

**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

DIRECT TESTIMONY

PREPARED BY

ASHLYN M. HEFLEY

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

May 9, 2025

1 **Q. Would you please state your name and business address?**

2 **A.** My name is Ashlyn M. Hefley. My business address is 1500 Southwest Arrowhead Road,
3 Topeka Kansas, 66604

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

5 **A.** I am employed by the Kansas Corporation Commission (Commission or KCC), Utilities
6 Division as a Utilities Engineer.

7 **Q. Please state your educational and employment background.**

8 **A.** I received a Bachelor of Science Degree in Chemical Engineering from Kansas State
9 University in May 2021. I began employment at the Commission in my current position in
10 June 2021.

11 **Q. Have you ever testified before this Commission?**

12 **A.** Yes. I provided testimony in docket number 24-WNCE-235-GIE. Additionally, I have
13 participated in several dockets during my employment at the Commission. A list of my
14 previous Staff assignments and areas covered is available upon request.

15 **SUMMARY OF TESTIMONY**

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

17 **A.** My testimony responds to Black Hills Energy's (BHE) proposal to increase annual
18 spending in the areas of vegetation management, research and development (R&D), and
19 the damage prevention program. I recommend that the Commission deny BHE's proposed
20 adjustment IS-20 related to vegetation management. With respect to adjustment IS-26 for
21 the Operations Technology Development (OTD) Program, I recommend that the
22 Commission approve the adjustment with the cost split between shareholders and
23 ratepayers. I also recommend that BHE be required to file an annual report detailing the

activities and expenditures under the OTD program. Regarding adjustment IS-27 for the damage prevention program, I recommend approval contingent upon BHE being required to report damages to the Kansas Corporation Commission within 30 minutes of being notified.

VEGETATION MANAGEMENT

Q. Please describe BHE's proposal

A. BHE is requesting to spend \$100,000 annually on vegetation management.¹ BHE asserts that tree roots can contribute to pipeline leaks over time, that untrimmed vegetation impedes the ability to perform leak surveys and routine maintenance, and that overgrown vegetation poses a risk of falling on above-ground facilities. BHE contends that the proposed adjustment is necessary to maintain safe and reliable service.² While BHE identifies potential risks associated with vegetation—such as damage from tree roots, obstructed access for leak surveys and maintenance, and hazards to above-ground facilities—the testimony does not present a clear or detailed plan of action to address these concerns through the proposed adjustment. As such, the justification for increased spending under adjustment IS-20 remains insufficient.

Q. How many instances of excessive vegetation did BHE encounter in CY 2023 and 2024?

A. Through the discovery process, Staff learned BHE identified 36 instances of vegetation issues while patrolling during 2023 and 2024.³ Thirty-one of those vegetation issues were removed in the field. Only 5 vegetation incidents could not be removed easily on site and required a supervisor to take corrective action. Staff reviewed the patrolling records for

¹ See Direct Testimony of Marc T. Eyre, page 23, lines 3-4

² See Direct Testimony of Marc T. Eyre, page 23, lines 21-22

³ See the Response to Staff Data Request No. 174-SUPP-1

each of the 5 incidents. The cause of these incidents was the overgrowth of trees and weeds.⁴

Q. What is the number of leaks that have been caused by external damage from vegetation?

A. According to BHE's records, only six leaks attributed to external damage from vegetation and roots were identified between 2020 and 2024. This limited number of incidents over a five-year period does not, in my opinion, justify the proposed increase in annual vegetation management spending under adjustment IS-20, particularly in the absence of a clearly defined and targeted mitigation plan.⁵ See Table 1 below that demonstrates the number of leaks due to vegetation compared to overall leaks in the last four years.⁶ Based on the data provided, it is my contention that vegetation is not causing a large issue with leaks. Approximately 0.11% of all leaks were caused by vegetation.

Table 1. Number of Leaks by Year

	2020	2021	2022	2023	2024
Total Leaks⁷	943	976	1,139	1,384	1,057
Leaks caused by vegetation	1	1	-	3	1

Q. Have you reviewed the vegetation management project list provided by BHE?

A. Yes. It appears a large majority of the project descriptions provided between 2020-2024 are for mowing, pest control, and spraying weeds.⁸ Four of the six leaks previously

⁴ See the Response to Staff Data Request No. 215

⁵ See the Response to Staff Data Request No. 172

⁶ See the Response to Staff Data Request No. 224

⁷ This number includes underground and aboveground leaks

⁸ See the Response to Curb Data Request No.66

1 discussed were caused by tree roots or a fallen tree. The two remaining leaks were due to
2 a crew member damaging meters that were hidden by vegetation. BHE's testimony
3 emphasizes tree root intrusion as a primary concern; however, the project list submitted in
4 support of adjustment IS-20 does not align with that stated priority. There is little to no
5 evidence that the proposed projects specifically target root-related issues, which calls into
6 question the consistency and justification of the requested increase in vegetation
7 management spending. **Q. Has BHE provided evidence to show the need to expand**
8 **the vegetation management program?**

9 **A.** No. In the testimony of Marc T. Eyre, the witness states there is a safety risk to the system
10 and customers due to unchecked vegetation.⁹ The data provided by BHE does not show the
11 system is at risk for leaks caused by vegetation. Vegetation management is necessary to
12 perform code requirements like leak surveys and patrolling and the cost is a legitimate
13 expense incurred by BHE. However, an increase in spending is not needed based on the
14 data provided. There were only 6 leaks caused by vegetation in the last four years and 5
15 instances where vegetation could not be removed in the field, therefore, vegetation
16 management does not seem to be an issue for BHE. I recommend the Commission deny
17 BHE's request to increase vegetation management spending by \$100,000 annually. The
18 Direct Testimony of Daniel Buller provides a financial analysis of the vegetation
19 management adjustment.¹⁰

⁹ See Direct Testimony of Marc T. Eyre page 24 line 10

¹⁰ See Direct Testimony of Daniel Buller, pages 12-14

RESEARCH AND DEVELOPMENT

Q. Describe the OTD.

A. The Operations Technology Development (OTD) program is a not-for-profit corporation structured as a member-controlled partnership of natural gas local distribution companies (LDCs). Its mission is to develop, test, and implement new technologies related to gas operations and infrastructure. The Gas Technology Institute (GTI) serves as the administrator of the OTD. GTI identifies and proposes projects based on the needs communicated by OTD members and develops proposals for the OTD Board's consideration. Once a project is proposed, each participating LDC independently determines which initiatives it wishes to fund. After GTI's administrative costs are deducted, the remaining funds are allocated to support approved R&D projects. Profits associated with a successful commercialized R&D project are re-invested in the OTD program.¹¹

Q. What has the Commission decided on the OTD program in the past?

A. In dockets 04-GIMG-814-GIG, 16-KGSG-491-RTS and 18-KGSG-560-RTS, the Commission agreed with Staff's recommendation not to provide Kansas Gas Service (KGS) with ratepayer funding for R&D projects. Historically, Staff has compared the intangible benefits of R&D with the tangible benefits of replacing undesirable pipe.

Q. Please describe BHE's proposal

A. BHE is requesting to include an annual expense of \$57,000, or \$0.50 per meter, in its operating procedures to purchase a membership to the OTD.¹² In the Direct Testimony of Nicholas W. Smith, Ms. Smith claims the membership will allow BHE to proactively

¹¹ See docket 16-KGSG-491-RTS, Direct Testimony of Leo M. Haynos

¹² See Direct testimony of Nicholas W. Smith page 14 line 9

1 address industry challenges through the development and implementation of technologies
2 that enhance operational efficiency, reliability, and safety.¹³

3 **Q. What other BHE state jurisdictions participate in the OTD program with funding**
4 **provided by utility customers?**

5 **A.** BHE Wyoming, Iowa, Colorado, Nebraska, and Arkansas participate in OTD and are
6 provided funding by utility customers.¹⁴ There are no reporting requirements regarding the
7 utilization of BHE membership in support of OTD in the five corresponding general rate
8 case Commission Orders.¹⁵

9 **Q. Have you reviewed the list of projects being funded by Black Hills?**

10 **A.** Yes. All of the projects are related to decreasing operating costs.¹⁶ These projects are
11 funded collectively and not by individual jurisdictions.

12 **Q. Does BHE currently use any projects funded through OTD?**

13 **A.** Yes. Locusview Digital Construction Management (DCM) is used in all of BHE's
14 distribution states in their service territory.¹⁷ BHE became part of the OTD after the
15 completion of the DCM and did not invest in the development.¹⁸ BHE purchased
16 Locusview and pays an annual license fee for its use. It is my contention that the DCM was
17 a reasonable investment because it allowed BHE to be more efficient in documenting the
18 location of its facilities and completed field work.

¹³ See Direct testimony of Nicholas W. Smith page 15 lines 2-5

¹⁴ See the Response to Staff Data Request No.208

¹⁵ See the Response to Staff Data Request No.195, 217, The corresponding docket numbers are: Wyoming: 30026-78-GR-23Iowa: RPU-2021-0002, Colorado: 21AL-0236G, Nebraska: NG-109, Arkansas: 21-097-U

¹⁶ See the Response to Staff Data Request No.209

¹⁷ See Direct testimony of Nicholas W. Smith page 15 lines 8-14

¹⁸ See the Response to Staff Data Request No. 211

1 **Q. Do you support the proposal?**

2 **A.** I am not opposed to BHE's proposed adjustment for participation in the OTD program.
3 However, I recommend that the associated costs be shared between ratepayers and
4 shareholders, and that BHE be required to file a compliance report with the Commission
5 detailing its involvement and project participation. OTD research projects have the
6 potential to improve operational efficiency, which could reduce operating expenses for
7 ratepayers if the projects prove successful. At the same time, increased efficiency enables
8 BHE to focus its capital investments on utility-improving projects. Additionally,
9 investments in systems like Locusview, which enhance recordkeeping quality, offer direct
10 shareholder benefits by reducing potential liability from pipeline failures. While R&D
11 efforts may yield future benefits, it is not appropriate for ratepayers to bear the full cost of
12 speculative gains that could also benefit shareholders.

13 **Q. Why should the cost of the OTD membership be split between shareholders and**
14 **ratepayers?**

15 **A.** R&D benefits the ratepayers because it lowers operating costs and benefits the shareholders
16 because it allows them to focus their investments on capital expenditure rather than making
17 repairs. R&D also reduces the risk of accidents if the processes of maintaining the system
18 are efficient. If the shareholders are required to invest in R&D, BHE will have the incentive
19 to closely manage the GTI projects instead of simply monitoring them. BHE should be able
20 to demonstrate to ratepayers that they are benefiting from the investment.

21 **Q. What reporting requirements regarding the OTD membership do you recommend?**

22 **A.** A process needs to be in place because as a corporation, BHE is investing a large sum of
23 money in R&D. I recommend BHE file a report with the Commission that explains the

1 projects being funded by BHE in the OTD, if any are being utilized by BHE and why other
2 projects were not selected. I recommend a compliance docket be opened with a mutually
3 agreed upon proposal between BHE and KCC that determines what will be included in the
4 report. A reporting requirement would bolster support in BHE's investment.

5 **DAMAGE PREVENTION**

6 **Q. Please describe BHE's proposal**

7 **A.** BHE proposes to spend \$49,228 annually to improve its damage prevention program
8 through advertising. This expectation of this adjustment is to increase public awareness
9 and educate the public of the damage prevention program.¹⁹ BHE is required to develop a
10 public awareness program that includes the goal of damage prevention. BHE contends that
11 through public outreach to excavators and homeowners, the investment will benefit
12 customers through reduced damages and increased public safety.

13 **Q. Does the KCC have a damage prevention enforcement program?**

14 **A.** Yes. The KCC Pipeline Safety Program consists of two special damage prevention
15 investigators located in Olathe and Wichita.

16 **Q. How is the KCC alerted of damages?**

17 **A.** Typically, the gas companies report damages to the KCC. The notifications allow the KCC
18 to investigate damages and successfully implement our damage prevention program. The
19 data that comes from the notifications is also used to decrease the amount of damages.
20 When the KCC is alerted of a damage, the special investigators evaluate the situation and
21 determine who is responsible based on the Kansas pipeline safety regulations. If violations
22 have occurred, the investigators recommend a civil penalty be issued. Through these

¹⁹ See Direct Testimony of Marc T. Eyre page 21, lines 6-8

1 investigations, operators and excavators are educated and Staff uses this data to decrease
2 damages.

3 **Q. Is BHE required to notify the KCC of damages?**

4 **A.** No. BHE voluntarily notifies the KCC of its damages. Because there is no requirement, the
5 KCC does not receive the notifications in a timely manner.

6 **Q. Are KGS and Atmos required to notify the KCC of damages?**

7 **A.** Yes. Docket 13-DPAX-250-GIV requires KGS to notify the Commission pipeline safety
8 staff within 30 minutes of KGS being notified of an excavation damage to their pipeline
9 facilities.²⁰ Docket 14-ATMG-156-GIP requires Atmos to provide the KCC with electronic
10 notices of damages related to excavation activity within 30 minutes after Atmos has been
11 notified of the damage.²¹

12 **Q. Do you support BHE's proposal?**

13 **A.** Yes, provided BHE is required to notify the KCC of damages within 30 minutes of BHE
14 being notified. Additionally, BHE should be required to explicitly verify through written
15 testimony in its next rate case that it has actually incurred these higher advertising
16 expenses. In 2024, BHE identified 160 uncontrolled releases caused by third party
17 damages and 154 were due to the fault of the excavator.²² The KCC investigated 25 BHE
18 damages in 2024 and determined BHE was at fault in 8 of them. An expansion of BHE's
19 damage prevention program and reporting requirements to the Commission would reduce
20 the amount of damages which is a benefit to public safety and Black Hills ratepayers.

²⁰ See docket 13-DPAX-250-GIV Final Order

²¹ See docket 14-ATMG-156-GIP Joint Motion to Approve Settlement Agreement

²² See the Response to Staff Data Request No. 168

Q. Why should BHE be required to notify the KCC of damages?

A. From the perspective of BHE, it is not at fault in a majority of the third party damages that occur to their system. When the KCC investigates BHE's damages, it seems Staff finds BHE at fault more often. If the KCC is involved in damages investigations, it will improve BHE's damage prevention goals because Staff has a different perspective. KCC involvement will not be possible without timely notifications of damages. At this time, the voluntary notifications seem to be sent sporadically. As previously mentioned, KGS and Atmos already report this to the KCC. BHE is the only major gas company it is not required for.

CONCLUSIONS AND RECOMMENDATIONS

Q. Could you summarize your recommendations?

A. The following summarizes my recommendations:

- I recommend the Commission deny BHE adjustment IS-20 for a \$100,000 increase in vegetation management spending.
- I recommend the Commission approve \$25,000 annual spending on OTD membership with the condition the shareholders fund the remaining \$25,000 and BHE file an annual report on the details of the OTD program.
- I recommend the Commission approve BHE adjustment IS-27 for a \$49,228 increase in damage prevention spending under the condition that BHE is required to report damages to the KCC within 30 minutes of being notified, and the condition that BHE is required to verify through written testimony in its next rate case that it has incurred these higher advertising expenses.

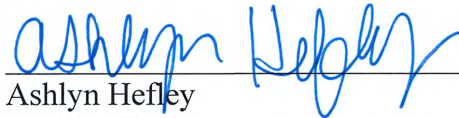
Q. Does this conclude your testimony?

A. Yes.

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

Ashlyn Hefley, being duly sworn upon her oath deposes and states that she is a Utilities Engineer for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that she has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of her knowledge, information and belief.



Ashlyn Hefley
Utilities Engineer
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 30 day of April, 2025.


Notary Public

My Appointment Expires: 4/28/29



CERTIFICATE OF SERVICE

25-BHCG-298-RTS

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 9th day of May, 2025, to the following:

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067-0017
jflaherty@andersonbyrd.com

JEFF AUSTIN
AUSTIN LAW P.A.
7111 W. 151st ST.
SUITE 315
OVERLAND PARK, KS 66223
jeff@austinlawpa.com

NICK SMITH, MANAGER - REGULATORY & FINANCE
BLACK HILLS/KANSAS GAS UTILITY COMPANY LLC
D/B/A Black Hills Energy
601 NORTH IOWA STREET
LAWRENCE, KS 66044
nick.smith@blackhillscorp.com

JEFFREY DANGEAU, ASSOCIATE GENERAL COUNSEL
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
D/B/A BLACK HILLS ENERGY
655 EAST MILLSAP DRIVE, STE. 104
PO BOX 13288
FAYETTEVILLE, AR 72703-1002
jeff.dangeau@blackhillscorp.com

ROB DANIEL, DIRECTOR OF REGULATORY
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
D/B/A BLACK HILLS ENERGY
2287 COLLEGE ROAD
COUNCIL BLUFFS, IA 51503
rob.daniel@blackhillscorp.com

DOUGLAS LAW, ASSOCIATE GENERAL COUNSEL
BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
D/B/A BLACK HILLS ENERGY
2287 COLLEGE ROAD
COUNCIL BLUFFS, IA 51503
douglas.law@blackhillscorp.com

JOSEPH R. ASTRAB, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
joseph.astrab@ks.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
todd.love@ks.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
shonda.rabb@ks.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
della.smith@ks.gov

CERTIFICATE OF SERVICE

25-BHCG-298-RTS

ALEX GOLDBERG, ATTORNEY
EVERSHEDS SUTHERLAND (US) LLP
1196 S MONROE STREET
DENVER, CO 80210
alexgoldberg@eversheds-sutherland.com

MOLLY E MORGAN, ATTORNEY
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
mmorgan@foulston.com

JAMES P ZAKOURA, ATTORNEY
FOULSTON SIEFKIN LLP
7500 COLLEGE BOULEVARD, STE 1400
OVERLAND PARK, KS 66201-4041
jzakoura@foulston.com

DAVID N DITTEMORE
FREEDOM PIPELINE, LLC
609 REGENT PARK DRIVE
MT. JULIET, TN 37122-6391
d.dittimore28@gmail.com

MONTGOMERY ESCUE, CONSULTANT
FREEDOM PIPELINE, LLC
3054 KINGFISHER POINT
CHULUOTA, FL 32766
montgomery@escue.com

KIRK HEGER
FREEDOM PIPELINE, LLC
1901 UNIVERSITY DRIVE
LAWRENCE, KS 66044
kirkheger@gmail.com

AARON BAILEY, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
aaron.bailey@ks.gov

PATRICK HURLEY, CHIEF LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
patrick.hurley@ks.gov

PAUL MAHLBERG, GENERAL MANAGER
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
mahlberg@kmea.com

TERRI J PEMBERTON, GENERAL COUNSEL
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
pemberton@kmea.com

DARREN PRINCE, MANAGER, REGULATORY & RATES
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
prince@kmea.com

DIXIE RIEDEL, DIRECTOR OF NATURAL GAS, KMGA
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
riedel@kmea.com

CERTIFICATE OF SERVICE

25-BHCG-298-RTS

GLEND A. CAFER, MORRIS LAING LAW FIRM
MORRIS LAING EVANS BROCK & KENNEDY CHTD
800 SW JACKSON STE 1310
TOPEKA, KS 66612-1216
gcafer@morrislaing.com

LUKE A. SOBBA, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY CHTD
800 SW JACKSON STE 1310
TOPEKA, KS 66612-1216
lsobba@morrislaing.com

WILL B. WOHLFORD, ATTORNEY
MORRIS LAING EVANS BROCK & KENNEDY CHTD
300 N MEAD STE 200
WICHITA, KS 67202-2745
wwohlford@morrislaing.com

PHOENIX Z. ANSHUTZ, ATTORNEY
PENNER LOWE LAW GROUP, LLC
245 N WACO STREET, STE 125
WICHITA, KS 67202
panshutz@pennerlowe.com

FRANK A. CARO, JR., ATTORNEY
POL SINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
fcaro@polsinelli.com

JARED R. JEVONS, ATTORNEY
POL SINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
jjevons@polsinelli.com

RICHARD L. HANSON
RICHARD L. HANSON
16171 ROAD I
LIBERAL, KS 67901
rlhanson@wbsnet.org

LAURA PFLUMM CEREZO, ATTORNEY
SEABOARD ENERGY KANSAS, LLC
D/B/A SEABOARD CORPORATION
9000 W 67TH STREET
STE 200
MERRIAM, KS 66202
laura.cerezo@seaboardcorp.com

LAURA PFLUMM CEREZO, ATTORNEY
SEABOARD ENERGY KANSAS, LLC
D/B/A SEABOARD FOODS LLC
9000 W 67TH STREET
STE 200
MERRIAM, KS 66202
laura.cerezo@seaboardcorp.com

JENNIFER CHARNO NELSON, ATTORNEY
SEABOARD ENERGY KANSAS, LLC
D/B/A SEABOARD CORPORATION
9000 W 67TH STREET
STE 200
MERRIAM, KS 66202
jennifer.nelson@seaboardfoods.com

JENNIFER CHARNO NELSON, ATTORNEY
SEABOARD ENERGY KANSAS, LLC
D/B/A SEABOARD FOODS LLC
9000 W 67TH STREET
STE 200
MERRIAM, KS 66202
jennifer.nelson@seaboardfoods.com

STACY WILLIAMS, SVP, GENERAL COUNSEL
SYMMETRY ENERGY, LLC
1111 Louisiana St.
Houston, TX 77002
stacy.williams@symmetryenergy.com

CERTIFICATE OF SERVICE

25-BHCG-298-RTS

DON KRATTENMAKER, VICE PRESIDENT
WOODRIVER ENERGY, LLC
633 17th STREET, STE. 1410
DENVER, CO 80202
don.krattenmaker@woodriverenergy.com

Ann Murphy

Ann Murphy