

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

<p>IN RE:</p> <p>BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC, d/b/a BLACK HILLS ENERGY (f/k/a AQUILA, INC., d/b/a AQUILA NETWORKS)</p>	<p>DOCKET NO. PGA-08-44</p>
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**ORDER APPROVING ANNUAL PURCHASED GAS COST
RECONCILIATION FILING**

(Issued November 25, 2008)

On October 1, 2008, Black Hills/Iowa Gas Utility Company, LLC, d/b/a Black Hills Energy (f/k/a Aquila, Inc., d/b/a Aquila Networks) (Black Hills Energy), filed with the Utilities Board (Board) its annual reconciliation of purchased gas costs for the 12-month period ending August 31, 2008, in accordance with 199 IAC 19.10(7). On October 15, 2008, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a conditional objection to the filing. Consumer Advocate indicated that Black Hills Energy's filing was voluminous and complex and Consumer Advocate would need additional time to complete a review of the filing.

On October 20, 2008, based upon the objection of Consumer Advocate, the Board issued an order docketing the annual purchased gas cost reconciliation for further review. On October 20 and 23 and November 19, 2008, Black Hills Energy filed revisions and additional information concerning the October 1, 2008, filing. On November 12, 2008, Consumer Advocate withdrew its objection.

Each year on or before October 1, rate regulated natural gas utilities are required to reconcile the actual net invoiced cost of purchased gas for each customer class to the actual revenue collected, net of the prior year's reconciliation dollars plus

any undistributed refunds. Paragraphs 19.10(7)"c" and "d" provide the method for refunding any overcollection or recovering any undercollection.

The annual purchased gas cost reconciliation filed by Black Hills Energy on October 1, 2008, as revised, appears to comply with the Board's rules and the Board will approve the filing. Black Hills Energy's filing shows that it overcollected \$959,065 from the GS/SVI/LVI classes and \$7,130 from the SVF/LVF classes. Since the overcollection does not exceed 3 percent of Black Hills Energy's annual cost of purchased gas subject to recovery, the refunds will be made through E factors included in the monthly purchased gas adjustment factor calculation each month beginning with the December 2008 billing cycle. The E factor for the GS/SVI/SLI classes is \$(0.0641) per therm. The E factor for the SVF/LVF classes is \$(0.1546) per therm.

IT IS THEREFORE ORDERED:

The October 1, 2008, annual reconciliation filing, as revised, made by Black Hills/Iowa Gas Utility Company, LLC, d/b/a Black Hills Energy (f/k/a Aquila, Inc., d/b/a Aquila Networks), for the period ending August 31, 2008, is approved, subject to complaint and investigation.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Darrell Hanson

Dated at Des Moines, Iowa, this 25th day of November, 2008.