

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of Black Hills/Kansas Gas Utility )  
Company, LLC, d/b/a Black Hills Energy ("Black )  
Hills"), Compliance Filing of its Accelerated Pipe ) Docket No. 18-BHCG-319-CPL  
Replacement Plan Pursuant to the Commission )  
Orders in Docket No. 15-GIMG-343-GIG )

**COMPLIANCE FILING**

In accordance with the memorandum filed by the Staff of the Corporation Commission of the State of Kansas ("Commission") on December 19, 2018, in Docket No. 15-GIMG-343-GIG, Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills") submits this report detailing progress made in the preceding year.

**I. BACKGROUND**

1. On April 23, 2018, Black Hills filed in this docket its *Final Accelerated Pipe Replacement Plan* ("Plan") setting forth (1) a seven-year Phase 1 plan to eliminate all bare steel mains, bare steel service lines, and bare steel yard lines in Class 3/urban locations and a ten-year Phase 2 plan to eliminate all remaining obsolete pipe in Kansas; (2) a plan for increased leak detection of obsolete plastic pipe; and (3) an annual lost and unaccounted for gas ("L&U") report for cities having over 10,000 customers.

2. On December 19, 2018, Staff filed a memorandum in Docket No. 15-GIMG-343-GIG recommending future actions to monitor the utilities' plans, including a requirement for the utilities to file an annual report by March 31 detailing progress made in the preceding year, explaining any deviation from the preceding year's projections, any deviation from initial projections, and revising remaining plan projections. Staff also recommended that utilities include in annual reports an update of parameters similar to those listed in Tables LMH-1 and LMH-2 that were included in the body of Staff's memorandum.

3. Black Hills meets periodically with Staff and the Citizens Utility Ratepayer Board and Black Hills typically provides updates on the Plan. Black Hills submits this 2021 annual report as an update to the 2020 report filed on April 6, 2020.

## **II. L&U FILING**

4. Black Hills' Plan includes a requirement to file an annual report of L&U for communities of 10,000 or more customers. This will include the communities of Lawrence, Wichita, and Garden City. As in prior years with Staff's agreement, BHE will file the L&U report following the receipt of March data, which is at the beginning of May. Accordingly, Black Hills will file the L&U report by May 17, 2021.

## **III. LEAK SURVEYS**

5. The Staff Memorandum recommended that utilities increase the frequency of the surveys of **all** plastic pipe to once every three (3) years. As stated in Black Hills' comments to the Staff Memorandum, filed on January 15, 2019, Black Hills currently has a process pursuant to which it surveys its obsolete piping at least once every three (3) years and all other plastic piping at least once every five (5) years. In discussions with Staff, Staff agreed that Black Hills' process meets the intended safety requirements and that Staff had no objection to Black Hills continuing to survey other-than-obsolete piping once every five (5) years.

## **IV. REPORTING PLASTIC PIPE FAILURES**

6. The Staff Memorandum recommended that utilities report plastic pipe failures (leaks) according to the American Gas Association Plastic Pipe Database Committee ("AGA PPDC") Plastic Pipe Failure Report. Black Hills is a member of the AGA PPDC and reports accordingly. Black Hills Kansas had two plastic pipe failures in 2020.

## V. ANNUAL COMPLIANCE UPDATE

7. Black Hills began implementing its Accelerated Replacement Program in July of 2018. As previously stated, the Plan included two phases. The seven-year Phase 1 included the replacement of 22,217 bare steel yard lines, 6,725 bare steel service lines and 139 miles of bare steel main lines in Class 3 or urban areas with a total estimated cost of \$79,016,987.

8. The table below provides updates to the Plan showing revisions to the Plan and progress made during 2020.

TABLE 1

	BHE Adjusted Plan*	2018 Activity	2019 Activity	2020 Activity	Current BHE ARP Status
Number of Urban Areas	65	0	3	7	55
Miles of Bare Steel Main	146	20	30	21.4	74.6
Planned (Avg Miles/Year) Replacement Rate	21				18.7
Number of Bare Steel Service Lines & Yard Lines	28,942	1,654	3,192	3,558	20,538
Planned Service & Yard (Avg Line/Year) Replacement Rate	4,134				5,135
Years to Completion Phase 1	7 Years				4 Years
Underground leaks per 100 miles obsolete pipeline	17.2	11.9	10.8	13.3	
Total Project Cost	\$89M	\$7.5M**	\$13.5M**	\$13.4M**	\$65.5M***
Main Replacement (7-Year Avg \$/Mile)	\$212,520	\$212,520**	\$237,600**	\$237,600**	\$237,600**
Service Line Replacement (7-Year Avg \$/Each)	\$2,000	\$2,000**	\$2,000**	\$2,325**	\$2,325**

\*The information in the column "BHE Adjusted Plan" reflects updated information provided in October 2018 in Data Request No. 12.

\*\* These costs are estimates based on average costs.

\*\*\* The Project Cost for the remaining years to complete Phase 1 incorporates the increased service line replacement cost based on 2020 activity.

## VI. SAFETY MANAGEMENT SYSTEM

9. Black Hills Corporation (“BHC”) has continued to develop and improve the Pipeline Safety Management System (“PSMS”) with the completion of the PSMS Implementation Tool in October 2020 with the assistance of stakeholders within the PSMS Steering Committee. Evaluation of this tool’s findings has resulted in leadership directives to prioritize new development efforts into the Leadership and Management Commitment, Stakeholder Engagement, and Continuous Improvement and Management Review elements in 2021, as well as continuing to invest in the improvement of BHC’s Incident Investigation, Evaluation, and Lessons Learned element. These efforts are intended to further develop the fundamental governance structure of the PSMS, foster effective communication, support effective leadership decision-making, and ensure that PSMS documentation and training reflects BHC’s core values and safety principles.

10. As a part of PSMS awareness and engagement efforts, BHC’s leadership developed the *Boundless Safety* engagement concept and created a Communication sub-team within the PSMS Steering Committee tasked with the development of improved stakeholder engagement strategies for internal personnel. Through this sub-team, leadership launched an initiative in 2020 to require the presentation of safety topics prior to beginning any meeting with more than three attendees. The Safety Topic Library was launched to all BHC internal stakeholders in February 2021 to support this effort and initially covers Pipeline Safety topics and is expected to cover personal and vehicular safety in the future.

11. A tabletop emergency simulation exercise was held in November 2020 that simulated a tornado occurring in a large metropolitan area. This tabletop simulation was the first joint-utility emergency response simulation between BHC’s natural gas and electric utilities using the Major Events Playbook. Operations leadership and other key employees across both natural gas and electric utilities participated in these exercises either in-person or remotely via video and

teleconferencing. Lessons learned from this simulation have identified differences between the utilities' emergency response that are planned to be reconciled in the next version of the Major Events Playbook to ensure a more effective emergency response in the future. BHC is also launching an Emergency Response newsletter and no-cost online gas and electric emergency response trainings to the Emergency Response agencies in the six states Black Hills operates in.

12. BHC has made significant improvements to the PSMS Competency, Awareness, and Training element throughout 2020. A state-of-the-art training facility was completed in Council Bluffs, Iowa to ensure BHC has the facilities and props to effectively train, evaluate, and qualify personnel within BHC's operating states. In addition to operational qualification efforts, this facility is intended to support emergency response and incident command system drills to improve emergency response capabilities within BHC's Operations teams. These facilities will be supported by dedicated technical training and evaluation personnel providing dedicated instructor-led training, operator qualification evaluation, and requalification support. A second training facility is currently being planned to ensure that technical training resources are readily available to operations personnel in all territories.

WHEREFORE, Black Hills submits this annual compliance report as requested by the Commission in the 343 Docket.

*/s/ Dari Dornan*

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Dari Dornan #28818  
Associate General Counsel  
Black Hills Corporation  
1731 Windhoek Drive  
Lincoln, Nebraska 68512  
(402) 490-4886, telephone\_  
[Dari.dornan@blackhillscorp.com](mailto:Dari.dornan@blackhillscorp.com)

Attorney for Black Hills/Kansas Gas Utility Company,  
LLC, d/b/a Black Hills Energy

**VERIFICATION**

STATE OF NEBRASKA  
COUNTY OF LANCASTER, ss:

Dari Dornan, of lawful age, states:

That she is an attorney for Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills"), named in the foregoing Compliance Filing, and is duly authorized to make this affidavit; that she has read the foregoing Compliance Filing, and knows the contents thereof; and that the facts set forth therein are true and correct to the best of her knowledge, information and belief.

*/s/ Dari Dornan*

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Dari Dornan #28818  
Associate General Counsel  
Black Hills Corporation  
1731 Windhoek Drive  
Lincoln, Nebraska 68512  
(402) 490-4886, telephone\_  
[Dari.dornan@blackhillscorp.com](mailto:Dari.dornan@blackhillscorp.com)

The requirement for notary acknowledgements has been waived by order of the Commission in Docket No. 20-GIMX-393-MIS.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent electronically, this 31<sup>st</sup> day of March, 2021, addressed to:

David W. Nickel  
[d.nickel@curb.kansas.gov](mailto:d.nickel@curb.kansas.gov)

Della Smith  
[d.smith@curb.kansas.gov](mailto:d.smith@curb.kansas.gov)

Shonda Rabb  
[s.rabb@curb.kansas.gov](mailto:s.rabb@curb.kansas.gov)

Todd E. Love  
[t.love@curb.kansas.gov](mailto:t.love@curb.kansas.gov)

Robert Elliott Vincent  
[r.vincent@kcc.ks.gov](mailto:r.vincent@kcc.ks.gov)

*/s/ Dari Dornan*

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Dari Dornan