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August 31, 2022

Advice Letter No. 832

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
Twelfth Revised Sheet No. 65	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Eleventh 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 \$0.06044 per kWh which, if approved, is to be prorated to bills for all kilowatt-hour usage beginning October 1, 2022. The proposed ECA rate is a \$0.00044 per kWh decrease from the current ECA rate of \$0.06088 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 reason for the decrease in the ECA rate is:

1. Estimated Generation and Purchases for System – Estimated Generation and Purchased Power costs decreased \$12,301,264 from \$80,318,020 to \$68,016,755 for the period October 1, 2022 – September 30, 2023. The decrease in Estimated Generation and Purchases for System is attributable to the Company forecasting decreased purchased power costs due to lower gas prices and market energy prices for the periods October 2022 – September 2023.

This decrease is partially offset by the following increases:

1. True-up to Actual Cost – The current ECA rate includes a \$23,215,027 under-recovery as of April 2022 and the proposed rate reflects an under-recovery of \$32,245,324 as of July 30, 2022. The under-recovery position increased \$9,030,297 as a result of actual revenues being lower than actual costs for the May 2022 – July 2022 period. In the currently effective ECA, the forecasted price of gas was \$4.26/MMBTU, while the actual price was \$7.76/MMBTU. This resulted in an increase to the under-collected amount in the May 2022 – July 2022 true-up period. The Company also forecasted 489,475 MWH of quarterly sales for the true-up period.¹ Actual sales for the period were 445,955 MWH, which hindered the Company’s ability to collect its previous \$23,215,027 under-collection.
2. Transfer – The Peak View Avoided Cost Forecast for the period of October 2022 – September 2023 increased \$668,007 over the forecast for the period June 2022 – July 2023.

Consistent with the previous ECA filing, customers are realizing \$1.7M of annualized savings associated with off-system sales.

The Company will join the Western Energy Imbalance Service (WEIS) market in April 2023, simultaneously cancelling the Joint Dispatch Agreement (“JDA”). The Company is beginning to forecast WEIS participation and the impact into the ECA calculation. The Company filed Advice Letter 831, Proceeding No. 22AL-0347E to reflect the WEIS: 1) entry fee, 2) annual fee, 3) integration costs, and 4) sales revenue in Tariff Sheet No. 65. While the above proceeding is currently pending, thus the Company has not included costs related to the WEIS entry fee, annual fee, or integration in this proceeding. The Company is forecasting a small amount of revenues beginning in July 2023 but is continuing to refine its forecast until joining the WEIS market.

If permitted to go into effect on October 1, 2022, the tariff revisions will decrease annualized revenues by approximately \$2.6 M. 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 \$0.27 from \$121.85 to \$121.58, or 0.23%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will decrease \$1.06 from \$406.85 to \$405.79, or 0.26%.

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

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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. 832-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. 832-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 October 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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And

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Sincerely,

Black Hills Colorado Electric, LLC

/s/ Dan Ahrens

Dan Ahrens
Manager, Regulatory & Finance