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September 19, 2008

Advice Letter No. 529

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 Utility Company, LP d/b/a Black Hills Energy ("Black Hills"), are sent to you for filing in compliance with the requirements of the Public Utilities Law. Black Hills' address is 1815 Capitol Avenue, Omaha, NE 68102. The following sheets are attached:

**COLORADO P.U.C. NO. 2 GAS**

<u>Colorado PUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels Colorado PUC Sheet No.</u>
3 <sup>rd</sup> Revised Sheet 2	Index	2 <sup>nd</sup> Revised Sheet 2
Original Sheet 2.3	Index	
19 <sup>th</sup> Revised Sheet 4.1	Rate Schedule Summation Sheet	18 <sup>th</sup> Revised Sheet 4.1
70 <sup>th</sup> Revised Sheet 5	Gas Cost Adjustment Summary	69 <sup>th</sup> Revised Sheet 5
12 <sup>th</sup> Revised Sheet 7	Schedule RS, Residential Firm Service	11 <sup>th</sup> Revised Sheet 7
13 <sup>th</sup> Revised Sheet 8	Schedule SC, Small Commercial Firm Service	12 <sup>th</sup> Revised Sheet 8
12 <sup>th</sup> Revised Sheet 9	Schedule SVF, Small Volume Firm Service	11 <sup>th</sup> Revised Sheet 9
12 <sup>th</sup> Revised Sheet 10	Schedule SVI, Small Volume Interruptible Service	11 <sup>th</sup> Revised Sheet 10
4 <sup>th</sup> Revised Sheet 11	Schedule LVF, Large Volume Firm Service	3 <sup>rd</sup> Revised Sheet 11
10 <sup>th</sup> Revised Sheet 12	Schedule LVI, Large Volume Interruptible Service	9 <sup>th</sup> Revised Sheet 12
9 <sup>th</sup> Revised Sheet 13	Schedule IR, Irrigation Interruptible Service	8 <sup>th</sup> Revised Sheet 13
5 <sup>th</sup> Revised Sheet 14	Schedule LVTS, Large Volume Transportation Service	4 <sup>th</sup> Revised Sheet 14
4 <sup>th</sup> Revised Sheet 15	Schedule ITS, Irrigation Transportation Service	3 <sup>rd</sup> Revised Sheet 15
3 <sup>rd</sup> Revised Sheet 16	Held for Future Use	2 <sup>nd</sup> Revised Sheet 16
3 <sup>rd</sup> Revised Sheet 17	Held for Future Use	2 <sup>nd</sup> Revised Sheet 17

6 <sup>th</sup> Revised Sheet 58	General Service Rules and Regulations	5 <sup>th</sup> Revised Sheet 58
6 <sup>th</sup> Revised Sheet 59	General Service Rules and Regulations	5 <sup>th</sup> Revised Sheet 59
4 <sup>th</sup> Revised Sheet 60	General Service Rules and Regulations	3 <sup>rd</sup> Revised Sheet 60
Original Sheet 70	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 71	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 72	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 73	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 74	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 75	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 76	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 77	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 79	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 80	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 81	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 82	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 83	Transportation Service Terms, Conditions, and Other Charges	
Original Sheet 84	Transportation Service Terms, Conditions, and Other Charges	



The purpose of this filing is to revise the Company's tariff to propose base rates for all rate schedules, to cancel several rate schedules, and add a section for transportation terms and conditions related to the Company's Phase I Rate Case in Docket No. 08S-290G. This Advice Letter constitutes a Phase II Rate Case. Tariff sheets filed in this Advice Letter are meant to supersede those filed with Advice Letter 528 and would cancel all tariff sheets filed with Advice Letter 528.

The proposed rates are designed to produce annual revenue of \$80,002,518. The increase in revenue requirement of \$2,696,005 is the same as the increase proposed in the tariff sheets filed with Advice Letter 528. In this Phase II filing, the Company is redesigning its rates based on usage level rather than type of service to include small commercial, small volume, and large volume rate schedules, replacing the existing rate schedules. The Company is also proposing transportation rate schedules that are comparable to the corresponding sales rate schedule along with a new section of transportation terms and conditions. The Company is also proposing therm billing and a standard pressure of 14.73psi.



The table below shows the impact to customers. The table shows the proposed rate classes. The current average monthly bill is the weighted average for customers assigned to the new rate classes.

Rate Class	Average Monthly Usage (Therms)	Current Average Monthly Bill	Proposed Average Monthly Bill	Monthly Change	Percent Rate Impact
Residential	79	\$ 81.21	\$ 84.56	\$ 3.35	4.13%
Small Commercial	113	116.35	121.47	5.12	4.40%
Small Volume	1,070	1,030.72	1,030.73	0.01	0.00%
Large Volume	10,923	10,092.58	9,586.27	(506.31)	-5.02%
Irrigation	1,188	929.82	929.83	0.01	0.00%
Large Volume Transportation	41,386	3,217.17	4,061.23	844.06	26.24%

The Company's affected customers are being given notice of this filing with a bill insert. A copy of the notice is attached as Exhibit A.

Filed with this advice letter is testimony and exhibits that support the Company's proposal.

Black Hills asks that the tariff sheets accompanying this advice letter become effective on sixty days' notice, or on November 18, 2008. In the event the Commission decides to set these tariffs for hearing, and to suspend their effective date, this effective date is designed to result in a total suspension period of 210-days ending on June 10, 2009. If the Commission decides to set these tariffs for hearing, Black Hills also respectfully requests that the Commission consult with Black Hills and its counsel regarding procedural dates prior to the entry of the suspension order.

Please send copies of all notice, pleading, correspondence, and other documents regarding this filing to:

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Sincerely,

*Larry W. Headley*

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