

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

**PROCEEDING NO. 25A-0062E**

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**IN THE MATTER OF THE APPLICATION OF BLACK HILLS COLORADO  
ELECTRIC, LLC FOR APPROVAL OF ITS DISTRIBUTION SYSTEM PLAN.**

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**PARTIAL SETTLEMENT AGREEMENT**

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**I. INTRODUCTION AND IDENTIFICATION OF PARTIES**

This Partial Settlement Agreement (“Settlement” or “Settlement Agreement”) represents resolution of all but one of the issues for the instant Distribution System Plan (“DSP”) proposal submitted by Black Hills Colorado Electric, LLC, d/b/a Black Hills Energy (“Black Hills” or the “Company”), in Proceeding No. 25A-0062E (“DSP Proceeding”). Along with Black Hills, this Settlement is joined by Trial Staff of the Colorado Public Utilities Commission (“Staff”); and Office of the Utility Consumer Advocate (“UCA”) (the “Parties”).

This Settlement resolves all but one issue in dispute before the Hearing Commissioner and the Colorado Public Utilities Commission (“Commission”). Further, this Partial Settlement Agreement represents a just and reasonable resolution of these issues, is in the public interest, and the Commission should approve this Settlement accordingly.

**II. BACKGROUND**

1. On January 31, 2025, Black Hills Colorado Electric, LLC (Black Hills or Applicant) filed its Application for Approval of its 2025-2029 Distribution System Plan (Application) and Motion for Waivers from Commission Rules Associated with its Distribution System Plan (Motion for Waivers), along with direct testimonies.

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2. On March 25, 2025, the Commission issued a decision setting the Application for hearing, granting the interventions of Staff and UCA and designating Chairman Blank as the Hearing Commissioner.

3. In Decision No. R25-0258-I, issued April 4, 2025, Hearing Commissioner Blank ordered that certain supplemental information must be provided by BHCOE in this proceeding, including a customer bill impact analysis over the next twenty years, through 2045. In accordance with that decision, on May 12, 2025, the Company filed its Supplemental Testimony.

4. On May 30, Answer testimony was filed by Trial Staff of the Commission (“Staff”) and the Utility Consumer Advocate (“UCA”). Rebuttal testimony was filed by Black Hills on June 23, 2025.

5. On July 3, 2025, Hearing Commissioner Blank issued Decision No. R25-0504-I granting the Company request to extend the settlement deadline from July 2, 2025 to July 9, 2025.

6. Contemporaneous with the filing of this Settlement Agreement, Black Hills also filed an Unopposed Motion for Approval of the Partial Settlement Agreement.

**III. SETTLEMENT TERMS**

**A. DSP Generally**

7. The Parties agree this settlement resolves all but one of their concerns in the DSP proceeding. These settlement terms apply only to Black Hills’ instant DSP Plan (“2025 DSP”).

8. The Parties agree that Black Hills’ 2025 DSP filing should be considered complete, consistent with Commission rules and applicable statutes, recognizing the request for waivers as addressed below.

9. The Parties agree that the Commission should approve the Company’s proposed DSP and the requested waivers, except that UCA’s position is that one of the waivers should not be granted as discussed below.

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10. The Parties agree that the Commission should approve the Company's proposal to create a regulatory asset to recover costs for the development of this 2025 DSP. The regulatory asset will be without carrying costs while in the regulatory asset or upon recovery. The creation of the regulatory asset does not confer party agreement to prudence and prudence will be determined at time of request for recovery.

**B. Waivers**

1. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3530(a) which requires the Company to prepare a demand forecast for each year within the ten-year forecasts for load growth on the distribution grid, including growth of beneficial electrification and various types of DERs connected to the distribution forecast. In the Company's last DSP, the Company indicated that it would use an updated demand forecast included in its Electric Resource Plan/Clean Energy Plan ("ERP/CEP"). The Company will file its next ERP/CEP in 2026, and the Company shall use this forecast in the 2027 DSP.
2. BHCOE and Staff, but not UCA, agree that the Commission should grant the Company's request for a waiver to Commission Rule 3531(a)(II) which addresses requirements for hosting capacity analysis and mapping. BHCOE and Staff's position is that BHCOE will provide a detailed updated cost estimate in its next DSP filing for the development of the hosting capacity analysis and map, at which time the Company would have the option of requesting a waiver to the rule requirement. UCA's position is that the Company should develop the hosting capacity analysis and map to be presented in the Company's next DSP

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filing. BHCOE estimates that the cost to develop the hosting capacity analysis and map is approximately \$300,000 or more.

3. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3532(d)(I)(D) and (E) requiring an executable map. The parties agree that the Company will continue to update its non-executable map (the kmz. map provided in the July 2024 Report) and make the map available to developers who sign an NDA.
4. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3533(a) regarding grid innovation and pilots. The Parties agree that the Company will not offer any pilots or programs as part of the instant DSP. The Company commits that it will examine in good faith the availability and practicality of an NWA or DER pilot and provide its findings in its next DSP pursuant to Commission Rule 3533(a), including any pilot solicitations issued or received by the Company under Commission Rule 3533(a)(IV).
5. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3534 that requires the Company to develop, publish and apply a cost benefit method to assess the cost-effectiveness of NWA solutions. As identified in the Company's filing, no Major Distribution Projects have passed the criteria for a NWA alternative eliminating the need for a Phase II in this proceeding.
6. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3537 that would require the Company to propose an NWA solicitation process including timelines for release of the RFP, receipt of

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bids, evaluation of bids the Company's proposal to the Commission, an independent evaluator report, party comments in response to the IE report and a Commission decision. No Major Distribution Projects have passed the criteria for a NWA alternative eliminating the need for a Phase II in this proceeding.

7. The Parties agree that the Commission should grant the Company's request for a waiver to Commission Rule 3541 that requires the Company to present a proposal and timeline for implementation of a public/private web portal, with the exception of UCA's position regarding Rule 3541(c)(I) consistent with section 2.2 above regarding hosting capacity analysis.

**C. Metrics by Census Block Group**

11. The Parties agree that in the next DSP, the Company will include identification of the distribution feeder with respective reliability metrics of SAIDI, SAIFI, and CAIDI serving particular service points, in addition to providing the distribution feeders with respective reliability metrics of SAIDI, SAIFI, and CAIDI that exclusively serve 1) DI Communities, 2) non-DI Communities and 3) serve both DI Communities and non-DI Communities. The Company believes this will allow for comparison to be made at both the distribution feeder but also between individual premises and specific distribution feeders. To address reporting at the Census Block Group ("CBG") level, the Company commits to providing a latitude/longitude analysis at the service point.

12. The Parties agree that as part of the next DSP, the Company will provide information regarding what would be required for the Company to provide Census Block level information, including an estimate of the costs to gather this information manually and to update the Company system to automate such data collection.

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**D. Performance Based Mechanism**

13. The Parties agree to a Non-Wire Alternative Performance Based Mechanism (“NWA PBM”) with 85%/15% customer/Company sharing, a \$100,000 annual cap, and that any PBM sharing be recognized in the Company’s next Phase I rate case.

**E. Outreach**

14. The Parties agree that the Company will provide reporting in its next and future DSP Plans that:

- Identify participating Community Based Organizations (“CBO”) and community leaders in DI Communities.
- Disclose any compensation paid to any CBO.
- Provide a list of identified priorities and interests.
- Provide a list of programs and projects developed based on engagement efforts or that otherwise address the concerns raised in outreach efforts; and
- Provide a list identifying prioritized benefits to DI communities that addresses equity, identifies where the impacts have been minimized, and names historical inequalities of that community that are being addressed.

**F. Wildfire Mitigation Miscellaneous Docket**

15. The Parties understand that, pursuant to the approved settlement agreement in Public Service Company of Colorado (“PSCo”) Proceeding No. 24A-0296E, the Commission will open a miscellaneous docket to consider the creation of a Wildfire Fund. If this miscellaneous docket is for electric utilities in addition to PSCo, the Company agrees it will actively participate in the proceeding. The Company also will provide updates in future DSP filings regarding the progress of implementation of programs and investments associated with its wildfire mitigation plan.

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**IV. GENERAL PROVISIONS**

16. The Parties agree they are not aware of any violation of any applicable law regarding the Settlement Agreement.

17. This Settlement is made for settlement purposes only. Unless otherwise stated herein, nothing in this Settlement Agreement is intended to have precedential effect or bind the Parties with respect to positions they may take in any future proceeding regarding any of the issues raised in this Settlement Agreement. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Settlement Agreement. Furthermore, this Settlement does not constitute agreement, by any Party, that any principle or methodology contained within or used to reach this Settlement Agreement may be applied to any situation other than the above-captioned proceeding, except as expressly set forth herein.

18. Each Party understands and agrees that this Settlement Agreement represents a negotiated resolution of the identified issues and positions thereon that the Party either raised or could have raised in these proceedings. The Parties agree the provisions of this Settlement Agreement are just, reasonable, and consistent with and not contrary to the public interest, and should be approved and authorized by the Commission.

19. The discussions among the Parties that produced this Settlement Agreement have been conducted in accordance with Rule 408 of the Colorado Rules of Evidence. Nothing in this Settlement Agreement shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Settlement Agreement. In the event this Settlement Agreement becomes null and void or in the event the Commission does not approve this Settlement Agreement, it, as well as the negotiations or discussions undertaken in conjunction with the

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Settlement, shall remain inadmissible into evidence in these or any other proceedings in accordance with Rule 408 of the Colorado Rules of Evidence.

20. The Settlement Agreement is a unanimous agreement. The Parties will support all aspects of the Settlement Agreement embodied in this document in any hearing conducted to determine whether the Commission should approve this Settlement Agreement, and/or in any hearing, proceeding, or judicial review relating to this Settlement Agreement or the implementation or enforcement of its terms and conditions. Each Party also agrees that it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Settlement Agreement. However, except as expressly provided herein, each Party expressly reserves the right to advocate positions different from those stated in this Settlement Agreement in any proceeding other than one necessary to obtain approval of, or to implement or enforce, this Settlement Agreement or its terms and conditions.

21. Approval by the Commission of this Settlement Agreement shall constitute a determination that this resolution of the issues resolved by the Settlement in these Proceedings represent a just, equitable, and reasonable resolution of these issues. The Parties state that reaching agreement as set forth herein by means of a negotiated Settlement rather than through a formal adversarial process is in the public interest and that the results of the compromises and settlements reflected in this Settlement Agreement are in the public interest.

22. This Settlement Agreement is a fully integrated agreement that may not be altered by the unilateral determination of any Party. There are no terms, representations, or agreements among the Settling Parties that are not set forth in this Settlement Agreement with respect to the issues addressed.

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23. This Settlement Agreement shall not become effective until the Commission issues a final decision approving the Settlement Agreement. In the event the Commission materially modifies this Settlement Agreement in a manner unacceptable to any Party, that Party may withdraw from the Settlement Agreement and shall so notify the Commission and the other Parties in writing within ten (10) business days of the date of the Commission order. Regarding any Party who withdraws from the Settlement Agreement, that Party may address any modified terms by exercising its right to file exceptions or an application for rehearing, reargument or reconsideration.

24. There shall be no legal presumption that any specific Party was the drafter of this Settlement Agreement.

25. This Settlement may be executed in counterparts, all of which when taken together shall constitute the entire agreement with respect to the issues addressed by this Settlement Agreement. This Settlement may be executed and delivered electronically and the Parties agree that such electronic execution and delivery whether executed in counterparts or collectively, shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such facsimile signatures as evidence of the execution and delivery of this Settlement by the Parties to the same extent that an original signature could be used.

Dated this 9<sup>th</sup> day of July 2025.

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Approved on behalf of:

**Black Hills Colorado Electric, LLC**

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Approved as to form:

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FOR STAFF OF THE COLORADO  
PUBLIC UTILITIES COMMISSION

APPROVED AS TO FORM

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AGREED ON BEHALF OF:

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