

NOTICE OF PUBLIC HEARING AND PUBLIC COMMENT PERIOD CONCERNING NATURAL GAS SERVICE RATE REVIEW

The Kansas Corporation Commission (KCC) is holding a public hearing to allow Black Hills Energy customers the opportunity to ask questions and make comments about the company's rate increase application.

In its application, Black Hills Energy stated the proposal was necessary to continue the use of the Gas System Reliability Surcharge (GSRS) to support the company's Accelerated Pipeline Replacement Program. Additionally, the proposal increases base rates because of all capital investments to serve customers since the company's last rate case in 2014. Finally, the proposal will provide benefits to customers resulting from federal and state tax reform.

The requested increase would only affect the portions of a customer's bill that relate to the delivery of natural gas by Black Hills Energy to customers: the fixed monthly "customer charge" and the per therm "commodity (delivery) charge."

PUBLIC HEARING

**The public hearing is scheduled for
Wednesday, Aug. 4, 2021 – Beginning at 6 p.m., CDT**

This meeting will be held virtually over Zoom to make it convenient for Black Hills customers in all Kansas service areas to participate.

To join the meeting as a participant, with the ability to make a public comment before the Commission or ask a question, please register at <https://kcc.ks.gov/your-opinion-matters>.

To view the hearing without participating, tune in to the KCC YouTube channel. A link will appear on the KCC's website home page the day of the hearing. <https://kcc.ks.gov/>.

The public hearing will take place in two parts, beginning with brief presentations followed by a question and answer period to allow the public to ask questions about the proposal. In the second part of the hearing, members of the public may make formal comments to KCC Commissioners.

SUMMARY OF BLACK HILLS ENERGY'S PROPOSAL

Total increase: 11.9% = \$10.2 million

Total increase (net of GSRS currently being recovered): 6.17% = \$5.3 million

Residential customers:

- Average monthly bill increase of 7.7%, or \$3.89, excluding benefits of tax reform. **Including the benefits of tax reform, the proposed increase is 4.5%, or \$2.27, per month.** Based on an average monthly usage of 56 therms per month.
- Monthly customer charge increase from \$16.94 to \$20.
- Increase in commodity (delivery) charge per therm from \$0.16833 to \$0.22619.

Small Commercial Firm Sales customers:

- Average monthly bill increase of 10.1%, or \$8.89, excluding benefits of tax reform. **Including the benefits of tax reform, the proposed increase is 7.3%, or \$6.42, per month.** Based on an average monthly usage of 100 therms per month.
- Monthly customer charge increase from \$25.94 to \$35.00
- Increase in commodity (delivery) charge per therm from \$0.16833 to \$0.22619.

PUBLIC COMMENT PERIOD

The Commission will accept comments from Black Hills customers through 5:00 p.m. CDT, October 21, 2021.

There are three convenient ways to submit a comment:

- Go to the KCC website (www.kcc.ks.gov) and click on the Your Opinion Matters link to enter your comment.
- Send a written letter to the Kansas Corporation Commission, Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, KS 66604-4027. Be sure to reference Docket No. 21-BHCG-418-RTS.
- Call the Commission's Public Affairs office at 1-800-662-0027 or 785-271-3140.

Public Comments received during the comment period will be entered into the official case record and posted on the KCC website at the end of the comment period.

EVIDENTIARY HEARING

The KCC will conduct an evidentiary hearing on the Black Hills Energy rate increase request on October 18-20, 2021 at 9 a.m. in the first floor hearing room at its Topeka office. At this hearing, KCC staff, Black Hills Energy representatives and Citizens' Utility Ratepayer Board will present their case to the KCC. The KCC must issue a decision by December 30, 2021.

ADDITIONAL INFORMATION

Black Hills Energy's corporate office is located in Rapid City, South Dakota. It provides electric and natural gas utility service to 1.3 million customers in the Midwest. In Kansas, the company provides natural gas service to approximately 117,000 customers.

The KCC regulates public utilities including home telephone, natural gas, electric and water companies, as well as motor carriers, oil and gas pipelines, and oil and gas producers. The KCC's regulatory oversight of public utilities primarily pertains to rates and terms of service. In order to ensure that customers of regulated utilities are provided sufficient and efficient service at just and reasonable rates; utilities may not change their rates without KCC approval.

A complete copy of Black Hills Energy's application is available on the KCC's website at kcc.ks.gov, searching Docket Filings for Docket No. 21-BHCG-418-RTS. If you need additional assistance or more information, contact the KCC's Office of Public Affairs and Consumer Protection at 1-800-662-0027 or by email at public.affairs@kcc.ks.gov.