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November 15, 2023

Advice Letter No. 858

Public Utilities Commission of the State of Colorado  
1560 Broadway  
Suite 250  
Denver, Colorado 80202

The accompanying tariff sheets 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 sheets are 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>
Fifth Revised Sheet No. 85	PURCHASED CAPACITY COST ADJUSTMENT (CONTINUED) ELECTRIC	Fourth Revised Sheet No. 85
Fifth Revised Sheet No. 86	PURCHASED CAPACITY COST ADJUSTMENT (CONTINUED) ELECTRIC	Fourth Revised Sheet No. 86

The principal purpose of this annual filing is to amend the Company’s Purchased Capacity Cost Adjustment (“PCCA”) tariff sheets to reflect incremental purchased capacity-related costs.

The PCCA recovers the incremental cost of purchased capacity above the level of purchased capacity costs included in base rates. This PCCA filing represents the incremental purchased capacity costs for the period January 1, 2016, through December 31, 2023.

The proposed PCCA rate is \$0.00196/kWh for Residential and Energy Only customers, \$0.00165/kWh for Small General Service customers, \$0.45610/kW for Large General Service customers, and \$0.74256/kW for Large Power Service customers.

If permitted to go into effect on January 1, 2024, the tariff revisions will result in increased annualized revenues of approximately \$325,870 as compared to the 2023 PCCA rates that are currently in effect. The increase in the PCCA rates year-over-year is attributable to increased incremental capacity costs as compared to the purchased capacity costs already included in base rates, increased fixed operating and maintenance costs based on a long-term contract and escalator clause, as well as a true-up of an under-recovery of recoveries based on 2022 purchased capacity costs.

Based on the proposed PCCA rates, the average residential customer monthly bill, under Rate Schedule RS-1 with an average usage of 600 kWh per month, will increase \$0.13, from \$117.45 to \$117.58, or 0.11%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will increase \$0.38, from \$389.02 to \$389.40, or 0.10%. The below table represents both the current and proposed PCCA rates:

<b>Customer Class Group</b>	<b>Current PCCA Rates per kWh or kW</b>	<b>Proposed January 1, 2023 PCCA Rates per kWh or kW</b>	<b>Proposed Increase per kWh or kW</b>
Residential and Energy Only	\$0.00175/kWh	\$0.00196/kWh	\$0.00021/kWh
Small General Service	\$0.00149/kWh	\$0.00165/kWh	\$0.00016/kWh
Large General Service	\$0.41431/kW	\$0.45610/kW	\$0.04179/kW
Large Power Service	\$0.63463/kW	\$0.74256/kW	\$0.10793/kW

Attached hereto are Appendices A, B, and C. Appendix A provides the applicable tariff sheets. Appendix B provides a redlined version of the applicable tariff sheets. Appendix C provides support for the calculation of the PCCA.

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 to provide one consolidated customer notice that reflects the filing of four cost adjustments: the Demand Side Management Cost Adjustment (“DSMCA”) filed on September 30, 2023, the Transmission Cost Adjustment (“TCA”) filed on November 1, 2023, the PCCA filed herein, and the Energy Cost Adjustment (“ECA”) to be filed on November 30, 2023. These three cost adjustments are all effective on January 1, 2024. In order to provide customers with a complete and comprehensive notice of all the changes, Black Hills is proposing to provide one notice explaining the overall bill impact of the three cost adjustment changes. The Motion requests Commission approval for three methods of providing the Customer Notice to affected

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customers. First, the Company will file with the Commission and keep open for inspection, Advice Letter No. 858-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. 858-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. 858-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*. Given the number of rate adjustments in proposed to be effective January 1, 2024, and to avoid customer confusion, the Company is requesting to consolidate the four rate adjustments into the one Customer Notice. The Customer Notice will grant customers comprehensive notice of multiple adjustments and impacts that will take effect January 1, 2024. Black Hills requests that the tariff sheets 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 following:

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Sincerely,

Black Hills Colorado Electric, LLC

/s/ Dan Ahrens

Dan Ahrens  
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