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August 30, 2019

Advice Letter No. 775

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 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. 10

Colorado P.U.C. Sheet Number	Title of Sheet	Cancels Colorado P.U.C. Sheet Number
Fifth Revised Sheet No. 65	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Fourth 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 strictly a pass-through charge. The ECA recovers costs incurred by the Company for natural gas used in the production of electricity, for costs associated with renewable energy production, and/or for wholesale power purchased on the open market by the Company to meet customers’ energy needs. These costs incurred by the Company are strictly pass-through costs.

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. Additionally, Advice Letter No. 775 continues the calculation of the ECA based on the annual forecast method that was approved in Proceeding No. 19AL-0043.

The proposed ECA rate is \$0.03913 per kWh which, if approved, is to be prorated to bills for all kilowatt-hour usage beginning October 1, 2019. The proposed ECA rate is a \$0.00186 per kWh decrease from the current ECA rate of \$0.04099 per kWh. Appendix A provides the

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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 decrease in the ECA rate are described below:

1. Recovery True-up – The current ECA rate includes a \$4,749,611 under-recovery and the proposed rate reflects a \$1,792,250 under-recovery from the period May 2019 – July 2019. The under-recovery position decreased \$2,957,361 from \$4,749,611 to \$1,792,250 as a result of recoveries being higher than actual costs for the May 2019 – July 2019 period.
2. Estimated Sales (kWh) – Estimated Sales for the period October 2019 – September 2020 increased 17,694,400 kWh, or 0.88%, from 2,018,785,394 kWh to 2,036,479,794 kWh. The increase in kWh sales decreases the ECA rate.

If permitted to go into effect on October 1, 2019, the tariff revision will decrease annualized revenues by approximately \$3.07M. 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 \$1.16, from \$102.08 to \$100.92, or 1.13%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will decrease \$4.44, from \$333.30 to \$328.86, or 1.33%.

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 Approval of Alternative Form of Notice (“Motion”) with an Attachment 1, 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. 775-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. 775-Electric and its accompanying tariff sheet, and a toll-free phone number for assistance, beginning within one week after the filing of Advice Letter No. 775-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 October 1, 2019. 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 Harrington

Michael Harrington

Manager, Regulatory & Finance