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**Senate Financial Institutions and Insurance Committee  
Draft Substitute for SB 245 - Support  
March 17, 2021**

Thank you, Chair Longbine and members of the committee, for the opportunity to provide comments today on the proposed substitute for SB 245 which would authorize securitization for investor-owned utilities and qualified extraordinary costs such as cost of gas supplies and charges of upstream pipelines. Black Hills Energy is a natural gas utility proudly serving approximately 115,000 customers in 65 Kansas communities. All together the Black Hills Energy family serves 1.3 million natural gas and electric customers in eight states.

As arctic cold gripped much of the country in February, Black Hills Energy stood ready to respond to record increases in energy demand on our natural gas delivery system. Our safe and reliable gas system across the state performed well during this historic event, and we did not experience any significant interruptions in service in Kansas.

Across Black Hills Energy's eight-state footprint, our natural gas costs exceeded forecasts by approximately \$600 million due to the February winter events and spike in natural gas prices. While we continue to account for all costs associated with this event, our preliminary assessment includes \$100 million in incremental increased gas costs needed to supply Kansas customers' gas usage during this extreme winter event.

We will work closely with the Kansas Corporation Commission to determine the best path forward to manage the long-term impact of the extraordinary costs for our customers, which will take more time. Our goal is to spread these costs out to mitigate a spike in bills for customers.

Since the February winter events, as utilities consider ways to mitigate customer impact, a common analogy has emerged in the statehouse about "providing tools in the toolbox." We applaud and thank the Kansas Legislature for the consideration of thoughtful and deliberate tools, such as the proposed changes to SB 245 for qualified extraordinary costs. Further, we thank the policymakers and stakeholders involved for the inclusive nature of this evolving policy discussion during recent weeks.

Black Hills Energy continues to evaluate the concept of securitization to determine the best path forward for our customers and our company to address impacts from the winter storm. Each utility is uniquely situated and is in the best position to consider all factors specific to their company, their customer base, and their needs as it relates to increased costs from the winter storm. We appreciate the permissive nature of the legislation as we consider the appropriate tool for the job.

Black Hills Energy remains committed to working with policymakers, regulators and other stakeholders as this conversation moves forward. Thank you.