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State Corporation Commission
of Kansas

Black Hills Corporation

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December 17, 2018

Via e-filing ***EXPRESS***

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

RE: Black Hills Energy ("Black Hills") Ad Valorem Tax Surcharge
Calculation of 2019 Adjustment

19-BHCG-233-TAR

Dear Ms. Retz:

The Commission's April 7, 2008 Order in Docket No. 08-AQLG-834-TAR approved Black Hills predecessor's Ad Valorem Tax Surcharge Rider ("AVTS"). The order instructed Black Hills' predecessor to file an annual true-up in December of each calendar year and charged Commission Staff with reviewing the filing to ensure the surcharge's reasonable application and proper calculation.

This letter transmits the required true-up, including previously unrecovered Ad Valorem taxes charged to Black Hills, plus the recently received 2018 assessments. We have calculated the 2019 surcharge to be credited to Black Hills' sales and transportation customers, as specified under the AVTS.

Attachment 1 is a spreadsheet showing the calculation of the new surcharge to be effective February 1, 2019. Attachment 2 is an itemized listing of taxes assessed by each taxing entity for 2018 and a history of the property taxes, values and mill levies (2014-2018). A copy of this filing is being emailed to the Utilities Division. The underlying documentation that supports the information contained in the schedules included in this filing have been provided to the Commission Staff.

Respectfully,

Dari Dornan

Attachments

cc: Ann Stichler
Timothy S. Rehagen
Amber Smith
David W. Nickel

Attachment 1

Black Hills Energy
Ad Valorem Tax Surcharge Rider
Docket No. 08-AQLG-834-TAR

2018 Assessment for 2019 Surcharge

Current 2018 Ad Valorem Tax Surcharge			
2018 Surcharge Total		(1,447,181)	
2018 Recoveries through November 2018		1,692,378	
Estimated December 2018 Recoveries		150,973	
December 2017 actual recoveries	236,686		
December 2017 estimated recoveries	238,736		
December 2017 Recoveries true-up		(2,050)	
Surcharge Remaining to be Recovered			394,120
2018 Ad Valorem Taxes			
2018 Assessed		4,418,257	
Amount included in Rate Case[1]		5,523,215	
2018 Adjustment			(1,104,958)
2019 Surcharge Total			(710,838)
Annual Billing Determinants (Therms)[2]			149,710,462
Total 2019 Tax Surcharge per Therm			($0.00475)

1. Docket No. 14-BHCG-502-RTS, S&A Para 14
2. Docket No. 14-BHCG-502-RTS, S&A Appendix B (less irrigation)

Black Hills/Kansas Gas Utility Company, LLC
d/b/a Black Hills Energy
Ad Valorem Tax Surcharge Rider
Assessed Taxes

For tax year 2018

Paid to	$	Comments
Kansas	$ 4,334,216	Utility
Oklahoma	63,727	Stored Gas
Louisiana	1,814	Stored Gas
Total Actual Invoices	$ 4,399,757	
Plus Allocated from Corporate	$ 15,318	
2017 Allocated True-up	3,182	
Total	$ 4,418,257	

Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy
History of Property Taxes, Values, and Mill Levies
from sch 10 distribution

COUNTY	2014	2015	2016	2017	2018	Inc (Dec)
State Assessed Value:						
Allen	2,384	3,146	1,717	1,301	1,616	-45.42%
Anderson	60,050	76,772	41,901	40,825	50,708	-45.42%
Chautauqua	769	1,020	557	453	563	-45.39%
Cheyenne	676,011	619,893	589,782	581,431	416,749	-4.86%
Clay				80,075	59,160	
Cloud	1,634	119,027	114,447	112,692	81,295	-3.85%
Cowley	318,130	294,011	279,310	276,676	212,287	-5.00%
Dickinson					9,862	
Douglas	4,517,539	4,162,429	3,944,429	3,917,476	4,299,441	-5.24%
Edwards	35,261	32,334	30,763	30,327	24,360	-4.86%
Elk	15,631	20,689	11,292	9,203	11,431	-45.42%
Finney	2,999,664	2,881,650	2,875,113	2,936,625	2,610,294	-0.23%
Ford	3,210,933	2,999,344	2,847,855	2,793,816	2,711,972	-5.05%
Geary					126,708	
Gray	1,070,447	998,216	948,054	936,518	758,218	-5.03%
Harper	0	0	0	0	78,190	
Harvey	726,012	626,343	573,348	540,363	492,392	-8.46%
Haskell	636,044	578,297	552,060	562,088	501,335	-4.54%
Hodgeman	242,887	222,725	211,906	208,905	168,117	-4.86%
Jefferson	4,588	7,570	4,132	2,821	3,504	-45.42%
Kingman	477,976	524,341	464,920	353,364	358,589	-11.33%
Leavenworth	4,149	6,789	3,704	2,529	3,142	-45.44%
Lyon	286	957	862	834	274,877	-9.93%
McPherson	198,996	174,425	159,621	152,289	132,883	-8.49%
Meade	372,039	410,609	380,715	363,432	366,219	-7.28%
Montgomery	43,152	57,108	31,168	25,402	31,553	-45.42%
Morton	318,924	297,227	275,372	468,339	473,084	-7.35%
Osage	37,278	34,184	32,523	32,063	24,240	-4.86%
Pawnee	92,620	84,932	80,805	79,663	58,162	-4.86%
Pratt	496,015	670,955	581,597	365,115	382,479	-13.32%
Reno	2,266,299	1,839,680	1,697,286	1,694,180	1,572,227	-7.74%
Republic	20	688	4	17,536	17,062	-99.42%
Rice	1,422,113	888,980	810,596	956,062	868,763	-8.82%
Sedgwick	6,560,510	6,082,812	5,806,598	5,727,982	6,420,822	-4.54%
Seward	1,712,958	2,409,130	2,293,917	2,315,970	2,268,965	-4.78%
Sherman	4,796,278	4,404,834	4,202,726	4,141,742	2,973,594	-4.59%
Stevens	418,597	644,654	600,636	903,534	880,310	-6.83%
Sumner	894,761	806,459	738,448	691,251	609,358	-8.43%
Washington	18,351	16,828	28,710	26,814	25,091	70.61%
Woodson	694	942	514	304	378	-45.44%
Total	34,650,000	33,000,000	31,217,388	31,350,000	30,360,000	-5.40%
State Valuation	34,650,000	33,000,000	31,218,000	31,350,000	30,360,000	-5.40%

COUNTY	2014	2015	2016	2017	2018	Inc (Dec)
Actual Property Taxes Paid						
Allen	335.70	444.72	240.50	184.50	223.90	32.48%
Anderson	8,682.58	11,315.00	6,432.60	6,271.46	7,526.92	30.32%
Chautauqua	136.98	165.46	103.70	81.35	100.66	20.79%
Cheyenne	103,904.50	100,719.54	93,591.84	93,827.48	65,200.72	-3.07%
Clay				11,787.00	8,779.80	
Cloud	260.90	19,890.64	19,545.28	18,922.96	13,344.52	7523.86%
Cowley	45,174.78	41,986.54	39,739.32	40,275.90	30,826.70	-7.06%
Dickinson					1,728.34	
Douglas	584,386.48	543,695.84	515,012.34	533,928.74	578,543.62	-6.96%
Edwards	7,695.50	7,077.96	6,792.23	6,822.89	5,401.72	-8.02%
Elk	2,679.46	3,388.64	2,020.86	1,637.12	2,010.02	26.47%
Finney	390,399.09	393,369.96	390,690.48	409,804.75	372,092.51	0.76%
Ford	529,461.58	501,747.06	486,610.88	475,673.04	455,176.44	-5.23%
Geary					16,230.46	
Gray	136,328.90	129,245.14	131,751.36	128,676.20	103,040.89	-5.20%
Harper					17,347.94	
Harvey	81,553.34	74,171.86	69,486.14	65,590.90	58,697.34	-9.05%
Haskell	69,565.29	72,341.51	105,423.74	91,919.67	80,696.08	3.99%
Hodgeman	40,600.68	42,085.86	40,814.40	41,995.14	34,313.82	3.66%
Jefferson	594.00	1,032.22	573.62	389.52	479.04	73.77%
Kingman	63,468.40	68,190.97	64,131.96	53,172.54	54,185.30	7.44%
Leavenworth	440.28	751.36	416.58	283.76	350.24	70.66%
Lyon	39.36	134.36	121.52	118.88	37,676.38	241.36%
McPherson	21,861.34	18,063.80	16,334.84	15,286.00	13,491.10	-17.37%
Meade	66,495.40	67,651.46	71,463.18	69,047.84	68,910.20	1.74%
Montgomery	6,144.64	7,599.74	4,824.40	3,818.52	4,832.20	23.68%
Morton	46,862.60	63,448.17	60,620.59	90,493.80	89,150.64	35.39%
Osage	4,863.48	4,393.02	4,349.82	4,392.14	3,309.78	-9.67%
Pawnee	15,878.90	14,343.30	13,793.30	13,590.84	9,991.38	-9.67%
Pratt	66,642.52	89,019.34	79,846.14	50,122.34	52,727.66	33.58%
Reno	331,040.22	277,684.56	261,843.38	263,910.14	242,258.58	-16.12%
Republic	3.48	119.04	100.14	2,875.45	2,861.89	3320.69%
Rice	205,608.34	140,392.60	129,841.56	149,851.62	121,609.66	-31.72%
Sedgwick	786,906.64	741,077.12	695,311.64	685,581.93	765,564.01	-5.82%
Seward	289,882.82	400,947.50	368,290.02	390,255.24	399,367.22	38.31%
Sherman	585,606.18	521,774.77	539,218.26	514,574.52	367,336.52	-10.90%
Stevens	61,137.70	97,312.30	112,912.02	158,085.78	156,545.34	59.17%
Sumner	117,447.31	113,532.34	103,099.81	95,808.71	82,728.32	-3.33%
Washington	2,766.66	2,538.39	4,319.06	3,943.05	3,512.36	-8.25%
Woodson	113.40	160.52	87.72	50.58	60.88	41.55%
Total	4,674,969.43	4,571,812.61	4,439,755.23	4,493,052.30	4,328,231.10	-2.21%
Sedgwick Co - Special Assess (2)	5,715.25	5,713.89	5,713.89	5,709.31	5,709.31	0.00%
Sedgwick Co - Solid Waste (2)	11.88	9.16	273.42	275.42	275.42	0.00%
Harvey Co. - Solid Waste	127.00	127.00				0.00%
Total (KS)	4,680,823.56	4,577,662.66	4,445,742.54	4,499,037.03	4,334,215.83	-14.78%

Oklahoma
Gas Supply Service
History of Assessed Value, Property Tax, and Mill Levy

	2014	2015	2016	2017	2018
Assessed Value					
Beckham	713,151	1,012,137	683,499	572,009	667,154
Coal	54,147	50,442	25,809	20,253	24,131
Grant	166,557	41,875	39,979	33,266	27,336
Pontotoc	25,297	25,035	26,451	42,574	31,172
Woods		9,292	7,003	31,935	6,567
	959,152	1,138,781	782,741	700,037	756,360
Tax					
Beckham	55,291.00	81,052.00	58,412.00	48,810.00	56,688.00
Coal	4,161.00	3,875.00	1,983.00	1,556.00	2,064.00
Grant	9,351.00	2,351.00	2,591.00	2,088.00	1,682.00
Pontotoc	1,994.00	1,939.00	2,267.00	3,641.00	2,807.00
Woods		688.00	519.00	2,364.00	486.00
	70,797.00	89,905.00	65,772.00	58,459.00	63,727.00
Mill Levy					
Beckham	77.53	80.08	85.46	85.33	84.97
Coal	76.85	76.82	76.83	76.83	85.53
Grant	56.14	56.14	64.81	62.77	61.53
Pontotoc	78.82	77.45	85.71	85.52	90.05
Woods		74.04	74.11	74.03	74.01

Louisiana
Gas Supply Service
History of Assessed Value, Property Tax, and Mill Levy

	2014	2015	2016	2017	2018
Assessed Value					
Lincoln Parish	17,030	20,550	**5,276**	**3,968**	4,491
Bienville Parish	18,580	32,530	**18,670**	**15,460**	14,040
Total	35,610	53,080	23,946	19,428	18,531
Tax					
Lincoln Parish	1,353.37	1,621.81	382.09	288.59	325.73
Bienville Parish	1,886.62	3,315.13	2,034.48	1,673.70	1,487.96
Total	3,239.99	4,936.94	2,416.57	1,962.29	1,813.69
Mill Levy					
Lincoln Parish	79.47	78.92	72.42	72.73	72.53
Bienville Parish	101.54	101.91	108.97	108.26	105.98