



NOTE: THESE PROCEDURES APPLY TO RATE AREAS ONE, TWO, AND THREE

THESE PROCEDURES DO NOT APPLY TO CHOICE GAS PROGRAM SUPPLIERS

Date: July – 2021 and After

To: All Competitive Natural Gas Providers (CNGPs) on Black Hills Energy's Rate Areas 1-3 system in Nebraska (i.e., legacy Black Hills/Nebraska Gas Utility Company). Rate Areas 1-3 customers obtain transportation under General Sales, Energy Options, Agricultural Transportation and High Volume Transportation programs.

Re: New CNGP/Marketer/Aggregator Procedures for Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy in Nebraska

Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy Is The New Name of Combined Utilities

Effective on January 1, 2020 and after, Black Hills/Nebraska Gas Utility Company, LLC ("General Sales" and "Energy Options") and Black Hills Gas Distribution, LLC ("Choice Gas") each conducting business in Nebraska as "Black Hills Energy" have combined under one legal entity names Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy pursuant to the approval of the Nebraska Public Service Commission. At this point in time nothing significant will change with the existing transportation programs previously administered by either Black Hills/Nebraska Gas Utility Company ("Energy Options" or "High Volume" Transportation) or Black Hills Gas Distribution ("Choice Gas Program Res/Com."). **The procedures contained in this document do not apply to the Choice Gas Program as that program is administered under its own set of Black Hills Energy tariffs and agreements.**

General Information – Communication

The purpose of this letter is to inform all Competitive Natural Gas Providers (CNGPs) providing or seeking to provide natural gas service to Rate Areas One, Two, or Three customers of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy natural gas service of required procedures of Black Hills Energy. Black Hills Energy requires a limited point of contact for communication or contract and customer management in Nebraska. Please refer to the contact information below for detailed contact information. In some cases a CNGP will be redirected to other Black Hills Energy transportation or gas supply managers. For example, Jan Meis, Sr. Gas Transportation Analyst, will be a point of contact for changes in Marketer Aggregation Agreement customer pools.

Scope of Transportation Services

Black Hills Energy is an open access natural gas service provider in Nebraska. Black Hills Energy transports gas for its commercial and High-Volume natural gas customers. Black Hills Energy does not provide natural gas transportation for residential customers. Black Hills Energy does not endorse or provide comment on any specific CNGP in Nebraska. In addition, Black Hills Energy does not permit any CNGP to use Black Hills Energy's name or logo in any CNGP promotional or solicitation material or advertising without its knowledge, consent, and prior written approval.

Competitive Natural Gas Provider (CNGP) – Nebraska Public Service Commission

In accordance with State Natural Gas Regulation Act, in Nebraska any party providing natural gas supply and other services must obtain and maintain a CNGP certificate as a prerequisite to natural gas supply and other natural gas services to customers of Black Hills Energy in Nebraska.

Energy Option Transportation Tariff

Black Hills Energy's Energy Options rate schedules and tariffs will govern small volume commercial service. Large/high volume customer transportation is governed by Black Hills Energy's Nebraska Transportation Service Agreement; which large/high volume Customers are required to execute as a prerequisite to transporting. Prior to soliciting customer for service in Nebraska, each CNGP is required to sign a Nebraska Non-telemetered and/or a Nebraska Telemetered Marketer Aggregation Agreement – as applicable – which is prepared by Black Hills Energy. Customers are required to sign an end-user designation form, which is provided as an Exhibit to the Marketer Aggregation Agreement.

Black Hills Energy EBB

Black Hills Energy uses a web based platform that marketers are required to use to submit and manage nominated gas volumes for their customers. All new CNGPs will be assigned a login and password.

Marketer Aggregation Agreements

As noted above, in order to aggregate transportation customers, a CNGP must execute applicable Black Hills Energy Marketer Aggregation Agreements. There are different Marketer Aggregation Agreements for different pipelines. In addition, there are separate agreements for telemetered (large/high volume) and non-telemetered (small volume) marketer aggregation pools. The telemetered and non-telemetered Marketer Aggregation Agreements apply on to Energy Options and High Volume transportation in Black Hills Energy's Rate Areas One, Two and Three. The telemetered and non-telemetered Marketer Aggregation Agreements do not apply to (Choice Gas Program and High Volume transportation) in Rate Area Five.

Black Hills Energy Marketer Aggregation Account Numbers and Invoicing

CNGPs that form marketer aggregation pools will be assigned an account number for each pool, telemetered and non-telemetered, that they set up. Invoices for each account number are sent monthly. Daily balancing penalties (if applicable) and monthly cash out are included on the monthly invoice. Invoices are provided to marketers.

Daily Gas Volumes Reports

Daily gas volume reports are available, at no charge, to Rate Areas One, Two, and Three natural gas Marketers who have both telemetered and non-telemetered aggregation pools. To preserve customer information confidentiality, all reports are sent out in an encrypted format. Marketers must have compatible software in order to access the information in the reports.

This letter is intended to assist your company to be set up as a qualified CNGP with Black Hills Energy in Nebraska. For your convenience, Black Hills Energy has prepared a brief overview of its transportation services in Nebraska. That process document is provided along with this letter. Please feel free to contact Black Hills Energy by phone or e-mail if you have any questions.

PROCEDURE FOR BLACK HILLS ENERGY CUSTOMERS CONVERTING FROM GENERAL SYSTEM SALES TO TRANSPORTATION OR CHANGING MARKETERS

General Transportation Process Information – Nebraska Customers

- **NOTE: Commercial Sales Customers will be subject to a Black Hills Energy Tariff Conversion Fee of effective from July 1, 2021, through December 31, 2024, when converting from Commercial Sales to either Energy Options or High-Volume transportation service. The Conversion Fee is currently \$13,000.**
- All questions from either natural gas marketers or Black Hills Energy Customers pertaining to natural gas transportation in Nebraska should be directed to the Nebraska Transportation Services Management Representative identified below.
- Any Customer requesting information from Black Hills Energy about a Competitive Natural Gas Provider (CNGP) or Marketer certificated in Nebraska pursuant to the State Natural Gas Regulation Act is directed to the Nebraska Public Service Commission web site. The web address for the Nebraska PSC CNGP list is: <https://psc.nebraska.gov/natural-gas/providers>.
- Black Hills Energy is not affiliated with and does not endorse or provide comment on any specific CNGP in Nebraska.
- For Energy Options Customers (small volume Customer), CNGP must sign a Marketer Aggregation Agreement prepared by Black Hills Energy to provide CNGP services to Customers of Black Hills Energy – telemetered and/or non-telemetered as applicable.
- Marketers and Customers are responsible for their own CNGP bi-lateral contractual obligations, including notice by a Customer to its existing CNGP of termination of existing CNGP services and replacement of CNGP services by a new CNGP.
- Unless Black Hills Energy’s legal rights or interests are specifically involved, Black Hills Energy will not intervene in disputes that the Customer may have with its existing or new CNGP.

Energy Options (Small Commercial Customers)

- Black Hills Energy’s “Energy Options” Rate Schedules and Tariff govern Black Hills Energy’s commercial transportation service in Rate Areas One, Two and Three.
- **If applicable, Customer acknowledges and agrees to pay Black Hills Energy’s tariff Conversion Fee.**
- Customer selects a Commission-approved CNGP.
- Customer and CNGP/Marketer enter into CNGP’s natural gas service/supply agreement.
 - Prior to entering into a new legally binding supply contract with a new CNGP, the Customer is responsible for complying with the provisions contained in its existing CNGP supply services contract, including any lawful notice of termination provisions (for example, a 60 days’ notice to terminate provision).
 - Customer must understand its own gas supply purchasing rights and obligation because the legal commitments made by a Customer to its existing or new CNGP are unknown to BHE.

- Customer must understand and verify that they have a legal right to terminate any existing binding CNGP natural gas supply service contracts.
- Customer signs End User/Customer Transport Authorization Form required by Black Hills Energy Marketer Aggregation Agreement covering Rate Areas One, Two, and/or Three.
 - Customer must execute BHE's End User/Customer Transport Authorization Form, which indicates to BHE which CNGP shall provide service to the Customer.
 - If a Customer executes BHE's End User/Customer Transport Authorization Form appointing a new CNGP as its gas supply services provider, then the Customer must notify its existing CNGP that the Customer is terminating its gas supply services with that CNGP, and thereafter switching its gas supply services to a new CNGP. The Customer must provide its existing CNGP with proper notice of termination as designated in the Customer's gas supply services contract with its existing CNGP.
- Marketer sends End User/Customer Transport Authorization Form to Black Hills Energy's transportation administration representative.
- Customer is added (deleted) to CNGP's applicable Marketer Aggregation Pool for Rate Areas One, Two, and/or Three.
- BHE conditionally transfers capacity releases for Customer's applicable firm interstate pipeline transportation to CNGP required by the Marketer Aggregation Agreement between CNGP and BHE.
- BHE bills Customer for BHE transportation service costs.
- CNGP bills Customer for gas supply and/or other CNGP services.
- Commercial firm Customers are required to take assignment of released firm pipeline capacity. CNGP may add/delete Commercial (i.e., small volume) Customers to/from CNGP's Marketer Aggregation Pool as follows:
 - **On NNG/NGPL - April 1 to October 1.** Firm capacity is released to CNGP for 5 months: November 1 to March 31. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.
 - **On TIGT – March 1 -31 for a May 1 start date and September 1-30 for a November 1 start date.** Firm pipeline capacity is released to CNGP for 12 months. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.
 - CNGP may currently add/delete interruptible Customers year round subject to the administration process established by Black Hills Energy for these Customers.

CNGP Responsibilities:

- **CNGP must inform existing Commercial Sales customers that a Black Hills Energy Commercial Sales Tariff Conversion Fee applies to any conversion from Commercial Sales to Energy Options or High-Volume transportation service.**
- **CNGP must present to the Customers the level of the Black Hills Energy Conversion Fee (currently \$13,000) as part of its solicitation to convert Commercial Sales customers.**
- In its market solicitations, marketing brochures, and other contacts with existing transportation Customers, the CNGP soliciting a Customer to switch CNGPs should instruct the Customer to review the Customer's existing CNGP supply contract and any other binding legal commitments.
- CNGP should inform Customer of restrictions placed on Customer contracting for CNGP's services.
- CNGPs should remind Customers in its market solicitations, market brochures, and other contact with the existing transportation Customer, that prior to entering into a new legally binding supply contract, the Customer is responsible for complying with the provisions contained in the existing CNGP supply services contract, including any lawful notice of termination provisions (for example, a 60 days' notice to terminate provision).
- Customer and CNGP/Marketer enter into CNGP's natural gas service/supply agreement.
- Customer signs End User/Customer Transport Authorization Form required by BHE Marketer Aggregation Agreement.
 - Prior to a Customer's execution of an End User/Customer Transport Authorization Form, the CNGP should remind the Customer that it is up to the Customer to notify the Customer's existing CNGP that the Customer is switching to a new CNGP and that the Customer must provide proper notice of termination as designated in the Customer's contract with the existing CNGP.
- CNGP sends End User/Customer Transport Authorization Form to BHE's GSS transportation representative.
- It is the responsibility of the Customer's existing CNGP to delete the Customer from their BHE Market Aggregation Pool upon effective date of termination of service from the CNGP. The existing CNGP must notify BHE of the Customer's termination effective date in accordance with the policies and procedures adopted by BHE.
 - If a CNGP does not terminate Customer service and delete the Customer from the Market Aggregation Pool after BHE has received an End User/Customer Transport Authorization Form indicating a switch in natural gas marketers, BHE will make the switch for the Customer from one CNGP to the new CNGP, and will assess a fee to the existing CNGP and to the Customer for any cost incurred

as a result of the CNGPs failure to terminate the service as directed by the Customer.

- CNGPs must delete the Customer from its list of Customers effective upon the date indicated by a Customer providing its notice of termination.
- CNGPs must delete the Customer from its list of Customers effective upon the date indicated by BHE if a Customer executes and submits to BHE a lawfully executed and qualified End User/Customer Transport Authorization Form indicating that the Customer will commence natural gas service from a new CNGP and has effectively terminated service through BHE from the existing CNGP service.
- Any contractual disputes between the Customer and the CNGP are between the parties. BHE will look to its End User/Customer Transport Authorization Form for its direction and legal obligation to its Customer.
- If the CNGP does not delete the Customer from its list, then BHE will take steps to remedy this action. BHE's action may include, but is not limited to assessing fees, costs, or penalties to the CNGP for its inaction. BHE may terminate Customer service or the Marketer's Aggregation Service Agreement if warranted.
- CNGP bills Customer for gas supply and/or other CNGP services.
- Commercial firm Customers are required to take assignment of release firm pipeline capacity. CNGP may add/delete Commercial (i.e., small volume) Customers to/from CNGP's Marketer Aggregation Pool as follows:
 - **On NNG/NGPL – April 1 to October 1.** Firm capacity is released to CNGP for 5 months: November 1 to March 31. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.
 - **On TIGT – April 1 – 30 for a May 1 start date and October 1 – 31 for a November 1 start date.** Firm pipeline capacity is released to CNGP for 12 months. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.
 - CNGP may currently add/delete interruptible Customers year round subject to the administration process established by BHE for these Customers.

Large (High) Volume Customers located in Rate Areas One, Two and Three

- Customer selects and signs CNGP service contract with CNGP.
- If applicable, Customer acknowledges and agrees to pay Black Hills Energy's tariff Conversion Fee.
- Customer signs Nebraska transportation contract with Black Hills Energy.
- CNGP signs Marketer Aggregation Agreement if pooling customers.
- Customer sends End User/Customer Transport Authorization Form to Nebraska key accounts rep.
- Customer is added (deleted) to CNGP's Marketer Aggregation Pool; if applicable.
- Black Hills Energy bills Customer for Black Hills Energy Transportation.
- CNGP bills Customer for gas supply and/or other CNGP services.
- CNGP may currently add/delete Customers from its Marketer Aggregation Pool year round subject to administration process established by Black Hills Energy for these Customers.

Black Hills Energy Transportation Services Representative - Contact Information

Scott Zaruba
Key Accounts Representative
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Black Hills Energy Marketer Aggregation Agreement - Contact Information
Gas Track Online – Contact Information

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