

Decision No. C24-0886

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0405E

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO ELECTRIC, LLC FOR AN ORDER APPROVING THE CONTINUATION OF THE INCENTIVE SHARING MECHANISM AND REQUEST FOR TARIFF WAIVER/VARIANCE.

**COMMISSION DECISION DEEMING APPLICATION
COMPLETE AND GRANTING APPLICATION**

Mailed Date: December 3, 2024

Adopted Date: November 6, 2024

I. BY THE COMMISSION

A. Statement

1. On September 20, 2024, Black Hills Colorado Electric, LLC, doing business as Black Hills Energy (“Black Hills”, “Applicant”, or the “Company”) filed an Application seeking a Commission decision authorizing it to continue to share off-system sales revenues with customers for an additional three years through December 31, 2027. The Commission filed a notice of application filed on September 27, 2024.

2. Along with approval of the application for extension of the sharing mechanism, the Company also requests Commission approval of two waivers/variances. First, the Company seeks a one-time and limited tariff waiver/variance of the Incentive Sharing Mechanism tariff provisions located on Sheet No. 62 of the Company’s tariff that requires the Company to submit its application for continuation of the Incentive Sharing Mechanism on or before May 1, 2024. Second, the Company requests either a waiver or a variance to permit the continuation of the

existing Incentive Sharing Mechanism until the instant application is approved, should the approval process extend beyond December 31, 2024. The Company acknowledges that, depending on the length of this proceeding, this waiver/variance request may not be necessary.

3. The proposed tariff is provided as Attachment BKV-1 to the Direct Testimony of Black Hills witness Brooke K. Voorhees.

4. This Application for authority to change tariffs is made pursuant to §§ 40-3-104(1)(c)(III) and 40-3-104(2), C.R.S., and Rule 3109(b)(II) of the Rules Regulating Electric Utilities, 4 Code of Colorado Regulations 723-3.

B. Findings

5. This Application contains all information required by the applicable Commission Rules and is therefore deemed complete.

6. Applicant is an operating public utility subject to the jurisdiction of this Commission and is engaged in, inter alia, the generation, transmission, and distribution of electricity for public uses in various certificated areas within the State of Colorado.

7. Applicant purchases electricity to meet its customers' demands and generates electricity to supplement its purchases from other sources.

8. In Decision No. C21-0542, Proceeding No. 21A-0347E, issued September 3, 2021, the Commission granted Black Hills' application to extend the Incentive Sharing Mechanism through December 31, 2024.

9. In the application, the Company states the current Incentive Sharing Mechanism will not change and the sharing methodology of 90 percent of the benefits will accrue to Black Hills' customers and the Company will retain the remaining ten percent. The customers will receive the off-system sales benefits through a credit applied to the Electric Commodity

Adjustment. If there is a net loss rather than a net positive margin, Black Hills will not share the loss with customers, Black Hills only shares the positive margins with customers.

10. The proposed tariffs are attached to this Decision as Appendix A.

11. Interventions were due by October 27, 2024. No petition to intervene or otherwise participate in this proceeding was timely filed. This proceeding is therefore uncontested. Pursuant to §40-6-109(5), C.R.S., this matter may be determined without a hearing.

12. The Commission finds good cause to grant the application and extend the Incentive Sharing Mechanism until December 31, 2027. If Black Hills wishes to extend the Incentive Sharing Mechanism beyond this date, it will file an application no later than May 1, 2027.

13. The Commission finds good cause to grant the waiver of Tariff Sheet No. 62 to allow the Company to file the application to extend to December 31, 2024, after May 1, 2021.

14. The request for waiver and/or variance to permit the continuation of the existing Incentive Sharing Mechanism until the instant application is approved, should the approval process extend beyond December 31, 2021 is denied as moot.

II. ORDER

A. The Commission Orders That:

1. The application filed by Black Hills Colorado Electric, LLC (“Black Hills”) on September 20, 2024, is deemed complete, for purposes of § 40-6-109.5, C.R.S..

2. The application for authority to change tariffs to continue the Incentive Sharing Mechanism to December 31, 2027, is granted.

3. The request for a waiver of Tariff Sheet No. 62 to allow Black Hills to file the application to extend to December 31, 2027, after May 1, 2024, as required by tariff, is granted.

4. The request to permit the continuation of the existing Incentive Sharing Mechanism until the instant application is approved, should the approval process extend beyond December 31, 2024, is denied as moot.

5. Black Hills shall file a new advice letter and tariff on not less than two business days' notice. The advice letter and tariff shall be filed as a new advice letter proceeding and shall comply with all applicable rules. The advice letter and tariff must comply in all substantive respects to this Decision in order to be filed as a compliance filing on shortened notice.

6. The 20-day time 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.

7. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
November 6, 2024.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads 'Rebecca E. White'.

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners