

**NOTICE OF FILING OF AMENDED TARIFF TO DECREASE
THE DEMAND SIDE MANAGEMENT COST ADJUSTMENT (“DSMCA”)
IN THE COLORADO P.U.C. NO. 10 ELECTRIC TARIFF
of Black Hills Colorado Electric, LLC
d/b/a Black Hills Energy**

You are hereby notified that Black Hills Colorado Electric, LLC, d/b/a Black Hills Energy, 105 South Victoria Avenue, P.O. Box 75, Pueblo, Colorado, 81003-0075, has filed with the Public Utilities Commission of the State of Colorado (“Commission”), in accordance with the Public Utilities Law, an advice letter with revised tariff to amend its Demand Side Management Cost Adjustment (“DSMCA”) inputs on Tariff Sheet No. 71, in the Rates section of its Colo. P.U.C. No. 10-Electric Tariff, to become effective on July 1, 2019. The revised tariff will affect all retail customers subject to the DSMCA rate if the Commission allows the tariff to become effective.

The DSMCA rate is updated semi-annually (April and October) and is applicable to all retail customers. The principal purpose of this April filing is to revise the DSMCA calculation to reflect the 2018 Financial Disincentive Offset, the 2018 Performance Incentive, and true-up any over or under collection of costs in 2018.

The 2018 DSM program was the third and final program year of the Company’s approved 2016 – 2018 portfolio, and the ninth program year for Black Hills. The Company achieved energy savings of 18,224,004 kWh in 2018 (at the meter) which represents 90% of the program’s goal for the 2018 program year. The Company achieved demand savings of 3,993 kW which represents 72% of the demand goal. To achieve these savings, the Company spent approximately \$4.788M, or 74% of its budget. In addition, under the Modified Total Resource Cost Test (mTRC), the cost-effectiveness of the portfolio was 2.97. A detailed annual report of the 2018 DSM plan results is filed in Proceeding No. 15A-0424E.

The proposed DSMCA rate is 1.77%, a decrease of 0.61% from the existing DSMCA rate of 2.38% approved in Proceeding No. 18AL-0880E.

If permitted to go into effect on July 1, 2019, the tariff revisions will result in decreased annual revenues of approximately \$1,541,690. Based on this proposed reduction, the average residential customer monthly bill, under Rate Schedule RS-1 with typical usage of 600 kWh per month, will decrease \$0.60 from \$100.88 to \$100.28 or 0.59%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with typical usage of 2,300 kWh per month, will decrease \$1.94 from \$328.34 to \$326.40 or 0.59%. Large commercial and industrial customers may call Black Hills Energy at (719) 546-6410 to obtain information concerning how the requested tariff amendments may affect them.

Copies of the proposed and present tariffs as filed with the Public Utilities Commission of the State of Colorado are available for inspection at the public offices of Black Hills Energy at 105 South Victoria Avenue, Pueblo, Colorado, 81003; or, at the office of the Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado 80202. Customers with questions concerning the proposed or present tariffs may call the Commission at (303) 894-2000; or, may

contact Black Hills Energy by telephone at (888) 890-5554 or by email custserv@blackhillscorp.com. In addition, the Company's proposed and present tariffs may be viewed at www.blackhillsenergy.com and the applicable Colorado statutes and Commission rules may be viewed at www.dora.colorado.gov/puc.

Any person may file written comments or objections concerning the filing, with the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202, at the following website: www.dora.state.co.us/pacific/PUC/puccomments. Requests for written notices can also be made to the Commission by telephone at (303) 894-2000 or, alternatively, by contacting the External Affairs section of the Commission at its local number (303) 894-2070 or toll free number (800) 456-0858. The Commission will consider all written comments and objections submitted prior to the evidentiary hearing on the application. Written objections (protests) must be filed at least ten (10) days before the proposed effective date of July 1, 2019. Filing a written objection (protest) by itself will not allow you to participate as a party in any proceeding established in these matters. If you wish to participate as a party in this matter, you must file written intervention documents under Commission Rule 723-1-1401, 4 *Colorado Code of Regulations* 723-1.

The rates, rules, and regulations ultimately authorized by the Commission may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect.

The Commission may suspend the proposed tariffs, rates, rules, or regulations. The Commission may hold a hearing to determine which rates, rules, and regulations will be authorized. If a hearing is held, any member of the public may attend the hearing and may make a statement under oath about the proposed tariffs, whether or not he or she has filed an objection or intervention. If the filing is uncontested or unopposed, the Commission may determine the matter without a hearing and without further notice.

By: Michael J. Harrington
Manager, Regulatory & Finance