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 **NOTICE OF PROPOSED ELECTRIC RATE INCREASE**

 **NOTICE OF PROPOSED ELECTRIC RATE INCREASE**

Black Hills Colorado Electric, LLC, d/b/a Black Hills Energy, 105 South Victoria Avenue, P.O. Box 75, Pueblo, Colorado, 81003-0075, has filed with the Public Utilities Commission of the State of Colorado (“Commission”), in accordance with the Public Utilities Law, Advice Letter No. 871 to Increase Base Rate Revenues, to Implement Revised Base Rates for All Rate Schedules, and Other Tariff Revisions Effective July 15, 2024.

Notice of Proposed Electric Rate Increase

On June 14, 2024, Black Hills Energy filed a rate review with the Colorado Public Utilities Commission (PUC) to update its electric rates to adjust for the rising cost of operating, maintaining and upgrading its southern Colorado electric system which serves over 100,000 customers in Pueblo, Cañon City, Rocky Ford and surrounding communities. The last Black Hills Energy electric rate update was eight years ago in 2016.

Black Hills Energy is requesting an increase to recover necessary infrastructure investment and operating costs, including pay and benefits for local employees, required to deliver safe and reliable electric service to power customer homes and businesses. Our electric rates are established through a highly regulated process guided and approved by the PUC, allowing utility companies to recover the prudent costs of providing service to customers.

Estimated Billing Impacts

If permitted to go into effect on July 15, 2024, the tariffs proposed herein will result in an increase of annualized revenues of \$36,760,812. Subject to PUC approval, Black Hills Energy is requesting an increase in its base electric rates which would result in an average monthly bill increase for residential customers of about \$20 per month from \$109.67 per month to \$129.81 per month and an average monthly bill increase for small commercial customers of \$25.06 from \$251.20 to \$276.26 per month. Large commercial and industrial customers may call Black Hills Energy at telephone 605-391-4125 to obtain information concerning how the requested new tariffs may affect them. Bill impacts will vary across customer classes based on how much energy each customer uses. If approved by the PUC, new rates are anticipated to go into effect in or before March 2025.

Black Hills Energy is proposing changes in the relative amount of revenues collected from each customer class. The annual revenue increase reflects the proposed changes to base rates, including the roll-in of investments currently being recovered through several riders, and the proposed recovery of rate case expenses.

The table below shows total typical monthly bill amounts based on proposed rates for residential and small commercial customer classes.

AVERAGE RESIDENTIAL CUSTOMER MONTHLY BILL IMPACT

Current Residential Customer Bill				Proposed Average Monthly Bill				
Customer Charge (per month)	Tiered Rate Energy Charge (\$/kWh)		Average Monthly Bill*	Customer Charge (per month)	Flat Rate Energy Charge (\$/kWh)	Average Monthly Bill*	Monthly Change	% Change
\$8.77	Energy 1st 500 kWh	\$0.11904	\$109.67	\$9.16	\$0.14805	\$129.81	\$20.23	18%
	Energy Excess kWh	\$0.0468						

* Based on usage of 600 kWh per month

AVERAGE SMALL BUSINESS CUSTOMER MONTHLY BILL IMPACT

Current Small General Service Bill			Proposed Small General Service Bill				
Customer Charge (per month)	Flat Rate Energy Charge (\$/kWh)	Average Monthly Bill*	Customer Charge (per month)	Flat Rate Energy Charge (\$/kWh)	Average Monthly Bill*	Monthly Change	% Change
\$11.39	\$0.09034	\$251.20	\$13.65	\$0.12072	\$276.26	\$25.06	10%

* Based on usage of 1,523 kWh per month



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LARGE COMMERCIAL & INDUSTRIAL CUSTOMER MONTHLY BILL IMPACT

Current					Proposed		
Large General Service	Customer Charge (per month)	Energy Charge 1st 200 kWh/kW	Energy Charge Excess kWh	Demand Charge (\$/kW)	Customer Charge (per month)	Energy Charge (\$/kWh)	Demand Charge (\$/kW)
Secondary	\$64.00	\$0.0110	\$0.00442	\$23.33	\$128.00	\$0.0077	\$31.92
Primary	\$64.00	\$0.0071	\$0.00304	\$18.14	\$128.00	\$0.00218	\$28.16
Large Power Service	Customer Charge (per month)	Energy Charge 1st 200 kWh/kW	Energy Charge Excess kWh	Demand Charge (\$/kW)	Customer Charge (per month)	Energy Charge (\$/kWh)	Demand Charge (\$/kW)
Secondary	\$438.00	\$0.01580	\$0.00810	\$21.24	\$600.00	\$0.00843	\$28.00
Primary	\$888.00	\$0.01509	\$0.00790	\$19.94	\$1,200.00	\$0.02481	\$23.80
Transmission	\$1,842.00	\$0.00927	\$0.00290	\$18.80	\$2,400.00	\$0.02210	\$23.50

The Process

Black Hills Energy is proposing to increase base electric rates, which account for approximately 63% of an average residential customer’s total bill. Base electric rates include capital costs, operation and maintenance costs, a return on investment, and taxes. Black Hills Energy’s remaining costs are recovered through other charges on the bill.

The PUC staff and other parties will thoroughly review the company’s rate plans, consider public comments, and review testimony from utility representatives and other interested parties. The PUC will approve rates based on consideration of Black Hills Energy’s cost to provide safe and reliable service. If approved by the PUC, new rates would go into effect in or before March 2025.

The rates, rules, and regulations ultimately authorized by the Commission may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect.

The Commission may suspend the proposed tariffs, rates, rules, or regulations. The Commission may hold a hearing to determine which rates, rules, and regulations will be authorized. If a hearing is held, any member of the public may attend the hearing and may make a statement under oath about the proposed tariffs, whether he or she has filed an objection or intervention. If the filing is uncontested or unopposed, the Commission may determine the matter without a hearing and without further notice.

Customer Rights

Copies of the proposed and present tariffs as filed with the Public Utilities Commission of the State of Colorado are available for inspection at the public offices of Black Hills Energy at 105 South Victoria Avenue, Pueblo, Colorado, 81003; or, at the office of the Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado 80202. Customers with questions concerning the proposed or present tariffs may call the Commission at 303-894-2000; or may contact Black Hills Energy by telephone at 888-890-5554 or by email customerservice@support.blackhillsenergy.com.

In addition, the Company’s proposed and present tariffs may be viewed at blackhillsenergy.com and the applicable Colorado statutes and Commission rules may be viewed at <https://puc.colorado.gov>.

Any person may file written comments or objections concerning the filing, with the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202, at the following website:

<https://puc.colorado.gov/how-to-participate>. Requests for written notices can also be made to the Commission by telephone at 303-894-2000 or, alternatively, by contacting the Consumer Affairs section of the Commission at its local number 303-894-2070 or toll-free number 800-456-0858. The Commission will consider all written comments and objections submitted prior to the evidentiary hearing on the application. Written objections (protests) must be filed at least ten (10) days before the proposed effective date of July 15, 2024. Filing a written objection (protest) by itself will not allow you to participate as a party in any proceeding established in these matters. If you wish to participate as a party in this matter, you must file written intervention documents under Commission Rule 723-1-1401, 4 *Colorado Code of Regulations* 723-1.

We're Here to Help

We recognize the impact that rate increases have on our customers, especially at times of high inflation. That is why we have avoided asking for an electric base rate increase for eight years. We are taking action to minimize bill impacts and have increased our efforts to provide support for customers who need it including launching a new Energy Assistance Team with a dedicated resource in Pueblo. Our Energy Assistance team helps:

- Reduce our customer's energy burden throughout Southern Colorado to offer immediate support to customers who qualify.
- Advocate for additional federal funding to be provided to states.
- Engage community partners who work with families to provide additional programs and resources to assist customers in need and connect them to Black Hills Energy programs for income qualified customers.

For more information visit blackhillsenergy.com/assistance-programs/colorado-payment-assistance.

Understanding Your Rates

More information about this rate proposal is available at blackhillsenergy.com/coe-rates.

