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To: All Competitive Natural Gas Providers on Black Hills Energy's system in Nebraska

Re: New CNGP/Marketer/Aggregator Procedures in Nebraska

General Information – Communication

The purpose of this letter is to inform all Competitive Natural Gas Providers (CNGPs) providing or seeking to provide natural gas service to customers of Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy natural gas service of required procedures of Black Hills Energy. Black Hills Energy requires a limited point of contact for communication or contract and customer management in Nebraska. I will be your initial point of contact. In some cases a CNGP will be directed to other BHE transportation or gas supply services managers. For example, Jan Meis, Sr. Gas Transportation Analyst, will be a point of contact for changes in Marketer Aggregation Agreement customer pools.

Scope of Transportation Services

BHE is an open access natural gas service provider in Nebraska. BHE transports gas for its commercial and large/high volume natural gas customers. BHE does not provide natural gas transportation for residential customers. Black Hills Energy does not endorse or provide comment on any specific CNGP in Nebraska. In addition, BHE does not permit any CNGP to use Black Hills Energy's name or logo in any CNGP promotional or solicitation material or advertising without its knowledge, consent, and prior written approval.

Competitive Natural Gas Provider (CNGP) – Nebraska Public Service Commission

In accordance with State Natural Gas Regulation Act, in Nebraska any party providing natural gas supply and other services must obtain and maintain a CNGP certificate as a prerequisite to natural gas supply and other natural gas services to customers of Black Hills Energy in Nebraska.

Energy Options Transportation Tariff

BHE's Energy Options rate schedules and tariffs will govern small volume commercial service. Large/high volume customer transportation is governed by BHE's Nebraska Transportation Service Agreement; which large/high volume customers are required to execute as a prerequisite to transporting. Prior to soliciting customer for service in Nebraska, each CNGP is required to sign a Nebraska Non-telemetered and/or a Nebraska Telemetered Marketer Aggregation Agreement – as applicable – which is prepared by Black Hills Energy. Customers are required to sign an end-user designation form, which is provided as an Exhibit to the Marketer Aggregation Agreement.

Gas Track on Line (GTO)

GTO is the web based platform that marketers are required to use to place and manage nominated gas volumes for their customers. All new CNGPs will be assigned a login and password for GTO.

Marketer Aggregation Agreements

As noted above, in order to aggregate transportation customers, a CNGP must execute applicable BHE Marketer Aggregation Agreements. There are different Marketer Aggregation Agreements for different pipelines. In addition, there are separate agreements for telemetered (large/high volume) and non-telemetered (small volume) marketer aggregation pools.

BHE Marketer Aggregation Account Numbers and Invoicing

CNGPs that form marketer aggregation pools will be assigned an account number for each pool, telemetered and non-telemetered, that they set up. Invoices for each account number are sent monthly. Daily balancing penalties (if applicable) and monthly cash out are included on the monthly invoice. Invoices are sent to marketers via U.S. Mail.

Daily Gas Volumes Reports

Daily gas volume reports are available, at no charge, to marketers who have both telemetered and non-telemetered aggregation pools. To preserve customer information confidentiality, all reports are sent out in an encrypted format. Marketers must have compatible software in order to access the information in the reports.

This letter is intended to assist your company in being set up as a qualified CNGP with BHE in Nebraska. For your convenience, Black Hills Energy has prepared a brief overview of its transportation services in Nebraska. That process document is provided along with this letter. Please feel free to contact me by phone or e-mail if you have any questions.

Regards,

Steve McLaughlin

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Procedure for BHE Customer Converting from Sales to Transportation or Changing Marketers

General Transportation Process Information – Nebraska Customers

- All questions from either natural gas marketers or Black Hills Energy (BHE) customers pertaining to natural gas transportation in Nebraska should be directed to the Nebraska Transportation Services Management Representative identified below.
- Any Customer requesting information from BHE about a Competitive Natural Gas Provider (CNGP) or Marketer certificated in Nebraska pursuant to the State Natural Gas Regulation Act is directed to the Nebraska Public Service Commission web site. The web address for the Nebraska PSC CNGP list is:
http://www.psc.state.ne.us/natgas/natgas_providers.html
- BHE is not affiliated with and does not endorse or provide comment on any specific CNGP in Nebraska.
- For Energy Options customers (small volume customer), CNGP must sign a Marketer Aggregation Agreement prepared by BHE to provide CNGP services to customers of BHE – telemetered and/or non-telemetered as applicable.
- Marketers and Customers are responsible for their own CNGP bi-lateral contractual obligations, including notice by a Customer to its existing CNGP of termination of existing CNGP services and replacement of CNGP services by a new CNGP.

Energy Options (Small Commercial Customers)

- BHE Energy Options Rate Schedules and Tariff govern BHE transportation service.
- Customer selects a Commission-approved CNGP.
- Customer and CNGP/Marketer enter into CNGP's natural gas service/supply agreement.
- Customer signs end user authorization form required by BHE Marketer Aggregation Ag.
- Marketer sends End User Authorization form to BHE's GSS transportation representative.
- Customer is added (deleted) to CNGP's applicable Marketer aggregation pool.
- BHE conditionally releases applicable firm interstate pipeline transportation to CNGP required by the Marketer Aggregation Agreement between CNGP and BHE.
- BHE bills Customer for BHE transportation service costs.
- CNGP bills Customer for gas supply and/or other CNGP services.
- Commercial firm customers are required to take assignment of released firm pipeline capacity. CNGP may add/delete Commercial (i.e., small volume) customers to/from CNGP's Marketer Aggregation pool as follows:
 - **On NNG/NGPL - April 1 to October 1.** Firm capacity is released to CNGP for 5 months: November 1 to March 31. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.

- **On KMIGT - April 1 -30 for a May 1 start date and October 1-31 for a November 1 start date.** Firm pipeline capacity is released to CNGP for 12 months. Pursuant to the Non-telemetered Aggregation Agreement, CNGP is obligated to take assignment of firm capacity in an amount set forth in the Agreement as administered by Company.
- CNGP may currently add/delete interruptible customers year round subject to the administration process established by Black Hills Energy for these customers.

Large (High) Volume Customer

- Customer selects and signs CNGP service contract with CNGP.
- Customer signs Nebraska transportation contract with BHE.
- CNGP signs Marketer Aggregation Agreement if pooling customers.
- Customer sends end user authorization form to Nebraska key accounts rep.
- Customer is added (deleted) to CNGP’s aggregation pool; if applicable.
- BHE bills Customer for BHE Transportation.
- CNGP bills Customer for gas supply and/or other CNGP services.
- CNGP may currently add/delete customers from its marketer aggregation pool year round subject to administration process established by Black Hills Energy for these customers.

BHE Transportation Services Representative Contact Information

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BHE Marketer Aggregation Agreement - Gas Supply Services Rep. Contact Information

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