

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08S-290G

RE: INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY AQUILA, INC., DOING BUSINESS AS AQUILA NETWORKS-PNG, WITH ADVICE LETTER NO. 528 WITH BLACKHILLS/COLORADO GAS UTILITY COMPANY, LP, SUBSTITUTED FOR AQUILA, INC., EFFECTIVE JULY 14, 2008.

DOCKET NO. 08S-430G

RE: INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY BLACK HILLS/COLORADO GAS UTILITY COMPANY, LP DBA BLACK HILLS ENERGY, WITH ADVICE LETTER NO. 529.

SETTLEMENT AGREEMENT
AND MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT

Black Hills/Colorado Gas Utility Company, LP d/b/a Black Hills Energy ("Black Hills" or the "Company"), and the Colorado Office of Consumer Counsel ("OCC") (together cumulatively referred to as the "Settling Parties"), by and through their respective undersigned counsel, and for good and valuable consideration, herewith enter this Settlement Agreement ("Settlement Agreement") to settle all disputed issues that have arisen or could have arisen in these dockets regarding Advice Letters Nos. 528 and 529 and accompanying tariffs.¹ The Settling Parties respectfully submit that this Settlement Agreement results in a fair disposition of all disputed issues in this docket and that the revenue requirement, revenue increase, and rates that result from this Settlement Agreement are just and reasonable, and therefore, the Settling Parties request that the Commission approve this Settlement Agreement.

EXHIBIT # 35
DOCKET # 08S-290G

¹ The Trial Staff of the Public Utilities Commission of the State of Colorado ("Trial Staff") and Colorado Natural Gas, Inc. have authorized the Settling Parties to represent that they do not object to and will not oppose the Settlement Agreement. Seminole Energy Services, LLC has authorized us to state that Seminole does not object to and will not oppose the Settlement Agreement, except for paragraph II.2.h(v).

I. PROCEDURAL HISTORY

1. On June 30, 2008 Aquila Inc., doing business as Aquila Networks – PNG (“Aquila”)² filed with the Public Utilities Commission of the State of Colorado (“Commission”) Advice Letter No.528 (“Phase I”) and accompanying tariff sheets, direct testimony and exhibits seeking Commission approval for an increase to Black Hills’ annual revenue requirement by \$2,696,005 or 14.94 % based on a historical test year ending on December 31, 2007, which would be implemented by a General Rate Schedule Adjustment (“GRSA”) rider.

2. On July 31, 2008, Black Hills (Aquila) filed an Affidavit of Publication of Notice. Notice of the filing of the Advice Letter was given to Black Hills’ (Aquila’s) customers on July 11, 2008.

3. By Decision No. C08-0697, the Commission suspended the effective date of Advice Letter No. 528 until November 27, 2008 and directed that the matter be set for hearing.

4. Notices of intervention were filed by the OCC and the Trial Staff of the Colorado Public Utilities Commission (“Trial Staff”). Petitions For Leave to Intervene were filed by Colorado Natural Gas, Inc. (“CNG”) and Seminole Energy Services, LLC (“Seminole”). Those interventions were granted by Decision No. R08-1248-I.

5. On August 20, 2008, Trial Staff filed a Motion to Dismiss. On September 2, 2008, OCC filed a response to the Motion to Dismiss supporting the Staff. On September 3, 2008, Black Hills filed its response opposing the Motion to Dismiss.

6. Pursuant to Decision No. R08-0857-I, the ALJ held a pre-hearing conference on September 4, 2008. The Trial Staff’s Motion to Dismiss was denied, and an Order was entered scheduling hearings and certain testimony filing dates, as well as other procedural requirements

and deadlines. (See Decision No. R08-1004-I). Additionally, Trial Staff, OCC and Black Hills agreed that Black Hills would file an advice letter to commence the Phase II rate case. The Commission adopted a revised procedural schedule for a combined Phase I and Phase II rate case.

7. On September 19, 2008, Black Hills filed Advice Letter No. 529 ("Phase II") and accompanying tariff sheets, direct testimony and exhibits whose purpose was 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.

8. By Decision No. C08-1039, the Commission suspended the effective date of the proposed Phase II tariffs, and commenced the Phase II docket, which was identified as Docket No. 08S-430G. In Decision No. C08-1039, the Commission consolidated the Phase I and the Phase II docket under the foregoing caption.³

9. On December 19, 2008, answer testimony and exhibits were filed by Trial Staff and the OCC, whose witnesses recommended, among other things, that the Commission permanently suspend Black Hills' Advice Letters Nos. 528 and 529, and who argued that the use of the 2007 adjusted Aquila historical test year was inappropriate. Alternatively, the OCC recommended a revenue requirement increase in an amount lower than the revenue requirement increase requested by Black Hills. On January 16, 2009, Black Hills filed rebuttal testimony and

² By Decision No. R08-1004-I, issued September 22, 2008, Black Hills was substituted for Aquila as the filing utility.

³ On January 9, 2009, Black Hills Gas filed Amended Advice Letter No. 528 and amended tariffs, with a new effective date of June 18, 2009. The tariff sheets appended to the Amended Advice Letter No. 528 supersede those appended to the Advice Letter filed on June 30, 2008. The Commission has acknowledged the filing of Amended Advice Letter No. 528, the amended tariffs, and the extended effective date of June 18, 2009. See Decision No. R09-0064-I, issued on January 22, 2009.

exhibits refuting assertions and allegations made in the answer testimony of Trial Staff and the OCC.

10. On January 27, 2009, the Commission held a public comment hearing in Colorado Springs, Colorado, for the purpose of receiving input from Black Hills customers.

11. The parties have actively engaged in pre-hearing investigation, including audit requests, formal data requests, informal exchanges of information, informal discussions, and settlement negotiations. Recently, Black Hills and the OCC have spent substantial time and effort in negotiations to resolve this consolidated rate proceeding.

12. An agreement in principle to settle all disputed issues in these dockets was reached by the Settling Parties on January 23, 2009.

13. This Settlement Agreement memorializes the negotiated settlement and stipulations among the Settling Parties. As the result of the settlement negotiations, the Settling Parties agree, as set forth below, that all disputed issues in these dockets have been resolved to the satisfaction of the parties and that the revenue requirement and rate increase for all customers to which the parties agree in this settlement are just and reasonable.

II. THE SETTLEMENT

1. **Revenue Requirement Increase.** Black Hills requested approximately \$2,696,005 in additional annual revenues in this rate case filing. The OCC recommended an increase in annual revenues of \$639,620, which was revised to \$921,884 as a result of corrections. The Trial Staff recommended permanent suspension of the Advice Letters and no increase in annual revenues. As a result of this settlement, the Settling Parties agree that the annual revenue requirement increase in this docket will be \$1,379,445.

2. **Components of the Settlement.** For purposes of settlement, the \$1,379,445 annual revenue requirement increase consists of the specific components set forth below. (Attachment A to this Settlement Agreement consists of eight pages, which shows the regulatory principles agreed to for purposes of this Settlement Agreement only in developing the Phase I revenue requirement figure of \$1,379,445.) Also set forth below is a listing of the agreed to regulatory principles.

- a) **Return on Equity.** Black Hills requested a return on equity of 11.50%. The OCC recommended a return of 10.0%. The Settling Parties agree to a settled rate of return on equity for Black Hills of 10.25%.
- b) **Capital Structure.** Black Hills' filed capital structure is 49.52% debt and 50.48% equity, with a cost of debt of 7.32% producing an overall cost of capital, or rate of return on rate base, of 9.43%. The OCC agreed with Black Hills' capital structure but proposed a return on equity of 10% and an overall rate of return of 8.673%. For settlement purposes, the Settling Parties stipulate to use Black Hills' proposed capital structure of 49.52% debt and 50.48% equity, with a cost of debt of 8.13% and an overall cost of capital or rate of return on rate base of 9.2%.
- c) **Rate Design.** The Settling Parties agree that the Residential Customer Charge will be established at \$10.00 and the Small Commercial Customer Charge will be established at \$15.00. Attachment B to this Settlement Agreement provides the new rates for all classes, as well as an analysis of customer impacts for all classes based upon average monthly bills.

- d) **Rate Base.** Black Hills requested a rate base of \$41,426,052. The OCC made various working capital adjustments and productivity offsets. The Settling Parties agreed to accept an adjusted rate base of \$40,917, 730 as shown on page 3 of Attachment A.
- e) **Rate Base Adjustments.** The OCC proposed six adjustments to the Rate Base. The Settling Parties agreed to incorporate these Rate Base adjustments into the determination of the revenue requirement. These adjustments are shown on page 4 of Attachment A. In its next gas rate case, Black Hills will include the interest on long-term debt in its calculation of cash working capital.
- f) **Income Statement Adjustments.** The OCC proposed six adjustments to the Income Statement. The Settling Parties agreed to incorporate these Income Statement adjustments into the determination of the revenue requirement. These adjustments are shown on page 7 of Attachment A.
- g) **Transportation Services.** The Settling Parties agree that tariffs and rates for transportation services as proposed, with minor clarifications, should be approved. A summary of the changes to the "as filed" tariffs is included in Attachment C.
- h) **Miscellaneous.**
 - (i) Attachment D to this Settlement Agreement contains the Settled Tariffs, which consist of 33 tariff pages and set forth the revised rates and tariff language revisions resulting from this settlement.

- (ii) The former Commercial and Industrial Classes were renamed Small Commercial, Small Volume and Large Volume customer classes and were placed into the appropriate customer class based on annual usage. Irrigation customers will be in a separate customer class.
- (iii) Black Hills' volumetric billing will be converted to being based on therms and utilize a standard sales base pressure of 14.73 psi.
- (iv) All gas costs will be removed from base rates and will be reflected in the Gas Cost Adjustment ("GCA") consistent with the Commission's Gas Cost Adjustment rules, 4 *Colo. Code Regs.* 723-4-4600 -- 4609.
- (v) The OCC recommended and Black Hills agrees that the "Atlantic Seaboard" methodology for classifying costs related to distribution mains will be utilized by Black Hills for use in its next gas rate case.
- (vi) The Settling Parties agree that the proposed depreciation rates, based on Black Hills' depreciation study filed with this Commission on May 1, 2008, shall be used for determining revenue requirements in this proceeding and in future Black Hills' gas rate cases, unless a new depreciation study is filed with the Commission for use in a future gas rate case filing.

3. **Agreement to File General Rate Case.** The OCC had proposed that an Earnings Test be adopted in this case. The Settling Parties agree that Black Hills will file a gas rate case in Colorado on or before June 30, 2011.

4. **Rate Case Expense.** The OCC had proposed that rate case expense be reduced to \$500,000 and recovered over a five (5) year period. The Settling Parties agree that Black Hills

will recover \$625,000 as and for rate case expense that, for purposes of determining the agreed upon revenue requirement, shall be amortized over two (2) years.

5. **Effective Date.** If the Commission approves this Settlement Agreement, tariffs conforming to this Settlement Agreement and implementing the agreed upon revenue increase and rate revisions, the Parties request that Black Hills be allowed to file conforming compliance tariffs on not less than one day's notice with an effective date of no later than March 1, 2009.

III. GENERAL TERMS AND CONDITIONS

1. Through active prehearing investigation and negotiation, the Settling Parties have reached the agreement set forth herein resolving all contested and disputed issues in this docket in a manner which the Settling Parties agree is just and reasonable and in the public interest. The Settling Parties further agree that reaching agreement by means of negotiation and settlement rather than through litigation is in the public interest.

2. The Settling Parties agree to present, to support, and to defend this Settlement Agreement before the Commission and the courts. The Settling Parties further agree, if necessary, to present testimony and exhibits to the Commission to secure the approval of this Settlement Agreement.

3. The Settling Parties hereby agree that all pre-filed testimony and exhibits shall be admitted into evidence in this docket without cross-examination. This Settlement Agreement reflects the compromise and settlement of all issues raised or that could have been raised in this docket.

4. This Settlement Agreement shall not become effective until the issuance of a final Commission Order approving the Settlement Agreement, which Order does not contain any modification of the terms and conditions of this Settlement Agreement that is unacceptable to the

Parties. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Settling Party, that Settling Party shall have the right to withdraw from this Settlement Agreement and proceed to hearing on the issues that may be appropriately raised by that Settling Party in this docket. The withdrawing Settling Party shall notify the Commission and the other Settling Party by e-mail and facsimile within five (5) business days of the Commission Order that the Settling Party is withdrawing from the Settlement Agreement and that the Settling Party is ready to proceed to hearing; the e-mail and facsimile notice shall designate the precise issue or issues on which the Settling Party desires to proceed to hearing (the "Hearing Notice").

5. A hearing shall be scheduled on all of the issues designated in the formal notice filed with the Commission as soon as practicable. In the event that a Settling Party withdraws from this Settlement Agreement and requests a hearing pursuant to the foregoing paragraph, the negotiations or discussions undertaken in conjunction with the Settlement Agreement shall not be admissible into evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce this Settlement Agreement.

6. Approval by the Commission of this Settlement Agreement shall constitute a determination that the Settlement Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the parties in this proceeding.

7. All Settling Parties specifically agree and understand that this Settlement Agreement represents a negotiated settlement in the public interest with respect to the various Black Hills rate matters and terms and conditions of service for the sole purpose of the settlement of the matters agreed to in this Settlement Agreement. No Settling Party or person shall be

deemed to have approved, accepted, agreed to, or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Settlement Agreement, other than as specifically provided for herein. Notwithstanding the resolution of the issues set forth in this Settlement Agreement, none of the methods or ratemaking principles herein contained shall be deemed by the Settling Parties to constitute a settled practice or precedent in any future proceeding. Nothing in this Settlement Agreement shall preclude Black Hills from seeking prospective changes in its natural gas rates by an appropriate filing with the Commission. Nothing in this Settlement Agreement shall preclude any other party from filing a Complaint, pursuant to the Commission's rules and the Colorado Public Utilities Law, to obtain prospective changes in Black Hills' natural gas rates.

9. This Settlement Agreement may be executed in counterparts and by facsimile copies of signatures, all of which when taken together shall constitute the entire Settlement Agreement with respect to the issues addressed by this Settlement Agreement.

CONCLUSION

For the reasons stated above, the Settling Parties respectfully request that the Commission enter an order approving this Settlement Agreement which allows the agreed upon tariffs to become effective March 1, 2009, with the finding that the Commission's approval of this Settlement Agreement represents a fair, just, and reasonable resolution of all disputed issues which have arisen, or which could have arisen, in this docket.

DATED this _____ day of January, 2009

Accepted on behalf of
BLACK HILLS/COLORADO GAS
UTILITY COMPANY, LP D/B/A BLACK
HILLS ENERGY:

By: 

Steven M. Jurek
Vice President, Regulatory Services
Black Hills Energy
1815 Capitol Avenue
Omaha, NE 68102
Telephone: 402-221-2023
Facsimile: 402-221-2501

Accepted on behalf of
COLORADO OFFICE OF CONSUMER
COUNSEL:

By: _____

Frank Shafer
Financial Analyst
Office of Consumer Counsel
1560 Broadway, Suite 200
Denver, CO 80202
Telephone: 303-894-2123
Facsimile: 303-894-2117

Approved as to form:

Approved as to form:

DAVIS GRAHAM & STUBBS LLP

OFFICE OF THE ATTORNEY GENERAL

By: 

Steven H. Denman, Reg. No. 7857
9040 Town Center Parkway, Suite 213
Lakewood Ranch, FL 34202
(941) 487-3657 Direct line
(303) 892-7459 Denver line
(303) 893-1379 Fax

ATTORNEYS FOR BLACK HILLS/COLORADO
GAS
UTILITY COMPANY, LP

JOHN W. SUTHERS
Attorney General

By: _____

Christopher Irby, Reg. No. 35778
Assistant Attorney General
Consumer Protection Section
1525 Sherman Street, 7th Floor
Denver, Colorado 80203
Telephone: 303-866-5441
Facsimile: 303-866-5342

ATTORNEYS FOR THE COLORADO
OFFICE OF CONSUMER COUNSEL

Accepted on behalf of
BLACK HILLS/COLORADO GAS
UTILITY COMPANY, LP D/B/A BLACK
HILLS ENERGY:

By: _____

Steven M. Jurek
Vice President, Regulatory Services
Black Hills Energy
1815 Capitol Avenue
Omaha, NE 68102
Telephone: 402-221-2023
Facsimile: 402-221-2501

Approved as to form:

DAVIS GRAHAM & STUBBS LLP

By: _____

Steven H. Denman, Reg. No. 7857
9040 Town Center Parkway, Suite 213
Lakewood Ranch, FL 34202
(941) 487-3657 Direct line
(303) 892-7459 Denver line
(303) 893-1379 Fax

ATTORNEYS FOR BLACK HILLS/COLORADO
GAS
UTILITY COMPANY, LP

Accepted on behalf of
COLORADO OFFICE OF CONSUMER
COUNSEL:

By: _____

Frank C. Shafer
Frank Shafer
Financial Analyst
Office of Consumer Counsel
1560 Broadway, Suite 200
Denver, CO 80202
Telephone: 303-894-2123
Facsimile: 303-894-2117

Approved as to form:

OFFICE OF THE ATTORNEY GENERAL

JOHN W. SUTHERS
Attorney General

By: _____

Christopher Irby, Reg. No. 35778
Assistant Attorney General
Consumer Protection Section
1525 Sherman Street, 7th Floor
Denver, Colorado 80203
Telephone: 303-866-5441
Facsimile: 303-866-5342

ATTORNEYS FOR THE COLORADO
OFFICE OF CONSUMER COUNSEL

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of January 2009, the original and four (4) copies of the foregoing SETTLEMENT AGREEMENT AND MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT were filed with:

Mr. Doug Dean, Director
Colorado Public Utilities Commission
1560 Broadway, Suite 250
Denver, Colorado 80202

and a copy of the same pleading was served on the following persons by email, hand-delivery, or overnight delivery to the addresses noted below:

Larry Headley Black Hills/Colorado Gas Utility Company, LP 1815 Capitol Avenue Omaha, NE 68102 Larry.Headley@blackhillscorp.com	Steven M. Jurek Black Hills/Colorado Gas Utility Company, LP 1815 Capitol Avenue Omaha, NE 68102 Steve.Jurek@blackhillscorp.com	Meg McGill Black Hills/Colorado Gas Util Company, LP 1815 Capitol Avenue Omaha, NE 68102 Margaret.McGill@blackhillscorp.cc
--	--	---

Michael Santisi Office of Attorney General 1525 Sherman Street, 5 th Floor Denver, CO 80203 Michael.santisi@state.co.us	David Nocera Office of Attorney General 1525 Sherinan Street, 5 th Floor Denver, CO 80203 Dave.nocera@state.co.us	Basil Copeland Chesapeake Regulatory Consultants 14619 Corvallis Rd. Maumelle, AR 72113-9746 blcjr@bazilla.net
--	--	--

Michael Hydock Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Michael.hydock@dora.state.co.us	Julie Haugen Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Julie.haugen@dora.state.co.us	Bill Steele Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Bill.steele@dora.state.co.us
--	--	--

Bridget McGee-Stiles Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Bridget.mcgee- stiles@dora.state.co.us	Eugene Camp Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Eugene.camp@dora.state.co.us	Billy Kwan Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202 Billy.kwan@dora.state.co.us
--	--	--

Harry DiDomenico Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202	Bob Skinner Public Utilities Commission 1560 Broadway, Suite 250 Denver, CO 80202	Christopher Irby Office of the Attorney General 1525 Sherman Street, 7 th Floor Denver, CO 80203
---	--	--

Harry.Didomenico@dora.state.co.us Bob.skinner@dora.state.co.us Chris.irby@state.co.us

Frank Shafer
Financial Analyst
Office of Consumer Counsel
1560 Broadway, Suite 200
Denver, CO 80202
Frank.Shafer@dora.state.co.us

Dennis Senger
Rate/Financial Analyst
Office of Consumer Counsel
1560 Broadway, Suite 200
Denver, CO 80202
Dennis.senger@dora.state.co.us

Stephen Southwick
Office of the Attorney General
1525 Sherman Street, 7th Floor
Denver, CO 80203
Stephen.southwick@state.co.us

Larry Shiao
Trial Advocacy Staff
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Larry.shiao@dora.state.co.us

Bill Harris
Trial Advocacy Staff
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
William.harris@dora.state.co.us

Brian Iverson
Black Hills/Colorado Gas
Utility Company, LP
PO Box 1400
625 Ninth Street
Rapid City, SD 57709
Biverson@blackhillscorp.com

Thomas R. O'Donnell
Holland & Hart, LLP
555 17th Street, Suite 3200
Denver, CO 80202
todonnell@hollandhart.com

Honorable Mana L. Jennings-
Fader
Administrative Law Judge
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
mana.jennings-
fader@dora.state.co.us

Patrick Joyce
Black Hills Corp
1815 Capitol
Omaha, NE 68102
Patrick.Joyce@blackhillscorp.com

Sandra Kahl
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Sandra.kahl@dora.state.co.us

Dave Peterson
Chesapeake Regulatory
Consultants
10351 Southern Maryland
Blvd., #202
Dunkirk, MD 20754-9500
davep@chesapeake.net

Charles Hernandez
Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202
Charles.Hernandez@dora.state.co.us

Richard L. Fanyo
Michelle Brandt King
Dufford & Brown, P.C.
1700 Broadway, Suite 2100
Denver, CO 80290
rfanyo@duffordbrown.com
mking@duffordbrown.com
Dale.hutchins@state.co.us

James Krebs
Seminole Energy Services, LLC
303 East 17th Avenue, Suite 850
Denver, CO 80203
jkrebs@seminoleenergy.com

Chere.Mitchell@dora.state.co.us

Jeresa Johnson

Attachment A
 Docket Nos. 08S-290G & 08S-430G
 Page 1 of 8

Black Hills/Colorado Gas Utility Company, LP
 Revenue Deficiency
 Test Year Ended December 31, 2007

(A)	Black Hills (RGP-1, Sch1) (B)	Stipulation (C)	Difference (D)
1. Average Rate Base (Attachment A, page 3 of 8, line 19)	\$41,426,052	\$40,917,718	(\$508,334)
2. Rate of Return (Attachment, page 2 of 8)	9.43%	9.20%	
3. Operating Income requirement (line 1 * line 2)	\$3,906,477	\$3,764,430	(\$142,047)
4. Operating Income (Attachment A, page 6 of 8, line 18)	\$2,235,223	\$2,909,331	\$674,108
5. Income Deficiency (line 4 - line 3)	\$1,671,254	\$855,099	(\$816,155)
6. Revenue Conversion Factor	1.6132	1.6132	
7. Revenue Deficiency (line 5 x line 6)	\$2,695,067	\$1,379,445	(\$1,316,622)
8. Revenues from existing rates (Attachment A, page 6 of 8, line 3)	\$77,484,583	\$82,111,486	\$4,626,903
9. Less Cost of Gas (Attachment A, page 6 of 8, line 4)	\$59,217,265	\$63,009,829	\$3,792,564
10. Base Rate Revenue (line 8 - line 9)	18,267,318	19,101,657	\$834,339

Attachment A
 Docket Nos. 08S-290G & 08S-430G
 Page 2 of 8

Black Hills/Colorado Gas Utility Company, LP
 Capital Structure - Rate of Return
 Test Year Ended December 31, 2007

	Capitalization	Capital Structure	Cost	Weighted Cost
(A)		(B)	(C)	(D)
1. Long-term Debt	\$ 1,766,382	49.52%	8.13%	4.026%
2. Common Equity	\$ 1,800,733	50.48%	10.25%	5.174%
3. Total	<u>\$ 3,567,115</u>	<u>100.00%</u>		<u>9.20%</u>

Attachment A
 Docket Nos. 08S-290G & 08S-430G
 Page 3 of 8

Black Hills/Colorado Gas Utility Company, LP

Average Rate Base
 Test Year Ended December 31, 2007

	As Filed	Adjustments	Stipulation As Adjusted
(A)	(B)	(C)	(D)
1. Gas Plant in Service	\$97,374,968	(\$4,758)	\$97,370,210
2. Accumulated Reserves for Depreciation	45,644,349		45,644,349
3. Net Gas Plant in Service	\$51,730,619	(\$4,758)	\$51,725,861
4. CWIP in service pending reclassification	752,286		752,286
5. Total Gas Plant in Service	\$52,482,905	(\$4,758)	\$52,478,147
Additions:			
6. Materials and Supplies	628,822		628,822
7. Gas Stored	1,871,992		1,871,992
8. Prepayments	140,930		140,930
9. Other	0		0
10. Total Additions	\$2,641,744	\$0	\$2,641,744
11. Total before deductions	\$55,124,649	(\$4,758)	\$55,119,891
Deductions:			
12. Accumulated deferred income taxes	7,648,999		7,648,999
13. Customer Deposits	2,023,115		2,023,115
14. Customer Advances	3,853,981		3,853,981
15. Interest on Customer Deposits	17,268		17,268
16. Reserves for Self Insurance	147,943		147,943
17. Total Deductions	\$13,691,306	\$0	\$13,691,306
18. Cash Working Capital	(\$7,291)	(\$503,576)	(\$510,867)
19. Total Rate Base	\$41,426,052	(\$508,334)	\$40,917,718

Black Hills/Colorado Gas Utility Company, LP

Rate Base Adjustments - Detail
Test Year Ended December 31, 2007

Attachment A
Docket Nos. 08S-290G & 08S-430G
Page 4 of 8

	Include Int on LTD in CWC	Included Vac Pay Lag in CWC	Included Incent Pay Lag in CWC	Labor Prod to Out-of-Per wages	Labor Prod to Out-of-Per benefits	CWC on Exp Adjustments	Summary of Adjustments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1. Gas Plant in Service				(\$3,565)	(\$1,193)		(\$4,758)
2. Accumulated Reserves for Depreciation							0
3. Net Gas Plant in Service	\$0	\$0	\$0	(\$3,565)	(\$1,193)	\$0	(\$4,758)
4. CWIP in service pending reclassification							0
5. Total Gas Plant in Service	\$0	\$0	\$0	(\$3,565)	(\$1,193)	\$0	(\$4,758)
Additions:							
6. Materials and Supplies							0
7. Gas Stored							0
8. Prepayments							0
9. Other							0
10. Total Additions	\$0	\$0	\$0	\$0	\$0	\$0	0
11. Total before deductions	\$0	\$0	\$0	(\$3,565)	(\$1,193)	\$0	(\$4,758)
Deductions:							
12. Accumulated deferred income taxes							0
13. Customer Deposits							0
14. Customer Advances							0
15. Interest on Customer Deposits							0
16. Reserves for Self Insurance							0
17. Total Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18. Cash Working Capital	(\$239,203)	(\$27,185)	(\$207,267)			(\$29,908)	(\$503,564)
19. Total Rate Base	(\$239,203)	(\$27,185)	(\$207,267)	(\$3,565)	(\$1,193)	(\$29,908)	(\$508,322)

Black Hills/Colorado Gas Utility Company, LP
Determination of Lead/Lag Factors
For the 12 Months ended December 31, 2007

Attachment A
Docket No. 08S-290G and -430G
Page 5 of 8

LINE NO.	DESCRIPTION	(A) REVENUE LAG DAYS	(B) EXPENSE LEAD DAYS	(C) NET LAG DAYS	(D) % LAG	(E) OPERATING COST	(F) Stipulation Adj	(G) ADJ OPERATING COSTS	(H) CWC COMPUTATION	LINE NO.
				(A) - (B)	(C) / 365 x 100			(E) - (F)	(G) x (D)	
1	PURCHASED GAS EXPENSES	38.3	38.7	(0.4)	(0.110)	59,217,263	3,792,566	63,009,829	(69,059)	1
2	PAYROLL RELATED EXPENSES	38.3	14.0	24.3	6.658	5,432,599	(399,855)	5,032,744	335,055	2
3	OTHER O&M EXPENSES	38.3	29.1	9.2	2.521	6,192,654	14,898	6,207,552	156,461	3
4	PROPERTY TAX	38.3	302.5	(264.2)	(72.384)	438,486		438,486	(317,392)	4
5	FICA TAXES	38.3	17.0	21.3	5.836	403,751		403,751	23,561	5
6	FUTA TAXES	38.3	75.6	(37.3)	(10.219)	5,896		5,896	(603)	6
7	SUTA TAXES	38.3	75.6	(37.3)	(10.219)	9,649		9,649	(986)	7
8	SALES & USE TAXES	38.3	35.2	3.1	0.849	300,832		300,832	2,555	8
9	FRANCHISE FEES	38.3	88.0	(49.7)	(13.616)	1,235,796		1,235,796	(168,271)	9
10	FEDERAL INCOME TAX	38.3	37.5	0.8	0.219	394,966	219,732	614,718	1,347	10
11	STATE INCOME TAX	38.3	37.5	0.8	0.219	54,787		54,787	120	11
12	Vacation Pay	38.3	319.5	(281.2)	(77.04)		35,287	35,287	(27,185)	12
13	Incentive Pay	38.3	227.5	(189.2)	(51.84)		399,855	399,855	(207,267)	13
14	Interest on Long-Term Debt	38.3	91.25	(53.0)	(14.52)		1,647,347	1,647,347	(239,203)	14
15								TOTAL CASH WORKING CAPITAL	(\$510,867)	15
16								CWC as Filed	(\$7,291)	16
17								Stipulation Adjustment	(\$503,576)	17

Attachment A
Docket Nos. 08S-290G & 08S-430G
Page 6 of 8

Black Hills/Colorado Gas Utility Company, LP

Operating Income Under Present Rates
Test Year Ended December 31, 2007

	As Filed	Adjustments	Stipulation As Adjusted.
(A)	(B)	(C)	(D)
Operating Revenue			
1. Sales	\$76,699,618	4,626,903	\$81,326,521
2. Other Revenue	784,965	0	784,965
3. Total operating revenue	\$77,484,583	\$4,626,903	\$82,111,486
Operating Expenses			
4. Gas Purchase for Resale	\$59,217,263	3,792,566	\$63,009,829
Operation and Maintenance			
5. Transmission	\$18,480		\$18,480
6. Distribution	2,976,302	(42,921)	2,933,381
7. Customer Accounting	2,289,444	0	2,289,444
8. Customer Serv & Info	82,189	0	82,189
9. Sales Accounting	40,945	0	40,945
10. Admin & General	6,217,893	57,818	6,275,711
11. Total O&M	\$11,625,253	\$14,898	\$11,640,151
12. Depreciation & Amortization	\$2,983,941		\$2,983,941
13. Taxes other than income	878,983		878,983
14. Interest - Customer Deposit Exp	94,147		94,147
15. State & Federal Income Taxes	449,773	219,732	669,505
16. Total Expenses	\$16,032,097	\$4,027,196	\$20,059,293
17. AFUDC		\$74,401	74,401
18. Operating Income	\$2,235,223	\$674,108	\$2,909,331

Black Hills/Colorado Gas Utility Company, LP
Operating Income Adjustments - Detail
Test Year Ended December 31, 2007

Attachment A
Docket Nos. 08S-290G & 08S-430G
Page 7 of 8

	Labor Prod to Out-of-Per wages	Labor Prod to Out-of-Per benefits	Include AFUDC	Remove Costs Associated w/ Eliminated Job		Amortize Rate Case Exp over 2 years	Martine Method for Weather Normalization	Interest Synchronization	Summary of Adjustments
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1. Sales							\$4,626,903		\$4,626,903
2. Other Revenue									
3. Total operating revenue							\$4,626,903		\$4,626,903
Operating Expenses									
4. Gas Purchase for Resale							\$3,792,566		\$3,792,566
Operation and Maintenance									
5. Transmission									
6. Distribution	(10,486)	(3,510)		(28,924)					(\$42,921)
7. Customer Accounting									
8. Customer Serv & Info									
9. Sales Accounting									
10. Admin & General				(9,682)	0	67,500			\$57,818
11. Total O&M	(\$10,486)	(\$3,510)		(\$38,606)	\$0	\$67,500	\$0		\$14,898
12. Depreciation & Amortization									
13. Taxes other than income									
14. Interest - Customer Deposit Exp	3,986	1,334		14,674	0	(25,657)	317,131	(91,737)	\$219,732
15. State & Federal Income Taxes									
16. Total Expenses	(\$6,501)	(\$2,176)		(\$23,932)	\$0	\$41,843	\$4,109,697	(\$91,737)	\$4,027,196
17. AFUDC			\$74,401						\$74,401
18. Operating Income	\$6,501	\$2,176	\$74,401	\$23,932	\$0	(\$41,843)	\$517,206	\$91,737	\$674,108

Attachment A
Docket Nos. 08S-290G & 08S-430G
Page 8 of 8

Black Hills/Colorado Gas Utility Company, LP
Interest Synchronization Adjustment
Test Year Ended December 31, 2007

	(A)	(B)
1. Rate Base		\$40,917,718
2. Weighted Cost of Debt per Attachment A, page 2 of 8, line 1		<u>4.026%</u>
3. Pro forma Interest Expense (line 1 * line 2)		\$1,647,347
4. Interest Expense as filed per Exhibit RGP-1, Sch 4, page 2 of 2, line 2		<u>1,405,998</u>
5. Adjustment to interest expense (line 3 - line 4)		\$241,349
6. Income taxes @ 38.01%		<u>(91,737)</u>

Black Hills Energy
 Revenue Under Proposed Rates
 Final Rate Design

Delivery Delivery

Attachment B

Use No.	Rate Class	Average Number of Customers	Proposed Rate Structure in Therms				Proposed Rates				Test Year Revenues Under Proposed Rates				Increase (Decrease) \$
			Per Books Throughput therms	Weather Adjustment therms	Total Adjusted Throughput therms	Customer Charge \$	Seasonality Charge \$	Cost of Gas \$	Customer Charge \$	Seasonality Charge \$	Total Margin \$	Cost of Gas \$	Total Revenues \$		
1	Salida	82,459	58,752,716	3,199,156	62,951,871	\$ 10.00	\$ 0.14108	\$ 0.78985	7,485,110	8,881,960	16,378,690	49,710,240	66,087,239	1,216,760	
2	Residential	2,815	4,045,288	141,737	4,187,025	\$ 15.00	\$ 0.14109	\$ 0.77688	824,775	590,747	1,115,522	3,261,215	4,376,737	96,214	
3	Small Commercial	555	7,304,810	253,250	7,558,061	\$ 75.00	\$ 0.11042	\$ 0.78255	502,050	634,561	1,236,611	5,916,856	7,253,469	(24,428)	
4	Small Volume	25	3,327,550	91,653	3,419,203	\$ 250.00	\$ 0.09199	\$ 0.76400	72,750	314,532	386,282	2,512,256	3,000,246	(163,562)	
5	Large Volume	163	2,323,801	-	2,323,801	\$ 30.00	\$ 0.10781	\$ 0.64947	58,740	250,761	309,501	1,509,242	1,818,744	11	
6	Irrigation														
7	Total Sales	88,120	76,754,165	3,685,799	80,439,961				8,654,425	10,817,482	19,471,907	63,009,830	82,534,737	1,227,216	
8	Interconnection														
9	Large Volume	15	7,449,405	-	7,449,405	\$ 230.00	\$ 0.09199		45,750	686,271	731,021		731,021	151,870	
10	Rate 505	1	728,706	-	728,706									44,804	
11	Total Transportation	16	8,178,111	-	8,178,111				45,750	686,271	731,021		731,021	151,870	
12	Total Colorado	68,137	64,530,276	3,685,799	68,616,072				8,700,175	11,557,753	20,257,928	63,009,830	83,312,261	1,278,146	

Customer Impact - Average Monthly Bill					
Rate Class	Existing Rates Average Monthly Bill	Final Rates Average Monthly Bill	Monthly Change	Percentage Rate Impact	
Residential	\$88.41	\$88.17	\$1.78	2.04%	
Small Commercial	\$1,224.37	\$1,235.12	\$2.75	0.23%	
Small Volume	\$1,083.90	\$1,083.25	(\$0.65)	-0.06%	
Large Volume	\$10,001.83	\$10,001.83	(\$544.54)	-5.18%	
Irrigation	\$929.82	\$929.83	\$0.01	0.00%	
Transportation	\$3,217.17	\$4,081.23	\$864.06	26.84%	

**Tariff Changes: Tariff Sheets Filed with Advice
 Letter No. 529 compared to Final Tariff Sheets**

Tariff Sheet No.	Description of changes
2	No changes
2.3	No changes
4.1	Updated rates; change column heading from "LDC Costs" to "LDC Delivery Charge"
5	Updated rates
7	Updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
8	Updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
9	Updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
10	Add sentence to the end of Availability section; updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
11	Updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
12	Add sentence to the end of Availability section; updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
13	Added language to Availability section; updated rates; change "Commodity Charge per Therm" to "Delivery Charge per Therm; deleted last sentence of tariff
14	Updated rates; identify maximum and minimum rates
15	Added language to Availability section; added language (first sentence) to Service Considerations section; updated rates, change "Commodity Charge per Therm" to
16	No changes
17	No changes
58	No changes
59	No changes
60	No changes
70	Modified Definition of Terms for Curtailment and Interruption
71	No changes
72	Modified language in paragraph 5A. Overrun Charge
73	No changes

**Tariff Changes: Tariff Sheets Filed with Advice
Letter No. 529 compared to Final Tariff Sheets**

Tariff Sheet No.	Description of changes
74	No changes
75	Modified language in paragraph 9. Aggregation Service
76	No changes
77	No changes
78	No changes
79	No changes
80	No changes
81	No changes
82	No changes
83	No changes
84	No changes

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Thrd Revised Sheet 2
Cancels Second Revised Sheet 2

Colorado Operations

Index

Description	Sheet No.	
Index.....	2-2.3	T
Explanation of Margin Symbols.....	3	
Colorado Communities Served with Natural Gas, Incorporated & Unincorporated.....	4	T
Rate Schedule Summation Sheet.....	4.1	T
GCA Rider Summary.....	5	
Pressure Base Factors.....	5.1	T
Municipal Franchise Fees.....	6	
RS Residential Firm Service.....	7	T
SC Small Commercial Firm Service.....	8	T
SVF Small Volume Firm Service.....	9	T
SVI Small Volume Interruptible Service.....	10	T
LVF Large Volume Firm Service.....	11	T
LVI Large Volume Interruptible Service.....	12	T
IR Irrigation Service.....	13	T
LVTS Large Volume Transportation Service.....	14	T
ITS Irrigation Transportation Service.....	15	T
Held for Future Use.....	16-22	T
General Service Rules & Regulation.....	22-60	
Transportation Service Terms, Conditions, and Other Charges.....	70-84	T

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No. 2
 Original Sheet 2.3

T

Colorado Operations

Index

Description	Sheet No.
TRANSPORTATION TERMS, CONDITIONS, AND OTHER CHARGES	
1. Definition of Terms.....	70
2. Nomination.....	71
3. Measurement.....	71
4. Curtailment/Interruption of Service.....	72
5. Balancing.....	72
A. Overrun Charges.....	72
B. Monthly Cashout.....	73
6. Minimum Term.....	74
7. Notification and Changes to Transportation.....	74
8. Termination of Transportation.....	75
9. Aggregation Service.....	75
10. Refunds.....	75
11. Payment.....	75
12. Telemetry.....	76
13. Gas Quality.....	76
14. Gas Supply.....	76
15. Pipeline Charges.....	76
16. Line Extension Policy.....	76
17. Transportation Request Form	77
18. Large Volume Transportation Agreement.....	78
19. Irrigation Transportation Agreement.....	82
20. Agency Agreement.....	83

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Nineteenth Revised Sheet 4.1
Cancels Eighteenth Revised Sheet 4.1

Colorado Operations

Rate Schedule Summation Sheet

Rate Schedule	Tariff Sheet	Billing Unit	Monthly Facility Charge	Upstream Demand (1)	Gas Commodity (1)	LDC Delivery Charge	Net Sales Rate (2)	
			\$/month	\$/therm	\$/therm	\$/therm	\$/therm	
RS	7	Therm	10.00	0.15483	0.84375	0.14109	1.13967	I, T
SC	8	Therm	15.00	0.15483	0.84375	0.14109	1.13967	I, T
SVF	9	Therm	75.00	0.15483	0.84375	0.11042	1.10900	I, T
SVI	10	Therm	75.00	0.00000	0.84375	0.11042	0.95417	I, T
LVF	11	Therm	250.00	0.15483	0.84375	0.09199	1.09057	I, T
LVI	12	Therm	250.00	0.00000	0.84375	0.09199	0.93574	I, T
IR	13	Therm	30.00	0.00000	0.84375	0.10791	0.95166	I, T

(2) Rate Schedule Commodity Charge (LDC Costs) plus the corresponding GCA on Sheet 5 and/or any applicable rider.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No: 2
 Seventieth Revised Sheet 5
 Cancels Sixty-Ninth Revised Sheet 5

Colorado Operations

Gas Cost Adjustment (GCA Rider) Summary

Riders to Base Rate Schedules for Customers on Colorado Interstate Gas System Supply

Rate Schedule	Tariff Sheet	Current Gas Cost (1) \$/Therm	+	Deferred Gas Cost (1) \$/Therm	=	Total GCA Rider \$/Therm	
RS	7	0.90645		0.09213		0.99858	T
SC	8	0.90645		0.09213		0.99858	T
SVF	9	0.90645		0.09213		0.99858	T
SVI	10	0.75227		0.09148		0.84375	T
LVF	11	0.90645		0.09213		0.99858	T
LVI	12	0.75227		0.09148		0.84375	T
IR	13	0.75227		0.09148		0.84375	T

All rates per volumes at standard pressure base of 14.73.

Effective with volumes taken on or after March 1, 2009.

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Twelfth Revised Sheet 7
Cancels Eleventh Revised Sheet 7

Colorado Operations

Schedule RS, Residential Firm Service

AVAILABILITY

Natural gas service under this schedule is available to any individually metered customer for residential services at any point in the Company's certificated territory in Colorado in accordance with the rules filed with the Public Utilities Commission of Colorado.

RATE

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

\$10.00 I
\$0.14109 R

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Thirteenth Revised Sheet 8
Cancels Twelfth Revised Sheet 8

N

Colorado Operations

Schedule SC, Small Commercial Firm Service

AVAILABILITY

Natural gas service under this schedule is available to any individually metered non-residential customer, who has experienced, or anticipates experiencing, an annual consumption of natural gas less than or equal to 500 dekatherms.

RATE

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

\$15.00
\$0.14109

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Decision No.

Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Twelfth Revised Sheet 9
Cancels Eleventh Revised Sheet 9

N

Colorado Operations

Schedule SVF, Small Volume Firm Service

AVAILABILITY

Natural gas service under this schedule is available to any individually metered non-residential customer, who has experienced, or anticipates experiencing, an annual consumption of natural gas greater than 500 dekatherms, but less than or equal to 5,000 dekatherms.

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

RATE

\$75.00
\$0.11042

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Twelfth Revised Sheet 10
Cancels Eleventh Revised Sheet 10

S

Colorado Operations

Schedule SVI, Small Volume Interruptible Service

AVAILABILITY

Natural gas service under this schedule is available, on an interruptible basis, to any individually metered non-residential customer who has experienced or anticipates experiencing an annual consumption of natural gas greater than 500 dekatherms, but less than or equal to 5,000 dekatherms. Interruption shall occur due to a shortage of the utility's gas supply or capacity constraints on the utility's pipeline system at the customer locale.

RATE

T
T
T
T

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

\$75.00 R
\$0.11042 R

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Decision No.

Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Fourth Revised Sheet 11
Cancels Third Revised Sheet 11

N

Colorado Operations

Schedule LVF, Large Volume Firm Service

AVAILABILITY

Natural gas service under this schedule is available to any individually metered non-residential customer who has experienced or anticipates experiencing an annual consumption of natural gas greater than 5,000 dekatherms.

RATE

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

\$250.00
\$0.09199

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Tenth Revised Sheet 12
Cancels Ninth Revised Sheet 12

S

Colorado Operations

Schedule LVI, Large Volume Interruptible

AVAILABILITY

Natural gas service under this schedule is available, on an interruptible basis, to any individually metered non-residential customer who has experienced or anticipates experiencing an annual consumption of natural gas greater than 5,000 dekatherms. Interruption shall occur due to a shortage of the utility's gas supply or capacity constraints on the utility's pipeline system at the customer locale.

RATE

T
T
T
T
T

Gas service under this schedule is not available for resale or for standby service.

\$250.00

RATES

\$0.09199 R

Facility Charge per Month
Delivery Charge per Therm

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Eighth Revised Sheet 13
Cancels Seventh Revised Sheet 13

S

Colorado Operations

Schedule IR, Irrigation Interruptible Service

AVAILABILITY

Natural gas service under this schedule is only available on an interruptible basis, to any individually metered non-residential customer who uses natural gas service for irrigation purposes. Interruption shall occur due to a shortage of the utility's gas supply or capacity constraints on the utility's pipeline system at the customer locale. Service hereunder is interruptible and is subject to interruption at any time upon order of Company, if such interruption is necessary in order for the Company to be able to provide service to its firm customers.

RATE

T
T
T
T

Gas service under this schedule is not available for resale or for standby service.

RATES

Facility Charge per Month
Delivery Charge per Therm

\$30.00
\$0.10791

PAYMENT

The above rates are net and are due and payable within fifteen (15) days from date of mailing or presentation of bill.

RULES AND REGULATIONS

In accordance with the Rules and Regulations of the Company on file with the Colorado Public Utilities Commission.

REMARKS

Rates set forth above are base rates subject to the following adjustments to reflect:

1. The pass-on of supplier rate increases or decreases (see Sheet No. 5 GCA Rider Summary).
2. The franchise fee applies only to customers residing within the corporate limits of the municipality.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No. 2
 Fifth Revised Sheet 14
 Cancels Fourth Revised Sheet 14

N

Colorado Operations

Schedule LVTS, Large Volume Transportation Service

AVAILABILITY

Service under this rate schedule is available to individually metered, non-residential end-users who have contracted for an alternate or supplemental source of gas supply and have requested Company to transport such alternate or supplemental gas for customer's account. Service hereunder is conditioned upon availability of capacity without detriment or disadvantage to existing customers. This service shall apply to large volume gas transportation service. Annual consumption must exceed 5,000 dekatherms per meter. Small volume customer (excluding irrigation customers) may receive service under this schedule at their option.

RATE

SERVICE CONSIDERATIONS

Company will have measuring equipment in place to measure daily consumption. In the event customer terminates transportation service, returning to firm sales service will be conditioned upon the Company's availability of capacity to serve customer's firm requirement.

MONTHLY CHARGES: End-User's monthly bill shall include the following

Facility Charge per Month		\$250.00
Delivery Charge per Therm:	Maximum Rate	\$0.09199
	Minimum Rate	\$0.01000

OTHER CHARGES:

Overrun Charge as defined in Section 5.A., Sheet 72
 Monthly Cashout Charge as defined in Section 5.B., Sheet 73

OPTIONAL SERVICE:

End-User may, with an aggregator, participate in aggregation as defined on Sheets 70 and 75. Under this aggregation service, the Overrun Charge and Monthly Cashout Charge above are billed to the Aggregator for the Aggregation Pool, rather than being billed to the End-User. The charge for this optional aggregation service is set forth in Section 9 on Sheet 75 and is in addition to the charges outlined above.

GENERAL RULES AND REGULATIONS:

Service hereunder is subject to Company's General Service Rules and Regulations and the Company's Transportation Rules and Regulations on file with the Public Utilities Commission.

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Fourth Revised Sheet 15
Cancels Third Revised Sheet 15

N

Colorado Operations

Schedule ITS, Irrigation Transportation Service

AVAILABILITY

Service under this rate schedule is available on an interruptible basis, to individually metered, non-residential end-users who use gas for irrigation pumping. Interruption shall occur due to a shortage of the customer's gas supply or capacity constraints on the utility's pipeline system at the customer locale. Service hereunder is interruptible and is subject to interruption at any time upon order of Company, if such interruption is necessary in order for Company to be able to provide service to its firm customers.

RATE

SERVICE CONSIDERATIONS

End-User(s) taking service under this rate schedule shall subscribe to the aggregation service on Sheet 75. Service hereunder is provided with no requirements for recording equipment or telemetry at the delivery point. Without such equipment, daily deliveries must be estimated based on available data including meter reading dates, normal customer load characteristics, actual weather conditions, meter readings, and other available data. Company shall estimate daily deliveries based on such data for all delivery points where recording equipment and telemetry is not installed, or where such equipment malfunctions. In the event customer desires Company to use actual daily metered data for service hereunder, customer shall request Company to install such recording equipment, with the customer being responsible for costs associated with the Company acquiring and installing such recording equipment. In the event Company, in its sole opinion, determines that recording equipment is required to facilitate balancing, Company shall install such recording equipment with customer being responsible for costs associated with the Company acquiring and installing such recording equipment.

MONTHLY CHARGES: End-User's Monthly Bill shall include the following:

Facility Charge per Month
Delivery Charge per Therm

\$30.00
\$0.10791

OTHER CHARGES:

End-User taking service under this rate schedule shall participate, with an aggregator, in aggregation as defined on Sheets 70 and 75. The charges for Aggregation and Balancing are billed to the Aggregator for the Aggregation Pool and shall include the following:

Aggregation Charge as defined in Section 9, Sheet 75
Overrun Charge as defined in Section 5.A., Sheet 72
Monthly Cashout Charge as defined in Section 5.B., Sheet 73

GENERAL RULES AND REGULATIONS:

Service hereunder is subject to Company's General Service Rules and Regulations and the Company's Transportation Rules and Regulations on file with the Public Utilities Commission.

Term of Irrigation Transportation Service Tariff: This Irrigation Transportation tariff is being offered as a pilot program for a two (2) year period. Service under this tariff shall terminate two (2) years after the effective date of the tariff.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Third Revised Sheet 16
Cancels Second Revised Sheet 16

Colorado Operations

(Rate Title or Number), (Service Classification)

Held for Future Use

Advice Letter No. 529

Decision No.

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008
Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Third Revised Sheet 17
Cancels Second Revised Sheet 17

Colorado Operations

(Rate Title or Number), (Service Classification)

Held for Future Use

Advice Letter No. 529

Decision No.

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Sixth Revised Sheet 58
Cancels Fifth Revised Sheet 58

Colorado Operations

General Service Rules and Regulations

24. GAS COST ADJUSTMENT – UNIFORM PROCEDURE

A. Rates Subject to the Gas Cost Adjustment Clause

All gas utility rate schedules shall be subject to a gas cost adjustment. Gas cost adjustments will be calculated separately for interruptible and for firm sales. Demand adjustments will be calculated separately from interruptible and for firm sales. Demand charges will be assigned on a unit basis to firm customers, no demand charges will be assigned to interruptible customers. The Gas Cost Adjustment for all applicable rate schedules is as set forth on Sheet No. 5 and will be added to the Company's Base Rate for billing purposes.

B. Frequency of Change

The Gas Cost Adjustment amounts shall be subject to revision annually on October 1, or at other times as appropriate. Increased or decreased adjustment amounts may be filed on Tariff Sheet No. 5 when changes equate to at least one cent (\$0.01) per one thousand cubic feet and will become effective after 30 days notice to the Public Utilities Commission and the public or upon such other date as may be ordered by the Commission. Said increased or decreased adjustment amounts will be prorated as of the effective date.

C. Determination of Gas Cost Adjustment Amount

For purpose of computing the Gas Cost Adjustment (GCA), the following formula will be used:

$$GCA = C + D + R$$

Where:

C = Current Gas Cost

D = Deferred Gas Cost

R = Risk Management Cost

D. Definitions

1. Current Gas Cost

A rate component of the GCA expressed in mills (\$0.001) per Mcf, which reflects the cost of gas commodity and Upstream Service projected to be incurred by the utility during the GCA Effective Period. Current gas cost will be recorded in FERC Account 805.100.

2. Current Commodity Gas Cost

The cost of gas commodity, including appropriate adjustment for storage gas injections and withdrawals and exchange gas imbalances.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Sixth Revised Sheet 59
Cancels Fifth Revised Sheet 59

Colorado Operations

General Service Rules and Regulations

24. GAS COST ADJUSTMENT – UNIFORM PROCEDURE (Continued)

3. Upstream Services

Include all transmission, gathering, compression, balancing, treating, processing, storage and like services performed by others under contract with the utility for the purpose effectuating delivery of gas commodity to the utility's jurisdictional natural gas facilities

4. GCA Effective Period

The 12-month period of time beginning October 1 that the GCA rate change is intended to be in effect.

5. Deferred Gas Cost

The rate component of the GCA, expressed in mills (\$0.001) per Mcf, designed to amortize over the GCA Effective Period the under- or over-recovered gas costs reflected in the Company's Account 191 or other appropriate costs for a defined Gas Purchase Year.

The Deferred Gas Cost will be calculated monthly by subtracting Recovered Gas Cost from Actual Gas Cost, and applying AOP credits as set forth in Colo. PUC No. 2 Sheet No. 61 and capacity release credits. The resulting amount, whether negative or positive, will be accumulated for the twelve-month period ending June 30 of each year. In addition, interest at a rate equal to the Commission authorized customer deposit rate for gas utilities will be applied to the deferred gas costs on an average monthly basis, and will be accumulated for the same twelve-month period ending June of each year. Deferred Gas Cost, plus interest if net interest is negative, will be divided by estimated sales volumes for the twelve-month period during which the Deferred Gas Cost is to be effective. If net interest is positive, it will be excluded from the calculation of the Deferred Gas Cost.

A revised Deferred Gas Cost will be effective beginning October 1 of each year. The revised Deferred Gas Cost will replace the previous Deferred Gas Cost included in the Company's GCA.

6. Recovered Gas Cost

The amount calculated by multiplying the volumes sold during a month by the currently effective rate of purchased gas.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Fourth Revised Sheet 60
Cancels Third Revised Sheet 60

Colorado Operations

General Service Rules and Regulations

24. GAS COST ADJUSTMENT – UNIFORM PROCEDURE (Continued)

7. Actual Gas Cost

All costs properly included in FERC Accounts 800, 801, 802, 803, 804, 805, 806, 808, 809, and 823.

8. Risk Management Cost

All costs and income associated with using various approved risk management tools. FERC Account 805.200.

E. Information to be Filed with the Public Utilities Commission

Each filing of a Gas Cost Adjustment tariff will be accomplished by filing an application and exhibits as required by 4 CCR 4604. Such application will be accompanied by such supporting data and information as the Commission may require from time to time

F. Additional Filings

Beginning in 1998, the Company shall file with the Commission, on or before each June 1, a Gas Purchase Plan (GPP), in accordance with Commission's rules (4CCR 4605).

The annual GCA application shall be accompanied by a Gas Purchase Report for the preceding Gas Purchase Year in which a Gas Purchase Plan was filed. The exhibits filed with the GPR shall be as specified in the Commission's rules (4 CCR 46083). The purpose of the GPR is to present the Company's actual purchases of gas commodity and Upstream Services during each month of the Gas Purchase year.

G. Treatment of Refunds

All refunds from suppliers will be made pursuant to a plan submitted and approved by the Commission.

H. Accounting Requirements

The Company shall maintain a continuing monthly comparison of the actual cost of gas as shown on the books and records of the Company, exclusive of refunds, and the cost recovery for the same month calculated by multiplying the volumes sold during said month by the currently effective rate for purchased gas.

I. Incorporation by Reference

The Company's Gas Cost Adjustment as set forth above incorporates by reference the entire Rules Regarding Gas Cost Adjustment, 4 CCR 4600. The intent of the GCA Rules shall prevail in case of any conflicts, errors or omissions in the Company's GCA tariffs stated herein.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No. 2
 Original Sheet 70

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

The following terms, conditions, and other charges shall apply to customers taking service under Company's Transportation Rate Schedules:

1. Definition of Terms:

- | | |
|--|-----|
| A. Aggregation: The practice of combining the nominations and balancing of gas delivered to more than one end-user from receipt point(s) served by a common pipeline. | N |
| B. Aggregation Pool: An aggregation pool shall be defined as one or more end-users. Any supplier or marketer that serves more than one end-user(s) that are eligible to be pooled for the purpose of forming an Aggregation Pool will be deemed to be an Aggregator, and will be required to execute a Marketer Agreement. | N |
| C. Aggregator: An agent who has been designated by one or more end-use customers to manage gas transportation services provided by Company to the end-use customer's facilities on an aggregation basis and who executes a Marketer Agreement. | N |
| D. CIG: Colorado Interstate Gas Company | S |
| E. Company: Black Hills/Colorado Gas Utility Company, LP, d/b/a Black Hills Energy | S,T |
| F. Curtailment: The inability of an End-User under a transportation schedule to receive gas due to a shortage of the End-User's gas supply. | S,T |
| G. Delivery Point: The meter point where Company delivers gas to the end user | S |
| H. Dekatherm, or "Dth": A unit of measurement of gas commodity heat content equal to 1,000,000 British thermal units (1 MMBtu). | N |
| I. End-User: The party that ultimately consumes the supply of natural gas at the delivery point. | S |
| J. Imbalance: The difference between the volume of gas received at receipt point and the volume of gas delivered at delivery point. | S |
| K. Interruption: The utility's inability to provide delivery to End-Users in a locale due to constraints on the utility's pipeline system. | S,T |
| L. Nominations: Customer's estimate of gas volume to be transported on Company's distribution system on a daily basis. | |

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 71

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

1. Definition of Terms (Continued)

- M. PSI: Pounds per square inch S
N. PUC: Colorado Public Utilities Commission S
O. Receipt Point: the meter point where customer delivers gas to Company for S
transportation.
P. Telemetry: Equipment capable of obtaining, accumulating, and transmitting to a central N
location data regarding gas flow.
Q. Therm: A unit of heat equal to 100,000 British thermal unit N
R. Transportation Customer: A person who, by signing a gas transportation agreement, S,T
elects to subscribe to the unbundled service option of gas transportation offered by the
Company.

2. Nomination: Customers are required to nominate daily. Customers requesting volumes to flow on S
the first day of any month, must contact Company's Gas Control Department via Company's
Internet-enabled electronic bulletin board, known as Gas Track Online
(<http://www.gastrackonline.com>); and inform them of the volumes to be transported by receipt
point(s) and delivery point(s). First of the month nominations and daily nominations via the
internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination
for the 2nd through the 31st days of a month will be accepted until 5:00 p.m. Central Time. A
confirmed pipeline nomination will also be accepted on a best effort basis on, the day of gas flow.
The Company shall have the right, in its sole discretion, to reject or change any nomination that it
deems is being made in order to take unfair advantage of any tariff provisions, including but not
limited to, monthly cash out.
3. Measurement: All transportation volumes will be measured on a therm or dekatherm basis at the S,T
standard sales base pressure of 14.73 psi.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 72

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

4. **Curtailment/Interruption of Service:** If Company is required to curtail Transportation service, then such interruptions or curtailments shall be governed by Company's curtailment provisions in Company's General Service Rules and Regulations on file and approved by the PUC. Notwithstanding any provision to the contrary herein, Company may fully or partially curtail transportation service when, in Company's opinion, curtailment or interruption is necessary to protect the delivery of gas to Customers with higher priority uses, or to protect the integrity of its system. Company shall allocate, as equitably as practicable, the capacity which is available, taking into consideration priority of use of other factors it deems necessary to ensure public health and safety. T

5. **Balancing:** To assure Company's system integrity, the customer is responsible for: 1) providing daily nominations which accurately reflect customer's expected consumption, and 2) balancing on a monthly basis, deliveries to Company's system with volumes consumed at the delivery points. Failure to fulfill these responsibilities will result in the following charges: S,T

- A. **Overrun Charge:** If, on any day, the volume of gas consumed is greater than the nominated quantity, Company may charge the applicable overrun service charge. The FERC approved charges for CIG apply. The most current rates can be found in CIG's tariff. For reference purposes, (but may not be the most current) rates are: S,T

TF-1' Reservation Rate (\$/Dth): T

	Minimum	Maximum
R1 (Monthly Rate)	\$0.0000	\$9.6477
Daily Authorized Overrun Rate	\$0.0170	\$0.3342
Hourly Authorized Overrun Rate	\$0.0170	\$0.3342

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No. 2
 Original Sheet 73

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

5. Balancing (Continued)

A. Overrun Charge (Continued)

TF-1 Daily Unauthorized Overrun Rate (\$/Dth):

Greater of 100 Dth or 3% of MDQ	2 times TI-1 Maximum Commodity Rate
Greater of 2,500 Dth or 5% of MDQ (Non-Critical Condition)	2 times TI-1 Maximum Commodity Rate
Greater of 2,500 Dth or 5% of MDQ (Critical Condition)	10 times monthly Spot Index Price

TF-1 Hourly Unauthorized Overrun Rate (\$/Dth):

Greater of 100 Dth or 3% of HEA	\$0.6684
Greater of 100 Dth or 5% of HEA	\$1.6710
Greater of 100 Dth or 10% of HEA	\$3.3420

B. Monthly Cashout: At the end of each calendar month, Customer is required to balance its receipts and deliveries. Any variance between Customer's receipts and deliveries will result in the following "cash out" of imbalance volumes:

Imbalance Level	Overage (Company Pays Customer)	Underage (Customer Pays Company)
0-5%	100% x ADIP	100% x ADIP
>5%-10%	90% x ADIP	110% x ADIP
>10%-15%	80% x ADIP	120% x ADIP
Greater than 15%	60% x ADIP	140% x ADIP

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 74

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

5. Balancing (Continued)

B. Monthly Cashout (Continued)

"Average Daily Index Price" (ADIP) shall mean the sum of the daily midpoint index price for the Rockies – CIG, Rocky Mountains as published in Platt's Gas Daily for each day of the production month divided by the number of days in the Month. Should Platt's Gas Daily become unavailable or not publish a price for any day, Company shall calculate the ADIP on information posted in a similar publication. S,T

For Overage, Company pays customer the relevant % x ADIP according to the imbalance level. S,T

For Underage, the customer pays Company the relevant % x ADIP according to the imbalance level, plus pipeline transportation charges, plus fuel. S,T

6. Minimum Term: Customers under Schedule LVTS shall have a minimum term of one (1) year service and customers under Schedule ITS shall have a minimum term of six months. Company at its sole discretion may allow a term less than the one year or six month minimums. N

7. Notification and Changes to Transportation: Customer, either individually or on behalf of aggregated end-user, shall notify Company of their intent to begin or change service to End-User under the applicable transportation rate schedule. Enrollment in transportation service or any changes to service (for example, a change in Aggregator) shall take place as follows: N

A. For customers under Schedule ITS: Notification shall be received by the Company at least thirty (30) days prior to April 1 with the understanding that any enrollment or change in End-User transportation service shall begin with the customer's April nomination; and notification shall be received by the Company at least thirty (30) days prior to November 1 each year with the understanding that any enrollment or change in End-User transportation service shall begin with the customer's November nomination. N

B. For customers under Schedule LVTS: Notification shall be received by the Company at least thirty (30) days prior to the nomination deadline for the first day of the nomination calendar month and after telemetry is installed. N

If notification is not provided within said timeframe, the enrollment or change in service shall not begin until the first day of the next applicable nomination calendar month. N

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 75

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

7. Notification and Changes to Transportation (Continued)

Notification shall include Customer and End-User names and addresses, account number, billing information, and other information as Company may deem appropriate. N
Any supplier or marketer that serves one or more End-Users that are eligible to be pooled for the purposes of forming an Aggregation Pool will be deemed an Aggregator, and will be required to execute a Marketer Agreement.

8. Termination of Transportation: Customers terminating transportation service shall notify the Company in writing at least thirty (30) days prior to the nomination deadline for the first day of the nomination calendar month. If an End-User wishes to return to firm sales service, Company shall have the following options: N

A. Accept the End-User as a firm sales customer only if Company has capacity to serve customer's firm requirement. N

B. Accept the End-User as an interruptible customer only. N

9. Aggregation Service: An Aggregator may combine a group of transportation End-Users that have the same balancing provisions and are located within the same pipeline operational zone. The aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if they were one customer. This does not include aggregation of customer charge or delivery charges. The cost of this aggregation service is \$0.04 per dekatherm of gas delivered to the aggregated group and is billed to the Aggregator. Any marketer or supplier who forms an aggregation pool will be deemed an aggregator, and will be required to execute a Marketer Agreement. End-Users in different delivery areas shall not be aggregated together. Delivery areas include the Front Range (deliveries from CIG's 9A and 212 Lines) and the Outback (deliveries from CIG's 2A Line). End-Users under Schedule ITS shall be aggregated separately from End-Users under other transportation service rate schedules that require telemetry. N

10. Refunds: Company's refunds to sales customers, applicable to the period when gas is transported, will not be made to transportation customers. S,T

11. Payment: Payment of bill is net and due and payable within fifteen (15) days from the date of mailing or presentation of bill. S,T

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 76

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

12. Telemetry: Large Volume transportation customers must agree to have the Company install telemetry equipment at the customer's expense. Customers agree to reimburse the Company for the cost incurred by the Company to install telemetry equipment and for the cost of any other improvements made by the Company in order to provide this transportation service. Customer shall also provide telephonic access and service to this telemetry equipment. The telemetry equipment and any other improvements made by the Company shall remain the property of the Company, and will be maintained by the Company. N
13. Gas Quality: Gas received for transportation by Company shall meet all quality specifications applicable to other gas sold and/or delivered by interconnecting pipeline to Company's receipt point. S
14. Gas Supply: Customer must have arranged for the purchase of gas other than Company's pipeline supply and for its delivery to Company receipt point. S
15. Pipeline Charges: Any specific charges that Company incurs from the pipeline on behalf of customer will be passed through to that customer. N
16. Line Extension Policy: Any new or additional facilities required at the delivery point to provide transportation service shall be paid for by the Customer. All facilities installed by Company shall continue to be owned, operated and maintained by Company. S

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 77

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

Transportation Request Form
Black Hills /Colorado Gas Utility Company, LP, d/b/a Black Hills Energy

TRANSPORTATION AFFIDAVIT

Customer Name: _____
Service Address: _____, CO
Account Number(s): _____

Mailing Address: _____

Notice of intent to transport natural gas through the facilities of Bill Hills Energy - Colorado Gas Operations, pursuant to its applicable tariffs.

We hereby authorize: Name of Marketer: _____

Check all applicable authorizations:

- _____ To forward to Black Hills Energy, our monthly nominations and any nomination revisions.
_____ To receive information concerning our usage history. This authorization will continue until written notice of cancellation is provided to Black Hills Energy by Customer.
_____ To receive duplicate monthly billing statements.

_____ (Customer Name)	_____ (Title)
_____ Customer Representative Print Name)	_____ (Signature)
_____ (Date)	_____ (Telephone Number)

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Decision No.

Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 78

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

LARGE VOLUME TRANSPORTATION SERVICE AGREEMENT

This Agreement is entered into effective the _____ by and between Black Hills/Colorado Gas Utility Company, LP, d/b/a Black Hills Energy ("Company") and _____ ("Customer"), whose service address is _____.

Whereas, Customer has obtained or will obtain supplies of natural gas and desires Company to receive such natural gas and transport and deliver such gas to Customer, and to provide certain other related services to Customer; and

Whereas, Company is willing to provide natural gas transportation and related services to Customer, subject to the terms and conditions set forth herein.

Now, therefore, in consideration of the above premises and the covenants contained herein, Company and Customer agree as follows:

1. Availability: Service under this Agreement is available to customers who have contracted for an alternate or supplemental source of gas supply and have requested Company to transport such alternate or supplemental gas for Customer's account. Service hereunder is conditioned upon availability of capacity without detriment or disadvantage to existing customers. This service shall apply to large volume gas transportation service. Annual consumption must exceed 5,000 dekatherms per meter.

2. Service Considerations: Service hereunder is provided by Company pursuant to its Large Volume Transportation Rate Schedule, Sheet No. 14 and the Transportation Terms, Conditions, and Other Charges, Sheet Nos. 70 through 84 and pursuant to the General Service Rules and Regulations, all as contained in Company's Gas Tariff on file with the Colorado Public Utilities Commission ("CPUC"), as the same may be amended, modified or superseded from time to time (the "Tariff"). Customer shall have telemetry equipment in place to measure daily consumption. Customer is responsible for reimbursing Company for all on-site plant investments, including telemetry equipment, installed by Company to provide transportation service to Customer. Any such investment shall remain the property of Company.

3. Charges: Customer shall be responsible for and shall pay to Company the following charges for the periods indicated or as otherwise applicable:

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 79

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

Facility Charge: \$250.00 per month per meter
Delivery Charge: \$0.9199 per dekatherm
Other Charges: Overrun Charges (Sheet Nos. 72-73)
Monthly Cashout Charge (Sheet Nos. 73-74)
Optional Services: Aggregation Service

Customer initials here if optional service is desired by Customer and agrees to pay the charges associated therewith according to and as set forth in Company's Tariff.

4. Term: This Agreement shall remain in effect for a primary term of one (1) year(s) from the date service commences hereunder, and thereafter from year to year until canceled by either party on six (6) months prior written notice to the other party.

5. Balancing: Customer agrees that nominated volumes and actual receipt and delivery volumes must balance. Customer is responsible for: (a) providing nominations which accurately reflect Customer's expected consumption, and (b) balancing on a monthly basis, deliveries to Company's system with volumes consumed at the delivery point. Failure to fulfill these responsibilities will result in Customer incurring charges described in Sheet Nos. 72-74 of Company's Tariff, which charges shall be in addition to any Company charges, and which charges shall change as the interstate pipeline changes its rates.

6. Pipeline Charges: Any charges, which Company incurs from a pipeline on behalf of Customer, will be passed through to Customer.

7. Nominations: Customers are required to nominate daily. Customers requesting volumes to flow on the first day of any month, must contact Company's Gas Control Department via Company's Internet-enabled electronic bulletin board, known as Gas Track Online (<http://www.gastrackonline.com>), and inform them of the volumes to be transported by receipt point(s) and delivery point(s). First of the month nominations and daily nominations via the internet are due by 11:30 a.m. Central Time one day before the gas flows. Intra-day nomination for the 2nd through the 31st days of a month will be accepted until 5:00 p.m. Central Time. A confirmed pipeline nomination will also be accepted on a best effort basis on the day of gas flow. The Company shall have the right, in its sole discretion, to reject or change any nomination that it deems is being made in order to take unfair advantage of any tariff provisions, including but not limited to, monthly cash out.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
 Black Hills/Colorado Gas Utility Company, LP
 d/b/a Black Hills Energy

Colo. PUC No. 2
 Original Sheet 80

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

8. **Billing and Payment:** Bills shall be calculated in accordance with the applicable rate schedule each month and shall be payable monthly. Upon request, Company shall give Customer the approximate date on which Customer should receive its bill each month, and if a bill is not received or is lost, Company shall, upon request, issue a duplicate. Failure to receive a bill shall not relieve Customer from payment. Payment of bill is net and due and payable within fifteen (15) days from the date of mailing or presentation of bill.

9. **Notices:** Notices required or otherwise given under this Agreement, except notices specifically allowed to be provided by facsimile, shall be given in writing and mailed by first class mail to the other party at the addresses provided below:

Company:	Customer:
Black Hills/Colorado Gas Utility Company, LP, d/b/a Black Hills Energy Attention: Customer Relations Rep Telephone: Fax:	Company: Attention: Address: Telephone: Fax:

10. **Regulatory Commission Authority:** The provisions of this Agreement are subject to Company's Tariff, as it may be amended from time to time, all valid legislation with respect to the subject matter hereof and to all present and future orders, rules, and regulations of the CPUC and any other regulatory authorities having jurisdiction over (i) the transportation of natural gas contemplated hereunder, or (ii) the construction and operation of any facilities required to deliver said natural gas. Customer agrees that Company shall have the right to unilaterally make and to file with any and all regulatory bodies exercising jurisdiction, now or in the future, changes in rates, terms or conditions of service, or any other changes to Company's Tariff, and that Customer shall be bound by such changes in rates, terms or conditions as are approved by such regulatory bodies. In the event of any conflict between the terms of this Agreement and the Tariff, the Tariff shall control.

Advice Letter No. 529

Signature of Issuing Officer
 Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 81

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

11. Acknowledgement of Transportation Risks: Customer hereby acknowledges and accepts the following risks and requirements associated with transporting gas:

The risk that if Customer wishes to terminate transportation service and return to firm sales service, the Company will accept Customer as a firm sales customer only if Company has capacity to serve Customer's firm requirement. If not Company will accept Customer as an interruptible sales customer;

The risk that Customer may incur penalties for unauthorized takes described in Sheet Nos. 72-73 of Company's Tariff, balancing and scheduling charges pursuant to Company's Tariff, and any charges Company incurs from the pipeline on behalf of Customer; and

That Customer must stop using gas when notified by Company or by Customer's gas supplier of any interruption affecting Customer's gas supply or transportation service.

12. Entire Agreement: This Agreement and Company's Tariff constitute the entire agreement of the parties with respect to the subject matter hereof, and supersedes and replaces all other prior or contemporaneous agreements between the parties regarding such subject matter.

The parties have executed this Agreement effective the date first above written.

Black Hills/Colorado Gas Utility, LP,
d/b/a Black Hills Energy

"Customer"

(Print name)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 82

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

Irrigation Transportation Agreement
Irrigation Transportation Service – Aggregated (ITS)

Black Hills Energy
Gas Supply Services
Attn: Transportation Dept.
1815 Capitol Avenue
Omaha, NE 68102

Phone:
Fax:

The Customer, _____ ("End User"), has selected _____ as its marketer for the purpose of aggregating End User's gas supply with the gas supplies of other end users on the local gas distribution system of Black Hills Energy as provided under Rate Schedule ITS of Company's Tariff on file with the Colorado Public Utilities Commission ("PUC").

This agreement is entered into and effective with the Customer's (check one):
_____ April 2009 or _____ November 2009

Notification shall be received by the Company at least thirty (30) days prior to effective month indicated above with the understanding that any enrollment or change in End-User transportation service shall begin with the April or November nomination period.

1. End User agrees to pay, directly to Company upon invoice, the following tariff charges applicable to the transportation service to be provided by Company with respect to End User's gas:

Facility Charge : \$30.00 per meter per Month
Delivery Charge: \$0.10791 per Therm Delivered

Company will invoice End User for the above charges beginning with the month following the commencement of service to End User.

2. General Rules, Regulations, Terms and Conditions: End User acknowledges that transportation service is subject to Company's General Rules and Regulations and Company's Transportation Services Terms and Conditions on file with the PUC, as the same may be revised or amended from time to time.

End User Signature:	Phone:
Printed Name:	Fax:
Title:	Account Number(s):
Date:	
Service Account Name:	
Service Address:	Meter Number(s):
Effective Date:	

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Effective Date: November 18, 2008

Decision No.

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 83

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

AGENCY AUTHORIZATION
FOR NATURAL GAS PURCHASE AND TRANSPORTATION SERVICE

The undersigned parties hereby acknowledge the existence of an Agency Agreement ("Agreement") between _____ ("Customer") and _____ ("Agent") for the purpose of purchasing and transporting natural gas to the Customer facility(s) listed in this document.

Customer desires Agent to make arrangements for Customer to purchase and transport natural gas supplies; Agent warrants and represents it is capable and willing to arrange for the purchase and transportation of natural gas supplies for Customer; Customer desires that Black Hills Energy cooperate with Agent and provide natural gas transportation and related services to Customer's facility(s). Therefore Black Hills Energy, Customer and Agent agree as follows: Check those that apply.

_____ Customer has appointed Agent as its representative to make arrangements for the purchase and transportation of natural gas on behalf of Customer including the negotiation and execution of any necessary agreements with Black Hills Energy.

_____ Agent is authorized to make arrangements that include but are not limited to, the amount of natural gas to be purchased, nominations of gas to be delivered, management of daily deliveries, selection of receipt and delivery points, and payment of invoices.

_____ Agent will be responsible for and promptly pay for any and all services purchased by Agent including but not limited to charges under Black Hills Energy's transportation service tariff provisions. Customer shall be responsible for and promptly pay for services purchased by Customer including but not limited to charges under Black Hills Energy's applicable transportation service tariff.

In the event Agent is unable or unwilling to pay Black Hills Energy for services rendered, Customer shall remain fully liable for payment for such services including but not limited to transportation services, costs of replacement natural gas supplies, imbalance or unauthorized gas use penalties, late charges, tax and/or use fees or other such costs incurred by Agent acting on behalf of Customer.

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Decision No.

Effective Date: November 18, 2008

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 2
Original Sheet 84

N

Colorado Operations

Transportation Service Terms, Conditions, and Other Charges

Customer will hold Black Hills Energy harmless for any failure by Agent to deliver adequate supplies of natural gas to Black Hills Energy's Town Border Station or for otherwise failing to comply with any applicable tariffs.

The term of the current agency relationship between Customer and Agent extends from _____ to _____. Customer agrees to notify Black Hills Energy in writing of any termination of the agency relationship prior to the scheduled termination. If Black Hills Energy has not been notified in writing of a termination of agency relationship between Customer and Agent, any agreements executed by Agent for Customer will be construed to have been authorized by Customer and shall be binding.

_____ Black Hills Energy agrees, if requested, to provide duplicates of all required nominations and billing information to both Agent and Customer.

Customer:

By: _____
Title: _____
Date: _____
Company: _____
Fax: _____

Address of facility(s) included:

Agent:

By: _____
Title: _____
Date: _____
Company: _____
Address: _____
Fax: _____

Advice Letter No. 529

Signature of Issuing Officer
Vice President

Issue Date: September 19, 2008

Decision No.

Effective Date: November 18, 2008