**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy, for Approval of the Commission to Make Certain Changes in its Rates for Natural Gas Service	**)))))**	**Docket No. 21-BHCG-418-RTS**

DIRECT TESTIMONY OF KENNETH L. CROUCH

ON BEHALF OF

**BLACK HILLS/KANSAS GAS UTILITY
COMPANY, LLC, d/b/a BLACK HILLS ENERGY**

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KSG Direct Exhibit KLC-1	Education, Employment History, and Professional Experience
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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kenneth L. Crouch, and my business address is 7001 Mount Rushmore Road, P.O. Box 1400, Rapid City, SD 57702-8752.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Black Hills Service Company ("BHSC"), as Manager of Tax Planning & Regulatory. BHSC is a wholly owned subsidiary of Black Hills Corporation ("BHC").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Black Hills/Kansas Gas Utility Company, LLC ("Black Hills" or "Company"). Black Hills is a wholly owned subsidiary of Black Hills Utility Holdings, Inc. ("BHUH"). BHUH is a wholly owned subsidiary of BHC.

II. STATEMENT OF QUALIFICATIONS

Q. WILL YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE?

A. My education, employment history, and professional experience are provided on KSG Direct Exhibit KLC-1.

Q. WHAT ARE YOUR CURRENT JOB RESPONSIBILITIES?

A. I am responsible for providing regulatory support with respect to tax-related matters for utility subsidiaries of BHC, as well as tax planning and research pertaining to the consolidated group that comprises BHC.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY BODIES?

A. Yes. I have previously testified before the Colorado Public Utilities Commission.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes, I am sponsoring the following Direct Exhibits:

KSG Direct Exhibit KLC-1	Education, Employment History, and Professional Experience
KSG Direct Exhibit KLC-2	2019 KS State Income Tax Return CONFIDENTIAL

Q. DOES YOUR DIRECT TESTIMONY SUPPORT ANY SPECIFIC SCHEDULES THAT ARE PART OF THE COMPANY'S RATE APPLICATION IN THIS PROCEEDING?

A. Yes. My testimony supports Section 11 of Black Hills' rate application, which provides the calculation of federal and state income tax expense included in determining the cost of service. My direct testimony also supports Section 11 of Black Hills' rate application, which provides the calculation of accumulated deferred income taxes ("ADIT") and excess deferred income taxes ("EDIT") included in the test year ending rate base, as well as the appropriate adjustments to ADIT in determining rate base. I also support the tax related schedules included in the Revenue Requirement Study submitted with the direct testimony of Company witness, Ms. Rachel R. Schuldt.

Q. HAVE THE TESTIMONY AND EXHIBITS THAT YOU ARE SPONSORING BEEN PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes.

III. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to discuss the following items:

1. ADIT;
2. The Company's implementation of the Tax Cuts and Jobs Act of 2017 ("TCJA") including the accounting for EDIT in compliance with prior orders issued by the Kansas Corporation Commission ("Commission") in Docket No. 18-GIMX-248-GIV ("TCJA Docket");
3. The Company's implementation of requirements set forth in House Bill No. 2585 ("HB 2585") which exempts certain public utilities in Kansas from income taxation and allowing the Commission to approve certain contract and reduced utility rates and associated cost recovery in compliance with Docket No. 21-BHCG-099-RTS; and
4. Other associated state income tax items including the impact of the Company's state income tax allocation method prior to the passage of HB 2585 and indirect state tax consequences of the passage of HB 2585.

IV. ACCUMULATED DEFERRED INCOME TAXES

Q. WHAT ARE ACCUMULATED DEFERRED INCOME TAXES ("ADIT")?

A. ADIT is the cumulative amount of deferred taxes resulting from differences in timing of recognizing income and expenses for regulatory book versus tax purposes. Those differences are tracked and recorded in a deferred tax asset or deferred tax liability and calculated in accordance with Generally Accepted Accounting Principles ("GAAP") based upon the tax rate in effect at the time it is recorded. ADIT represents a reserve on the utility's financial statements for the future tax obligations to federal and state governments.

Q. WHAT GIVES RISE TO ADIT?

A. In the computation of income taxes, Internal Revenue Code of 1986 ("IRC" or "Code") Section 167 provides a deduction for an allowance in the form of depreciation for the exhaustion, wear and tear of property used in a trade or business. Code Section 167 cross-references Code Section 168 for determining depreciation deductions for most property placed in service after 1980. Code Section 168 was added in 1981 as part of the Economic Recovery Tax Act (Pub. L. No. 97-34) to provide for more liberal methods and shorter useful lives than previously allowed under Code Section 167.

As a result of the Tax Reform Act of 1986 (Pub. L. No. 99-514), Code Section 168 was amended in the form of the Modified Accelerated Cost Recovery System ("MACRS"), which was intended to provide consistent rules for taxpayers with respect to methods and useful lives assigned in depreciating assets. MACRS generally applies to tangible property placed in service after 1986. Black Hills has computed tax depreciation based on MACRS for the plant balances included in the Revenue Requirement Study used in this proceeding. For both regulatory and financial reporting purposes, utilities generally use a straight-line method and longer useful life in determining depreciation expense. Different methods and useful lives will result in the creation of a temporary difference, whereby annual depreciation for tax and financial reporting/regulatory purposes will not be the same. These temporary differences in turn create book/tax timing differences between income tax expense computed for the year (i.e. under the accounting principal requiring "matching" of tax expense with the pre-tax earnings generated in the period) and the income taxes actually paid. Such a temporary difference generates deferred income taxes that are recorded, cumulatively, in an ADIT account, as prescribed by the inter-period tax allocation method of accounting[1] and the applicable United States Treasury regulations that set forth the normalization rules

Q. HOW ARE THE NORMALIZATION RULES APPLIED IN THE CONTEXT OF UTILITY RATEMAKING?

A. The normalization method spreads out, or normalizes, the tax benefit associated with depreciation expense to match the depreciation being used in setting the utility's rates. United States Treasury Regulations Section 1.167(l)-1(h)(2) provides that the amount of federal income tax liability deferred as a result of the use of different depreciation methods for tax and ratemaking purposes is the excess (computed without regard to credits) of the amount the tax liability would have been had the depreciation method for ratemaking purposes been used over the actual tax liability. In other words, if the regulatory agency uses straight-line depreciation in setting rates, a utility that uses accelerated depreciation for tax purposes must use the straight-line method of depreciation (i.e., the straight-line method and estimated useful life used in calculating annual book depreciation expense) in computing its income tax expense for purposes of determining the cost of service for ratemaking purposes.

The United State Treasury regulations further require the utility to calculate the annual tax effect of this book/tax temporary difference and record the increase or decrease on its books and records in an ADIT account. Under this method, the utility recovers in its rates more in income taxes than it actually incurs during the early years of an asset's useful

[1] This accounting is described in General Instruction No. 16 of the FERC Uniform System of Accounts, 18 C.F.R. Part 101, "Comprehensive Inter-period Income Tax Allocation."
[2] 26 CFR§1.167(l)-1 (2014).

life resulting in an increase in deferred taxes. Deferred income taxes decrease in the later years of an asset's life when the utility will pay higher taxes than it is permitted to recover from its customers in rates.

Additionally, the United State Treasury regulations require that the ADIT balance be used as a reduction to the utility's rate base and must be determined by reference to the same historical period as used for determining ratemaking tax expense. The rate base reduction represents the notion that ADIT, which represents taxes incurred but not yet paid to the government, is a source of capital for the utility. Specifically, the capital is the pre-tax cash flow allowed to be retained and reinvested in the utility instead of being remitted to the government in the form of tax payments. Because the government does not charge interest on future tax liabilities, the capital is cost-free (sometimes referred to as an interest-free loan from the government.) By reducing rate base, only the portion of rate base financed with debt and equity, rather than ADIT, is subject to the return on investment equation in setting rates.

Q. WHAT IS THE IMPACT IF A COMPANY DOES NOT CONFORM TO THE NORMALIZATION REQUIREMENTS?

A. Failure to comply with the normalization requirements results in a utility's tax liability for a given year increasing by the amount which it reduced its excess tax reserve in excess of the amount permitted under the normalization rules. In addition, the utility becomes ineligible to deduct accelerated depreciation for federal income tax purposes and instead may only deduct the lesser amount of depreciation expense for regulatory reporting purposes. Lastly, the TCJA signed into law on December 22, 2017, implemented a significant tax penalty for failure to comply with the normalization rules.[3] Both consequences would adversely impact both the utility and its customers.

Q. DOES THE COMPANY'S FILING COMPLY WITH THE NORMALIZATION REQUIREMENTS?

A. Yes.

V. STATUS OF TCJA IMPLEMENTATION

Q. WHAT IS THE TCJA AND WHAT DOES IT CHANGE THAT AFFECTS THE COST OF SERVICE FOR BH KANSAS GAS?

A. The TCJA amended the Internal Revenue Code ("IRC") in several ways with key provisions that will affect customer rates. The primary changes impacting regulated natural gas utilities resulting from the TCJA are as follows:

1. The Federal Income Tax rate for C corporations ("FIT Rate") changed from 35% to 21% effective January 1, 2018;
2. "Bonus" tax depreciation is no longer available for public utility property placed in service after December 31, 2017;
3. As a result of the FIT Rate change, Accounting Standard Codification ("ASC") 740 required the revaluation of the ADIT accounts as of December 31, 2017; and
4. For regulated entities, the FIT Rate change results in the creation of an account associated with the revaluation of these ADIT items to be included in rate base referred to as EDIT that will be amortized and *returned* to customers in the form of a regulatory liability. In some instances, the ADIT item revalued was a deferred tax

[3] Tax Cuts and Jobs Act P.L. 115-97, Section 1561(d)(4).

asset. In this instance, just as the reduction in tax rate reduces future tax liabilities, so too does a lower tax rate degrade the value of a future tax asset. When this occurs, deficient deferred income taxes or "DDIT" is created, which represents an amount to be *collected* from customers as a regulatory asset. In this proceeding, however, the amount to be returned to customers (EDIT) is greater than the amount to be collected from customers (DDIT) resulting in a net EDIT regulatory liability balance to be returned to customers.

Q. PLEASE EXPLAIN THE REVALUATION OF ADIT NECESSITATED BY THE FIT RATE CHANGE UNDER THE TCJA.

A. As a result of the TCJA, the ADIT must be revalued to reflect the future value of the tax obligations resulting from book-tax timing differences based on the lower tax rate. For non-regulated entities, the revaluation of ADIT results in deferred tax expense or benefit in the period of enactment that is allocated to income from continuing operations. However, regulated entities are required by their regulators to return through future rates the portion of deferred taxes recovered from customers based on the higher pre-TCJA tax rates. These deferred taxes to be returned to customers, or EDIT, are recorded as a regulatory liability in the period of enactment.

As an example of the revaluation, consider an expense recognized on the tax return of $100 that is not able to be recognized on the regulatory books of account until the following year which results in a timing difference of $100 and an ADIT balance of $35 prior to the law change, calculated as the timing difference times the federal tax rate ($100 * 35%). The new 21% FIT Rate would require the reduction of the ADIT to $21, again calculated as the timing difference times the federal tax rate ($100 * 21%). The $14 ($35 -

$21) change is removed from the ADIT account and placed in the new regulatory liability or EDIT account. The revalued ADIT balance reflects the amount the Company is expected to pay for future income tax expense and the EDIT balance reflects the amount originally booked as future income tax expense but, due to the FIT rate change, is converted to an obligation to refund customers' prior period overcollection of deferred taxes. In order to pass all $14 to customers, rates must be reduced by a pre-tax (i.e. grossed up) amount of $17.72 so that the after-tax reduction to rates equals $14 ($17.72 x 79% = $14). The ADIT balances represent both deferred tax assets and deferred tax liabilities. The net EDIT (i.e. all EDIT net of all DDIT) balances must be returned to Black Hills' customers and Black Hills will return the net EDIT; however, in doing so, Black Hills must adhere to the timing rules and other requirements under the TCJA and the Internal Revenue Code ("IRC").

Q. WHAT IMPACT DOES THE TCJA HAVE ON RATE BASE IN THIS PROCEEDING?

A. The revaluation of ADIT, in and of itself, has no impact on the rate base in this proceeding. As a result of the TCJA, the deferred tax assets ("DTAs") included in FERC Account 190 in rate base were revalued from the former 35% FIT Rate to the new 21% FIT Rate. The reduction to this DTA was reclassified to a regulatory asset for DDIT (also included in rate base), which resulted in no net effect on rate base. In a similar fashion, the deferred tax liabilities ("DTLs") included as a reduction to rate base in FERC Accounts 282 and 283, for example, were revalued via a reclassification to EDIT regulatory liability (also a reduction to rate base), which resulted in no net effect on rate base. Put another way, net liabilities for future income taxes that were previously due to the federal government (pre-TCJA) are now due to customers (post-TCJA) because customers funded the ADIT reserve account. Based upon the proposal included in the direct testimony of Company witness, Mr. Thomas D. Stevens, however, Black Hills is making an adjustment in rate base to reflect the refund of these amounts. The adjustment is also included in the direct testimony of Ms. Schuldt.

Q. PLEASE DESCRIBE THE EDIT COMPONENTS AND RESTRICTIONS ON THE TIMING OF RETURNING TO OR COLLECTING FROM CUSTOMERS IN THE FORM OF AMORTIZATION.

A. There are two general components to the TCJA EDIT balances. The first component is the balance subject to the income tax normalization requirements of the TCJA ("Protected EDIT"). The second component consists of the balance not subject to the normalization requirements ("Non-Protected EDIT"). The TCJA specifically requires that EDIT associated with the accelerated depreciation of property be normalized into customer rates in a highly prescriptive manner referred to as the average rate assumption method ("ARAM").[4] This EDIT is referred to as "Protected EDIT." ARAM specifies that the utility cannot return to customers any of the EDIT that is protected under the TCJA until the year in which the book depreciation expense is more than the tax depreciation on the underlying assets. In this fashion, the return of EDIT to customers matches the period in which previously deferred taxes associated with fixed assets become payable. Once this occurs, the utility begins to record the associated amount under ARAM at a rate no faster than the remaining book life

[4]"ARAM" or "Average Rate Assumption Method" is the method under which the excess in the reserve for deferred taxes is reduced over the remaining lives of the property as used in its regulated books of account which gave rise to the reserve for deferred taxes. Under such method, during the time period in which the timing differences for the property reverse, the amount of the adjustment to the reserve for the deferred taxes is calculated by multiplying- (i) the ratio of the aggregate deferred taxes for the property to the aggregate timing differences for the property as of the beginning of the period in question, by (ii) the amount of the timing differences which reverse during such period.

of that asset. The Non-Protected EDIT may be treated by the Commission like any other regulatory asset or liability in the rate setting process.

Q. PLEASE DESCRIBE THE TWO SUB-COMPONENTS OF NON-PROTECTED TCJA EDIT.

A. The first sub-component is the Non-Protected EDIT related to book-tax basis differences for fixed assets ("Plant EDIT").[5] The second sub-component is the Non-Protected EDIT created by miscellaneous temporary timing differences not related to fixed assets ("Non-Plant EDIT").

Q PLEASE DESCRIBE THE COMPONENTS OF BLACK HILLS' TCJA EDIT AND RECOMMENDED DISPOSITION TO CUSTOMERS.

A. The EDIT balance for Black Hills consists of Protected EDIT and Non-Protected EDIT differences as summarized in the table that follows:

	Regulatory Liabilities for federal TCJA EDIT	
DFTX.DT5000	PROTECTED PROPERTY RB	(12,268,144)
DFTX.DT5001	NON-PROTECTED PROPERTY RB_PT	(3,636,109)
DFTX.DT5002	PROTECTED NOL RB	184,834
DFTX.DT5003	NON-PROTECTED NP RB	540,107
DFTX.DT5005	NON-REFUNDED ARAM	(1,015,555)
	Total Regulatory Liabilities for federal TCJA EDIT	**(16,194,866)**

The Protected EDIT is subject to the normalization rules and is required to be returned to customers under the ARAM method. The current estimate of the Protected Property EDIT of Black Hills is an amount owed to customers of $12.3 million. Using the Company's plant tax accounting data, the annual ARAM amortization of Protected Property EDIT for the test year is $278,676 and is reflected as a reduction to tax expense in base rates.

[5] Book/tax differences other than accelerated depreciation, for example: tax repair deductions, capitalization of overhead, capitalization of interest, etc.

The Protected Net Operating Loss ("NOL") DDIT is $184,834. The normalization rules require the NOL DDIT to be collected from customers no slower than ARAM. As discussed below, the Company proposes to net the recovery of this item against the one-time refund of non-protected items. Such a proposal does not run afoul to normalization rules governing this item. The Non-Protected EDIT of Black Hills consists of three components: plant (i.e. rate base) related, non-plant related, and unrefunded amortizations that have already occurred under the ARAM method with deferred accounting/tracking applied. The Non-Protected EDIT is a net regulatory liability to be returned to customers of $4.1 million.

Again, Black Hills proposes to net the Protected NOL DDIT against the Non-Protected EDIT, for a net one-time refund to customers of $3.9 million as bill credits over three years through a tax adjustment rider ("TA Rider") mechanism as discussed in the Direct Testimony of Mr. Stevens. This testimony and the treatment of the EDIT satisfies the commitments made by Black Hills in the TCJA Docket.

VI. STATE INCOME TAX

Q. HAVE THERE BEEN ANY CHANGES TO THE TAX CODE IN KANSAS THAT BEAR ON THIS PROCEEDING?

A. Yes. The Kansas legislature enacted HB 2585 which exempted public utilities from Kansas state income taxation for tax years ending on or after January 1, 2021.

Q. PLEASE DESCRIBE THE REQUIREMENTS OF HB 2585.

A. HB 2585 generally requires utilities to (i) modify retail rates cost of service component to reflect the adjusted income taxation rates as changed by state and federal law and (ii) account for excess accumulated deferred income tax balances resulting from income taxes adjusted due to changes in state or federal law and maintain such accounts unamortized on the public utility's books of account until the utility's next general rate proceeding with amortization beginning at the disposition of the proceeding.

Q. PLEASE DESCRIBE HOW BLACK HILLS COMPLIED WITH THE REQUIREMENT OF HB 2585 TO MODIFY RETAIL RATES COST OF SERVICE COMPONENT.

A. The revenue requirement in this rate application eliminates state income tax expense. Consistent with its separate return method and state tax filing position, because the Kansas Legislature in HB 2585, passed June 1, 2020, exempted public utilities from state income taxation for tax years ending on or after January 1, 2021 no state income tax expense was included in the revenue requirement.

Q. PLEASE DESCRIBE HOW BLACK HILLS COMPLIED WITH THE REQUIREMENT OF HB 2585 TO ACCOUNT FOR EDIT BALANCES RESULTING FROM THE CHANGE IN LAW.

A. Under ASC-740, the Company was required to record the effects to its future tax liabilities by considering the tax rate in effect when the liabilities will become due and payable. Thus, the Company was required to record the impact of the law change in the year it was enacted (i.e. in quarter ending June 2020) despite not being effective until tax years ending on or after January 1, 2021. The associated EDIT balance recorded has been accounted for in this proceeding via the reflection of a regulatory liability of $3.7 million to be returned to customers via the rider mechanism proposed in this proceeding.

Q. PLEASE EXPLAIN THE DERIVATION OF THE $3.7 MILLION REGULATORY LIABILITY FOR EDIT.

A. The state ADIT balance as of June 30, 2020 date of HB 2585 enactment was reclassified to reflect the transformation of the state deferred tax liability *from* a former obligation to the government *to* a future obligation to customers in the form of regulatory liability (with associated tax on tax gross-up accounting applied). The adjustment effectively zeroed out the state ADIT balance.

Q. HOW DOES BLACK HILLS PROPOSE TO RETURN THE REGULATORY LIABILITY IN THIS PROCEEDING?

A. In the testimony of Mr. Stevens, he describes a TA Rider to return this amount in conjunction with other non-protected items over three years. This is within, and, in fact, faster than the minimum timeframe provided in HB 2585.

Q. WERE ANY STATE TAX ATTRIBUTES COMPROMISED FROM THE PASSAGE OF HB 2585?

A. Yes. There was one unfavorable impact that was likely an unintended consequence of the bill. Before the law change, on the 2019 Kansas state corporate income tax return a net operating loss carryforward ("NOLC") was reflected in an amount of $15.4 million.[6] The deferred tax asset associated with this NOLC was approximately $1 million ("NOLC DTA"). The future forecasted taxable income within Kansas is much lower after excluding the utility business based on the HB 2585 exemption. Under ASC 740, GAAP requires sufficient forecasted taxable income to realize all tax attribute deferred tax assets or else a valuation allowance must be placed on the asset to impair it to its appropriate carrying value. The law change's effect on future KS taxable income resulted in a forecast that was insufficient to utilize the NOLC prior to the 10-year expiration period. Thus, the $1 million

[6] See KSG Direct Exhibit KLC-2

NOLC DTA was subject to a valuation allowance charge to reflect the forecasted expiration of the asset.

Q. SHOULD THIS NEGATIVE EFFECT OF THE LAW CHANGE BE BORNE BY CUSTOMERS?

A. Equity would justify that both the benefits and detriments of the law change should be borne by customers. Black Hills has reflected the benefits of the law change in the revenue requirement or via rider as discussed previously (i.e. EDIT refunds and zero state tax provision). Black Hills is requesting amortization of the NOLC DTA into cost of service to, similarly, share in the detriments of the law change. The NOLC DTA amortization requested spreads the expense over time to account for the fact future law changes could potentially replenish the asset.

Q. WHAT IS THE PROPOSED AMORTIZATION PERIOD OF THE NOLC DTA TO BE RECOVERED?

A. Black Hills reflected a 20-year amortization period of the $1 million NOLC DTA or $53,768 annually in the Revenue Requirement model. Black Hills is not seeking a return on the amounts. In this fashion, if circumstances change and the NOLC is able to be utilized prior to expiration, or if Kansas legislature allows taxpayers to be made whole with respect to this lost tax attribute in another way, the NOLC DTA can be restored. All prior amortizations would be returned to customers in this scenario.

VII. <u>CONCLUSION AND RECOMMENDATIONS</u>

Q. WHAT ARE YOUR RECOMMENDATIONS?

A. I recommend that the regulatory liabilities for the TCJA and KS HB 2585 for Non-Protected EDIT be refunded to customers over three years outside of base rates in the TA Rider described in the Direct Testimony of Mr. Stevens. I recommend the Commission approve the annual amortizations in cost-of-service tax expense of a regulatory asset for state NOLC DTA in the amount of $53,768 with customer protections as described in my testimony in the event the NOLC is able to be monetized. Lastly, I recommend the Commission approve the test year ARAM amortization of Protected TCJA EDIT in the amount of $278,676 as a reduction to cost of service tax expense.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

AFFIDAVIT OF KENNETH L. CROUCH

State of South Dakota
) ss
County of Pennington

I, KENNETH L. CROUCH, being first duly sworn on oath, depose and state that I am the same Kenneth L. Crouch identified in the foregoing Direct Testimony; that I have caused the foregoing Direct Testimony to be prepared and am familiar with the contents thereof; and that the foregoing Direct Testimony is true and correct to the best of my knowledge, information, and belief as of the date of this Affidavit.

BECKY PURINGTON NOTARY PUBLIC STATE OF SOUTH DAKOTA

Kenneth L. Crouch

Subscribed and sworn to before me,
A Notary Public, in and for said County
and State, this 29th day of April, 2021

Notary Public

My Commission expires: My Commission Expires June 22, 2023

Education, Employment History
and Professional Experience

I graduated from Metropolitan State University of Denver in 2005 with a Bachelor of Science degree in business administration with an accounting emphasis. He is a Certified Public Accountant.

I am employed as Tax Manager, Regulatory and Planning, by Black Hills Service Company, LLC ("BHSC"), a wholly-owned subsidiary of Black Hills Corporation ("BHC"). His responsibilities involve tax planning and research to the consolidated group that comprises BHC, including the Colorado gas and electric utilities. Additional responsibilities include providing rate application support with respect to tax-related matters for all entities that comprise the regulated business segment of BHC. I previously held the position of Principal of Tax Planning and Research.

Prior to joining the BHSC in mid-2013, I was employed by Inspirato, LLC as a senior tax manager from 2012 to 2013, with responsibilities including income tax, sales and use tax, occupancy tax and value added tax. From 2005 to 2012, he was employed as an experienced tax senior for Eide Bailly LLP with clients in various industries. While at Eide Bailly, I worked in both federal income tax and state and local tax consulting.

CONFIDENTIAL KSG DIRECT EXHIBIT KLC-2
2019 KS STATE INCOME TAX RETURN
The confidential direct exhibit is subject to the protective order issued in the proceeding

Black Hills/Kansas Gas Utility Company, LLC d/b/a Black Hills Energy ("Applicant") has designated KSG Direct Exhibit KLC-2 – 2019 KS State Income Tax Return as confidential pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a in that the income tax return contains confidential financial and business information that has not been disclosed to the public and disclosure to the public of such information would result in harm to the public interest, generally and which is not otherwise available from public sources.