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July 15, 2020

PUBLIC VERSION

Via e-filing Express

Ms. Lynn M. Retz, Executive Director
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604-4027

21-BHCG-026-CPL

RE: 20-BHCG-___-CPL
Compliance Filing

Dear Ms. Retz:

Pursuant to the Kansas Corporation Commission's ("Commission") Order Approving Application For Accounting Authority Order ("AAO Order") in Docket No. 20-GIMG-423-ACT, Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills") submits its first quarterly compliance filing.

The AAO order requires Black Hills to file the reports included in Commission Staff's ("Staff") Report and Recommendation dated May 20, 2020 ("R&R"). The R&R listed five (5) reports to be filed. Report Nos. 1 and 5 are required to be filed one month from the AAO. Report No.2 is required to be filed at the end of the quarter ending June 30, 2020 and every quarter thereafter. Report Nos. 3 and 4 are required to be filed as soon as possible after the Commission issues the AAO.

Attached is Black Hills' Report No. 2. Report No.2, responses to 2a, 2b, 2d, 2e, 2g and 2h contain confidential financial information. Black Hills requests that the Commission treat Report No. 2, responses to 2a, 2b, 2d, 2e, 2g and 2h as confidential pursuant to K.A.R. 82-1-221a.

Black Hills has been unable to complete Report Nos. 3 and 4 in the short time period since the AAO Order, and will file them as soon as possible.

Respectfully submitted,

/s/ Dari Dornan

Dari Dornan
Associate General Counsel

BLACK HILLS ENERGY KANSAS

DOCKET NO. 20-GMIG-423-MIS

RESPONSE TO THE KANSAS CORPORATION COMMISSION

REPORTING REQUIREMENTS – Part 2

At the end of the quarter ending June 30, 2020, and every quarter thereafter, the Gas Utilities shall each file the following:

REQUEST:

- a. A detailed identification of all COVID-19 related cost increases and decreases that the Gas Utilities have tracked to date. These costs should be separated and reported by detailed cost category and by month;

RESPONSE:

Please see confidential attachment “Part 2a_Expenses” for a detailed listing of the cost increases and decreases that Black Hills Energy Kansas has tracked to date through June 30, 2020.

REQUEST: A detailed identification of revenue changes by customer class, both increases and decreases, during the COVID-19 pandemic;

RESPONSE:

Please see confidential attachment “Part 2b_Revenues” for revenue changes by customer classes during the pandemic as compared to the prior year revenues for the same time period.

REQUEST:

- c. The impact COVID-19 has had on the Gas Utilities' capital expenditure program during the previous quarter;

RESPONSE:

The 2020 capital expenditures program has not been materially impacted by COVID-19 through June 30, 2020.

REQUEST:

- d. Any issuances of short-term and long-term debt during the previous quarter and the all-in costs at which that financing was issued;

CONFIDENTIAL RESPONSE:

[REDACTED]

REQUEST:

- e. The embedded cost of short-term debt for that quarter;

RESPONSE:

Please see confidential attachment "Part 2d_ST Debt" for the embedded cost of short-term debt for BHC and Kansas Gas for the quarter ending June 30, 2020.

REQUEST:

- f. Updated and most recent credit metrics calculated by the Gas Utilities or provided to the company by nationally recognized credit rating agencies;

RESPONSE:

The most recent credit metrics by the rating agencies are included in each agency's last publication. Kansas Gas is not rated by the rating agencies. Below are the publications for each agency and date for BHC:

- 1) Credit Opinion for Black Hills Corporation published December 20, 2019 by Moody's Investor Services
- 2) Ratings Direct Black Hills Corporation published April 10, 2020 by Standard & Poor's.

3) Black Hills Corporation Ratings Report published by Fitch Ratings on September 18, 2019.

REQUEST:

- g. Any correspondence with nationally recognized credit rating agencies and equity analysts during the previous quarter; and

RESPONSE:

BHC Treasury is in regular communication with the analysts at rating agencies, Fitch Ratings, Standard & Poor's and Moody's Investor Services. Typically, that communication is completed through conference calls or in person meetings. Quarterly, each agency is given an update of the results of the prior quarter and periodically, questions are asked by the rating agencies to BHC management. In the second quarter 2020, BHC did receive some questions from each of the rating agencies related to impacts of the COVID-19 pandemic on the business. Conference calls were held to address those questions. Please refer to confidential attachment "Part 2g_Correspondence" for copies of rating agencies and equity analysts' reports published during the previous quarter.

REQUEST:

- h. Copies of credit rating agencies and equity analysts' reports published during the previous quarter.

RESPONSE:

Please see confidential attachment "Part 2h_Rating Agency" for the S&P Global report dated April 10, 2020. This was the only report published in the second quarter of 2020.

CONFIDENTIAL ATTACHMENT

Part 2a_Expenses

-REDACTED-

CONFIDENTIAL ATTACHMENT

Part 2b_Revenues

-REDACTED-

CONFIDENTIAL ATTACHMENT

Part 2d_ST Debt

-REDACTED-

CONFIDENTIAL ATTACHMENT

Part 2d_LT Debt

-REDACTED-

CONFIDENTIAL ATTACHMENT

Part 2g_Coorespondence

-REDACTED-

CONFIDENTIAL ATTACHMENT

Part 2h_Rating Agency

-REDACTED-