

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 a certificate of Public Convenience and Authority to) Docket No. 16-BHCG-024-COC
Transact the Business of a Natural Gas Public Utility in)
Certain Portions of Reno County, Kansas.)

APPLICATION FOR CERTIFICATE

Black Hills/Kansas Gas Utility Company, LLC, d/b/a Black Hills Energy ("Black Hills"),
hereby requests the State Corporation Commission of the State of Kansas ("Commission") grant it
authorization to transact business as a natural gas utility in certain portions of Reno County, Kansas,
specifically described as follows:

North Half (N/2)

Section 31, Township 24 South, Range 4 West

South Half (S/2)

Section 30, Township 24 South, Range 4 West

Northwest Quarter (NW/4)

Sections 30 and 32, Township 24 South, Range 4 West

Southeast Quarter (SE/4)

Section 24, Township 24 South, Range 5 West

Southwest Quarter (SW/4)

Section 19, Township 24 South, Range 4 West

All of Sections 24, 25 and 36

Township 23 South, Range 5 West

All of Sections 19, 30 and 31

Township 23 South, Range 4 West

All of Sections 1 and 12

Township 24 South, Range 5 West

All of Sections 6 and 7
Township 24 South, Range 4 West

All in Reno County, Kansas

Maps of the territory for which the Certificate of Convenience and Authority is requested are attached as "Exhibit A".

In support of its Application, Black Hills states:

1. Black Hills is a natural gas public utility company under the jurisdiction of the Commission which is engaged in the delivery and sale of natural gas within the meaning of K.S.A. 66-104, in legally designated areas of Kansas. Black Hills holds a certificate of convenience and authority issued by the Commission, authorizing it to engage in such utility business. Black Hills has previously filed with the Commission certified copies of its Articles of Incorporation under which it was organized and a Certificate of Registration as a corporation authorized to do business in Kansas, and all amendments thereto and restatements thereof, and the same are incorporated hereby by reference.

2. Black Hills and Midwest Energy have mutually agreed, subject to approval by the Commission, that as a matter of public convenience and to better serve certain natural gas customers, Black Hills should serve as the natural gas public utility in the following described territory:

Northwest Quarter (NW/4)
Section 31, Township 24 South, Range 4 West

West Half (W/2)
Section 30, Township 24 South, Range 4 West

Southwest Quarter (SW/4)
Section 19, Township 24 South, Range 4 West

All of Section 12
Township 24 South, Range 5 West

Southeast Quarter (SE/4)
Section 1, Township 24 South, Range 5 West

Southeast (SE/4)
Section 24, Township 23 South, Range 5 West

East Half (E/2)
Section 25, Township 23 South, Range 5 West

All in Reno County, Kansas

3. The territory described in paragraph 2 is currently within Midwest Energy's service territory. Concurrent with the Application for Certificate, Midwest Energy is filing an Application to cease operations in said territories described in paragraph 2.

4. This transfer of territory is pursuant to an agreement between Black Hills and Midwest Energy and will include approximately 18 miles of pipeline. A Memo of Understanding regarding this transfer of territory and assets has been signed and is included as "Exhibit B". The assets would transfer at zero cost to Black Hills. Black Hills would invest approximately \$20,000 on regulating stations at the time of transfer. As part of the proposed transaction, Midwest Energy is transferring 12 customer accounts to Black Hills Energy. A list of those customers is attached to this application as "Exhibit C" and incorporated herein by reference. A letter explaining the proposed transaction and informing the customers of the application filed with the Commission with notice that they can contact Black Hills Energy or the Commission if they have any questions, along with a comparison of Midwest Energy and Black Hills Energy rates, will be mailed to each customer. A sample of that correspondence is attached hereto as "Exhibit D", and incorporated herein by reference.

5. Kansas Gas Service is currently certificated in the following territory that Black Hills is asking for a certificate as part of this application:

All of Sections 24, 25 and 36
Township 23 South, Range 5 West

All of Sections 19, 30 and 31
Township 23 South, Range 4 West

Northwest Quarter (NW/4)
Section 31, Township 24 South, Range 4 West

West Half (W/2)
Section 30, Township 24 South, Range 4 West

Southwest Quarter (SW/4)
Section 19, Township 24 South, Range 4 West

All in Reno County, Kansas

6. Black Hills has conferred with Kansas Gas Service regarding this application and Kansas Gas Service has no objection to Black Hills' request for a certificate. No existing Kansas Gas Service customers are being transferred to Black Hills and Kansas Gas Service is not seeking to cease its certificate in the above-described sections. These sections will remain dually certificated territories.

7. Black Hills currently holds certificates of convenience and authority in the following aforementioned areas through Docket 89,418, which allowed Black Hills to serve existing industrial, commercial and wholesale customers:

All of Section 24
Township 23 South, Range 5 West

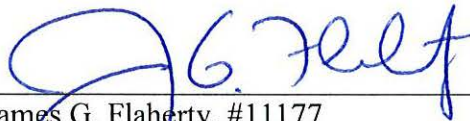
All of Section 19
Township 23 South, Range 4 West

All in Reno County, Kansas

By this application, Black Hills requests a certificate to serve all classes of customers in said territories.

8. A copy of this application is being served on Midwest Energy and Kansas Gas Service. No other person or entity requires notice of this application.

WHEREFORE, Applicant requests that a Certificate of Convenience and Authority be issued granting the right to transact the business of a natural gas public utility to Black Hills in the above-described territory.



James G. Flaherty, #11177

ANDERSON & BYRD, LLP

216 S. Hickory, P. O. Box 17

Ottawa, Kansas 66067

(785) 242-1234, telephone

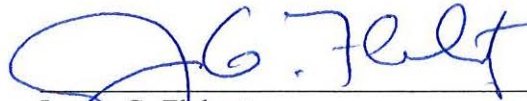
(785) 242-1279, facsimile

jflaherty@andersonbyrd.com

Attorneys for Black Hills/Kansas Gas Utility
Company, LLC, d/b/a Black Hills Energy

STATE OF KANSAS, FRANKLIN COUNTY, ss:

James G. Flaherty, of lawful age, being first duly sworn upon oath, deposes and says that he is attorney of the within named applicant, that he has read the above and foregoing application and the statements contained therein are true.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 16th day of July, 2015.



Notary Public

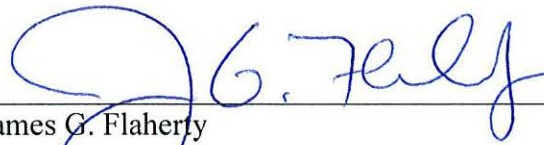
Appointment/Commission Expires:

CERTIFICATE OF SERVICE

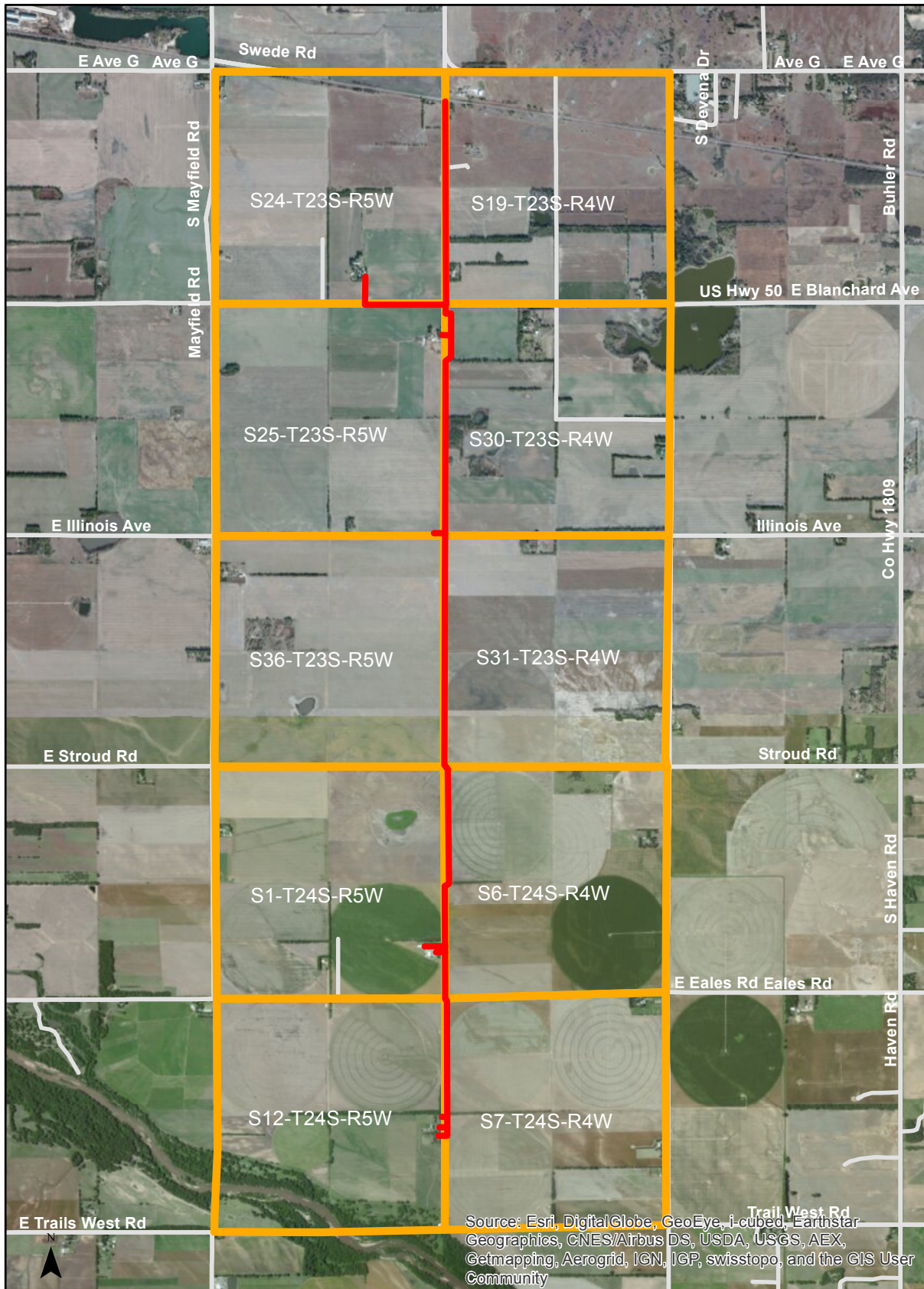
I hereby certify that a copy of the above and foregoing Application for Certificate was sent by electronic mail this 16th day of July, 2015, addressed to:

Susan B. Cunningham
Dentons US LLP
7028 SW 69th Street
Auburn, Kansas 66402
Email: susan.cunningham@dentons.com
Attorney for Midwest Energy, Inc.

John P. DeCoursey
Managing Attorney
Kansas Gas Service
7421 W. 129th Street
Overland Park, KS 66213
Email: john.decoursey@onegas.com
Attorney for Kansas Gas Service



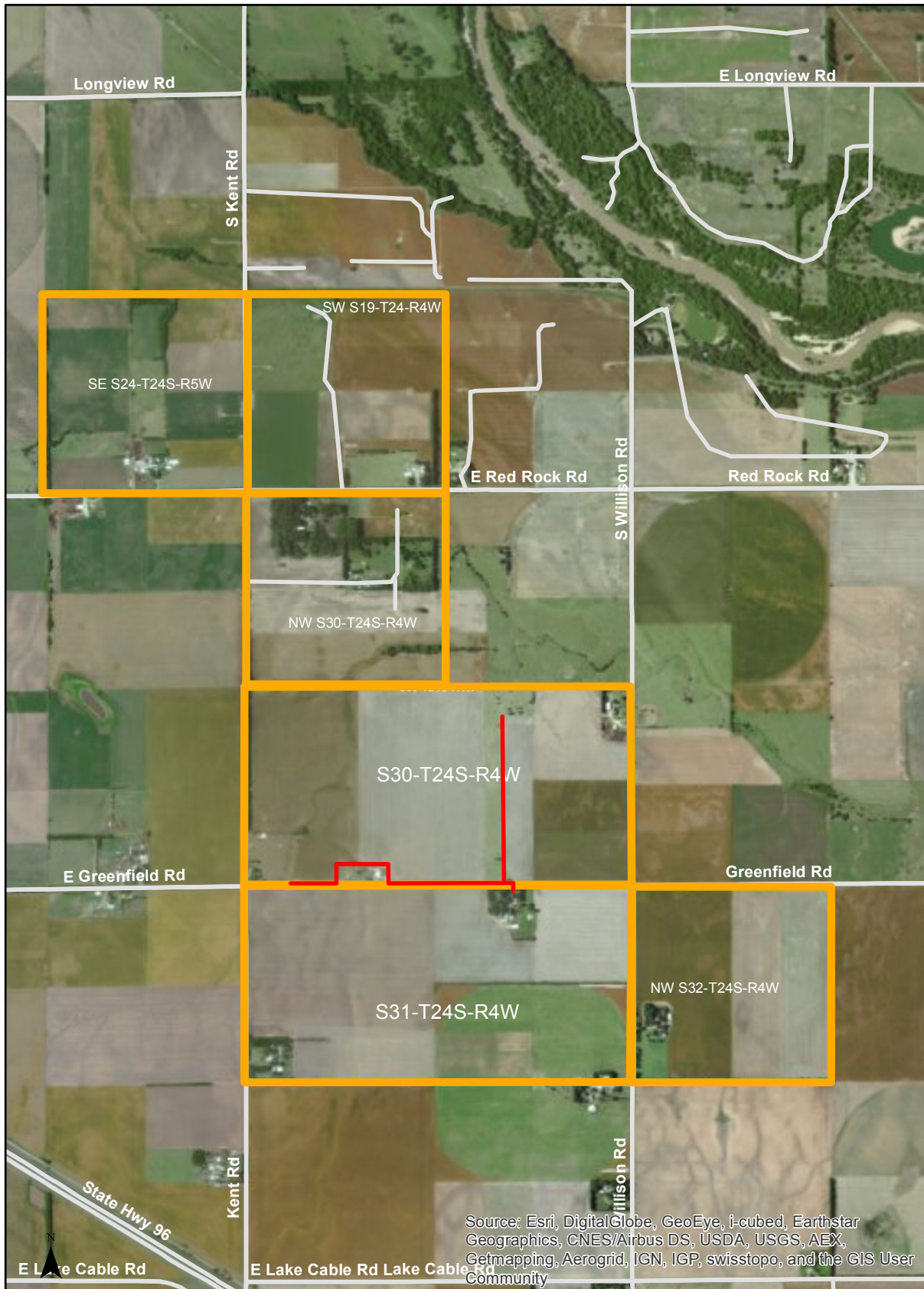
James G. Flaherty



Reno County, Kansas

Exhibit A

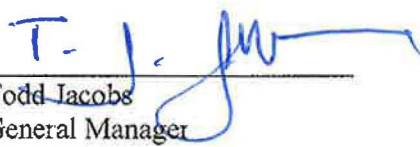
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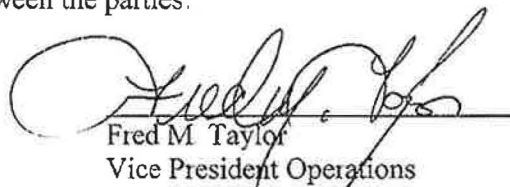
**Memorandum of Understanding
Between
Midwest Energy, Inc.
and
Black Hills Energy
Dated May 8, 2015**

Midwest Energy, Inc (Midwest) and Black Hills Energy (Black Hills) agree to cooperate in the following manner to allow Midwest Energy customers to be transferred to Black Hills in the area between Haven and Hutchison, Kansas

1. Midwest will seek Kansas Corporation Commission (KCC) approval to abandon its certificate to provide natural gas service in the territory associated with said customers. Black Hills will file for a certificate to serve the territory concurrent with Midwest's application to cease certification.
2. Subject to KCC approval of the certificate transfer, Midwest will install a new plastic pipeline to serve customers shown on Attachment A. Upon project completion, the pipeline and associated facilities will be owned and operated by Black Hills. Black Hills will provide Midwest with all needed line markers to be installed by Midwest. The expected date of completion is July 31, 2015, but meeting this target shall not be a requirement of this agreement.
3. Black Hills will install a district regulator station at each of two (2) take off points and install its meters and regulators at each customer's tap on the pipeline referenced in Paragraph 2.
4. Midwest will secure all permits and Right Of Way necessary for project completion.
5. Midwest will seek KCC approval to abandon its certificate to provide natural gas service in Stevens and Seward Counties. Black Hills will file for a certificate to serve the territory concurrent with Midwest's application to cease certification.
6. The foregoing is conditioned upon the receipt of all regulatory approvals and orders regarding this Memorandum including but not limited to state regulatory agencies in a form and manner satisfactory to each party in its sole discretion.
7. Notwithstanding anything to the contrary, this Memorandum is not intended by either of the parties to constitute a definitive agreement with respect to the foregoing nor to give rise to any binding obligations between the parties.



Todd Jacobs
General Manager
Black Hills Energy
Lawrence, Kansas



Fred M. Taylor
Vice President Operations
Midwest Energy, Inc
Hays, Kansas

Exhibit C

Address	Legal Location
2119 S Kent Rd, Hutchinson, Ks	NE 25-23-5
6809 E Illinois Ave, Hutchinson, Ks	SE 25-23-5
6614 E Eales Rd, Hutchinson, Ks	SE 1-24-5
5605 S Kent Rd, Hutchinson, Ks	SE 1-24-5
7407 E Greenfield Rd, Haven, Ks	SW 30-24-4
7718 E Greenfield Rd, Haven, Ks	SW 30-24-4
6818 E Blanchard Ave, Hutchinson, Ks	SE 24-23-5
6806 E Blanchard Ave, Hutchinson, Ks	SE 24-23-5
6607 S Kent Rd, Hutchinson, Ks	SE 12-24-5
6615 S Kent Rd, Hutchinson, Ks	SE 12-24-5
6613 S Kent Rd, Hutchinson, Ks	SE 12-24-5

All in Reno County, Kansas



Lon Meyer
Operations Manager
lon.meyer@blackhillscorp.com

2330 N. Hoover
Wichita, KS 67205
P: 316.941.1641
F: 316-941-1680

July XX, 2015

<First_Name> <Last_Name>
<Address>
<City>, KS <ZIP>

Re: Black Hills Energy Files Application with Kansas Corporation Commission

Dear <First_Name> <Last_Name>

At Black Hills Energy (BHE), we view communicating with our customers as a valued component of our service to you. We regard this letter correspondence as an example of a communications opportunity to share with you.

On July XX, Black Hills Energy filed an application with the Kansas Corporation Commission (KCC or Commission) requesting a certificate of convenience and authority to serve natural gas customers located near South Kent Road in Reno County, Kansas. With Commission approval, Black Hills Energy will operate the gas system and begin serving the twelve gas customers currently served by Midwest Energy.

As a Black Hills Energy customer, you can be assured you will receive the same dedication, integrity and support we provide to our entire family of Kansas gas customers. With KCC approval and completion of the transfer, Black Hills Energy will take ownership of the system, and your rates for service, for all your natural gas needs. For your convenience, we have enclosed a 12-month comparison of current residential rates for Midwest Energy and Black Hills Energy.

The KCC will accept written comments from customers currently served by Midwest Energy and affected by the transfer that are submitted no later than Aug XX, 2015. Please reference Docket No. 15-BHCG-XXX-COC and send either by e-mail to public.affairs@kcc.ks.gov, or by standard mail to:

Kansas Corporation Commission
Office of Public Affairs and Consumer Protection
1500 SW Arrowhead Road
Topeka, KS 66604.

Thank you for your consideration. We look forward to putting our team of experts to work for you, providing safe, reliable natural gas service. Please do not hesitate to contact me with any questions you may have.

Sincerely,

Residential Rate Comparison - Midwest Energy & Black Hills Energy

Residential Rates - Midwest Energy

	Avg Usage (Dth)	Gas Cost \$/Dth	Delivery Charge \$/Dth	Volumetric Ad Valorem Rate \$/Dth	Monthly GSRS Charge \$/Month	Monthly Customer Charge \$/Month	Total
Jan-14	14.1	\$ 5.389	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 117.32
Feb-14	11.9	\$ 5.976	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 108.34
Mar-14	10.9	\$ 7.298	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 114.91
Apr-14	7.1	\$ 7.033	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 78.20
May-14	4.0	\$ 6.079	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 46.79
Jun-14	1.8	\$ 6.181	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 29.49
Jul-14	1.5	\$ 6.114	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 26.97
Aug-14	1.4	\$ 5.902	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 25.88
Sep-14	1.6	\$ 5.242	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 26.38
Oct-14	2.0	\$ 5.389	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 29.51
Nov-14	4.1	\$ 5.305	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 44.41
Dec-14	10.5	\$ 5.191	\$ 1.840	\$ 0.0280	\$ 2.00	\$ 13.00	\$ 89.12
TOTAL	70.9						\$ 737.32

Residential Rates - Black Hills Energy*

	Avg Usage (Dth)	MONTHLY RATES							BILL CALCULATION		
		Monthly Customer Charge \$/Month	Monthly GSRS Charge \$/Month	Volumetric Delivery Charge \$/Dth	Volumetric PGA Rate \$/Dth	Volumetric Hedge Factor \$/Dth	Volumetric WNA Rate \$/Dth	Volumetric Ad Valorem Rate \$/Dth	Total Volumetric Rate \$/Dth	Total Monthly Charge \$/Month	Total Bill
Jan-14	14.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.3848	\$ -	\$ (0.0694)	\$ 0.2311	7.2298	17.25	119.19
Feb-14	11.9	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6489	\$ -	\$ (0.0694)	\$ 0.1374	7.4002	17.25	105.31
Mar-14	10.9	\$ 17.25	\$ -	\$ 1.6833	\$ 5.8850	\$ -	\$ (0.0694)	\$ 0.1374	7.6363	17.25	100.49
Apr-14	7.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.4206	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.9536	17.25	73.72
May-14	4.0	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6379	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1709	17.25	49.93
Jun-14	1.8	\$ 17.25	\$ -	\$ 1.6833	\$ 5.5688	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1018	17.25	31.83
Jul-14	1.5	\$ 17.25	\$ -	\$ 1.6833	\$ 5.6282	\$ 0.7817	\$ (0.0694)	\$ 0.1374	8.1612	17.25	29.49
Aug-14	1.4	\$ 17.25	\$ -	\$ 1.6833	\$ 4.8965	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.4295	17.25	27.65
Sep-14	1.6	\$ 17.25	\$ -	\$ 1.6833	\$ 5.0332	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.5662	17.25	29.36
Oct-14	2.0	\$ 17.25	\$ -	\$ 1.6833	\$ 4.9755	\$ 0.7817	\$ (0.0694)	\$ 0.1374	7.5085	17.25	32.27
Nov-14	4.1	\$ 17.25	\$ -	\$ 1.6833	\$ 5.7111	\$ -	\$ -	\$ 0.1374	7.5318	17.25	48.13
Dec-14	10.5	\$ 17.25	\$ -	\$ 1.6833	\$ 6.3436	\$ -	\$ -	\$ 0.1374	8.1643	17.25	102.98
TOTAL	70.9										\$ 750.35

*Black Hills Energy's rates have been adjusted for a rate increase effective 1/1/2015, plus other known and estimated variables effective in 2015