December 28, 2018

Advice Letter No. 309

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

The accompanying tariff sheets issued by Black Hills Gas Distribution, LLC d/b/a Black Hills Energy (“BHGD-CO” 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, including Rule 1210, 4 Colorado Code of Regulations 723-1. The following tariff sheets are attached:

**COLORADO P.U.C. NO. 7**

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<tr>
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<td>North Eastern Colorado Sales Service Schedule of Rates (Included in Base Rate Area 2) (1)</td>
<td>34th Revised Sheet No. 7</td>
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<td>33rd Revised Sheet No. 7A</td>
<td>North Eastern Colorado Sales Service Schedule of Rates (Included in Base Rate Area 2)</td>
<td>32nd Revised Sheet No. 7A</td>
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<td>36th Revised Sheet No. 7B</td>
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<td>33rd Revised Sheet No. 7D</td>
<td>North Central Colorado Sales Service Schedule of Rates (Included in Base Rate Area 1) (1)</td>
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The principal purpose of this filing is to amend the tariffs for the Black Hills Energy Assistance Program ("BHEAP"), the Company’s low-income energy assistance program required under Commission Rule 4412. The tariff amendments fall into one of two categories:

1. update the BHEAP Funding Fee as further discussed below; and

2. update the Federal Poverty Levels for the BHEAP Benefit Cycle commencing October 1, 2018.

As a result of the relatively low number of BHEAP participants, the Company evaluated enrollment processes that are efficient and attempt to maximize the potential benefits of participation in the BHEAP by low income customers. The Company believes that participant enrollment can be obtained and sustained by implementing automatic enrollment of low income customers. In 2019, the Company will formally make a filing seeking approval of automatic enrollment for the BHEAP to be effective November 1, 2019. However, in order to pay benefits to participants, BHGD-CO must initiate the funding prior to the effective date of November 1, 2019. Additionally, part of the funding is for the programming costs required to implement the automatic enrollment program pursuant to Colorado PUC Rules 4412(g), and these costs will be amortized over a three-year period. With this filing, BHGD-CO is proposing to immediately begin funding the BHEAP Program in anticipation of the roll-out of the automatic enrollment program.
If permitted to go into effect on February 1, 2019, the tariff revisions will result in an increase in the annual revenues of the Company by $647,144 ($53,929 monthly). All revenues will be used to fund the BHEAP. The increase to the average residential customer monthly bill will be $0.31 or between 0.35% - 0.71% depending on the gas cost adjustment rate area.

Pursuant to Commission Rule 4412(g)(II)(C), monthly rates applicable to the non-residential rate classes are determined by allocating the program costs to each retail rate based on each rate class’ share of the test year revenue requirement established in the Company’s last Phase II rate case, or under another reasonable methodology supported by quantifiable information. The change in the average small commercial customer monthly bill will be $1.29 or between 0.98% - 1.69% depending on the gas cost adjustment rate area.

Attached hereto are Attachments 1 through 6:

- Attachment 1 – Projected Total Program Monthly Costs;
- Attachment 2 – Allocation of Total Program Costs to Customer Classes and Proposed Rates;
- Attachment 3 – Bill Impacts;
- Attachment 4 – Applicable tariff sheets;
- Attachment 5 – Redlined version of the applicable tariff sheets; and
- Attachment 6 – Customer Notice.

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Concurrently with this filing, BHGD-CO is filing a Motion for Approval of Alternative Form of Notice with Attachment 6, Customer Notice. 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 newspaper of general circulation covering the Company’s service territory: The Denver Post.

BHGD-CO requests that the tariff sheets accompanying this advice letter become effective on February 1, 2019.
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Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to the undersigned, and to:

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Black Hills Corporation  
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Email: eric.gillen@blackhillscorp.com

Sincerely,

BLACK HILLS ENERGY

Fredric C. Stoffel  
Director - Regulatory