

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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

In the Matter of the Application of Black Hills/Kansas Gas Utility)
Company, LLC, d/b/a Black Hills Energy, for a Certificate of)
Public Convenience and Authority to Transact the Business of a) 16-BHCG-024-COC
Natural Gas Public Utility in Certain Portions of Reno County,)
Kansas)

CERTIFICATE

NOW, the above-captioned matter comes on for consideration and determination by the State Corporation Commission of the State of Kansas ("Commission"). Having examined its files and records, and being fully advised in the premises, the Commission finds and concludes as follows:

1. On July 16, 2015 Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Applicant/Black Hills") filed an application seeking a Certificate of Convenience and Authority to provide natural gas service to a portion of Reno County, Kansas as required by K.S.A. 2014 Supp. 66-131. Applicant is a natural gas public utility as defined by K.S.A. 2014 Supp. 66-104. A public hearing was neither requested nor held on this application.

2. Specifically, Applicant requests a Certificate in the territory described as follows:

RENO COUNTY

North Half (N/2)
Section 31, Township 24 South, Range 4 West
South Half (S/2)
Section 30, Township 24 South, Range 4 West
Northwest Quarter (NW/4)
Sections 30 and 32, Township 24 South, Range 4 West
Southeast Quarter (SE/4)
Section 24, Township 24 South, Range 5 West

Southwest Quarter (SW/4)
Section 19, Township 24 South, Range 4 West
All of Sections 24, 25 and 36
Township 23 South, Range 5 West
All of Sections 19, 30 and 31
Township 23 South, Range 4 West
All of Sections 1 and 12
Township 24 South, Range 5 West
All of Sections 6 and 7
Township 24 South, Range 4 West

3. Black Hills currently holds limited certificate authority in the following described sections, granted under Docket No. 89,418-U on April 22, 1970. These sections are described as follows:

RENO COUNTY

All of Section 24
Township 23 South, Range 5 West

All of Section 19
Township 23 South, Range 4 West

In this application, Black Hills requests that its current limited authority in the above-described territory be expanded to full authority to serve all classes of customers.

4. Public convenience will be promoted by allowing Applicant to provide natural gas service in the territory described in Finding No. 2 and in the territory described in Finding No. 3, for which expanded authority is requested above and granting Midwest Energy, Inc., in Docket No. 16-MDWG-064-CCS, authority to cease as a natural gas public utility in a portion of the territory described in Finding No. 2. The application, therefore, should be granted and a Certificate issued to Applicant in accordance with the provisions of K.S.A. 2014 Supp. 66-131.

IT IS, THEREFORE, BY THE COMMISSION CONSIDERED AND CERTIFIED:

A. The application filed herein is granted and Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy is permitted to transact the business of a natural gas

public utility in the territory described in Finding No. 2 and full authority to serve all classes of customers in the territory described in Finding No. 3.

B. A party may file a petition for reconsideration of this Order within fifteen (15) days from the date of service of this Order. If service is by mail, service is complete upon mailing, and three (3) days shall be added to the above time frame. K.S.A. 66-118b; K.S.A. 2014 Supp. 77-529.

C. The Commission retains jurisdiction of the subject matter and parties for the purpose of entering such further order or orders as it may deem necessary.

BY THE COMMISSION IT IS SO CERTIFICATED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: SEP 03 2015


ORDER MAILED SEP 04 2015

Amy L. Gilbert
Secretary to the Commission

gdd

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Gary Dawdy, Utility Engineer II
Leo Haynos, Chief Engineer
Jeff McClanahan, Director of Utilities

DATE: August 27, 2015

SUBJECT: 16-BHCG-024-COC
In the Matter of the Application of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy, for a Certificate of Public Convenience and Authority to Transact the Business of a Natural Gas Public Utility in Certain Portions of Reno County, Kansas.

16-MDWG-064-CCS
In the Matter of the Application of Midwest Energy, Inc. for Authority to Cease Transacting the Business of a Natural Gas Public Utility in Certain Portions of Reno County, Kansas.

BACKGROUND:

On July 16, 2015, Black Hills/Kansas Gas Utility Company, LLC, dba Black Hills Energy (Black Hills) filed an Application for Certificate in 16-BHCG-024-COC. On August 5, 2015, Midwest Energy, Inc. (Midwest) filed a companion Application to Cease Service in 16-MDWG-064-CCS.

ANALYSIS:

Pursuant to K.S.A. 2014 Supp. 66-131, the Commission has jurisdiction to grant a certificate to a public utility seeking to transact business in the State of Kansas.

The statutory standard of review in this matter is whether the "public convenience will be promoted by the transaction of said business and permitting said applicants to transact the business of a common carrier or public utility in this state." K.S.A. 2014 Supp. 66-131.

Black Hills is requesting a Certificate in ten sections of natural gas territory located in Reno County. This request is the result of an agreement between Black Hills and Midwest. A Memo of Understanding is attached to the Application as Exhibit B. Under the agreement, Midwest would install a new plastic pipeline to serve 12 customer accounts being transferred from Midwest to Black Hills. The assets would be transferred at zero cost to Black Hills. Under the

agreement, Black Hills would invest approximately \$20,000 on regulating stations at the time of customer transfer. A list of the customers is attached to the Application as Exhibit C.

Black Hills has provided an Affidavit of Mailing of a letter to each customer. The letter discusses the proposed transfer and informs the customers of the Application filed with the Commission. The customers notice letters advise the customers that they can contact the Commission. Also included with the notice letter was a comparison of Midwest's and Black Hills' rates. A draft of the notice letter and rate comparison is attached to the Application as Exhibit D.

Midwest Energy has filed a companion Cease Service Application. Under this Application, Midwest seeks authority to cease in three sections of the previously mentioned ten sections being requested by Black Hills.

In addition to the ten sections of new territory, Black Hills also requests an expansion of the Limited Certificate authority previously granted in two additional sections of territory under Docket No. 89,418-U. The Certificate issued April 22, 1970, in Docket No. 89,418-U, delineated and clarified the territory of the four natural gas suppliers operating in Reno County at that time. In these two sections, Black Hills' authority is limited to the sale of gas to existing customers and for industrial, commercial and wholesale for resale use when adequate capacity exists and where the point of consumption of gas is nearer the existing or extended pipelines of Black Hills than existing or extended pipelines of other certified companies. Black Hills requests that its Certificate authority in these two sections be expanded to full authority to serve all classes of customers.

Kansas Gas Service, A Division of ONE Gas (KGS), holds a Certificate and operates in a portion of the area being requested by Black Hills. Black Hills has conferred with KGS and KGS has no objection to Black Hills' request for a Certificate in this Application. Because KGS operates in the area, KGS is not seeking to cease its Certificate in this area.

Staff has received no objection or comment relative to the notice provided customers in the above-captioned Dockets.

Staff recommends that the Commission find that public convenience will be promoted by the granting of these Applications.

The Commission action date is January 12, 2016.

RECOMMENDATION:

Staff is recommending that Black Hills' Application for Certificate in 16-BHCG-024-COC and Midwest's Application to Cease Service in 16-MDWG-064-CCS both be granted.

SEP 03 2015

KANSAS CORPORATION COMMISSION
AMY L. GILBERT, SECRETARY

DOCKET NO.: 16-BHCG-024-COC

ORDER DATE:

NAME AND ADDRESS

NO. OF
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ORDER MAILED SEP 04 2015

The Docket Room hereby certifies that on _____, a
true and correct copy of the attached was deposited in the United States Mail, postage prepaid,
addressed to the above persons.