April 1, 2019

Advice Letter No. 602

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

The accompanying tariff sheets issued by Black Hills Colorado Gas, Inc. d/b/a Black Hills Energy (successor in interest Black Hills/Colorado Gas Utility Company, Inc., (“BHCOG”)) (“BH Colorado Gas” or the “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, 4752(b), 4757 and 4758. The following tariff sheets are attached:

<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>
</tr>
</thead>
<tbody>
<tr>
<td>34th Revised Sheet No. 5</td>
<td>Rate Schedule Summation Sheet</td>
<td>33rd Revised Sheet No. 5</td>
</tr>
<tr>
<td>13th Revised Sheet No. 68</td>
<td>General Service Rules and Regulations</td>
<td>12th Revised Sheet No. 68</td>
</tr>
</tbody>
</table>

The principal purpose of this filing is to revise BH Colorado Gas’ Demand-Side Management (“DSM”) Cost Adjustment (“DSMCA”) in order to provide for the continued funding of its gas DSM programs, including the Company’s prudently incurred costs within the DSM Plan’s expenditure target and 125% budget flexibility permitted by Rule 4753(k) as well as under- or over-recovered DSMCA costs. The Company’s 2018-2020 DSM Plan was approved by Decision No. R17-0832 on October 16, 2017, in Proceeding No. 17A-0272G.

If permitted to go into effect on July 1, 2019, as requested, the tariff revisions will result in increased Company annualized revenues of $348,517 compared to the DSMCA rate currently in effect. The Company is proposing to increase the DSMCA factor from 12.55% to 16.87% for residential customers and decrease the DSMCA factor from 26.28% to 10.68% for non-residential customers. The average monthly residential bill would increase by $0.85 from $52.72 to $53.57 and the average monthly small commercial bill would decrease by $4.70 from $86.12 to $81.42. The proposed DSMCA includes the 2018 Lost Revenue calculation of $113,538 as
shown on Appendix 2. The Company did not qualify for the DSM bonus for the 2018 program year.

In support of this advice letter, BH Colorado Gas submits and incorporates the following Appendices:

- Appendix 1 – DSMCA Calculation required by Rule 4758 (b)(I)(A).
- Appendix 2 – Allocation of DSM costs required by Rule 4758 (b)(IV).
- Appendix 3 – DSM cost allocation calculations by customer class and rate area required by Rule 4758 (b)(IV).
- Appendix 4 – Bill Impact calculation required by Rule 4758 (b)(III).
- Appendix 5 – Billing determinants used for DSMCA calculation.
- Appendix 6 – Calculation of net lost revenue.
- Appendix 7 – Schedule of monthly deferral amounts and interest calculation required by Rule 4758 (b)(II).
- Appendix 8 – Form of notice required by Rule 4758 (b)(V).
- Appendix 9 – Proposed Tariffs required by Rule 4758 (b)(VI).
- Appendix 9 – Proposed Tariffs – Redlined
- Appendix 10 – 2018 Executive Summary
- Appendix 11 – 2018 DSM Bonus Calculation

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Concurrently with this filing, BH Colorado Gas is filing a Motion for Approval of Alternative Form of Notice with Attachment 1, Customer Notice (which is the same as Schedule 8 to this Advice Letter). The Motion requests Commission approval for three methods of providing the Customer Notice to all customers. First, the Company will post the Customer Notice, this advice letter and accompanying tariff sheets on the Company’s website. Second, 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. Third, a newspaper legal notice providing the Customer Notice will be published in The Denver Post.

Black Hills requests that the tariff sheets accompanying this advice letter in Schedule 9 become effective on July 1, 2019.

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

BLACK HILLS ENERGY

/s/ Eric Gillen

Eric Gillen
Manager, Regulatory