



Dan Ahrens
Manager – Regulatory
Dan.Ahrens@blackhillscorp.com

1515 Arapahoe Street, Tower 1 – Suite 1200
Denver, CO 80202
P: 970.707.9846

February 28, 2024

Advice Letter No. 863

Public Utilities Commission of the State of Colorado
1560 Broadway
Suite 250
Denver, CO 80202

The accompanying tariff sheet issued by Black Hills Colorado Electric, LLC d/b/a Black Hills Energy (“Black Hills” or the “Company”) is sent to you for filing in compliance with the requirements of the Public Utilities Law and the applicable rules of the Public Utilities Commission of the State of Colorado (“Commission”), including Rule 1210, 4 *Colorado Code of Regulations* 723-1. The following tariff sheet is attached:

COLORADO P.U.C. NO. 11

Colorado P.U.C Sheet Number	Title of Sheet	Cancels Colorado P.U.C Sheet Number
Nineteenth Revised Sheet No. 65	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Eighteenth Revised Sheet No. 65

The Energy Cost Adjustment (“ECA”) rate is updated to go in to effect quarterly (January, April, July, and October) and is applicable to all retail customers. The ECA is a pass-through charge. The ECA recovers energy related costs incurred, such as fuel and purchased power costs, to meet customers’ energy needs. These costs incurred by the Company are strictly pass-through in nature.

The principal purpose of this filing is to amend the ECA rate consistent with the Company’s tariff as approved by Commission Decision No. C13-0794 in Proceeding No. 12AL-1052E.

The proposed ECA rate is \$0.04308 per kWh which, if approved, is to be prorated to bills for all kilowatt-hour usage beginning April 1, 2024. The proposed ECA rate is a \$0.00251 per kWh decrease from the current ECA rate of \$0.04559 per kWh. Appendix A provides the applicable tariff sheet. Appendix B provides a redlined version of the applicable tariff sheet, and Appendix C provides the calculation support for the proposed ECA rate.

In decision C23-0538, the Commission approved temporary rules that among other things, requires utilities that seek a new or rate increase to include a rate trend report. As this filing is requesting a rate decrease, no rate trend report is included with this Advice Letter.

There were two main drivers behind the decrease in the proposed ECA rate. First, the Company forecasts a decrease in net energy purchases and sales. This quarter, the Company forecasts the total annual estimated purchases for the system to be \$41,604,493. Last quarter, the Company forecasted the total to be \$45,452,041. This represents a decrease of \$3,847,548. Secondly, Company will significantly increase the annual incentive sharing from \$3,058,032 to \$6,204,881. This represents an increase in the benefit to customers of \$3,146,849.

This quarter, the Company updated the annual WEIS fee from \$131,532 to \$147,206 to reflect the increase in the fee for 2024. The Company has made both sales and purchases through the WEIS market. For the months of November, December and January, the Company purchased just over \$1M and sold approximately \$950,000 of energy. These amounts also account for a small amount of credits and charges related to uninstructed resource deviation, revenue neutrality uplift, and out of merit energy dispatch. The Company is forecasting a small amount of revenues in the coming year but is continuing to refine its forecast as more data becomes available.

If permitted to go into effect on April 1, 2024, the tariff revisions will decrease annualized revenues by approximately \$3.3M. Based on this proposed decrease, the average residential customer monthly bill, under Rate Schedule RS-1 with an average usage of 600 kWh per month, will decrease \$1.57 from \$114.72 to \$113.15, or 1.37%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will decrease \$6.02 from \$378.38 to \$372.36, or 1.59%.

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Concurrently with this filing, Black Hills is filing a Motion for Alternative Form of Notice (“Motion”), with an Attachment 1 – Customer Notice (“Customer Notice”). The Motion requests Commission approval for three methods of providing the Customer Notice to affected customers. First, the Company will file with the Commission and keep open for inspection, Advice Letter No. 863-Electric and will post the notice and filing information on its website for 30 days. Second, a bill message will be printed on each applicable customer’s bill providing the website URL for the Customer Notice, Advice Letter No. 863-Electric and its accompanying tariff sheet, and a toll-free phone number for assistance regarding the amendments. The bill messages will run for one full billing cycle. Third, newspaper legal notices providing the Customer Notice will be published in three newspapers of general circulation covering the Company’s service territory: *The Pueblo Chieftain*, the *Cañon City Daily Record*, and the *Rocky Ford Daily Gazette*. Black Hills requests that the tariff sheet accompanying this Advice Letter become effective on April 1, 2024. The Company’s newspaper and website notices will inform customers of resources that are available to help pay their bills. Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to the following:

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Dan Ahrens
Manager Regulatory
dan.ahrens@blackhillscorp.com
Phone: 970-707-9846

And

Nathan Larkin
Analyst Regulatory
Nathan.Larkin@blackhillscorp.com
Phone: 303-566-3589

Sincerely,

Black Hills Colorado Electric, LLC

/s/ Dan Ahrens

Dan Ahrens
Manager, Regulatory & Finance