



Black Hills Corporation

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November 12, 2009

Advice No. 626

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

The accompanying tariff sheets issued by Black Hills/Colorado Electric Utility Company, LP, d/b/a Black Hills Energy (“Black Hills”) 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, including Rule 1210, 4 *Colorado Code of Regulations* 723-1 (2009). The following sheets are attached:

COLORADO P.U.C. NO. 8

| <u>Colorado P.U.C. Sheet Number</u> | <u>Title of Sheet</u> | <u>Cancels Colorado P.U.C. Sheet Number</u> |
|---|---|---|
| First Revised Sheet No. 64 | Purchased Capacity Cost Adjustment (PCCA) Electric | Original Sheet No. 64 |
| Original Sheet No. 64A | Purchased Capacity Cost Adjustment (PCCA) (Continued) Electric | |
| Original Sheet No. 64B | Purchased Capacity Cost Adjustment (PCCA) (Continued) Electric | |
| Original Sheet No. 64C | Purchased Capacity Cost Adjustment (PCCA) (Continued) Electric | |
| Second Revised Sheet No. 3 | Table of Contents (Continued) Electric | First Revised Sheet No. 3 |
| First Revised Sheet No. 7 | Residential Service (Continued) Electric | Original Sheet No. 7 |
| First Revised Sheet No. 9 | Small General Service-Non-Demand (Continued) Electric | Original Sheet No. 9 |
| First Revised Sheet No. 11 | Small General Service-Demand (Continued) Electric | Original Sheet No. 11 |

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| First Revised Sheet No. 13 | Large General Service- Secondary (Continued) Electric | Original Sheet No. 13 |
| First Revised Sheet No. 15 | Large General Service- Primary (Continued) Electric | Original Sheet No. 15 |
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| First Revised Sheet No. 29 | Co-Generation and Small Power Production (Continued) Electric | Original Sheet No. 29 |
| First Revised Sheet No. 30 | Private Area Lighting Electric | Original Sheet No. 30 |
| First Revised Sheet No. 33 | Street, Alley, Park and Highway Lighting (Continued) Electric | Original Sheet No. 33 |
| First Revised Sheet No. 36 | Traffic Signal Lighting Electric | Original Sheet No. 36 |
| First Revised Sheet No. 38 | Street/Security Lighting Electric | Original Sheet No. 38 |
| First Revised Sheet No. 54 | Voluntary Load Curtailment (VLC) Rider Electric | Original Sheet No. 54 |

The purpose of this filing is to implement a Purchased Capacity Cost Adjustment (“PCCA”) mechanism and rider in Black Hills’ Colorado PUC No. 8 -- Electric tariffs, on more than thirty (30) days statutory notice. The filing of these tariffs has been compelled by a significant increase in wholesale purchased capacity rates requested by Public Service Company of Colorado (“Public Service”) in a recent wholesale rate case filing, described in this Advice Letter. Black Hills requests that the PCCA tariffs attached as Appendix A be allowed to become effective on January 1, 2010 by operation of law without hearing and suspension, pursuant to Colo. Rev. Stat. § 40-6-111.

The proposed PCCA tariff will implement an annual adjustment clause designed to recover the incremental increased cost of capacity purchased from Public Service, on a dollar-for-dollar basis. The PCCA rate rider will recover purchase capacity costs that are not included in Black Hills’ base electric rates, through annual or interim filings for any future incremental capacity cost changes authorized by the Federal Energy Regulatory Commission (“FERC”). As set forth

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in detail in the proposed PCCA tariffs, the Purchased Capacity Cost Adjustment will be the Projected Purchased Capacity Cost, less the Base Purchased Capacity Cost, plus the Deferred Purchased Capacity Cost, and the monthly rider rate will be charged on a dollar per kilowatt basis for tariff schedules with demand rates and on a per kilowatt-hour basis for tariff schedules without demand rates.

Black Hills purchases electric capacity and energy from Public Service pursuant to an amended long-term purchased power agreement that will expire on December 31, 2011. Black Hills currently purchases from Public Service approximately 75% of the electric capacity and energy with which Black Hills serves its approximately 93,300 retail electric customers in Colorado.

On October 30, 2009, Public Service filed with the FERC a wholesale rate case that will significantly increase the base wholesale rates Black Hills pays for the electric capacity and energy used to supply its customers in Colorado. (FERC Docket No. ER10-192-000.) In Public Service's wholesale rate filing, the existing demand rate for wholesale capacity of \$11.02 per kW-Month will increase to a proposed total demand rate of \$15.23 per kW-Month. Based upon the current purchased power agreement with Public Service, using Black Hills' coincident peak demand at a load of 300,000 kW per month, Black Hills estimates Public Service's wholesale rate filing will increase wholesale capacity costs by approximately \$1.26 Million per month. Public Service has requested that the FERC allow the new wholesale tariffs and rate increase to become effective sixty (60) days after the filing date, on or about January 1, 2010. Relevant parts of the Public Service wholesale rate filing are attached as Appendix B to this Advice Letter.

When Public Service's increased wholesale capacity rates become effective, the incremental increase in purchased capacity costs will constitute a financial burden for Black Hills. Delaying recovery of these costs will have a significant impact on earnings and render an unhealthy operating level for the utility. Black Hills' Second Quarter 2009 Income Statement filed with the FERC (attached as Appendix C), shows a negative \$2,427,411 for net income for the second quarter of 2009, while Black Hills' total net income for the current year was a negative \$4,934,613. If relief is not granted the monthly increase in unrecovered purchased capacity costs, caused by Public Service's increased wholesale capacity rates, will further reduce net income by approximately \$1.26 Million each month.

The amount of wholesale capacity costs currently recovered in Black Hills' base rates was based upon Public Service's previous wholesale demand rate of \$10.80 per kW-Month. The difference between the amount of capacity costs Black Hills now recovers through base rates (calculated upon \$10.80 per kW-Month) and the amount of capacity costs based upon the current Public Service demand rate (\$11.02 per kW-Month) will not be recovered through the proposed PCCA. Those unrecovered costs will be addressed in the next revenue requirements (Phase I) rate case filing by Black Hills.

Black Hills' existing cost adjustment mechanisms, including the Electric Cost Adjustment ("ECA") mechanism, do not recover any wholesale capacity costs incurred through purchased power agreements with wholesale suppliers such as Public Service. The existing ECA mechanism allows recovery of the costs of fuel consumed in electric generating plants and of

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purchased energy, but not purchased capacity costs. As a result, Black Hills cannot recover its wholesale capacity payments unless it files a general rate case and receives a final Commission decision, permitting the recovery of wholesale capacity costs through new base rate tariffs. A general rate case could take a minimum of eight months from the filing of tariffs until new base rates become effective, which is too long of a delay for Black Hills to recover this significant increase in capacity costs from Public Service.

The PCCA mechanism and rider proposed by Black Hills in this tariff filing is designed to recover only the incremental increase in purchased capacity payments resulting from the recently filed Public Service wholesale rate case filing. In other words, the only increase costs to be included in the PCCA rider, and passed through to Black Hills' Colorado retail customers, will be the difference between the actual costs of Public Service's current wholesale demand rate and the actual incremental costs of the increased Public Service wholesale demand rate approved by the FERC. The PCCA tariff and rider will enable Black Hills to recover these increased incremental capacity costs on a timely basis. In addition, delaying recovery of these increased costs would cause capacity-related costs to accumulate quickly, resulting in a higher rate increase in the future to be borne by the customers after a general rate case. Granting expedited relief through the PCCA tariff is in the public interest because it will match cost recovery to the time when costs are incurred and permit a smoother recovery of increased capacity costs over time. These are all benefits both to the customers and to Black Hills.

The PCCA and rider tariff are intended to become effective concurrently with the effective date of the Public Service FERC tariffs and the increased wholesale capacity costs. The PCCA will be applied in accordance with the last class cost of service study that was approved in the utility's last rate case. The PCCA rider amounts in Sheet No. 64C will be applied to bills generated on or after January 1 of each year, or upon Commission approval of an interim rate request. The PCCA for all applicable rate schedules will be shown on the customer's bill as a separate line item and treated as a component of base rates for billing purposes, as is done with the ECA.

Applying the PCCA rider rates to customers' bills for sales after January 1, 2010 will result in increased revenues of approximately \$1,263,000 per month, or \$15,156,000 annually. If the PCCA rider tariff becomes effective as requested, Black Hills estimates the following impacts on average customers: A typical residential customer using an average of 600 kilowatt-hours ("kWh") per month during 2010 could expect an estimated total increase of \$4.74 per month, or approximately 6.9 percent. A typical small non-demand commercial customer using 2,300 kWh per month could expect an estimated increase of \$31.74 per month, or approximately 13.6 percent, while a typical small demand metered commercial customer with a monthly demand of 16 kilowatts (kW) could expect an estimated increase of \$66.88 per month, or approximately 18 percent. Black Hills does not expect these estimates to change in 2011 and 2012, unless Public Service receives additional wholesale capacity rate increases (or decreases) from the FERC.

In the event that the FERC approves wholesale capacity rates for Public Service lower than the rates that will become effective on January 1, 2010, and order a refund, the PCCA mechanism

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and rider tariffs will enable Black Hills to pass through to retail customers any refund ordered by the FERC.

This filing will be noticed pursuant to the requirements of the Colorado Public Utilities Law. Black Hills requests that the tariff sheets accompanying this Advice Letter become effective on January 1, 2010.

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

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Sincerely,



Bryan S. Owens
Manager – Colorado Electric Regulatory Affairs

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP
 d/b/a BLACK HILLS ENERGY
 105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8
 First Revised Sheet No. 64
 Cancels Original Sheet No. 64

**PURCHASE CAPACITY COST ADJUSTMENT
 ELECTRIC**

APPLICABILITY

All rate schedules for electric service are subject to a Purchased Capacity Cost Adjustment to reflect the incremental cost of capacity purchased to supply electric service over the level of purchase capacity costs included in base rates. The Purchased Capacity Cost Adjustment amount will be subject to annual changes to be effective on bills generated on or after January 1 of each year. The Purchased Capacity Cost Adjustment for all applicable rate schedules is as set forth on Sheet No. 64C, and will be added to the Company's Base Rate for billing purposes. The Purchased Capacity Cost Adjustment shall be different for each of the rate classes.

DEFINITIONS

Purchased Capacity Cost

For the purpose of this tariff, the Purchased Capacity Cost is defined as the fixed cost components of purchase power contracts and recorded in Account 555 Purchased Power Demand.

Purchased Capacity Cost Adjustment

The Purchased Capacity Cost Adjustment will be the Projected Purchased Capacity Cost, less the Base Purchased Capacity Cost, plus the Deferred Purchased Capacity Cost on a dollar per kilowatt for tariff schedules with demand rates and on a per kilowatt-hour basis for tariff schedules without demand rates.

Base Rate

Base Rate is the rate that incorporates the currently effective Base Purchased Capacity Cost.

Base Revenue

Base Revenue is equal to the overall revenue charged to the customers less Energy Cost Adjustment (ECA), Renewable Energy Standard Adjustment (RESA), Transmission Cost Adjustment (TCA) and Demand Side Management Cost Adjustment (DSMCA) revenue.

Base Purchased Capacity Cost

Base Purchased Capacity Cost is the amount of Purchased Capacity Cost included in the Base Rates.

Projected Purchased Capacity Cost

Projected Purchased Capacity Cost is the Purchased Capacity Cost forecasted for the effective period of the Purchased Capacity Cost Adjustment.

Deferred Purchased Capacity Cost

Deferred Purchased Capacity Cost is Actual Purchased Capacity Cost less Recovered Purchased Capacity Cost, and may be positive or negative.

Actual Purchased Capacity Cost

Actual Purchased Capacity Cost is the Purchased Capacity Cost amount recorded in Account 555.

Recovered Purchased Capacity Cost

Recovered Purchased Capacity Cost is the Purchased Capacity cost recovered by the Company's currently effective Base Revenue.

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| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria

Pueblo, Colorado 81003

Colo. PUC No. 8Original Sheet No. 64A

Cancels _____ Sheet No. _____

| |
|---|
| PURCHASE CAPACITY COST ADJUSTMENT (CONTINUED) ELECTRIC |
|---|

Base Purchased Capacity Cost

1. A revised Base Purchased Capacity Cost will only be made in connection with the filing of a general rate case.

Projected Purchased Capacity Cost Amount

1. The Projected Purchased Capacity Cost will be equal to the Projected Purchased Capacity Cost projected for the effective period of the Purchased Capacity Cost Adjustment.
2. A revised Projected Purchased Capacity Cost Amount will be calculated and filed on November 1 of each year and will take effect on the next January 1.

Deferred Purchased Capacity Cost

1. The Deferred Purchased Capacity Cost amount will be equal to the Deferred Purchased Capacity Cost as of September 30.
2. The Deferred Purchased Capacity Cost will be calculated monthly by subtracting Recovered Purchased Capacity Cost from Actual Purchased Capacity Cost. The resulting amount, whether negative or positive, will be accumulated in Account 191. Interest shall accrue on the deferred balance (negative or positive) at the Commission's customer deposit interest rate.
3. Revised Deferred Purchased Capacity Cost rates will be calculated and filed on November 1 of each year to take effect on the next January 1.

Actual Purchased Capacity Cost

The Actual Purchased Capacity Cost will be the Purchased Capacity Cost amount recorded in Account 555 for the month.

Recovered Purchased Capacity Cost

The Recovered Purchased Capacity Cost will be calculated monthly by applying the sum of the Base Purchased Capacity Cost plus the Purchased Capacity Cost Adjustment to the actual rate components for the month.

Purchased Capacity Cost Adjustment

The following formula is used to determine the Purchased Capacity Cost Adjustment for class i:

$$\text{Purchased Capacity Cost Adjustment} = (A_i \pm C_i) / X_i$$

A_i = Class's share of Projected Purchased Capacity Cost

C_i = Class's share of Deferred Purchased Capacity Cost

X_i = Class i Billing Determinant

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BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

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105 South Victoria

Pueblo, Colorado 81003

Colo. PUC No. 8

Original Sheet No. 64B

Cancels _____ Sheet No. _____

**PURCHASE CAPACITY COST ADJUSTMENT (CONTINUED)
ELECTRIC**

INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION

Each proposed revision in the Purchased Capacity Cost Adjustment will be accomplished by filing an Advice Letter and revised Rate Table tariff sheet on November 1 of each year to take effect on bills generated on or after the next January 1 and will be accompanied by such supporting data and information as the Commission may require from time to time. In the event the Federal Energy Regulatory Commission, or other federal agency with subject matter jurisdiction, authorizes additional changes in wholesale purchased capacity rates during the period of January 1 and November 1 of any year, the Company will file an interim Purchased Capacity Cost Adjustment by filing an Advice Letter and revised Rate Table tariff sheet pursuant to applicable rules of the Public Utilities Commission of the State of Colorado.

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Original Sheet No. 64C

Cancels _____ Sheet No. _____

PURCHASE CAPACITY COST ADJUSTMENT (CONTINUED)
ELECTRIC

RATE TABLE

| <u>Rate Schedule</u> | <u>Applicable Charge</u> | <u>Monthly Rider Rate</u> |
|--|--------------------------|---------------------------|
| <u>Residential Service</u> | | |
| RS-1 | Energy Charge | \$ 0.0079/kWh |
| <u>Small General Service-Non-Demand</u> | | |
| SGS-N | Energy Charge | \$ 0.0138/kWh |
| <u>Small General Service-Demand</u> | | |
| SGS-D | Demand Charge | \$ 4.18/kW-mo |
| <u>Large General Service</u> | | |
| LGS-S | Demand Charge | \$ 2.27/kW-mo |
| LGS-P | Demand Charge | \$ 2.40/kW-mo |
| <u>Large Power Service</u> | | |
| LGS-S | Demand Charge | \$ 4.43/kW-mo |
| LGS-P | Demand Charge | \$ 3.30/kW-mo |
| LGS-T | Demand Charge | \$ 4.74/kW-mo |
| <u>Irrigation Pumping</u> | | |
| IP-1 | Energy Charge | \$ 0.0114/kWh |
| <u>Area, Street, Highway and Signal Lighting</u> | | |
| PAL-1 | Energy Charge | \$ 0.0067/kWh |
| SL-1 | Energy Charge | \$ 0.0067/kWh |
| SL-2 | Energy Charge | \$ 0.0067/kWh |
| SSL-1 | Energy Charge | \$ 0.0067/kWh |

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 105 South Victoria
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Second Revised Sheet No. 3

Cancels First Revised Sheet No. 3

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KEY TO SYMBOLS ON REVISED TARIFF SHEETS

- C - To signify changed rate or regulation
- D - To signify discontinued rate or regulation
- I - To signify increase
- N - To signify new rate or regulation
- R - To signify reduction
- S - To signify reissued matter
- T - To signify a change in text but no change in rate or regulation

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Colo. PUC No. 8
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Cancels

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|---|
| RESIDENTIAL SERVICE (CONTINUED) ELECTRIC |
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RATE DESIGNATION – RS-1

RATE CODE – CO860

General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.

Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment.

N

Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.

1. Multiple Dwelling Units: Where two (2) or more dwelling units are served through one (1) meter, this rate shall be applicable by multiplying the above minimum charge and energy blocks by the number of dwelling units.

2. Motors: Service for single-phase motors in excess of 7-1/2 H.P. will be supplied only at the option of the Company.

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105 South Victoria

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First Revised Sheet No. 9

Cancels Original Sheet No. 9

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| SMALL GENERAL SERVICE – NON-DEMAND (CONTINUED) ELECTRIC |
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RATE DESIGNATION – SGS-N

RATE CODE – CO710

- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Contract Period: Not less than one (1) year.
- Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.

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Pueblo, Colorado 81003

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First Revised Sheet No. 11

Cancels Original Sheet No. 11

SMALL GENERAL SERVICE - DEMAND (CONTINUED)
 ELECTRIC

RATE DESIGNATION – SGS-D

RATE CODE – CO711

- Auxiliary Service Rider: This schedule is subject to the auxiliary service rider.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Determination of Billing Demand: The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month.
- Contract Period: Not less than one (1) year.
- Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.

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First Revised Sheet No. 13

Cancels Original Sheet No. 13

**LARGE GENERAL SERVICE – SECONDARY (CONTINUED)
 ELECTRIC**

RATE DESIGNATION – LGS-S

RATE CODE – CO720

Auxiliary Service Rider: This schedule is subject to the auxiliary service rider when applicable.

Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.

General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.

Interruptible Rider: This schedule is subject to the interruptible rider.

Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N

Determination of Billing Demand: The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use; or 75% of the highest maximum kW demand in the previous eleven (11) months; or fifty (50) kW, whichever is greatest.

Power Factor Adjustment: For the purposes of this computation, the reactive power demand shall be the highest average kilovar (kvar) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month; the real power demand (kW) will be the billing demand. When the ratio of the kvar to kW demands thus determined exceeds .33, a power factor correction charge shall be applied. This charge shall be \$.36 per kvar for each kvar in excess of 33% of the kW billing demand.

Contract Period: Not less than one year.

Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.

For the purposes of this rate, service voltages of less than 4.16 kV line-to-line will be considered secondary voltage levels.

If metering is at other than delivery voltage, the measured demand and energy consumption will be increased or decreased by 1% to compensate for transformer losses.

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First Revised Sheet No. 15

Cancels Original Sheet No. 15

LARGE GENERAL SERVICE - PRIMARY (CONTINUED)
ELECTRIC

RATE DESIGNATION – LGS-P

RATE CODE – CO725

| | | |
|---|--|----------|
| Demand Side Management Cost Adjustment: | This schedule is subject to the demand side management cost adjustment. | |
| General Rate Schedule Adjustment II: | This schedule is subject to the general rate schedule adjustment II. | |
| Purchase Capacity Cost Adjustment: | This schedule is subject to the purchase capacity cost adjustment. | N |
| Determination of Billing Demand: | The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use; or 75% of the highest maximum kW demand in the previous eleven (11) months; or fifty (50) kW, whichever is greatest. | |
| Power Factor Adjustment: | For the purposes of this computation, the reactive power demand shall be the highest average kilovar (kvar) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month; the real power demand (kW) will be the <u>billing</u> demand. When the ratio of the kvar to kW demands thus determined exceeds .33, a power factor correction charge shall be applied. This charge shall be \$.36 per kvar for each kvar in excess of 33% of the kW <u>billing</u> demand. | |
| Contract Period: | Not less than one (1) year. | |
| Special Terms and Conditions: | <p>Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.</p> <p>For the purposes of this rate, service voltages of 4.16 kV or greater, but less than 69 kV line-to-line, will be considered primary voltage levels.</p> <p>The point of delivery will be Company's primary metering point. Customer must own, operate and maintain all distribution facilities such as supporting structures, disconnect devices, transformers, fuses and wiring beyond point of delivery.</p> <p>If metering is at other than delivery voltage, the measured demand and energy consumption will be increased or decreased by 1% to compensate for transformer losses.</p> | |

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First Revised Sheet No. 17

Cancels Original Sheet No. 17

LARGE POWER SERVICE – SECONDARY (CONTINUED)
ELECTRIC

RATE DESIGNATION – LPS-S

RATE CODE – CO730

- Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.
- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- Auxiliary Service Rider: This schedule is subject to the auxiliary service rider when applicable.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Determination of Billing Demand: The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use; or 75% of the highest maximum kW demand in the previous eleven (11) months; or fourteen hundred (1400) kW; or contract demand, whichever is greatest.
- Power Factor Adjustment: For the purposes of this computation, the reactive power demand shall be the highest average kilovar (kvar) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month; the real power demand (kW) will be the billing demand. When the ratio of the kvar to kW demands thus determined exceeds .33, a power factor correction charge shall be applied. This charge shall be \$.36 per kvar for each kvar in excess of 33% of the kW billing demand.
- Contract Period: Not less than one (1) year.

| | | |
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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria

Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 20

Cancels Original Sheet No. 20

LARGE POWER SERVICE - PRIMARY (CONTINUED)
 ELECTRIC

RATE DESIGNATION – LPS-P

RATE CODE – CO735

| | | |
|---|---|---|
| Energy Cost Adjustment: | This schedule is subject to the energy cost adjustment. | |
| Tax/Fee Adjustment: | This schedule is subject to the tax/fee adjustment. | |
| Auxiliary Service Rider: | This schedule is subject to the auxiliary service rider when applicable. | |
| Demand Side Management Cost Adjustment: | This schedule is subject to the demand side management cost adjustment. | |
| General Rate Schedule Adjustment II: | This schedule is subject to the general rate schedule adjustment II. | |
| Purchase Capacity Cost Adjustment: | This schedule is subject to the purchase capacity cost adjustment. | N |
| Determination of Billing Demand: | The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use; or 75% of the highest maximum kW demand in the previous eleven (11) months; or fourteen hundred (1400) kW; or contract demand whichever is greatest. | |
| Power Factor Adjustment: | For the purposes of this computation, the reactive power demand shall be the highest average kilovar (kvar) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month; the real power demand (kW) will be the <u>billing</u> demand. When the ratio of the kvar to kW demands thus determined exceeds .33, a power factor correction charge shall be applied. This charge shall be \$.36 per kvar for each kvar in excess of 33% of the kW <u>billing</u> demand. | |
| Contract Period: | Not less than one (1) year. | |

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria

Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 23

Cancels Original Sheet No. 23

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| LARGE POWER SERVICE - TRANSMISSION (CONTINUED) ELECTRIC |
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RATE DESIGNATION – LPS-T

RATE CODE – CO736

- Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.
- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- Auxiliary Service Rider: This schedule is subject to the auxiliary service rider when applicable.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Determination of Billing Demand: The billing demand shall be the highest average kilowatt (kW) load measured during the fifteen (15) consecutive minutes of maximum use; or 75% of the highest maximum kW demand in the previous eleven (11) months; or fourteen hundred (1400) kW; or contract demand whichever is greatest.
- Power Factor Adjustment: For the purposes of this computation, the reactive power demand shall be the highest average kilovar (kvar) load measured during the fifteen (15) consecutive minutes of maximum use during the billing month; the real power demand (kW) will be the billing demand. When the ratio of the kvar to kW demands thus determined exceeds .33, a power factor correction charge shall be applied. This charge shall be \$.36 per kvar for each kvar in excess of 33% of the kW billing demand.
- Contract Period: Not less than one (1) year.

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
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BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

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Colo. PUC No. 8

First Revised Sheet No. 26

Cancels Original Sheet No. 26

IRRIGATION PUMPING (CONTINUED)
 ELECTRIC

RATE DESIGNATION – IP-1

RATE CODE – CO770

- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Contract Period: The contract period extends one (1) year from the date of connection to the Company's system. A new one (1) year contract period starts on the same date each year thereafter.
- Determination of Billing Demand: The billing demand shall be based upon the sum of the name-plate hp ratings of all motors connected.
- Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.

Customer and Demand Charges: Both customer and demand charges in this rate are based upon annual revenue requirements. They are incurred on a monthly basis (one-twelfth of the annual requirement) from the date the customer is actually connected to the Company's system. Partial month demand charges are prorated according to the same procedure used to prorate demand charges for the Company's other demand rates. Although charges are incurred during each and every month of connection, bills will only be rendered over an eight (8) month period according to the following schedule:

- a. March – One-eighth (1/8) of annual customer and demand charges plus a charge for energy used between the read date for the previous year's October billing and the read date for the current March bill.
- b. April through October – One-eighth (1/8) of annual customer and demand charges plus a charge for energy used during each billing month respectively.
- c. November through February - No bills issued.

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
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BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria

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Colo. PUC No. 8

First Revised Sheet No. 29

Cancels Original Sheet No. 29

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| CO-GENERATION AND SMALL POWER PRODUCTION (CONTINUED) ELECTRIC |
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RATE DESIGNATION – CG-SPP1

RATE CODE – CO700

Demand Side
Management Cost
Adjustment:

This schedule is subject to the demand side management cost adjustment.

General Rate Schedule
Adjustment II:

This schedule is subject to the general rate schedule adjustment II.

Purchase Capacity Cost
Adjustment:

This schedule is subject to the purchase capacity cost adjustment.

N

Special Terms and
Conditions:

Service supplied under this schedule is subject to the terms and conditions set forth in Attachment 1 to Colorado Public Utilities Commission Decision No. C82-1438, dated September 14, 1982 and the Company's rules and regulations and extension policy on file with the Public Utilities Commission of the State of Colorado.

Metering will be in accordance with the Company's interconnection standards for cogeneration and small power production facilities on file with the Public Utilities Commission.

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 30

Original Sheet No. 30

| |
|-----------------------------------|
| PRIVATE AREA LIGHTING ELECTRIC |
|-----------------------------------|

RATE DESIGNATION – PAL-1

Effective In: All territory served.

Classification: Area and grounds lighting.

Availability: Available for area lighting using street light equipment installed in accordance with Company street lighting standards, at the voltage and current of Company's established distribution system for such service, for use in lighting private areas and grounds, for protective and safety purposes only.

This rate will not be applicable or available to new customers after March 20, 1994.

Character of Service: Alternating current, 60 Hertz, single-phase, 120/240 V.

Monthly Rate: Dusk to Dawn burning:

Mercury Vapor Lamps - nominal lumen rating
 7,000 lumens, 70 kWh, per lamp, per month \$13.61
 20,000 lumens, 154 kWh, per lamp, per month.... \$23.22

Payment and Late Payment Charge: Bills for electric service are due and payable within ten (10) days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge set forth in the Company's rules and regulations.

Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.

Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.

Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.

General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.

Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment.

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY
 105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 33

Cancels Original Sheet No. 33

STREET, ALLEY, PARK AND HIGHWAY LIGHTING (CONTINUED)
 ELECTRIC

RATE DESIGNATION – SL-1

- Monthly Rate: Type 2:
 High Pressure Sodium Lamps - Burning Dusk to Dawn:
 16,000 lumens, 68 kWh, per lamp, per month..... \$8.26
 50,000 lumens, 160 kWh, per lamp, per month.... \$14.73
- Payment and Late Payment Charge: Bills for electric service are due and payable within ten (10) days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge set forth in the Company's rules and regulations.
- Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.
- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N
- Contract Period: Not less than five (5) years.
- Special Terms and Conditions: Service supplied under this schedule is subject to the terms and conditions set forth in the Company's rules and regulations, and extension policy on file with the Public Utilities Commission of the State of Colorado.
- The following provisions are intended to apply generally and in the absence of any precedential, Commission-approved, contractual agreements between the customer and the Company.

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY
 105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8
 First Revised Sheet No. 36
 Original Sheet No. 36

Cancel

**TRAFFIC SIGNAL LIGHTING
 ELECTRIC**

RATE DESIGNATION – SL-2

- Effective In: All territory served.
- Classification: Municipalities, governmental agencies and subdivisions, and other customers who operate traffic signals on public thoroughfares or highways.
- Availability: Customers operating police and fire alarm lights, traffic lights, or other signal or warning lights owned, operated and maintained by the customer.
- Character of Service: Alternating current, 60 Hertz, single-phase, 120/240 volts.
- Monthly Rate: Traffic Signals - Stop and Go
 All kWh used, per month, per kWh..... \$0.04710
 Flashers - Including School Flashers,
 per installation, per month \$2.32
- Payment and Late Payment Charge: Bills for electric service are due and payable within ten (10) days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge set forth in the Company's rules and regulations.
- Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.
- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY
 105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 38

Cancels Original Sheet No. 38

STREET / SECURITY LIGHTING
 ELECTRIC

RATE DESIGNATION – SSL-1

- Effective In: All territory served.
- Classification: Street, alley, park, highway, area and ground lighting.
- Availability: Available to municipalities or other governmental subdivisions, school districts, and unincorporated communities and for lighting county streets, major highways and public grounds.
- Available for area lighting using street light equipment installed in accordance with Company street lighting standards, at the voltage and current of the Company's established distribution system for such service, for use in lighting private areas and grounds, for protective and safety purposes.
- Character of Service: Alternating current, 60 Hertz, single-phase, 120/240 V.
- Monthly Rate: Customer owned..... See Applicable Section
 Company owned.....See Unmetered Facilities Table
- Payment and Late Payment Charge: Bills for electric service are due and payable within ten (10) days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge set forth in the Company's rules and regulations.
- Energy Cost Adjustment: This schedule is subject to the energy cost adjustment.
- Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.
- Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.
- General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.
- Purchase Capacity Cost Adjustment: This schedule is subject to the purchase capacity cost adjustment. N

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP

d/b/a BLACK HILLS ENERGY

105 South Victoria

Pueblo, Colorado 81003

Colo. PUC No. 8

First Revised Sheet No. 54

Cancels Original Sheet No. 54

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| VOLUNTARY LOAD CURTAILMENT (VLC) RIDER ELECTRIC |
|--|

Effective In: All territory served.

Availability: This Rider is available to any nonresidential Customer that has a peak demand in the past twelve (12) months exceeding two hundred fifty (250) kW and that has a contract with the Company for service under this Rider. Availability is further subject to the economic and technical feasibility of required metering equipment. The decision to execute a contract with any Customer under this Rider is subject to the sole discretion of the Company. The decision to reduce load upon request of the Company is subject to the sole discretion of each eligible Customer.

Payment and Late Payment Charge: Bills for electric service are due and payable within ten (10) days from date of bill. Any amounts not paid on or before the due date of the bill shall be subject to a late payment charge set forth in the Company's rules and regulations.

Minimum Charge: Charges for service shall be computed in accordance with the applicable rate schedule.

Energy Cost Adjustment: This schedule is NOT subject to the energy cost adjustment.

Tax/Fee Adjustment: This schedule is subject to the tax/fee adjustment.

Auxiliary Service Rider: This schedule is subject to the auxiliary service rider when applicable.

Demand Side Management Cost Adjustment: This schedule is subject to the demand side management cost adjustment.

General Rate Schedule Adjustment II: This schedule is subject to the general rate schedule adjustment II.

Purchase Capacity Cost Adjustment: This schedule is NOT subject to the purchase capacity cost adjustment. N

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| Advice Letter No. 626 | Decision or Authority No. | |
| Signature of Issuing Officer | Issue Date November 12, 2009 | |
| Title Manager – Colorado Electric Regulatory Affairs | Effective Date January 1, 2010 | |



Direct Dial: 303-294-2377
karen.t.hyde@xcelenergy.com

October 30, 2009

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Public Service Company of Colorado, Docket No. ER10-___-000

Dear Ms. Bose:

Pursuant to Section 35.13 of the Commission's regulations, 18 C.F.R. § 35.13 (2009), Public Service Company of Colorado, a wholly-owned subsidiary of Xcel Energy Inc. ("PSCo" or "Company"), submits for filing changes in base rates applicable to service to the following seven wholesale electric customers (collectively, the "Wholesale Customers"): Black Hills/Colorado Electric Utility Company, LP ("Black Hills"); the City of Burlington, Colorado ("Burlington"); the Town of Center, Colorado ("Center"); Grand Valley Rural Power Lines, Inc. ("Grand Valley"); Holy Cross Electric Association, Inc. ("Holy Cross"); Intermountain Rural Electric Association ("IREA") and Yampa Valley Electric Association, Inc. ("Yampa Valley").

PSCo also is proposing to make three changes to its Wholesale Fuel Cost and Economic Purchased Power Adjustment Clause ("FCA").

PSCo's filing is submitted in seven volumes as follows:

1. Volume I, containing this transmittal letter; a list of customers and state commissions served with this filing; the testimony and exhibits of Ms. Deborah Blair, Director Revenue Analysis for Xcel Energy Services Inc. (XES), Mr. William Avera, President of FINCAP, Inc., Mr. James Jordan, Pricing Consultant for XES, Mr. James Vader, Director, Plant Projects for XES, and the required attestation of Ms. Teresa S. Madden, Vice President and Controller of Xcel Energy Services Inc., as to the cost of service statements and supporting data submitted as part of the filing;
2. Volume II, containing the testimony and exhibits of Ms. Lisa H. Perrett, Director, Capital Asset Accounting for XES;

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3. Volume III, containing the revised rate sheets for the individual Wholesale Customers, both a clean version and a red-lined version;
4. Volume IV, containing Statements AA through BL relating to Period I (calendar year 2008) and Statements AA through BL relating to Period II (calendar year 2010);
5. Volume V, containing supporting attachments for Statement AV;
6. Volume VI, containing the workpapers related to the Statements; and
7. Volume VII, containing Budget Documentation.

As required by the Commission's regulations, PSCo submits an original and five (5) copies of each of the seven volumes.

Reasons for the Filing

The Company is making this filing in order to have an opportunity to recover its costs and to earn an appropriate rate of return in light of significant increased costs. In particular, the Company is placing two significant generation additions in service: Comanche Unit 3 and Fort St. Vrain Units 5 and 6.

A. Base Rates

PSCo's current wholesale rates for all of the Wholesale Customers other than IREA are based on a 2008 calendar year Period II and have been in effect since May 1, 2008 pursuant to settlements approved by the Commission in the Company's last rate case for service to those customers at Docket No. ER08-527, *Public Service Company of Colorado*, 123 FERC ¶ 61,268 (2008). PSCo's current wholesale rates for IREA also are based on a 2008 calendar year Period II and have been in effect since January 1, 2009 pursuant to a settlement between the Company and IREA at Docket No. ER09-133, *Public Service Company of Colorado*, 125 FERC ¶ 61,370 (2008).

In all of the settlements, the Company and the affected customer agreed that in a subsequent rate filing -- this filing -- the Company could place rates that include certain Additional Plant Costs into effect, subject to refund, on the Comanche 3 commercial operation date if that date coincided with the first day of a month. If the two dates did not coincide, rates inclusive of the Additional Plant Costs are to go into effect on the first day of the month following the commercial operation date. Thus, the customers agreed not to seek more than a nominal suspension of a rate increase premised on the Additional Plant Costs. To the extent that PSCo also filed to increase rates based on other increased costs, the

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customers retained the right, as to those increases, to seek a longer suspension pursuant to Section 205 of the Federal Power Act.¹

The Additional Plant Costs are limited to the costs of Comanche 3, the pollution control facilities for Comanche 1 and 2, and the two additional combustion turbine peaking generators at Fort St. Vrain. The Fort St. Vrain units were put in service in April 2009. All of the pollution control equipment for Comanche 1 and 2 is scheduled to be in service on or before January 1, 2010 and Comanche 3 is expected to achieve commercial operation on or before that date.

In addition to the Additional Plant Costs, the 2010 test year includes, *inter alia*, 12 months of the O&M costs related to Comanche 3 and the additional Fort St. Vrain units and revised depreciation rates. The revised depreciation rates will increase the revenue requirement for Period II by about \$5.9 million. The revised rates result from a new depreciation study and the retirement of three power plants. Certain plants are being retired early per the approval of the Colorado Public Utilities Commission in order to reduce carbon dioxide emissions and start on a path toward reaching the kind of carbon dioxide emissions the Company anticipates will be required at the federal level pursuant to future legislation.

B. The FCA

The first change to the FCA involves changes to the Company's Windsource program, a retail premium pricing renewable energy program, and how these changes modify the resource pool available for Wholesale Customers. The second change involves the Company's proposal for time-of-use differentiated energy rates. The third change involves the potential for Congressional approval of climate change legislation.

The Filing

The total increase in revenue requirements for the Wholesale Customers is \$36,930,145, of which \$26,391,944 is attributable to the Additional Plant Costs. The Period II revenue increases that reflect the full \$36,930,145 are as follows:

PSCo also agreed in the settlements with all of the Wholesale Customers to a moratorium on a wholesale rate increase until the earlier of the commercial operation date of the Comanche 3 generating facility or January 1, 2010.

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| <u>Customer</u> | <u>Increase Over Present</u> | <u>Percentage</u> |
|-----------------|------------------------------|-------------------|
| IREA | \$9,887,036 | 14.44% |
| Holy Cross | \$4,373,186 | 10.55% |
| Grand Valley | \$2,825,147 | 18.80% |
| Yampa Valley | \$4,131,548 | 12.63% |
| Burlington | \$217,907 | 12.04% |
| Center | \$51,234 | 7.18% |
| Black Hills | \$15,444,064 | 14.17% |
| Total | \$36,930,145 | 13.94% |

The rates proposed for the Wholesale Customers are designed to generate a Period II return on common equity ("ROE") of 12.5 percent, which is 50 basis points less than the mid-point of the Discounted Cash Flow ("DCF") range calculated by the Company's cost of capital expert, Dr. William E. Avera, based on a 20-company proxy group. The Company is sensitive to the rate impact of including the Comanche 3 and additional Fort St. Vrain facilities in rate base and has therefore chosen to file a ROE that is considerably less than it could reasonably have requested.

Miscellaneous Tariff Housekeeping Revisions

Black Hills is served under Rate Schedule No. 6, which currently identifies the customer as Aquila, Inc. On July 17, 2008, Black Hills Corporation notified the Commission that, pursuant to authorizations granted in Docket No. EC07-99, *et al.*, Black Hills had consummated its acquisition of five Aquila, Inc. utility subsidiaries, including Aquila's Colorado electric utility in Colorado. A new legal entity, Black Hills Colorado Electric Utility Company, LP, has been established to own Aquila's former Colorado utility assets. PSCo is therefore filing a revised Rate Schedule No. 6 that reflects this name change.

Since the Company's filing in Docket No. ER08-527, PSCo has revised its transmission rates to reflect a formula rate approach. Accordingly, the relevant provisions of the wholesale tariffs that address calculation and billing for transmission services related to the wholesale supply services have been revised to reflect PSCo's new transmission rate setting mechanism.

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Finally, in the course of preparing its application in this case, PSCo discovered certain ministerial errors in the text and pagination of the tariff sheets currently on file for the seven service agreements impacted by the current application. Accordingly, PSCo is including in this application revised tariff sheets to correct these typographical and pagination errors.

A list of all of the proposed revised tariff sheets is included in this filing.

Effective Date

Consistent with the Commission-approved settlements in Docket Nos. ER08-357 and ER09-133, and an expected commercial operation date for Comanche 3 on or before January 1, 2010, the Company has filed tariff sheets with increased rates based only on the Additional Plant Costs, to be effective January 1, 2010 (the "Additional Plant Costs Tariff Sheets"). The Company has also filed tariff sheets that reflect both the Additional Plant Costs and the other Period II cost increases, also with a proposed effective date of January 1, 2010 (the "Full Costs Tariff Sheets").

Per the terms of the settlements, the Additional Plant Cost Tariff Sheets are subject to only a nominal suspension.² The Company requests that the Additional Plant Cost Tariff Sheets be made effective only in the event that the Commission suspends the Full Cost Tariff Sheets for a period ending after January 1, 2010. In that event, once the suspension period for the Full Cost Tariff Sheets ends and those sheets are allowed to go into effect, the Full Cost Tariff Sheets would supersede the Additional Plant Cost Tariff Sheets.

PSCo respectfully submits that the revenues generated by the proposed rates set forth on the Full Cost Tariff Sheets are not substantially excessive. First, the proposed ROE is 50 basis points less than the ROE supported by the Company's rate of return witness using the Commission's preferred DCF method. Second, the proposed rates do not include approximately \$4.9 million of non-PC CWIP although inclusion of that CWIP in the Wholesale Customers' rates clearly would be allowed under the Commission's regulations. Third, although Commission policy would permit PSCo to include in the wholesale customer class rate base a cash working capital allowance in excess of \$3 million developed in accordance with the 45-day convention, PSCo is proposing a zero cash working capital allowance. Therefore, the proposed rates can be accepted for filing without suspension, or, at the least, qualify for a minimum suspension under the Commission's suspension policy.

² See 123 FERC ¶ 61,268 at P 11; 125 FERC ¶ 61,370 at P 3. As noted above, the settlements provide that, if the Additional Plant Cost Tariff Sheets are made effective, they will be in effect subject to refund. The settlements do not require that the Full Cost Tariff Sheets be subject to refund, i.e. those sheets may be made effective without suspension.

Kimberly D. Bose
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Other Filing Requirements

PSCo has reviewed the power and energy supply contracts with each of the Wholesale Customers and has determined that there is no bar to a unilateral filing to make the rates, terms and conditions submitted herewith effective on January 1, 2010, pursuant to Section 205 of the Federal Power Act.

No expense or cost included in the cost of service statements for Period I or Period II has been alleged or judged in any administrative or judicial proceeding to be illegal or duplicative or an unnecessary cost or expense that is demonstrably the product of discriminatory employment practices. No specifically assignable facilities have been or will be installed or modified in order to supply the service rendered under the rate schedules that PSCo seeks to change by this filing.

Service

PSCo has served a copy of the complete filing on each of the Wholesale Customers as indicated on the attached service list. PSCo also has mailed a complete copy of the filing to the PUC and the Colorado Office of Consumer Counsel. Copies of the filing are available for public inspection in PSCo's offices in Denver, Colorado.

Correspondence and Communications

Correspondence and communications with respect to this filing should be addressed to the following:

Karen T. Hyde
Vice President, Rates and Regulatory
Affairs - Colorado
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1225 17th Street
Suite 1000
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October 30, 2009
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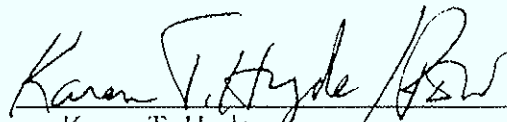
Robert L. White
Nancy A. White
Squire, Sanders & Dempsey L.L.P.
1201 Pennsylvania Avenue, N.W.
Suite 500
Washington, D.C. 20004-2401
Phone: (202) 626-6285
rwhite@ssd.com
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PSCo requests that the above-listed persons be included on the service list to be established in this proceeding.

Request for Waiver

PSCo has made every effort to comply fully with the Commission's filing requirements set forth in Section 35.13 of the Commission's regulations. In the event that the Commission, upon review of the filing, should find that PSCo has misinterpreted or failed to respond in some detail to the filing requirements, PSCo requests that the Commission waive any failure to comply strictly with such filing requirements in recognition of PSCo's good faith attempt at compliance.

Respectfully submitted,



Karen T. Hyde
Vice President, Rates and Regulatory Affairs
Colorado
Xcel Energy Services Inc., on behalf of
Public Service Company of Colorado

cc: All affected customers (See Attachment A to this letter)
Colorado Public Utilities Commission
Colorado Office of Consumer Counsel

**Public Service Company of Colorado
 Proposed Rate Design
 Service and Facility Charges
 12 Months Ended December 31, 2010**

| Line No. | Customer | Customer Months | Customer Costs (1) | | | | Proposed Service & Facility Charge \$ / Month |
|----------|------------------|-----------------|---------------------------------|-----------|--------------------------------------|-------------------------|---|
| | | | Billing and Customer Service \$ | Meters \$ | Specific Distribution Substations \$ | Total Customer Costs \$ | |
| 1 | Burlington | 12 | 16,161 | 3,259 | 0 | 19,420 | 1,600 |
| 2 | Center | | | | | | |
| 3 | Transmission | 12 | 16,161 | 3,259 | 0 | 19,420 | 1,600 |
| 4 | Primary | 12 | 10,748 | 2,305 | 0 | 13,053 | 1,100 |
| 5 | Total | | 26,909 | 5,564 | 0 | 32,473 | 2,700 |
| 6 | Intermountain | | | | | | |
| 7 | Transmission | 12 | 199,545 | 420,104 | 91,909 | 711,558 | 59,300 |
| 8 | Primary | 12 | 10,748 | 2,305 | 0 | 13,053 | 1,100 |
| 9 | Total | | 210,293 | 422,409 | 91,909 | 724,611 | 60,400 |
| 10 | Holy Cross | 12 | 146,022 | 119,738 | 142,814 | 408,574 | 34,000 |
| 11 | Grand Valley | 12 | 54,035 | 72,277 | 768,571 | 894,883 | 74,600 |
| 12 | Yampa Valley | 12 | 37,803 | 42,291 | 0 | 80,094 | 6,700 |
| 13 | Black Hills - CO | 12 | 40,754 | 0 | 0 | 40,754 | 3,400 |
| 14 | Total at issue | | 531,977 | 665,538 | 1,003,294 | 2,200,809 | 183,400 |

(1) Customer Costs from Statement BE, Period II, Pages 1, 2, and 3.

**Public Service Company of Colorado
Proposed Rate Design
Production Demand Charges
12 Months Ended December 31, 2010**

| Line No. | Customer | Billing Demand kW-Mo | Production Demand Costs | | | | | Proposed Demand Charge \$ / kW-Mo | | |
|----------|------------------|----------------------|-------------------------------|--|-------------------------------------|---|-----------------------|-----------------------------------|-----------|----------|
| | | | Production Demand Cost (1) \$ | Prod Additional Facilities Cost (1) \$ | Prod CWIP Poll. Control Cost (1) \$ | Sched 2,3,5,6 Ancillary Services (2) \$ | Total Demand Costs \$ | | | |
| 1 | Burlington | 57,459 | 730,538 | 171,899 | 2,075 | 904,512 | (32,340) | 872,172 | 15.18 | 2.99 |
| 2 | Center | | | | | | | | | |
| 3 | Transmission | 19,766 | 195,864 | 46,087 | 760 | 242,711 | (8,666) | 234,045 | 11.82 (3) | 2.33 (3) |
| 4 | Primary | 5,628 | 56,750 | 13,354 | 183 | 70,287 | (2,514) | 67,773 | 12.10 (3) | 2.38 (3) |
| 5 | Total | 25,394 | 252,614 | 59,441 | 943 | 312,998 | (11,180) | 301,818 | | |
| 6 | Intermountain | | | | | | | | | |
| 7 | Transmission | 2,431,828 | 29,496,551 | 6,940,665 | 112,196 | 36,549,412 | (1,243,393) | 35,306,019 | 14.52 (3) | 2.85 (3) |
| 8 | Primary | 47,718 | 584,677 | 137,577 | 1,221 | 723,475 | (22,506) | 700,969 | 14.86 (3) | 2.92 (3) |
| 9 | Total | 2,479,546 | 30,081,228 | 7,078,242 | 113,417 | 37,272,887 | (1,265,899) | 36,006,988 | | |
| 10 | Holy Cross | 1,383,174 | 15,645,460 | 3,681,444 | 53,197 | 19,380,101 | 0 | 19,380,101 | 14.01 | 2.66 |
| 11 | Grand Valley | 532,693 | 6,493,710 | 1,527,998 | 25,623 | 8,047,331 | (287,414) | 7,759,917 | 14.57 | 2.87 |
| 12 | Yampa Valley | 1,016,737 | 12,944,016 | 3,045,782 | 39,608 | 16,029,406 | (572,914) | 15,456,492 | 15.20 | 3.00 |
| 13 | Black Hills - CO | 3,600,000 | 46,013,350 | 10,827,138 | 8,278 | 56,848,766 | (2,036,620) | 54,812,146 | 15.23 | 3.01 |
| 14 | Total at Issue | 9,095,003 | 112,160,916 | 26,391,944 | 243,141 | 138,796,001 | (4,206,367) | 134,589,634 | | |

(1) Production Demand Costs from Statement BK, Period II, Page 43

(2) Schedule 2, 3, 4 and 5 Ancillary Service Charges from this Statement BL, Page 6

(3) See Page 3 of this Statement BL for Center and Intermountain demand charge determination.

**Public Service Company of Colorado
 Proposed Rate Design
 Production Demand Charges - Town of Center & IREA
 12 Months Ended December 31, 2010**

| Line No. | Customer | A | | B | C | | D | E | F | G |
|----------------------------|-----------------------------------|----------------------|----------------------|-----------|-------------------------------|-----------------------|---------|---|--------|-------|
| | | Billing Demand kW-Mo | Distrib. Loss Factor | | Adjusted Billing Demand kW-Mo | Total Demand Costs \$ | | | | |
| Total Demand Charge | | | | | | | | | | |
| 1 | Center | | | | | | | | | |
| 2 | Transmission | 19,766 | 1.0000 | 19,766 | | | | | 1.0000 | 11.82 |
| 3 | Primary | 5,628 | 1.0235 | 5,760 | | | | | 1.0235 | 12.10 |
| 4 | Total | 25,394 | | 25,526 | 301,818 | | 11.8239 | | | |
| 5 | | | | | | | | | | |
| 6 | Intermountain | | | | | | | | | |
| 7 | Transmission | 2,431,828 | 1.0000 | 2,431,828 | | | | | 1.0000 | 14.52 |
| 8 | Primary | 47,718 | 1.0235 | 48,839 | | | | | 1.0235 | 14.86 |
| 9 | Total | 2,479,546 | | 2,480,667 | 36,006,988 | | 14.5150 | | | |
| 10 | | | | | | | | | | |
| 11 | | | | | | | | | | |
| 12 | Additional Facilities Only | | | | | | | | | |
| 13 | | | | | | | | | | |
| 14 | Center | | | | | | | | | |
| 15 | Transmission | 19,766 | 1.0000 | 19,766 | | | | | 1.0000 | 2.33 |
| 16 | Primary | 5,628 | 1.0235 | 5,760 | | | | | 1.0235 | 2.38 |
| 17 | Total | 25,394 | | 25,526 | 59,441 | | 2.3286 | | | |
| 18 | | | | | | | | | | |
| 19 | Intermountain | | | | | | | | | |
| 20 | Transmission | 2,431,828 | 1.0000 | 2,431,828 | | | | | 1.0000 | 2.85 |
| 21 | Primary | 47,718 | 1.0235 | 48,839 | | | | | 1.0235 | 2.92 |
| 22 | Total | 2,479,546 | | 2,480,667 | 7,078,242 | | 2.8534 | | | |

Public Service Company of Colorado
 Proposed Rate Design
 Production Demand Charges
 12 Months Ended December 31, 2010

| Line No. | Customer | Existing Demand Rate \$/kW-Mo | Proposed Additional Facilities Demand Rate \$/kW-Mo | Proposed Demand Rate 60 Days After Filing \$/kW-Mo (1) | Total Proposed Demand Rate \$/kW-Mo |
|----------|------------------------------|-------------------------------|---|--|-------------------------------------|
| 1 | Burlington | 11.20 | 2.99 | 14.19 | 15.18 |
| 2 | Center - Transmission | 8.83 | 2.33 | 11.16 | 11.82 |
| 3 | Center - Primary | 9.04 | 2.38 | 11.42 | 12.10 |
| 4 | Intermountain - Transmission | 10.60 | 2.85 | 13.45 | 14.52 |
| 5 | Intermountain - Primary | 10.85 | 2.92 | 13.77 | 14.86 |
| 6 | Holy Cross | 10.77 | 2.66 | 13.43 | 14.01 |
| 7 | Grand Valley | 10.47 | 2.87 | 13.34 | 14.57 |
| 8 | Yampa Valley | 11.02 | 3.00 | 14.02 | 15.20 |
| 9 | Black Hills - Colorado | 11.02 | 3.01 | 14.03 | 15.23 |

Statement BL
Period II
Page 5 of 7

**Public Service Company of Colorado
Proposed Rate Design
Base Energy Charges
12 Months Ended December 31, 2010**

| | |
|-------------------------------|--------|
| On-Peak/Off Peak Differential | 1.36 |
| Burlington Wheeling Losses | 1.06 |
| Primary Distribution Losses | 1.0235 |

| Line No. | Customer | Billing kWh | On-Peak Billing kWh | Off-Peak Billing kWh | On Peak Equivalent Off-Peak Billing kWh | Total Equivalent Off-Peak Billing kWh | Base Fuel & PP Cost (1) \$ | Non-Fuel Energy Cost (1,2) \$ | Specific Third Party Wheeling Charge \$ / kWh | Proposed Off-Peak Fuel Base Energy Charge \$ / kWh | Proposed On-Peak Fuel Base Energy Charge \$ / kWh | Proposed Non-Fuel Base Energy Charge \$ / kWh |
|----------|------------------|---------------|---------------------|----------------------|---|---------------------------------------|----------------------------|-------------------------------|---|--|---|---|
| 1 | Burlington | 30,692,573 | 17,554,269 | 13,138,304 | | | | | 0.00130000 | 0.02627 | 0.03572 | 0.00532 |
| 2 | Center | | | | | | | | | | | |
| 3 | Transmission | 10,893,323 | 3,872,738 | 7,020,585 | | | | | | | | |
| 4 | Primary | 2,568,704 | 1,565,920 | 1,002,784 | | | | | | | | |
| 5 | Total | 13,462,027 | 5,438,658 | 8,023,369 | | | | | | | | |
| 6 | Intermountain | | | | | | | | | | | |
| 7 | Transmission | 1,081,849,041 | 638,290,934 | 443,558,107 | | | | | | | | |
| 8 | Primary | 22,986,935 | 13,750,081 | 9,236,854 | | | | | | | | |
| 9 | Total | 1,104,835,976 | 652,041,015 | 452,794,961 | | | | | | | | |
| 10 | Holy Cross | 769,520,153 | 446,321,689 | 323,198,464 | | | | | | | | |
| 11 | Grand Valley | 270,603,175 | 163,563,732 | 107,039,443 | | | | | | | | |
| 12 | Yampa Valley | 632,605,062 | 360,820,349 | 271,784,713 | | | | | | | | |
| 13 | Black Hills - CO | 2,049,840,001 | 1,233,316,831 | 816,523,170 | | | | | | | | |
| 14 | Total | 4,871,558,967 | 2,879,056,543 | 1,992,502,424 | 3,915,516,898 | 5,908,019,322 | 146,391,415 | 18,459,188 | | 0.02478 | 0.03370 | 0.00379 |

(1) Base Energy Costs from Statement BK, Period II, Page 46

(2) Includes Rate Case Expenses of \$310,310

**Public Service Company of Colorado
 Proposed Rate Design
 Production Time-of-Use Energy Charges
 12 Months Ended December 31, 2010**

| Line No. | Customer | Proposed Off-Peak Fuel & Purch Power \$/kWh | Proposed On-Peak Fuel & Purch Power \$/kWh | Proposed Non-Fuel Energy \$/kWh | Total Proposed Off-Peak Energy Charge \$/kWh | Total Proposed On-Peak Energy Charge \$/kWh |
|----------|------------------------------|---|--|---------------------------------|--|---|
| 1 | Burlington | 0.02627 | 0.03572 | 0.00532 | 0.03159 | 0.04104 |
| 2 | Center - Transmission | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |
| 3 | Center - Primary | 0.02536 | 0.03449 | 0.00388 | 0.02924 | 0.03837 |
| 4 | Intermountain - Transmission | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |
| 5 | Intermountain - Primary | 0.02536 | 0.03449 | 0.00388 | 0.02924 | 0.03837 |
| 6 | Holy Cross | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |
| 7 | Grand Valley | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |
| 8 | Yampa Valley | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |
| 9 | Black Hills - Colorado | 0.02478 | 0.03370 | 0.00379 | 0.02857 | 0.03749 |

**Public Service Company of Colorado
Proposed Rate Design
Ancillary Services Costs
12 Months Ended December 31, 2010**

| Line No. | Customer | Annual Coin Peak @ Tran Output kW-Mo | Loss Factor | Annual Coin Peak @ Tran Input kW-Mo | Ancillary Services | | | |
|--|------------------|--------------------------------------|-------------|-------------------------------------|--------------------|---------------|---------------|------------|
| | | | | | Full Tariff Rate | | | |
| | | | | | Req'd Purchase | Billing kW-Mo | Rate \$/kW-Mo | Revenue \$ |
| Schedule 2: Reactive Supply and Voltage Control from Generation Sources | | | | | | | | |
| 1 | Burlington | 57,158 | 3.00% | 58,873 | 100.0% | 58,873 | 0.0775 | 4,563 |
| 2 | Center | | | | | | | |
| 3 | Transmission | 15,318 | 3.00% | 15,778 | 100.0% | 15,778 | 0.0775 | 1,223 |
| 4 | Primary | 4,442 | 3.00% | 4,575 | 100.0% | 4,575 | 0.0775 | 355 |
| 5 | Intermountain | | | | | | | |
| 6 | Transmission | 2,197,865 | 3.00% | 2,263,801 | 100.0% | 2,263,801 | 0.0775 | 175,445 |
| 7 | Primary | 39,778 | 3.00% | 40,971 | 100.0% | 40,971 | 0.0775 | 3,175 |
| 8 | Holy Cross | 1,196,073 | 3.00% | 1,231,955 | - | - | - | - |
| 9 | Grand Valley | 508,056 | 3.00% | 523,298 | 100.0% | 523,298 | 0.0775 | 40,556 |
| 10 | Yampa Valley | 1,012,715 | 3.00% | 1,043,096 | 100.0% | 1,043,096 | 0.0775 | 80,840 |
| 11 | Black Hills - CO | 3,600,000 | 3.00% | 3,708,000 | 100.0% | 3,708,000 | 0.0775 | 287,370 |
| Schedule 3: Regulation and Frequency Response | | | | | | | | |
| 12 | Burlington | 57,158 | 3.00% | 58,873 | 1.5% | 883 | 6.740 | 5,951 |
| 13 | Center | | | | | | | |
| 14 | Transmission | 15,318 | 3.00% | 15,778 | 1.5% | 237 | 6.740 | 1,597 |
| 15 | Primary | 4,442 | 3.00% | 4,575 | 1.5% | 69 | 6.740 | 465 |
| 16 | Intermountain | | | | | | | |
| 17 | Transmission | 2,197,865 | 3.00% | 2,263,801 | 1.5% | 33,957 | 6.740 | 228,870 |
| 18 | Primary | 39,778 | 3.00% | 40,971 | 1.5% | 615 | 6.740 | 4,145 |
| 19 | Holy Cross | 1,196,073 | 3.00% | 1,231,955 | - | - | - | - |
| 20 | Grand Valley | 508,056 | 3.00% | 523,298 | 1.5% | 7,849 | 6.740 | 52,902 |
| 21 | Yampa Valley | 1,012,715 | 3.00% | 1,043,096 | 1.5% | 15,646 | 6.740 | 105,454 |
| 22 | Black Hills - CO | 3,600,000 | 3.00% | 3,708,000 | 1.5% | 55,620 | 6.740 | 374,879 |
| Schedule 5: Spinning Reserves | | | | | | | | |
| 23 | Burlington | 57,158 | 3.00% | 58,873 | 3.5% | 2,061 | 6.875 | 14,169 |
| 24 | Center | | | | | | | |
| 25 | Transmission | 15,318 | 3.00% | 15,778 | 3.5% | 552 | 6.875 | 3,795 |
| 26 | Primary | 4,442 | 3.00% | 4,575 | 3.5% | 160 | 6.875 | 1,100 |
| 27 | Intermountain | | | | | | | |
| 28 | Transmission | 2,197,865 | 3.00% | 2,263,801 | 3.5% | 79,233 | 6.875 | 544,727 |
| 29 | Primary | 39,778 | 3.00% | 40,971 | 3.5% | 1,434 | 6.875 | 9,859 |
| 30 | Holy Cross | 1,196,073 | 3.00% | 1,231,955 | - | - | - | - |
| 31 | Grand Valley | 508,056 | 3.00% | 523,298 | 3.5% | 18,315 | 6.875 | 125,916 |
| 32 | Yampa Valley | 1,012,715 | 3.00% | 1,043,096 | 3.5% | 36,508 | 6.875 | 250,993 |
| 33 | Black Hills - CO | 3,600,000 | 3.00% | 3,708,000 | 3.5% | 129,780 | 6.875 | 892,238 |
| Schedule 6: Supplemental Reserves | | | | | | | | |
| 34 | Burlington | 57,158 | 3.00% | 58,873 | 3.5% | 2,061 | 3.715 | 7,657 |
| 35 | Center | | | | | | | |
| 36 | Transmission | 15,318 | 3.00% | 15,778 | 3.5% | 552 | 3.715 | 2,051 |
| 37 | Primary | 4,442 | 3.00% | 4,575 | 3.5% | 160 | 3.715 | 594 |
| 38 | Intermountain | | | | | | | |
| 39 | Transmission | 2,197,865 | 3.00% | 2,263,801 | 3.5% | 79,233 | 3.715 | 294,351 |
| 40 | Primary | 39,778 | 3.00% | 40,971 | 3.5% | 1,434 | 3.715 | 5,327 |
| 41 | Holy Cross | 1,196,073 | 3.00% | 1,231,955 | - | - | - | - |
| 42 | Grand Valley | 508,056 | 3.00% | 523,298 | 3.5% | 18,315 | 3.715 | 68,040 |
| 43 | Yampa Valley | 1,012,715 | 3.00% | 1,043,096 | 3.5% | 36,508 | 3.715 | 135,627 |
| 44 | Black Hills - CO | 3,600,000 | 3.00% | 3,708,000 | 3.5% | 129,780 | 3.715 | 482,133 |
| Total Schedules 2,3,5 and 6: | | | | | | | | |
| 45 | Burlington | 57,158 | 3.00% | 58,873 | | | | 32,340 |
| 46 | Center | | | | | | | |
| 47 | Transmission | 15,318 | 3.00% | 15,778 | | | | 8,666 |
| 48 | Primary | 4,442 | 3.00% | 4,575 | | | | 2,514 |
| 49 | Intermountain | | | | | | | |
| 50 | Transmission | 2,197,865 | 3.00% | 2,263,801 | | | | 1,243,393 |
| 51 | Primary | 39,778 | 3.00% | 40,971 | | | | 22,506 |
| 52 | Holy Cross | 1,196,073 | 3.00% | 1,231,955 | | | | - |
| 53 | Grand Valley | 508,056 | 3.00% | 523,298 | | | | 287,414 |
| 54 | Yampa Valley | 1,012,715 | 3.00% | 1,043,096 | | | | 572,914 |
| 55 | Black Hills - CO | 3,600,000 | 3.00% | 3,708,000 | | | | 2,036,620 |

| | | | |
|---|---|--|--|
| Name of Respondent Black Hills/Colorado Electric Utility Company, LP | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 08/28/2009 | Year/Period of Report End of <u>2009/Q2</u> |
|---|---|--|--|

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Report in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

| Line No. | Title of Account (a) | (Ref.) Page No. (b) | Total Current Year to Date Balance for Quarter/Year (c) | Total Prior Year to Date Balance for Quarter/Year (d) | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) |
|----------|--|---------------------------|---|---|--|--|
| 1 | UTILITY OPERATING INCOME | | | | | |
| 2 | Operating Revenues (400) | 300-301 | 83,654,694 | | 40,421,115 | |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 320-323 | 73,277,556 | | 34,454,810 | |
| 5 | Maintenance Expenses (402) | 320-323 | 2,417,646 | | 1,488,060 | |
| 6 | Depreciation Expense (403) | 336-337 | 6,558,645 | | 3,257,077 | |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-337 | | | | |
| 8 | Amort. & Depl. of Utility Plant (404-405) | 336-337 | 150,948 | | 88,507 | |
| | Amort. of Utility Plant Acq. Adj. (406) | 336-337 | | | | |
| | Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407) | | | | | |
| 11 | Amort. of Conversion Expenses (407) | | | | | |
| 12 | Regulatory Debits (407.3) | | | | | |
| 13 | (Less) Regulatory Credits (407.4) | | | | | |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 1,250,421 | | 555,144 | |
| 15 | Income Taxes - Federal (409.1) | 262-263 | -8,997,230 | | -5,126,366 | |
| 16 | - Other (409.1) | 262-263 | -517,227 | | -294,461 | |
| 17 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 10,698,624 | | 5,372,517 | |
| 18 | (Less) Provision for Deferred Income Taxes-Cr. (411.1) | 234, 272-277 | 4,033,573 | | 1,486,177 | |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | | | | |
| 20 | (Less) Gains from Disp. of Utility Plant (411.6) | | | | | |
| 21 | Losses from Disp. of Utility Plant (411.7) | | | | | |
| 22 | (Less) Gains from Disposition of Allowances (411.8) | | | | | |
| 23 | Losses from Disposition of Allowances (411.9) | | | | | |
| 24 | Accretion Expense (411.10) | | | | | |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 80,805,810 | | 38,309,111 | |
| 26 | Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg 117, line 27 | | 2,848,884 | | 2,112,004 | |

| | | | | | | | |
|---|--|---|--|--|--|---|--|
| Name of Respondent Black Hills/Colorado Electric Utility Company, LP | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) 08/28/2009 | | Year/Period of Report End of 2009/Q2 | |
| STATEMENT OF INCOME FOR THE YEAR (Continued) | | | | | | | |
| <p>9. Use page 122 for important notes regarding the statement of income for any account thereof.</p> <p>10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.</p> <p>11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.</p> <p>12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.</p> <p>13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.</p> <p>14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.</p> <p>15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.</p> | | | | | | | |
| ELECTRIC UTILITY | | GAS UTILITY | | OTHER UTILITY | | | |
| Current Year to Date (in dollars) (g) | Previous Year to Date (in dollars) (h) | Current Year to Date (in dollars) (i) | Previous Year to Date (in dollars) (j) | Current Year to Date (in dollars) (k) | Previous Year to Date (in dollars) (l) | Line No. | |
| 83,654,694 | | | | | | 1 | |
| | | | | | | 2 | |
| | | | | | | 3 | |
| 73,277,556 | | | | | | 4 | |
| 2,417,646 | | | | | | 5 | |
| 6,558,645 | | | | | | 6 | |
| | | | | | | 7 | |
| 150,948 | | | | | | 8 | |
| | | | | | | 9 | |
| | | | | | | 10 | |
| | | | | | | 11 | |
| | | | | | | 12 | |
| | | | | | | 13 | |
| 1,250,421 | | | | | | 14 | |
| -8,997,230 | | | | | | 15 | |
| -517,227 | | | | | | 16 | |
| 10,698,624 | | | | | | 17 | |
| 4,033,573 | | | | | | 18 | |
| | | | | | | 19 | |
| | | | | | | 20 | |
| | | | | | | 21 | |
| | | | | | | 22 | |
| | | | | | | 23 | |
| | | | | | | 24 | |
| 80,805,810 | | | | | | 25 | |
| 2,848,884 | | | | | | 26 | |
| | | | | | | | |

| Name of Respondent | | This Report Is: | | Date of Report | | Year/Period of Report | |
|---|--|---|---|----------------------|--|--|--|
| Black Hills/Colorado Electric Utility Company, LP | | (1) <input checked="" type="checkbox"/> An Original | (2) <input type="checkbox"/> A Resubmission | 08/28/2009 | | End of 2009/Q2 | |
| STATEMENT OF INCOME FOR THE YEAR (continued) | | | | | | | |
| Line | Title of Account (a) | (Ref.) Page No. (b) | TOTAL | | Current 3 Months Ended Quarterly Only No 4th Quarter (e) | Prior 3 Months Ended Quarterly Only No 4th Quarter (f) | |
| | | | Current Year (c) | Previous Year (d) | | | |
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 2,848,884 | | 2,112,004 | | |
| 28 | Other Income and Deductions | | | | | | |
| 29 | Other Income | | | | | | |
| 30 | Nonutility Operating Income | | | | | | |
| 31 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 930,261 | | 891,140 | | |
| 32 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 912,310 | | 531,511 | | |
| 33 | Revenues From Nonutility Operations (417) | | 240,874 | | 118,484 | | |
| 34 | (Less) Expenses of Nonutility Operations (417.1) | | 142,187 | | 76,582 | | |
| 35 | Nonoperating Rental Income (418) | | | | | | |
| 36 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | | | | | |
| 37 | Interest and Dividend Income (419) | | 60,566 | | 32,571 | | |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | -16 | | -16 | | |
| 39 | Miscellaneous Nonoperating Income (421) | | 6,939 | | 6,567 | | |
| 40 | Gain on Disposition of Property (421.1) | | | | | | |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 184,127 | | 440,653 | | |
| 42 | Other Income Deductions | | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | | | | | |
| 44 | Miscellaneous Amortization (425) | | | | | | |
| 45 | Donations (426.1) | | 30,963 | | 22,250 | | |
| 46 | Life Insurance (426.2) | | | | | | |
| 47 | Penalties (426.3) | | -22 | | -22 | | |
| | Exp. for Certain Civic, Political & Related Activities (426.4) | | 35,120 | | 29,513 | | |
| | Other Deductions (426.5) | | | | | | |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 66,061 | | 51,741 | | |
| 51 | Taxes Applic. to Other Income and Deductions | | | | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | 17,000 | | 15,224 | | |
| 53 | Income Taxes-Federal (409.2) | 262-263 | 35,355 | | 143,032 | | |
| 54 | Income Taxes-Other (409.2) | 262-263 | 2,020 | | 8,174 | | |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234, 272-277 | | | | | |
| 56 | (Less) Provision for Deferred Income Taxes-Cr. (411.2) | 234, 272-277 | | | | | |
| 57 | Investment Tax Credit Adj.-Net (411.5) | | | | | | |
| 58 | (Less) Investment Tax Credits (420) | | | | | | |
| 59 | TOTAL Taxes on Other Income and Deductions (Total of lines 52-58) | | 54,375 | | 166,430 | | |
| 60 | Net Other Income and Deductions (Total of lines 41, 50, 59) | | 63,691 | | 222,482 | | |
| 61 | Interest Charges | | | | | | |
| 62 | Interest on Long-Term Debt (427) | | 1,246,350 | | 1,246,350 | | |
| 63 | Amort. of Debt Disc. and Expense (428) | | 2,894,696 | | 2,176,856 | | |
| 64 | Amortization of Loss on Reaquired Debt (428.1) | | | | | | |
| 65 | (Less) Amort. of Premium on Debt-Credit (429) | | | | | | |
| 66 | (Less) Amortization of Gain on Reaquired Debt-Credit (429.1) | | | | | | |
| 67 | Interest on Debt to Assoc. Companies (430) | | 237,982 | | 208,322 | | |
| 68 | Other Interest Expense (431) | | 3,955,892 | | 1,505,830 | | |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr. (432) | | 487,732 | | 375,461 | | |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 7,847,188 | | 4,761,897 | | |
| 71 | Income Before Extraordinary Items (Total of lines 27, 60 and 70) | | -4,934,613 | | -2,427,411 | | |
| 72 | Extraordinary Items | | | | | | |
| | Extraordinary Income (434) | | | | | | |
| | (Less) Extraordinary Deductions (435) | | | | | | |
| 73 | Net Extraordinary Items (Total of line 73 less line 74) | | | | | | |
| 76 | Income Taxes-Federal and Other (409.3) | 262-263 | | | | | |
| 77 | Extraordinary Items After Taxes (line 75 less line 76) | | | | | | |
| 78 | Net Income (Total of line 71 and 77) | | -4,934,613 | | -2,427,411 | | |

Appendix D

Date of Notice: November ____, 2009

**NOTICE OF REQUEST TO IMPLEMENT
A PURCHASED CAPACITY COST ADJUSTMENT TARIFF
By Black Hills/Colorado Electric Utility Company, LP d/b/a Black Hills Energy**

You are hereby notified that Black Hills/Colorado Electric Utility Company, LP, d/b/a Black Hills Energy, 105 South Victoria Avenue, Pueblo, Colorado, 81003, has filed with the Public Utilities Commission of the State of Colorado ("Commission"), in compliance with the Public Utilities Law and pursuant to Colo. Rev. Stat. §§ 40-3-111 and 40-6-111, new tariffs to implement a Purchased Capacity Cost Adjustment ("PCCA") mechanism and rate rider to recover the increased costs that it incurs for purchased capacity through a purchased power agreement with Public Service Company of Colorado ("Public Service"). The proposed new PCCA tariff and rate rider are requested to become effective on January 1, 2010, and would affect all retail customers if the Commission allows the tariffs to become effective.

The filing of the new PCCA tariffs is in direct response to a wholesale rate case filed by Public Service on October 30, 2009 with the Federal Energy Regulatory Commission ("FERC"). Public Service has requested that the FERC allow the new wholesale tariffs and rate increase to become effective sixty (60) days after the filing date, or on January 1, 2010. The Public Service wholesale rate case will significantly increase the wholesale rate Black Hills pays for electric capacity used to supply its retail customers in Colorado. (FERC Docket No. ER10-192-000.) Based upon Black Hills' purchase of 300,000 kW per month, Public Service's wholesale rate filing will increase Black Hills' wholesale capacity costs by approximately \$1.26 Million per month.

Applying the PCCA rider rates from Tariff Sheet No. 64C to bills issued on or after January 1, 2010 will result in increased revenues of approximately \$1,263,000 per month, or \$15,156,000 annually. This is an approximate 8.49 percent increase in annual revenues for Black Hills' electric utility operations in Colorado. The increase in revenues will be a dollar-for-dollar recovery of actual increased wholesale purchased capacity costs resulting from the Public Service wholesale rate increase. In other words, the new PCCA rider charges will generate no additional profits for Black Hills.

Under the proposed new PCCA rider tariff, Black Hills estimates the following impacts on customers: A typical residential customer using an average of 600 kilowatt-hours ("kWh") per month during 2010 could expect an estimated total increase of \$4.74 per month, or approximately 6.9 percent. A typical small non-demand commercial customer using 2,300 kWh per month could expect an estimated increase of \$31.74 per month, or approximately 13.6 percent, while a typical small demand-metered commercial customer with a monthly demand of 16 kilowatts (kW) could expect an estimated increase of \$66.88 per month, or approximately 18 percent. Large volume customers may call Black Hills Energy at 719-546-6474 to obtain information concerning how the requested increase in rates would affect them.

Copies of the Advice Letter and filed tariffs and rate rider filed with the Commission are available for examination and explanation at the public offices of Black Hills Energy in Pueblo or at the office of the Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado 80202. In addition, the Company's present tariffs and rules and regulations may be viewed at www.blackhillsenergy.com and the applicable Colorado statutes and Commission rules may be viewed at www.dora.state.co.us/PUC.

Anyone who desires to file a written objection to the tariffs, or an intervention to participate as a party pursuant to applicable Commission rules, may contact the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202. Filing of written objections or intervention pleadings must be made at least ten (10) days prior to the proposed effective date. Filing a written objection 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.

The Commission may suspend the effective date of the proposed tariffs, rates, rules or regulations. The Commission may hold a hearing to determine which tariffs, rates, rules and regulations will be authorized. Any member of the public may attend the hearing and may make a statement under oath about the proposed PCCA tariff, whether or not he or she has filed a written objection or intervention.

By: Gary Stone

Vice President Operations