

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 22A-0383E

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO ELECTRIC, LLC FOR AN ORDER APPROVING EXPENSES RECOVERED THROUGH THE ENERGY COST ADJUSTMENT AND PURCHASED CAPACITY COST ADJUSTMENT IN 2021.

**COMMISSION DECISION GRANTING APPLICATION
AND ADDRESSING COMPONENTS IN FUTURE FILINGS**

Mailed Date: January 9, 2023

Adopted Date: January 4, 2023

I. BY THE COMMISSION

A. Statement

1. On August 31, 2022, Black Hills Colorado Electric, LLC (Black Hills or Company) filed an application for approval of its Energy Cost Adjustment (ECA) costs and Purchased Capacity Cost Adjustment (PCCA) costs for calendar year 2021 (Prudency Review Application).

2. On December 15, 2022, Black Hills and Staff of the Colorado Public Utilities Commission (Staff) filed a joint motion to approve the Prudency Review Application and close the proceeding. Upon conferral with Staff, Black Hills has agreed to provide in its annual ECA and PCCA prudency review application filings additional information regarding its system operations and the costs charged through the PCCA and ECA, including information on the performance of the Company's owned generation fleet and curtailments of renewable energy resources.

3. This Decision grants the Prudency Review Application and adopts the agreed-upon filing components for Black Hills' future annual application filings for approval of costs recovered through the Company's ECA and PCCA.

B. Discussion

4. Black Hills filed the Prudency Review Application on August 31, 2022 in accordance with the terms of a comprehensive settlement agreement approved in Proceeding No. 21A-0197E. Black Hills agreed to file an annual cost prudency review application to address the Company's prior calendar year's cost that were included in the ECA and PCCA. Black Hills states that its 2021 ECA and PCCA costs were reasonable and prudently incurred to provide reliable electric service to its customers.

5. On October 4, 2022, Staff timely filed a notice of intervention as of right to participate as a party in this Proceeding but did not request a hearing at that time. Staff noted that Black Hills provided six exhibits detailing the total PCCA cost for 2021 of approximately \$46.5 million and the total ECA cost for 2021 of approximately \$122 million. Staff stated that it specifically seeks to examine whether: the six exhibits provide complete detail regarding system operations and the costs charged through the PCCA and ECA; the performance of the Company's owned fossil generation fleet; the Company's curtailments of renewable energy and the impact of those curtailments on ECA costs; and the Renewable Energy Standard Adjustment contribution to the ECA.

6. No other pleadings to intervene in this matter were filed.

7. The Commission deemed the Prudency Review Application complete on October 19, 2022 by minute entry from its weekly meeting that day.

8. By Decision No. C22-0775-I, issued on December 8, 2022, the Commission directed Black Hills to confer with Staff on the development of a status report filing with proposed procedures for addressing the Prudency Review Application.

9. On December 15, 2022, in accordance with Decision No. C22-0775-I, Black Hills filed a joint status report and a Motion to Grant Application and Close Proceeding. Black Hills and Staff explain that as part of their conferral, the Company provided Staff additional information on the points raised in Staff's notice of intervention as well as additional reporting requirements desired by Staff. Specifically, Black Hills agrees to include the following additional reporting requirements in future prudency review applications, beginning with its 2023 prudency review filing associated with the Company's 2022 ECA and PCCA costs:

- Generation unit performance data,
- Curtailment of generating resources,
- Unit must run designation data,
- Hourly system load data,
- Hourly generation by resource,
- Hourly system purchases, and
- Hourly system sales.

10. Black Hills also agrees to provide this same information to Staff regarding the Company's 2021 ECA and PCCA costs at the time it makes its next prudency review filing in 2023. The pleading goes on to explain that Staff agrees that such information regarding the Company's 2021 ECA and PCCA costs is being provided by the Company for informational purposes only, and Staff will not seek to use such information to attempt to reopen the Commissions' findings or decision in this proceeding.

C. Findings and Conclusions

11. As the Prudency Review Application is unopposed, the Commission may consider the matter under modified procedures and without a hearing pursuant to the provisions of § 40-6-109(5), C.R.S., and Rule 4 CCR 723-1-1403.

12. We find good cause to grant the Prudency Review Application and close this Proceeding. The resolution of this case entails significant improvements in the quality of Black Hills' future ECA and PCCA prudency review filings, providing data needed by Staff and other potential parties to assess the performance of the Company's generation fleet and to evaluate its system purchases and sales.

II. ORDER**A. The Commission Orders That:**

1. The Application for an Order Approving Expenses Recovered through the Energy Cost Adjustment and the Purchased Capacity Cost Adjustment filed by Black Hills Colorado Electric, LLC (Black Hills) on August 31, 2022 is granted, consistent with the discussion above.

2. The Joint Motion to Grant Application and Close Proceeding filed by Black Hills and Staff of the Colorado Public Utilities Commission (Staff) on December 15, 2022 is granted.

3. Black Hills shall include in its future annual application filings for approval of costs recovered through its Energy Cost Adjustment and Purchased Capacity Cost Adjustment the information Black Hills has agreed to provide in the pleading jointly filed by Black Hills and Staff on December 15, 2022, consistent with the discussion above.

4. The 20-day period provided by § 40-6-114, C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this Decision.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 4, 2023.**

(S E A L)



ATTEST: A TRUE COPY

G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

JOHN GAVAN

MEGAN M. GILMAN

Commissioners