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Advice Letter No. 20

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 (“BH Colorado Gas” 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, 4752(d), 4757 and 4758. 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>
Eighth Revised Sheet No. 13	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Seventh Revised Sheet No. 13
Ninth Revised Sheet No. 14	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 14
Ninth Revised Sheet No. 15	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 15
Eighth Revised Sheet No. 16	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Seventh Revised Sheet No. 16
Ninth Revised Sheet No. 17	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 17
Ninth Revised Sheet No. 18	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 18
Eighth Revised Sheet No. 19	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Seventh Revised Sheet No. 19
Ninth Revised Sheet No. 20	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 20

**Colorado PUC E-Filings System**

Ninth Revised Sheet No. 21	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 21
Ninth Revised Sheet No. 22	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 22
Eighth Revised Sheet No. 23	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Seventh Revised Sheet No. 23
Ninth Revised Sheet No. 24	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 24
Ninth Revised Sheet No. 25	Statement of Rates, Rate Schedule Sheet, Gas Sales Rates	Eighth Revised Sheet No. 25
Third Revised Sheet No. 53	Gas Rate Adjustments, Demand-Side Management Cost Adjustment (“DSMCA”) (Continued)	Second Revised Sheet No. 53

The principal purpose of this filing is to revise the Company’s 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 2021-2023 DSM Plan was approved by Decision No. R20-0810 on November 16, 2020, in Proceeding No. 20A-0190G.

The tariff revisions, if they were to go into effect on July 1, 2022, would result in annualized DSM recoveries of \$6,886,555 compared to the annualized DSM recoveries of \$7,585,906 recovered through current DSMCA rates. The decrease in annualized recoveries of \$699,351 is attributable to a reduction in deferred DSM expenses in the instant filing compared to the deferred DSM expenses approved in the prior DSMCA filing in Proceeding No. 21AL-0230G.

The Company is proposing to decrease the DSMCA factor from 10.41% to 7.43% for residential retail customers and increase the DSMCA factor from 11.29% to 16.21% for non-residential retail customers. The average monthly residential bill would decrease by \$(0.63), a monthly bill decrease of -0.48% to -0.72% depending on the base rate area and GCA region, and the average monthly small commercial bill would increase by \$2.33, a monthly bill increase of 1.21% to 1.68% depending on the base rate area and GCA region. The proposed DSMCA includes the 2021 Lost Revenue calculation of \$284,502 as shown on Appendix 6. The Company did not seek approval of a DSM bonus for the 2021 program year.

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

- Appendix 1 – DSCMA Rate Calculation required by Rule 4758 (b)(I).
- Appendix 2 – Summary of Current and Deferred Costs required by Rule 4758 (b)(I).
- Appendix 3 – Current Costs allocation by customer class and rate area required by Rule 4758 (b)(IV).
- Appendix 4 – Deferred Costs and Interest required by Rule 4758 (b)(II).
- Appendix 5 – Deferred Cost Detail.

- Appendix 6 – Lost Revenues.
- Appendix 7 – Bill Impacts required by Rule 4758 (b)(III).
- Appendix 8 – Bill Impacts Detail – Proposed Rates.
- Appendix 9 – Bill Impacts Detail – Current Rates.
- Appendix 10 – Proposed Tariffs required by Rule 4758 (b)(VI) - redlined.
- Appendix 10 – Proposed Tariffs required by Rule 4758 (b)(VI) – clean.
- Appendix 11 – Form of notice required by Rule 4758 (b)(V).

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 Appendix 11 - Customer Notice. 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/ Matthew J. Christofferson*

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