



**Dan Ahrens**  
Manager – Regulatory  
Dan.Ahrens@blackhillscorp.com

1515 Arapahoe Street, Tower 1 – Suite 1200  
Denver, CO 80202  
P: 970.707.9846

February 28, 2025

Advice Letter No. 882

Public Utilities Commission of the State of Colorado  
1560 Broadway  
Suite 250  
Denver, CO 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. 11**

<b>Colorado P.U.C Sheet Number</b>	<b>Title of Sheet</b>	<b>Cancels Colorado P.U.C Sheet Number</b>
Twenty-Third Revised Sheet No. 65	ENERGY COST ADJUSTMENT (CONTINUED) ELECTRIC	Twenty-Second Revised Sheet No. 65

The Energy Cost Adjustment (“ECA”) rate is updated to go into effect quarterly (January, April, July, and October) and is applicable to all retail customers. The ECA is a pass-through charge. The ECA recovers energy related costs incurred, such as fuel and purchased power costs, to meet customers’ energy needs. These costs incurred by the Company are strictly pass-through in nature.

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.

The proposed ECA rate is \$0.04154 per kWh which, if approved, is to be prorated to bills for all kilowatt-hour usage beginning April 1, 2025. The proposed ECA rate is a \$0.00440 per kWh increase from the current ECA rate of \$0.03714 per kWh. Appendix A provides the 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. Appendix D provides the rate trend report inclusive of the proposed ECA rate.

There are two main drivers behind the increase in this quarter’s ECA rate. First, the recovery true-up balance increased by approximately \$6.3M mainly due to increases in the actual

generation cost and actual purchased power cost. Second, the Company updates the incentive sharing calculation once per year with each second quarter ECA filing. This ECA filing incorporates the profit margin sharing associated with off-system sales activity for 2024. Incentive sharing decreased by approximately \$3.8M compared to the previous year, placing less downward pressure on the total ECA rate.

The Company made both sales and purchases through the WEIS market. For the months of November, December and January the Company purchased approximately \$1.2M and sold approximately \$1.1M of energy. These values also account for a small amount of credits and charges related to uninstructed resource deviation, revenue neutrality uplift, and out of merit energy dispatch. The Company is forecasting a small amount of revenues in the coming year but is continuing to refine its forecast as more data becomes available. The Company also increased the WEIS annual fee to accurately reflect the 2025 cost. Lastly, the Company made an adjustment to the amount of (\$101,016) to remove the WEIS entry fee costs that should not have been included in the ECA calculation for the second, third and fourth quarter of 2024 as well as the first quarter of 2025. Per the Settlement Agreement approving the Company's participation in SPP WEIS in Proceeding No. 22AL-0347E, the Company was authorized to recover the SPP WEIS entry fee over the first year of SPP WEIS participation. The Company first included the WEIS entry fee in the 2023 second quarter ECA compliance filing. The first quarter of 2024 marked the fourth quarter for the intended inclusion of the entry fee. Therefore, the Company over recovered the entry fee by \$25,254. Since the ECA rate is designed for 12 months, the Company multiplied the \$25,254 times four (or \$101,016) which is what would be required to reduce the proposed ECA to return the over collected amount during one quarter. In the Company's next ECA filing, the WEIS entry fee will be removed.

If permitted to go into effect on April 1, 2025, the tariff revisions will increase annualized revenues by approximately \$8.2M. Based on this proposed increase, the average residential customer monthly bill, under Rate Schedule RS-1 with an average usage of 600 kWh per month, will increase \$2.77 from \$106.70 to \$109.47, or 2.60%. The average small commercial customer monthly bill, under Rate Schedule SGS-N with an average usage of 2,300 kWh per month, will increase \$10.63 from \$348.37 to \$359.00, or 3.05%.

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 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. 882-Electric and will post the notice and filing information on its website for 30 days. Second, a bill message will be printed on each applicable customer's bill providing the website URL for the Customer Notice, Advice Letter No. 882-Electric and its accompanying tariff sheet, 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 providing the Customer Notice will be published in three newspapers of general circulation covering the Company's service

Public Utilities Commission  
February 28, 2025  
Page 3  
Advice Letter No. 882

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 April 1, 2025. The Company's newspaper and website notices will inform customers of resources that are available to help pay their bills. Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to the following:

Dan Ahrens  
Manager, Regulatory  
[dan.ahrens@blackhillscorp.com](mailto:dan.ahrens@blackhillscorp.com)  
Phone: 970-707-9846

And

Nathan Larkin  
Analyst, Regulatory  
[Nathan.Larkin@blackhillscorp.com](mailto:Nathan.Larkin@blackhillscorp.com)  
Phone: 303-566-3589

Sincerely,  
Black Hills Colorado Electric, LLC

*/s/ Dan Ahrens*  
Dan Ahrens  
Manager, Regulatory