

Decision No. C25-0218-I

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

PROCEEDING NO. 24AL-0481E

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IN THE MATTER OF ADVICE LETTER NO. 876 FILED BY BLACK HILLS COLORADO ELECTRIC, LLC DOING BUSINESS AS BLACK HILLS ENERGY COLORADO P.U.C. NO. 11 TO INCREASE THE TRANSMISSION COST ADJUSTMENT, TO BECOME EFFECTIVE JANUARY 1, 2025.

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**INTERIM COMMISSION DECISION ESTABLISHING  
PARTIES, ADDRESSING STAFF'S NOTICE OF  
INTERVENTION AS OF RIGHT, AND REQUIRING  
FILINGS**

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Issued Date: March 25, 2025

Adopted Date: March 19, 2025

**I. BY THE COMMISSION**

**A. Statement**

1. On November 1, 2024, Black Hills Colorado Electric, LLC (“Black Hills” or the “Company”) filed Advice Letter No. 876 (“AL 876”) to adjust its Transmission Cost Adjustment (“TCA”) effective January 1, 2025.

2. By Decision No. C24-0955 (“Suspension Decision”), issued on December 31, 2024, the Commission set for hearing the tariff sheets filed under AL 876 and suspended their effective date to May 1, 2025. The Commission further set a deadline of January 31, 2025, for intervention pleadings.

3. By this Decision, we establish the parties to this Proceeding, address the notice of intervention as of right filed by Trial Staff of the Colorado Public Utilities Commission (“Staff”), and direct the parties to make certain filings, consistent with the discussion below.

**B. Discussion**

4. Black Hills explains in AL 876 that the 2025 TCA recovers transmission-related costs that are incremental to the transmission-related investments already being recovered in the Company's base rates. Relative to the 2024 TCA in effect when the Company filed AL 876, the 2025 TCA incorporates transmission capital expenditures that have occurred since the Company's last TCA filing. If permitted to go into effect on January 1, 2025, the tariff revisions would have resulted in an increase of approximately \$4 million in the revenue requirement, from \$14.9 million to \$18.9 million. Black Hills states in AL 876 it made approximately \$30.9 million of incremental transmission-related investments in 2024, increasing net plant in service by \$17.4 million, while construction work in progress increased by \$13.9 million. Black Hills states that the investments were needed to maintain and enhance the reliability of its transmission system.

5. Black Hills further explains in AL 876 that when new base rates are established in the Company's electric rate case, Proceeding No. 24AL-0275E, certain past transmission projects will be included in base rates such that the associated costs will no longer be recovered through the TCA.

6. As explained in the Suspension Decision, Staff filed a protest to AL 876, asking the Commission to suspend the effective date of the 2025 TCA because "the Commission may well seek to adjust or modify Black Hills transmission asset cost recovery and methods to be used" in the Company's ongoing electric base rate case in Proceeding No. 24AL-0275E.<sup>1</sup> The Suspension Decision goes on to explain that it is necessary to examine the spending contained in Black Hills' 2025 TCA filing to ensure that it is indeed consistent with applicable statutory requirements and the recent narrowing of project eligibility for TCA cost recovery pursuant to recent changes to

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<sup>1</sup> Staff Protest, p. 2.

Black Hills' TCA tariff sheets in Proceeding No. 22AL-0483E.<sup>2</sup> The Commission further requests that the parties to this Proceeding take a closer look at what spending should be eligible for recovering through the 2025 TCA.

7. In accordance with the filing deadline in the Suspension Decision, Staff timely filed its notice of intervention as of right and request for hearing on January 31, 2025. Staff seeks to examine whether the 2025 TCA is reasonable and appropriate given the findings and conclusions in the then-forthcoming Rate Case Decision. Staff also intends to explore whether the Company's 2025 TCA filing complies with the statutory provisions for as provided in § 40-5-101(4), C.R.S., or other applicable statutory requirements, and whether it complies with Commission Rules. Staff further questions whether the Company has provided sufficient detail to the Commission regarding the individual transmission projects in this filing. More generally, Staff seeks to examine whether the Company's recent transmission expenditures, planned expenditures, and expected transmission system expenditures are in the public interest.

8. By Decision No. C25-0183 ("Rate Case Decision"), issued on March 17, 2025, the Commission established new electric base rates for Black Hills in Proceeding No. 24AL-0275E. The Rate Case Decision explains that the new base rates reflect the roll-in to base rates the investment costs previously recovered through the Company's TCA.<sup>3</sup> The Rate Case Decision further explains that the new electric base rates are established using a test year ending December 31, 2023, with the associated rate base calculated using a 13-month average convention.<sup>4</sup> Notably, the Rate Case Decision requires Black Hills to make a tariff compliance filing to put in place new base rates and a modified TCA for effect on March 22, 2025.<sup>5</sup>

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<sup>2</sup> Decision No. C23-0593, Proceeding No. 22AL-0483E, issued on September 6, 2023, ¶¶ 45-47.

<sup>3</sup> Decision No. C25-0183, issued March 17, 2025, Proceeding No. 25AL-0275E, ¶ 7, p. 5.

<sup>4</sup> Decision No. C25-0183, issued March 17, 2025, Proceeding No. 25AL-0275E, ¶ 79, p. 26.

<sup>5</sup> Decision No. C25-0183, issued March 17, 2025, Proceeding No. 25AL-0275E, ¶ 337, p. 108.

**C. Conclusions and Findings**

9. We acknowledge the intervention as of right filed by Staff.

10. The parties in this Proceeding include Black Hills and Staff.

11. As referenced in the Suspension Decision, the Commission recently examined the tariff sheets implementing Black Hills' TCA in Proceeding No. 22AL-0483E. We clarify that the issues raised in Staff's protest and referenced in its intervention relating to § 40-5-101(4), C.R.S., other applicable statutory requirements, and Commission Rules were fully addressed in Proceeding No. 22AL-0483E—specifically in Decision No. C23-0593—and that this Proceeding should move forward through adjudication only if Staff reasonably suspects that the revenue requirement sought by Black Hills for 2025 TCA recovery is calculated contrary to the Company's currently effective TCA tariff sheets.

12. We further direct Staff to confer with Black Hills now that the Commission has issued the Rate Case Decision. No later than April 1, 2025, Staff shall file to withdraw its intervention in this Proceeding or Staff and Black Hills shall instead make a joint filing which either proposes a procedural schedule to resolve this matter or provides notice of a forthcoming amended AL 876 that resolves any potential disputes between Staff and the Company. If Staff withdraws its intervention or Black Hills files an amended AL 876 that then causes Staff's withdrawal of its intervention, we will take the necessary actions by separate decision to establish the appropriate TCA effective on or before May 1, 2025, the date when the suspension resulting from the Suspension Order expires. If a proposed procedural schedule is instead filed, we will address how best to move forward by separate decision.

**II. ORDER**

**A. It Is Ordered That:**

1. The Notice of Intervention as of Right filed on January 31, 2025, by Trial Staff of the Colorado Public Utilities Commission (“Staff”) is acknowledged.

2. Black Hills Colorado Electric, LLC (“Black Hills”) and Staff are the parties in this Proceeding.

3. Consistent with the discussion above, Staff shall confer with Black Hills, and the parties shall submit the required filing no later than April 1, 2025.

4. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS’ WEEKLY MEETING  
March 19, 2025.**

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

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Commissioners

Rebecca E. White,  
Director