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November 15, 2019

Advice Letter No. 780

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”) are 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>
First Revised Sheet No. 85	PURCHASED CAPACITY COST ADJUSTMENT (CONTINUED) ELECTRIC	Original Sheet No. 85
First Revised Sheet No. 86	PURCHASED CAPACITY COST ADJUSTMENT (CONTINUED) ELECTRIC	Original 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, 2019.

The proposed PCCA rate is \$0.00082/kWh for Residential and Energy Only customers, \$0.00074/kWh for Small General Service customers, \$0.18641/kW for Large General Service customers, and \$0.26166/kW for Large Power Service customers.

If permitted to go into effect on January 1, 2020, the tariff revisions will result in increased annualized revenues of approximately \$225,591, as compared to the 2019 PCCA rates that are

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currently in effect. 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 \$0.03, from \$101.46 to \$101.49, or 0.03%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will increase \$0.24, from \$333.90 to \$331.14, or 0.07%. 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, 2020 PCCA Rates per kWh or kW</b>	<b>Proposed Increase per kWh or kW</b>
Residential and Energy Only	\$0.00077/kWh	\$0.00082/kWh	\$0.00005/kWh
Small General Service	\$0.00064/kWh	\$0.00074kWh	\$0.00010/kWh
Large General Service	\$0.12445/kW	\$0.18641/kW	\$0.06196/kW
Large Power Service	\$0.23012/kW	\$0.26166/kW	\$0.03153/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 – Placeholder Customer Notice (“Customer Notice”). The Motion requests Commission approval to provide one consolidated customer notice that reflects the filing of three cost adjustments: the Transmission Cost Adjustment (“TCA”) filed on November 1, 2019, the PCCA, and the Energy Cost Adjustment (“ECA”) to be filed on November 27, 2019. These three cost adjustments are all effective on January 1, 2020. 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. In addition, 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. 780-Electric and will post the notice and filing information on its website for 45 days. Second, a bill message inclusive of the TCA, PCCA, and ECA, beginning with the December billing cycle following the filing of the ECA, will provide the website URL for the Customer Notice, Advice Letter No. 780-Electric and its accompanying tariff sheets, 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

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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 November 2019 and to avoid customer confusion, the Company is requesting to consolidate the PCCA, TCA, and ECA 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, 2020.

Black Hills requests that the tariff sheets accompanying this advice letter become effective on January 1, 2020. 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