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May 31, 2024

Advice Letter No. 46

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

Colorado P.U.C Sheet Number	Title of Sheet	Cancels Colorado P.U.C. Sheet Number
2 nd Revised Sheet No. 9	Territories Served Western Slope GCA Region Base Rate Area 1	1 st Revised Sheet No. 9
2 nd Revised Sheet No. 10	Territories Served Western Slope GCA Region Base Rate Area 1 (continued)	1 st Revised Sheet No. 10
23 rd Revised Sheet No. 13	Statement of Rates Rate Schedule Sheet Gas Sales Rates	22 nd Revised Sheet No. 13
26 th Revised Sheet No. 14	Statement of Rates Rate Schedule Sheet Gas Sales Rates	25 th Revised Sheet No. 14
25 th Revised Sheet No. 15	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24 th Revised Sheet No. 15

Colorado P.U.C Sheet Number	Title of Sheet	Cancels Colorado P.U.C. Sheet Number
23rd Revised Sheet No. 16	Statement of Rates Rate Schedule Sheet Gas Sales Rates	22nd Revised Sheet No. 16
25th Revised Sheet No. 17	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 17
25th Revised Sheet No. 18	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 18
23rd Revised Sheet No. 19	Statement of Rates Rate Schedule Sheet Gas Sales Rates	22nd Revised Sheet No. 19
25th Revised Sheet No. 20	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 20
25th Revised Sheet No. 21	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 21
25th Revised Sheet No. 22	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 22
23rd Revised Sheet No. 23	Statement of Rates Rate Schedule Sheet Gas Sales Rates	22nd Revised Sheet No. 23
25th Revised Sheet No. 24	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 24
25th Revised Sheet No. 25	Statement of Rates Rate Schedule Sheet Gas Sales Rates	24th Revised Sheet No. 25
12th Revised Sheet No. 30	Statement of Rates Rate Schedule Sheet Gas Transportation Service Rates	11th Revised Sheet No. 30
11th Revised Sheet No. 65	Gas Rate Adjustments Gas Cost Adjustment (“GCA”) (Continued)	10th Revised Sheet No. 65
4 th Revised Sheet No. 68	Gas Rate Adjustments Extraordinary Gas Cost Recovery Rider (“EGCRR”)	3 rd Revised Sheet No. 68

Colorado P.U.C Sheet Number	Title of Sheet	Cancels Colorado P.U.C. Sheet Number
5 th Revised Sheet No. 69	Gas Rate Adjustments Extraordinary Gas Cost Recovery Rider (“EGCRR”) (Continued)	4 th Revised Sheet No. 69

The principal purpose of this filing is to modify the Company’s Gas Cost Adjustment (“GCA”) rates in order to recover deferred GCA costs and forecasted quarterly GCA costs effective July 1, 2024. The GCA rate will increase for customers located in all regions. Through this Advice Letter, BHCG requests authorization to reset the GCA rates to reflect the changes to the upstream demand and gas commodity costs and to adjust the deferred gas cost. Deferred costs through March 31, 2024, have been included in calculation of GCA rates.

The tariff revisions, if they were to go into effect on July 1, 2024, would result in annualized GCA recoveries of \$124,642,811 compared to the annualized GCA recoveries of \$119,551,481 recovered through current GCA rates. The proposed resulting aggregate change to the GCA rates are provided in the below table. Per the Settlement Agreement in the 2023 Rate Review, Proceeding No. 23AL-0231G¹, the Western Slope with Storage GCA and Western Slope GCA are to be consolidated into one GCA. Thus there are now three GCA regions: 1. Central, 2. North/Southwest, and 3. Western Slope. ..

GCA Region	Current GCA \$/Therm	Proposed GCA \$/Therm	Increase / (Decrease)
Central	\$0.37179	\$0.43033	\$0.05854
North/Southwest	\$0.57328	\$1.01188	\$0.43860
Western Slope	\$0.67497	\$0.79802	\$0.12305

If approved, the proposed GCA would supersede BHCG’s currently effective GCA, implemented in Proceeding No. 24AL-0101G. The change in revenue resulting from the proposed GCA is an overall annual increase of (\$30,402,897) as compared to forecasted revenues with the current GCA rate in effect. In establishing the forecasted commodity and upstream GCA rate component, the

¹ See Decision No. R24-0122, Appendix A Settlement Agreement at ¶71. The Western Slope GCA consolidation is effective with the first GCA filing following a final Commission decision in the proceeding. No exceptions were filed which makes Decision No. R24-0122 a decision of the Commission effective March 24, 2024.

Company has included three months of forecasted gas costs and usage from July 2024 to September 2024. In establishing the deferred cost GCA component, the deferred gas costs have been amortized over a 12-month period. As demonstrated in the table below, the \$47.53 million annual total gas cost increase, which is attributable to an increase in current gas cost forecasts compared to those used for the currently effective GCA, is partially offset by a \$17.1 million decrease in deferred gas costs compared to those used in the previous GCA filing, resulting in a (\$30,402,897) increase in annualized revenues.

GCA Region	Increase / Decrease	Change in Revenue
Central	Increase	\$6,400,100
North/Southwest	Increase	\$11,384,318
Western Slope	Increase	\$12,628,479
Total Revenue Impact	Decrease	\$30,402,897
Total Gas Costs	Decrease	\$47,507,013
Total Deferred Gas Costs	Increase	(\$17,104,116)
Total Revenue Impact	Decrease	\$30,402,897

FACTORS FOR CHANGED RATES

The increases are primarily driven by increases in forecasted commodity prices and decreases in the deferred balance due to greater over-recovered balances or lessor under-recovered balances.

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

GCA Region	Beginning Deferred Balance – December 31, 2023	Total Deferred Gas Cost – January 1, 2024 – March 31, 2024	Ending Deferred Balance – Period Ending March 31, 2024
Central	(\$5,299,016)	(\$3,124,611)	(\$8,423,676)
North/Southwest	(\$1,389,513)	(\$905,661)	(\$2,295,175)
Western Slope	\$14,276,359	(\$13,096,444)	\$1,179,714

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	(\$0.5143)	(\$0.8113)	(\$0.2970)
North/Southwest	(\$0.7849)	(\$0.4376)	(\$0.3473)
Western Slope	\$0.1267	\$1.6171	(\$1.4904)

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	\$4.2322	\$5.1146	\$0.8824
North/Southwest	\$6.1704	\$10.9037	\$4.7333
Western Slope	\$5.9264	\$9.1628	\$3.2364

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 month-by-month 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. 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 30, 65, 68 and 69 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. 9, 10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 30, 65, 68, and 69 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.²

² 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.

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.

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