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August 2, 2022

Advice Letter No. 831

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

The accompanying tariff sheets issued by Black Hills Colorado Electric, LLC d/b/a Black Hills Energy (“Black Hills” or the “Company”), are 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, including Rule 1210, 4 *Colorado Code of Regulations* 723-1. The following tariff sheets are attached:

**COLORADO P.U.C. NO. 11**

<b>Colorado P.U.C. Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
First Revised Tariff Sheet No. 63	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Original Tariff Sheet No. 63
Twelfth Revised Tariff Sheet No. 65	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Eleventh Revised Tariff Sheet No. 65

The principal purpose of this filing is to amend the Company’s Electric Cost Adjustment (“ECA”) tariff to allow recovery of certain costs related to the Company’s participation in a future energy imbalance market. Specifically, the Western Energy Imbalance Services Market (“WEIS”) operated by the Southwest Power Pool (“SPP”). The Company will commence market operations in SPP WEIS on April 1, 2023. The tariff is proposed to become effective September 2, 2022.

In January 2022, the Company along with Public Service Company of Colorado (“Public Service”) and Platte River Power Authority (together, “the JDA Partners”) announced their intent to join SPP WEIS on April 1, 2023. When the parties commence operations in the WEIS, the Joint Dispatching Agreement (“JDA”), which currently allows for real-time energy imbalance transactions between the parties, will end.

**Colorado PUC E-Filings System**

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Black Hills' retail customers have realized production cost savings from the Company's participation in the JDA. The annual savings have averaged \$1.3 million since 2018. The Company believes that transitioning to the SPP WEIS, with its JDA Partners, will bring additional benefits for customers. Conversely, as explained in the testimony accompanying this Advice Letter, if Black Hills does not separately join the WEIS, it will likely incur the same types of administrative costs (due to Public Service's participation) but will be precluded from including its load and resources in the centralized dispatch achieve; thus, limiting customer benefit.

The Company believes that transitioning to the WEIS with its JDA Partners will bring additional benefits for the following reasons. First, the SPP WEIS is a larger footprint than the JDA. This will provide greater load and resource diversity, which can improve reliability and lower production costs during peak load. Second, the SPP WEIS is an independently administered real time market which provides efficiencies not available in the JDA, including but not limited to a five- minute dispatch. Finally, participation in the SPP WEIS will enable the Company to gain operational experience for potential future participation in an organized wholesale market.

This Advice Letter does not request to change rates. There is no revenue effect or bill impact at this time. Instead, the tariff sheets proposed herein provide the Company the ability to pass along, to customers, the costs and benefits of participating in the WEIS. The WEIS costs will be offset by future credits to the ECA for revenues the Company may realize from Energy and Generator Imbalance sales. The changes proposed herein affect all customers as all customers are subject to the ECA surcharge, beginning in the Second Quarter 2023.

The tariff sheets proposed herein serve three purposes:

1. First, to allow for future recovery of implementation costs for market-readiness before the Company joins the SPP WEIS on April 1, 2023. These implementation costs are for software and IT upgrades;
2. Second, to allow for future recovery of a one-time entry fee along with ongoing annual administration fees assessed by the market operator, SPP; and
3. Third, enable future credit to the ECA when the Company is in a net sales position for a given period.

Attached hereto are Appendices A and B. Appendix A provides the applicable tariff sheets. Appendix B provides a redlined version of the applicable tariff sheets.

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

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affected customers. First, the Company will file with the Commission and keep open for inspection, Advice Letter No. 831-Electric and will post the notice and filing information on its website. Second, a bill message will be printed on each applicable customer's bill providing the website URL for the Customer Notice and Advice Letter No. 831-Electric, its accompanying tariff sheets, and a toll-free phone number for assistance, beginning within one week after the filing of Advice Letter No. 831-Electric. The bill message 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 sheets accompanying this advice letter become effective on September 2, 2022.

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to the following:

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Sincerely,

Black Hills Colorado Electric, LLC

/s/ Michael J. Harrington

Michael J. Harrington  
Director, Regulatory & Finance