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May 31, 2022

Advice Letter No. 828

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**

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

The Energy Cost Adjustment (“ECA”) rate is updated quarterly (February, May, August, and November) 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 \$0.06088 per kWh which, if approved, is to be prorated to bills for all kilowatt-hour usage beginning July 1, 2022. The proposed ECA rate is a \$0.00987 per kWh increase from the current ECA rate of \$0.05101 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.

The primary reasons for the increase in the ECA rate are described below:

1. Estimated Generation and Purchases for System – Estimated Generation and Purchased Power costs increased \$14,934,792 from \$65,383,228 to \$80,318,020 for the period July 1, 2022 – June 30, 2023. The increase in Estimated Generation and Purchases for System is attributable to the Company forecasting increased purchased power costs due to increased gas prices for the period July 2022 – June 2023. The forecasted increased gas prices are also forecasted to increase generation costs.
2. True-up to Actual Cost – The current ECA rate includes a \$19,408,115 under-recovery as of January 2022 and the proposed rate reflects an under-recovery of \$23,215,027 as of April 30, 2022. The under-recovery position increased \$3,806,912 as a result of actual revenues being lower than actual costs for the February 2022 – April 2022 period. In the currently effective ECA, the forecasted price of gas was \$5.19/MMBTU, while the actual price was \$7.01/MMBTU. This resulted in an increase to the under-collected amount in the February 2022 – April 2022 true-up period. The Company also forecasted 489,475 MWH of quarterly sales for the true-up period.<sup>1</sup> Actual sales for the period were 416,915 MWH, which hindered the Company’s ability to collect its previous \$19,408,115 under-collection.
3. Transfer – The Peak View Avoided Cost Forecast for the period July 2022 – June 2023 increased \$586,942 over the forecast for the period April 2022 – March 2022.

These increases are partially offset by a \$1,612,704 increase in the Incentive Sharing due to increases in off-system sales.

If permitted to go into effect on July 1, 2022, the tariff revisions will increase annualized revenues by approximately \$19 M. Based on this proposed increase, the average residential customer monthly bill, under Rate Schedule RS-1 with an average usage of 600 kWh per month, will increase \$6.21 from \$112.37 to \$118.58, or 5.52%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will increase \$10.47 from \$383.74 to \$394.22, or 2.73%.

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 consolidated Customer Notice to affected customers. First, the Company will file with the Commission and keep open for inspection, Advice Letter No. 828-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. 828-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

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<sup>1</sup> Line 7 of Appendix A of Proceeding No. 22AL-0095E; 1,957,900 MWH / 4.

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Advice Letter become effective on July 1, 2022. 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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Sincerely,

Black Hills Colorado Electric, LLC

*/s/ Dan Ahrens*

Dan Ahrens  
Manager, Regulatory & Finance