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Advice Letter No. 871

Public Utilities Commission of the State of Colorado  
 Attn: Rebecca White, Director  
 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, including Rule 1210, 4 *Colorado Code of Regulations* 723-1. The following tariff sheets are attached as Attachment 1:

**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>
Third Revised Sheet No. 2	Table of Contents Electric	Second Revised Sheet No. 2
Sixth Revised Sheet No. 3	Table of Contents (Continued) Electric	Fifth Revised Sheet No. 3
Fourth Revised Sheet No. 4	Table of Contents (Continued) Electric	Third Revised Sheet No. 4
Third Revised Sheet No. 4B	Table of Contents (Continued) Electric	Second Revised Sheet No. 4B
First Revised Sheet No. 6	Residential Service Electric	Original Sheet No. 6
First Revised Sheet No. 7	Residential Service (Continued) Electric	Original Sheet No. 7
Second Revised Sheet No. 7A	Reserved for Future Use	First Revised Sheet No. 7A
Third Revised Sheet No. 7B	Reserved for Future Use	Second Revised Sheet No. 7B
First Revised Sheet No. 8	Residential – Other Service Electric	Original Sheet No. 8

**Colorado PUC E-Filings System**

<b>Colorado P.U.C. Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
First Revised Sheet No. 9	Residential – Other Service (Continued) Electric	Original Sheet No. 9
First Revised Sheet No. 9A	Residential – Time of Use (R-TOU) Electric	Original Sheet No. 9A
First Revised Sheet No. 9B	Residential –Time of Use (Continued) Electric	Original Sheet No. 9B
First Revised Sheet No. 10	Small General Service – Non-Demand Electric	Original Sheet No. 10
First Revised Sheet No. 12	Small General Service - Demand Electric	Original Sheet No. 12
First Revised Sheet No. 13A	Small General Service – Time of Use Electric	Original Sheet No. 13A
First Revised Sheet No. 13B	Small General Service – Time of Use (Continued) Electric	Original Sheet No. 13B
First Revised Sheet No. 13C	Reserved for Future Use	Original Sheet No. 13C
First Revised Sheet No. 13D	Reserved for Future Use	Amended Original Sheet No. 13D
First Revised Sheet No. 13E	Reserved for Future Use	Original Sheet No. 13E
First Revised Sheet No. 14	Large General Service – Secondary Electric	Original Sheet No. 14
Second Revised Sheet No. 15	Large General Service – Secondary (Continued) Electric	First Revised Sheet No. 15
First Revised Sheet No. 16	Large General Service – Secondary – Time of Use Electric	Original Sheet No. 16
First Revised Sheet No. 17	Large General Service – Secondary – Time of Use (Continued) Electric	Original Sheet No. 17
Second Revised Sheet No. 18	Large General Service – Secondary – Time of Use (Continued) Electric	First Revised Sheet No. 18
Second Revised Sheet No. 19	Large General Service – Primary Electric	First Revised Sheet No. 19
Second Revised Sheet No. 20	Large General Service – Primary (Continued) Electric	First Revised Sheet No. 20
First Revised Sheet No. 21	Large General Service – Primary – Time of Use Electric	Original Sheet No. 21
First Revised Sheet No. 22	Large General Service – Primary – Time of Use (Continued) Electric	Original Sheet No. 22
Second Revised Sheet No. 23	Large General Service – Primary – Time of Use (Continued) Electric	First Revised Sheet No. 23
First Revised Sheet No. 23A	Reserved for Future Use	Original Sheet No. 23A

<b>Colorado P.U.C. Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
Second Revised Sheet No. 23B	Reserved for Future Use	First Revised Sheet No. 23B
First Revised Sheet No. 23C	Reserved for Future Use	Original Sheet No. 23C
First Revised Sheet No. 23D	Large General Service – Secondary – Electric Vehicle Non-Demand Time of Use Electric	Original Sheet No. 23D
First Revised Sheet No. 23E	Large General Service – Secondary – Electric Vehicle Non-Demand Time of Use (Continued) Electric	Original Sheet No. 23E
First Revised Sheet No. 24	Large Power Service – Secondary Electric	Original Sheet No. 24
First Revised Sheet No. 25	Large Power Service – Secondary (Continued) Electric	Original Sheet No. 25
First Revised Sheet No. 27	Large Power Service – Secondary – Time of Use Electric	Original Sheet No. 27
First Revised Sheet No. 28	Large Power Service – Secondary – Time of Use (Continued) Electric	Original Sheet No. 28
Second Revised Sheet No. 29	Large Power Service – Secondary – Time of Use (Continued) Electric	First Revised Sheet No. 29
First Revised Sheet No. 30	Large Power Service – Primary Electric	Original Sheet No. 30
First Revised Sheet No. 31	Large Power Service – Primary (Continued) Electric	Original Sheet No. 31
First Revised Sheet No. 32	Large Power Service – Primary (Continued) Electric	Original Sheet No. 32
Second Revised Sheet No. 33	Large Power Service – Primary – Time of Use Electric	First Revised Sheet No. 33
Second Revised Sheet No. 34	Large Power Service – Primary – Time of Use (Continued) Electric	First Revised Sheet No. 34
Third Revised Sheet No. 35	Large Power Service – Primary – Time of Use (Continued) Electric	Second Revised Sheet No. 35
First Revised Sheet No. 36	Large Power Service – Transmission Electric	Original Sheet No. 36
First Revised Sheet No. 37	Large Power Service – Transmission (Continued) Electric	Original Sheet No. 37
First Revised Sheet No. 39	Large Power Service – Transmission – Time of Use Electric	Original Sheet No. 39
First Revised Sheet No. 40	Large Power Service – Transmission – Time of Use (Continued) Electric	Original Sheet No. 40
Second Revised Sheet No. 41	Large Power Service – Transmission – Time of Use (Continued) Electric	First Revised Sheet No. 41

<b>Colorado P.U.C. Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C. Sheet Number</b>
Second Revised Sheet No. 42	Generation Supplemental Service-Transmission Electric	First Revised Sheet No. 42
Second Revised Sheet No. 43	Generation Supplemental Service-Transmission (Continued) Electric	First Revised Sheet No. 43
First Revised Sheet No. 45	Irrigation Pumping Electric	Original Sheet No. 45
First Revised Sheet No. 50	Private Area Lighting Electric	Original Sheet No. 50
First Revised Sheet No. 52	Traffic Signal Lighting Electric	Original Sheet No. 52
First Revised Sheet No. 54	Street / Security Lighting Electric	Original Sheet No. 54
First Revised Sheet No. 57	Street / Security Lighting (Continued) Electric	Original Sheet No. 57
First Revised Sheet No. 59	Street / Security Lighting (Continued) Electric	Original Sheet No. 59
First Revised Sheet No. 60	Street / Security Lighting (Continued) Electric	Original Sheet No. 60
First Revised Sheet No. 60A	Street / Security Lighting (Continued) Electric	Original Sheet No. 60A
Original Sheet No. 60B	LED Lighting Electric	
Twenty-First Revised Sheet No. 65	Energy Cost Adjustment (Continued) Electric	Twentieth Revised Sheet No. 65
First Revised Sheet No. 78	General Rate Schedule Adjustment (GRSA) Electric	Original Sheet No. 78
First Revised Sheet No. 79	Interruptible Rider Electric	Original Sheet No. 79
First Revised Sheet No. 80	Interruptible Rider (Continued) Electric	Original Sheet No. 80
First Revised Sheet No. 84	Purchase Capacity Cost Adjustment (Continued) Electric	Original Sheet No. 84
Sixth Revised Sheet No. 85	Purchase Capacity Cost Adjustment (Continued) Electric	Fifth Revised Sheet No. 85
Sixth Revised Sheet No. 86	Purchase Capacity Cost Adjustment (Continued) Electric	Fifth Revised Sheet No. 86
Sixth Revised Sheet No. 101	Transmission Cost Adjustment (TCA) (Continued) Electric	Third Amended Fifth Revised Sheet No. 101
First Revised Sheet No. 103	Reserved for Future Use	Original Sheet No. 103
First Revised Sheet No. R7	Rules and Regulations Electric	Original Sheet No. R7

Colorado P.U.C. Sheet Number	Title of Sheet	Cancels Colorado P.U.C. Sheet Number
Original Sheet No. R7A	Rules and Regulations Electric	
First Revised Sheet No. R32	Rules and Regulations Electric	Original Sheet No. R32

The primary purpose of the proposed tariff changes is to revise the base rates charged by BHCOE for all electric sales services to reflect its current cost of providing service. BHCOE is seeking an increase in annual revenues of \$36,760,812, as compared to present revenues under currently approved base rates of \$179,706,763, using a Current Test Year (“CTY”) ending December 31, 2024. The annual revenue increase reflects the increase to base rates, including the roll-in of investments currently being recovered through the Clean Air Clean Jobs Act (“CACJA”), Transmission Cost Adjustment (“TCA”) and the Purchased Capacity Cost Adjustment (“PCCA”), as well as the proposed recovery of rate case expenses. Table 1 below provides the revenue requirement increase resulting from the Company’s proposed base rates and the percent increase over annual test year revenues.

**Table 1 –Revenue Requirement and Percent Increase Under Proposed Base Rates**

Description	Current Test Year
Total Adjusted Rate Base	\$710,504,623
Rate of Return	7.72%
<b>Return</b>	<b>\$54,850,957</b>
Operations & Maintenance	106,800,501
Depreciation & Amortization	37,180,610
Taxes Other Than Income	13,203,658
FIT - Existing Rates	2,088,895
Other Operating Revenue	(6,654,622)
<b>Total Cost of Service</b>	<b>\$207,469,999</b>
Revenue Under Existing Base Rates	179,706,763
<b>Increase (Decrease) before Taxes</b>	<b>\$27,763,236</b>
Combined Tax Rate	24.48%
<b>Revenue Deficiency (Excess) after Tax Gross up</b>	<b>\$36,760,812</b>

These annual base rate revenues are based upon revenue requirement studies analyzing the Company's investments, revenues, and expenses for the 12-month period ending December 31, 2024, as adjusted through the Company's Class Cost of Service Study and proposed rate design. Such revenue requirement reflects an overall revenue requirement of \$216,467,575, including a total rate base of \$710,504,623, a capital structure of 52.75% equity, 47.25% long-term debt, a cost of long-term debt of 4.61%, and a return on equity of 10.5%, for a composite weighted-average cost of capital of 7.72%.

The proposed change in base rates will allow the Company to recover its cost of investing in and operating the Company's electric system. From 2015, the end of the historical test year approved by the Commission in the Company's last rate review, and through the current test year ending December 31, 2024, the Company will have invested \$469.1 million in its Colorado electric system.

Tables 2 summarize the impact on the Company's Residential and Small Commercial Customer classes, showing monthly bills for average customers at present and proposed rates.

**Table 2: Average Customer Monthly Bill Impacts**

<b>Customer Class</b>	<b>Current Avg. Monthly Bill</b>	<b>Proposed Avg. Monthly Bill</b>	<b>Monthly Change (\$)</b>	<b>Monthly Change (%)</b>
Residential	\$109.67	\$129.81	\$20.14	18.4%
Small Commercial	\$251.20	\$276.23	\$25.06	10.0%

The Company is proposing to revise the customer charge, energy, and demand components of base rates under all rate schedules, as applicable. The proposed demand and energy components of the base rates have also been revised to include costs currently being recovered through the CACJA, TCA, and PCCA. Prior to the effective date of final rates resulting from this advice letter filing, the Company will make the necessary filings to eliminate the CAJCA tariff, and will reset the TCA and the PCCA tariffs to zero at the same time the new base rates go into effect.

The Company is also proposing to update its depreciation rates for its electric assets, update the power factor adjustment, and provide additional textual changes within the tariffs of a conforming and clarifying nature.

BHCOE has filed the testimony and attachments of the following Company witnesses in support of the rate increase and tariff changes requested by the Company in this filing: Mr. Michael

J. Harrington, Mr. Floyd Wolf, Ms. Samantha K. Johnson, Mr. Thomas D. Stevens, Mr. Adrien M. McKenzie, Mr. Jeremy S. Retzlaff, Mr. Eric M. Egge, Mr. Steven C. Dunn, Mr. John J. Spanos, Mr. Douglas N. Hyatt, Mr. Ethan J. Fritel, Ms. Julie C. Rodriguez, and Mr. Daniel S. Ahrens.

Consistent with Commission rules and Colorado statutes, the proposed effective date is July 15, 2024.

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Individual customer notice will be separately mailed or e-mailed to all customers receiving electric service pursuant to C.R.S. § 40-3-104(1)(c)(I)(B). A copy of the customer notice is also attached hereto as Attachment 2. Attachment 3 is the redline tariffs. The rate trend report is filed as an attachment to Mr. Ahrens Direct Testimony.

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

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Sincerely,

Black Hills Colorado Electric, LLC

/s/ Michael J. Harrington

Michael J. Harrington  
Director, Regulatory

Attachments