April 8, 2019

Advice Letter No. 312

Public Utilities Commission of the State of Colorado
1560 Broadway
Suite 250
Denver, Colorado 80202

The accompanying tariff sheet issued by Black Hills Colorado Gas, Inc. d/b/a Black Hills Energy (successor in interest to Black Hills Gas Distribution, LLC (“BHGD-CO”) (“BH Colorado Gas” or the “Company”) is 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 4 Colorado Code of Regulations 723-1. The following Tariff sheet is attached:

COLORADO P.U.C. NO. 7

<table>
<thead>
<tr>
<th>Colorado P.U.C. Sheet Number</th>
<th>Title of Sheet</th>
<th>Cancels Colorado P.U.C. Sheet Number</th>
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<tr>
<td>Seventh Revised Sheet No. 8A</td>
<td>Sales and Distribution Transportation Services General Rate Schedule Adjustment Percentage Table Summary</td>
<td>Sixth Revised Sheet No. 8A</td>
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On February 21, 2018, in Proceeding No. 18M-0074EG, Black Hills Gas Distribution, LLC d/b/a Black Hills Energy (“BHGD-CO”) filed its “Plan to Implement in Rates the Cost Savings Benefits of the Tax Cuts and Jobs Act” (“Plan”). As part of the Plan, BHGD-CO proposed to credit customers, through the General Rate Schedule Adjustment (“GRSA”), for the difference between tax liabilities caused by the enactment of the Tax Cuts and Jobs Act (“TCJA”), as compared to the federal income tax amount used to derive base rates that are currently in effect. BHGD-CO also proposed that any tax savings retroactive to January 1, 2018 not captured in the GRSA be included in a one-time bill credit in 2019. BHGD-CO’s plan was approved in Decision No. C18-0326-I (the “Decision”) of the same proceeding. Ordering paragraph 16 of the Decision required BHGD-CO to “submit advice letter tariff filings to provide its customers with bill credits as described in its plan filed on February 21, 2018.”


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On May 31, 2018, in Proceeding No. 18AL-0363G, BHGD-CO filed Advice Letter No. 305 in compliance with the Decision in which BHGD-CO sought to implement a negative GRSA to account for the savings associated with the TCJA. The negative GRSA was set to credit $1,838,511 to customers annually beginning July 1, 2018. BH Colorado Gas does not need to change the GRSA at this time because it accurately reflects the annual amount to be credited to customers.

The purpose of this filing is to inform the Commission about the one-time bill credit for the difference between the actual amount credited through the GRSA through December 31, 2018 and the total targeted annual reduction.\(^1\) The Company credited a total of $720,268 to customers between July 1, 2018 and December 31, 2018. The total annual amount to be credited is $1,838,510. In compliance with its Commission approved Plan in the above proceedings, the Company will provide a one-time bill credit for the difference of $1,118,243. The Plan stated that the Company will provide the remaining credit to customers in April 2019, but the Company’s initial TCJA bill credit advice letter filing was rejected due to a clerical error. BH Colorado Gas is now proposing to credit the following amounts to customers in May of 2019.

\(^1\) BH Colorado Gas does not believe the Commission needs to act on this advice letter as it is informational and consistent with its approved Plan. Nevertheless, the Commission ordered BHGD-CO to file an advice letter to provide its customers with the one-time bill credits. BH Colorado Gas is not changing the GRSA tariff with this advice letter.
Consistent with the BHGD-CO’s approved plan, if there are any remaining amounts left after the one-time bill credit is issued, the remaining amounts will be placed in the BHGD-CO’s low-income assistance program (Black Hills Energy Assistance Program or BHEAP).

Consistent with the BHGD-CO’s approved plan, if there are any remaining credit amounts left after the one-time bill credit is issued, the remaining amounts will be placed in the BHGD-CO’s low-income assistance program (Black Hills Energy Assistance Program or BHEAP). As a result of the final Excess Deferred Federal Income Taxes (“EDFIT”) calculations described in the
Company’s TCJA Plan in Proceeding No. 18M-0074EG, plant related EDFIT will be amortized through the Average Rate Assumption Method (“ARAM”). However, there is also a Net Operation Loss (“NOL”) and non-plant EDFIT amount that will be separately amortized as a result of the final EDFIT calculation. In accordance with Internal Revenue Service statutes, it is permissible to amortize the NOL and non-plant amounts up to the annual plant related EDFIT ARAM amount, resulting in a net zero effect. As a result of this, there was a net zero impact for the EDFIT ARAM amount applied to the May 2019 bill credit.

**Customer Notice:**

C.R.S. § 40-3-104(1)(a) requires BH Colorado Gas to provide notice to the Commission and public of any proposed change in rate, fare, toll, rental, charge, classification, or service or in any privilege or facility. The proposed one-time bill credit does not constitute any of the above. BH Colorado Gas will provide notice to customers. A bill message will be added informing customers about the one-time credit and will provide both a URL link and a toll-free phone number directing customers seeking for more information. In addition customers will see a new line item on their bills labeled “2018 Tax Reform Credit.”

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

Sincerely,

Black Hills Colorado Gas, Inc.

/_/ Eric J. Gillen

Eric J. Gillen