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Advice Letter No. 859

Public Utilities Commission of the State of Colorado
1560 Broadway, Suite 250
Denver, Colorado 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, the applicable rules of the Public Utilities Commission of the State of Colorado, including Rule 1210, 4 *Colorado Code of Regulations* 723-1, and the Company’s tariff rules on Sheet 94D. 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
Fifth Revised Tariff Sheet No. 94I	COMMUNITY SOLAR GARDEN SERVICE (CONTINUED) ELECTRIC	Fourth Revised Tariff Sheet No. 94I

The principal purpose of this filing is to amend the tariff for Community Solar Gardens (“CSG”); specifically, to amend the CSG Fixed Bill Credits for the next annual period commencing January 1, 2024. The amended tariff is Sheet No. 94I. The amended tariff is to become effective January 1, 2024.

The CSG Fixed Bill Credits apply only to CSG subscribers and are used to determine the CSG subscriber’s monthly bill credit. Specifically, CSG Fixed Bill Credits are the dollar amount on a per kWh basis paid to each subscriber for their share of photovoltaic energy that is produced by a CSG and delivered to the Company.

CSG Fixed Bill Credits have no effect on the Company’s revenues because the credits are paid from the Company’s Renewable Energy Standard Account.

The amended tariff in Sheet No. 94I, if allowed to go into effect by the Commission, will increase the CSG Fixed Bill Credit for Regular & Net-Metered Residential, Residential Other, Small General Service Non-Demand, Small General Service Demand, Large General Service

Secondary, Large General Service Primary, Large Power Service Primary, Large Power Service Transmission, and Irrigation Pumping.

The Company notes that this year's Large Power Service, Secondary ("LPS-S") CSG bill credit has a significant change. The credits are determined by subtracting from the Total Aggregate Retail Rate ("TARR") the transmission and distribution costs attributable to each class as identified in Proceeding No. 17AL-0477E. For the LPS-S class, there was a significant decrease in customers and sales, yet the assigned transmission and distribution remains at the historic level. The prescribed method of calculating CSG Bill Credits would result in a negative credit to LPS-S customers. The Company has opted to place a zero credit in lieu of a negative credit, but also notes no LPS-S customer are subscribed to Community Solar Garden, and no CSG bill credits will be applied for this class of customer.

Consistent with the Company's tariff, the proposed CSG Fixed Bill Credit calculation includes the Company's most recently approved Phase II electric rates for Transmission and Distribution components.

Further, the proposed CSG Fixed Bill Credit calculation reflects a deduction for the Demand Side Management Cost Adjustment ("DSMCA") charge, in compliance with Rule 3881(a)(I) and Decision No. C20-0628.

The proposed CSG Fixed Bill Credit impact for customers by rate sub-class is as follows:

Table 1: Community Solar Garden (CSG) Fixed Bill Credits

Class	Subclass	Current CSG Fixed Bill Credit per kWh	Proposed 2024 CSG Fixed Bill Credit per kWh	\$ Difference	Percent Change
Residential	Regular	\$0.1197	\$0.1242	\$0.0045	3.76%
Residential	Other	\$0.0909	\$0.0988	\$0.0079	8.69%
Small General Service	Non-Demand	\$0.1195	\$0.1260	\$0.0065	5.44%
Small General Service	Demand	\$0.1066	\$0.1111	\$0.0045	4.22%
Large General Service	Secondary	\$0.0970	\$0.1032	\$0.0062	6.39%
Large General Service	Primary	\$0.0971	\$0.1012	\$0.0041	4.22%
Large Power Service	Secondary	\$0.0778	\$0.0000	-\$0.0865	-100.00%

Large Power Service	Primary	\$0.0761	\$0.0838	\$0.0077	10.12%
Large Power Service	Transmission	\$0.0976	\$0.1020	\$0.0044	4.51%
Irrigation	Pumping	\$0.1106	\$0.1127	\$0.0021	1.90%

Attached hereto are Appendices A, B, and C. Appendix A provides the applicable tariff sheet. Appendix B provides a redlined version of the applicable tariff sheet. Appendix C provides support for the calculation of the CSG Fixed Bill Credits.

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. 859-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. 859-Electric and its accompanying tariff sheets, and a toll-free phone number for assistance, beginning within one week after the filing of Advice Letter No. 859-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 sheet accompanying this advice letter become effective on January 1, 2024.

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

Sincerely,

Black Hills Colorado Electric, LLC

/s/ Daniel S. Ahrens

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Manager, Regulatory