



**Daniel Ahrens**  
Manager - Regulatory  
Dan.ahrens@blackhillscorp.com

1515 Arapahoe St.  
Tower 1 – Suite 1200  
Denver, CO 80202  
P: 970.707.9846

November 26, 2024

Advice Letter No. 53

Public Utilities Commission of the State of Colorado  
Attn: Rebecca White, Director  
1560 Broadway, Suite 250  
Denver, CO 80202

The accompanying tariff sheets issued by Black Hills Colorado Gas, Inc. d/b/a Black Hills Energy (“BHCG” or “Company”) are sent to you for filing in compliance with the requirements of the Public Utilities Law and the applicable rules of the Public Utilities Commission of the State of Colorado (“Commission”), including Rules 4110, 4602(a), 4603, and 4604. The following tariff sheets are attached:

**COLORADO P.U.C. NO. 1**

<b>Colorado P.U.C Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
27 <sup>th</sup> Revised Sheet No. 13	Statement of Rates Rate Schedule Sheet Gas Sales Rates	26 <sup>th</sup> Revised Sheet No. 13
32 <sup>nd</sup> Revised Sheet No. 14	Statement of Rates Rate Schedule Sheet Gas Sales Rates	31 <sup>st</sup> Revised Sheet No. 14
31 <sup>st</sup> Revised Sheet No. 15	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 15
27 <sup>th</sup> Revised Sheet No. 16	Statement of Rates Rate Schedule Sheet Gas Sales Rates	26 <sup>th</sup> Revised Sheet No. 16
31 <sup>st</sup> Revised Sheet No. 17	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 17
31 <sup>st</sup> Revised Sheet No. 18	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 18

<b>Colorado P.U.C Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
27 <sup>th</sup> Revised Sheet No. 19	Statement of Rates Rate Schedule Sheet Gas Sales Rates	26 <sup>th</sup> Revised Sheet No. 19
31 <sup>st</sup> Revised Sheet No. 20	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 20
31 <sup>st</sup> Revised Sheet No. 21	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 21
31 <sup>st</sup> Revised Sheet No. 22	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 22
27 <sup>th</sup> Revised Sheet No. 23	Statement of Rates Rate Schedule Sheet Gas Sales Rates	26 <sup>th</sup> Revised Sheet No. 23
31 <sup>st</sup> Revised Sheet No. 24	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 24
31 <sup>st</sup> Revised Sheet No. 25	Statement of Rates Rate Schedule Sheet Gas Sales Rates	30 <sup>th</sup> Revised Sheet No. 25
14 <sup>th</sup> Revised Sheet No. 30	Statement of Rates Rate Schedule Sheet Gas Transportation Service Rates	13 <sup>th</sup> Revised Sheet No. 30
13 <sup>th</sup> Revised Sheet No. 65	Gas Rate Adjustments Gas Cost Adjustment (“GCA”) (Continued)	Amended 12 <sup>th</sup> Revised Sheet No. 65

The principal purpose of this filing is to modify the Company’s Gas Cost Adjustment (“GCA”) rates in order to recover forecasted quarterly GCA commodity costs and deferred GCA costs effective January 1, 2025. The GCA rate will decrease for customers located in all regions. Through this Advice Letter, BHCG requests authorization to reset the GCA rates to reflect the changes to the gas commodity costs and upstream costs, and to adjust the deferred gas cost. Deferred costs through September 30, 2024, have been included in calculation of GCA rates.

Like the GCA that became effective October 1, 2024, in Proceeding No. 24AL-0374G, the Central Region GCA is below the \$4.00 per Dth or \$0.40 per therm as shown on Sheet No. 65 of the

current gas tariff. The Central region GCA is \$3.8167 per Dth as calculated. The Central region GCA has been adjusted to \$4.00 per Dth.

The tariff revisions, if they were to go into effect on January 1, 2025, would result in annualized GCA recoveries of \$128,436,191 compared to the annualized GCA recoveries of \$129,188,411 recovered through current GCA rates. The proposed resulting aggregate change to the GCA rates are provided in the below table.

<b>GCA Region</b>	<b>Current GCA \$/Therm</b>	<b>Proposed GCA \$/Therm</b>	<b>Increase / (Decrease)</b>
<b>Central</b>	\$0.40000	\$0.40000	\$0.0000
<b>North/Southwest</b>	\$0.53575	\$0.60143	\$0.065678
<b>Western Slope</b>	\$0.85567	\$0.81448	\$(0.04119)

If approved, the proposed GCA would supersede BHCG’s currently effective GCA, implemented in Proceeding No. 24AL-0347G. The change in revenue resulting from the proposed GCA is an overall annual increase of \$184,906 as compared to forecasted revenues with the current GCA rate in effect. In establishing the forecasted commodity GCA rate component, the Company has included three months of forecasted gas costs and usage from January 2025 through December 2025. The deferred and upstream cost components have been amortized over a 12-month period. The \$184,906 annual total gas cost increase is demonstrated in the table below.

GCA Region	Increase / Decrease	Change in Revenue
Central	Increase	\$70,357
North/Southwest	Increase	\$2,776,905
Western Slope	Decrease	\$2,662,356
<b>Total Revenue Impact</b>	<b>Increase</b>	<b>\$184,906</b>
Total Gas Costs	Increase	\$6,090,399
Total Deferred Gas Costs	Decrease	\$5,905,493
<b>Total Revenue Impact</b>	<b>Increase</b>	<b>\$184,906</b>

### FACTORS FOR CHANGED RATES

The small increases are driven by an increase in the gas commodity cost.

The deferred activity by GCA Region found at GCA Confidential Attachment No. 3 is as follows:

GCA Region	Beginning Deferred Balance – March 31, 2023	Total Deferred Gas Cost – April 1, 2024 – June 30, 2024	Ending Deferred Balance – Period Ending June 30, 2024
Central	(\$4,231,142)	(\$6,153,596)	(\$10,384,738)
North/Southwest	(\$3,471,867)	\$460,570	(\$3,011,291)
Western Slope	(\$6,439,037)	(\$212,473)	(\$6,651,510)

The resulting Deferred Gas Cost Rates per Dth as detailed on GCA Attachment No. 1 are as follows:

GCA Rate Area	Current Total Surcharge Rate per Dth	Proposed Total Surcharge Rate per Dth	Change in Surcharge Rate per Dth
Central	(\$0.4005)	(\$0.9814)	(\$0.5809)
North/Southwest	(\$1.1922)	(\$0.9854)	\$0.2068
Western Slope	(\$0.7723)	(\$0.7372)	\$0.0351

The resulting total forecasted gas costs per Dth as detailed on GCA Attachment No. 1 are as follows:

GCA Rate Area	Current Total Gas Cost – per Dth	Proposed Total Gas Cost – per Dth	Change in Total Gas Cost – per Dth
Central	\$4.4005	\$4.9814	\$0.5809
North/Southwest	\$6.5497	\$6.9997	\$0.4500
Western Slope	\$9.3290	\$8.8820	(\$0.4470)

In support of this advice letter, the Company submits and incorporates the following attachments:

- a. GCA Attachment No. 1 - GCA Summary. This attachment contains the summary of the GCA, including illustrations of impacts on present and proposed revenues and customers and the percentage change in the total bill for the average customer.
- b. Confidential GCA Attachment No. 2 - Current Gas Cost Calculation. This attachment contains the Current Gas Cost Calculation and provides both quarterly and annualized information with respect to Forecasted Gas Commodity Costs, Forecasted Gas Purchase Quantities, Forecasted Market Prices, Forecasted Upstream Service Cost and Forecasted Sales Gas Quantity.
- c. Confidential GCA Attachment No. 3 - Deferred Gas Cost Calculation. This attachment contains the Deferred Gas Cost Calculation and provides month-by-month information detailing the activity in Account No. 191, Interest on Under- or Over-Recovery for the period ending March 31, 2024.
- d. GCA Attachment No. 4 - Current Tariffs. This attachment provides the current Tariff Sheet Nos. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 30, 62, and 65 which show the GCA components and the GT-1 Rate Adjustment currently in effect.
- e. Confidential GCA Attachment No. 5 – Forecasted Gas Transportation Demand. This attachment presents the current calculation of the rate applicable to the Central GCA Region Distribution Transportation Service Rate Schedule (Rate Schedule GT-1) for natural gas service, in an amount per therm sufficient to provide recovery of certain upstream capacity costs. The calculation includes a forecast of Transportation demand for the Central GCA Region for the months July 2024 through September 2024. This GCA Attachment No. 5 is not applicable to the North/Southwest and Western Slope GCA Regions.

- f. GCA Attachment No. 6 – Current Gas Cost Allocations. BHCG provides gas service in multiple geographically distinct service areas. As the gas distributed in each service territory is sourced from different supply areas, and delivered through different pipeline transmission and storage facilities, BHCG separately accounts for, and calculates a separate Gas Cost Adjustment to recover the upstream gas supply costs and delivery costs incurred to provide service in each of the service territories. In accordance with its currently effective and approved tariff, BHCG calculates its projected and actual commodity costs within each service area on an area-wide basis, resulting in an equal Gas Cost Adjustment assessed on all volumes delivered to sales service customers within each service area, regardless of service classification. Therefore, the requirement for this attachment is not applicable to BHCG in accordance with Rule 4604(g) of the Commission’s Gas Rules.
- g. GCA Attachment No. 7 – Notice of Rate Change. This attachment provides a copy of BHCG’s customer notice regarding the rate change.
- h. GCA Attachment No. 8 – Components of Delivered Gas Cost. This attachment lists the Components of Delivered Gas Costs by rate class.
- i. GCA Attachment No. 9 – Proposed Tariffs. This attachment contains the proposed Tariff Sheet Nos. 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 30, 62, and 65 which reflect the proposed changes to the rates and tariffs.
- j. Attachment No. 10 – Rate Trend Report. This attachment includes the rate trend history by residential customer classes, inclusive of proposed changes to the GCA rates in the instant filing.
- k. Attachment No. 11 – Informational Western/Eastern GCA rates.<sup>1</sup>

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Concurrently with this filing, the Company is filing a Motion for Alternative Form of Notice referencing the customer notice provided in Attachment 7 – Notice of Rate Change. The Motion requests Commission approval for four methods of providing the Customer Notice to all customers. First, the Company will file with the Commission and keep open for public inspection the new schedules. Second, the Customer Notice will be published in *The Denver Post*. Third, the Company will post the Customer Notice, this advice letter and accompanying tariff sheets on the Company’s website. Fourth, a bill message will notify applicable customers of the website posting and provide both the URL link and a toll-free phone number for assistance. The bill message will run for one full cycle.

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<sup>1</sup> See Decision No. R24-0122, Appendix A Settlement Agreement at ¶71. The Company will present the Western and Eastern GCA rates on an informational basis for comparison purposes in each quarterly GCA filing until the effective date (July 1, 2025) of the new Western and Eastern GCA structure.

Public Utilities Commission  
November 26, 2024  
Page 7

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to the undersigned.

Sincerely,

BLACK HILLS ENERGY

*/s/ Dan Ahrens*

Dan Ahrens  
Manager - Regulatory