intervention to the Citizens' Utility Ratepayer Board (CURB).
3. On August 22, 2014, after examining Black Hills' Application,<sup>1</sup> Staff filed its Report and Recommendation, which recommended allowing the proposed \$6,440,271 capital costs be included in the surcharge and a one-time refund to customer bills totaling \$90,441. Because the refund is removed from the GSRS Recovery amount of \$640,637 in order to be passed back in one month, the updated recovery results in a slightly higher revenue increase

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<sup>1</sup> Pursuant to K.S.A. 66-2204(b)(2).

resulting in a recovery of \$657,961. If Staff's recommendation is adopted, Black Hills' residential customers would experience a \$0.40 increase in their monthly bills and \$4.80 increase in their annual bills. The revenue increase of \$657,961 less the proposed \$90,441 refund results in a net increase to customers of \$567,520. Black Hills does not contest Staff's adjustments.<sup>2</sup>

4. K.S.A. 66-2204(e)(1) provides a monthly charge resulting from a GSRS may not increase a residential customer's bill by more than \$0.40. The agreed upon GSRS results in a monthly increase of \$0.40.

5. In accordance with K.S.A. 66-2204(b)(4), the Commission finds there is sufficient evidence to approve the proposed GSRS subject to Staff's recommendation to include \$6,440,271 of the proposed capital costs in the surcharge, resulting in an annual increase of \$657,961. Black Hills may also continue to collect the current GSRS surcharge, as permitted by the GSRS statutes, for a total GSRS of \$2,958,948 per year. Adopting Staff's recommendation results in an increase of \$0.40 per month of \$4.80 per year in Black Hills' residential customers' bills. The Commission finds the agreed upon GSRS is just and reasonable.

6. The Commission further adopts the conditions set out in Staff's Report and Recommendation, as follows:

- a. Black Hills must file updated GSRS tariffs to reflect the changes in the per customer surcharges as discussed above prior to billing the new surcharges;
- b. Black Hills should refund \$90,441 to customers in the first month of the Company's new GSRS recovery period; and
- c. Black Hills will immediately file a GSRS True-Up for the period of May 2014 to date at the time its base rates in the 14-BHCG-502-RTS Docket become effective as required by K.S.A. 66-2204(f)(2).

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<sup>2</sup> Response of Black Hills Energy to Staff's Report and Recommendation, ¶ 2 (Sept. 8, 2014).

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

(A) The commission approves Black Hills' GSRs tariff application as adjusted by Staff's recommendation to include \$6,440,271 of the proposed capital costs in the surcharge and the rates set forth in Exhibit 1 to Staff's Report and Recommendation.

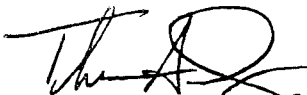
(B) The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2013 Supp. 77-529(a)(1).

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

**BY THE COMMISSION IT IS SO ORDERED.**

Albrecht, Chair; Emler, Com.; Apple, Com.

Dated:           OCT 07 2014          

  
ORDER MAILED OCT 08 2014  
Thomas A. Day  
Acting Executive Director

SF

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

| NAME AND ADDRESS  | NO.<br>CERT.<br>COPIES | NO.<br>PLAIN<br>COPIES |
|---|------------------------|------------------------|
| JAMES G. FLAHERTY, ATTORNEY<br>ANDERSON & BYRD, L.L.P.<br>216 S HICKORY<br>PO BOX 17<br>OTTAWA, KS 66067  |                        |                        |
| NIKI CHRISTOPHER, ATTORNEY<br>CITIZENS' UTILITY RATEPAYER BOARD<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604<br><b>***Hand Delivered***</b>          |                        |                        |
| ANASTACIA HARDEN<br>CITIZENS' UTILITY RATEPAYER BOARD<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604<br><b>***Hand Delivered***</b>                    |                        |                        |
| DELLA SMITH<br>CITIZENS' UTILITY RATEPAYER BOARD<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604<br><b>***Hand Delivered***</b>                         |                        |                        |
| SHONDA SMITH<br>CITIZENS' UTILITY RATEPAYER BOARD<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604<br><b>***Hand Delivered***</b>                        |                        |                        |
| DAVID SPRINGE, CONSUMER COUNSEL<br>CITIZENS' UTILITY RATEPAYER BOARD<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604<br><b>***Hand Delivered***</b>     |                        |                        |
| SAMUEL FEATHER, LITIGATION COUNSEL<br>KANSAS CORPORATION COMMISSION<br>1500 SW ARROWHEAD RD<br>TOPEKA, KS 66604-4027<br><b>***Hand Delivered***</b> |                        |                        |

ORDER MAILED OCT 08 2014

The Docket Room hereby certified that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.