

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0255E

IN THE MATTER OF THE APPLICATION OF BLACK HILLS COLORADO ELECTRIC, LLC DOING BUSINESS AS BLACK HILLS ENERGY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A 50 MW BATTERY STORAGE AND OTHER FACILITIES PURSUANT TO COMMISSION DECISION NOS. C24-0634 AND C24-0837.

**RECOMMENDED DECISION
GRANTING MOTION TO APPROVE SETTLEMENT
AGREEMENT, APPROVING SETTLEMENT
AGREEMENT, AND GRANTING APPLICATION AS
MODIFIED BY THE SETTLEMENT AGREEMENT**

Issued Date: November 3, 2025

TABLE OF CONTENTS

I. PROCEDURAL HISTORY	2
II. RELEVANT LAW	5
III. VACATING OF HEARING	5
IV. SETTLEMENT AGREEMENT AND SETTLEMENT TESTIMONY	6
A. The Terms of the Settlement Agreement.....	6
B. The Settling Parties' Positions.....	8
1. Black Hills.....	8
2. Staff	10
3. UCA	12
V. DISCUSSION, ANALYSIS, AND CONCLUSIONS	14
VI. TRANSMISSION OF THE RECORD.....	16
VII. ORDER.....	17
A. The Commission Orders That:	17

I. PROCEDURAL HISTORY

1. On June 12, 2025, the Verified Application of Black Hills Colorado Electric, LLC for a Certificate of Public Convenience and Necessity to Construct a 50 MW Battery Storage and Other Facilities and Request for Expedited Decision (“Application”) was filed by Black Hills Colorado Electric, LLC, doing business as Black Hills Energy (“Applicant,” or “Black Hills or the “Company”).¹ With the Application, Black Hills filed the direct testimonies of Michael J. Harrington and Mark L. Lux, corresponding attachments,² as well as the Motion of Black Hills Colorado Electric, LLC for Protective Order Affording Extraordinary Protection (“Motion for Extraordinary Protection”).

2. In its Notice of Application Filed, issued June 16, 2025, the Commission gave notice of the Application and set an intervention period.

3. On July 3, 2025, the Office of Utility Consumer Advocate (“UCA”) timely noticed its intervention as a matter of right.

4. On July 18, 2025, the Trial Staff of the Colorado Public Utilities Commission (“Staff”) timely noticed its intervention as a matter of right.

5. By Decision Nos. C25-0583-I and C25-0620-I³, issued August 7, 2025 and August 26, 2025, respectively, the Commission referred this matter to an Administrative Law Judge (“ALJ”).

6. By Decision No. R25-0655-I, issued September 9, 2025, the undersigned ALJ, among other things, adopted a procedural schedule to govern this Proceeding and scheduled an

¹ See Hr. Ex. 100.

² See Hr. Exs. 101 and 102, and Attachment 1 to Hr. Ex. 100, Attachments MJH-1HC, MJH-1, MJH-2 to Hr. Ex. 101, and Attachments MLL-1HC, MLL-2HC, AND MLL-3HC to H. Ex. 102.

³ See the Motion of Black Hills Colorado Electric, LLC for the Commission to Modify or Clarify Interim Decision No. C25-0583-I and for Shortened Response Time, filed by Black Hills on August 11, 2025.

evidentiary hearing for November 4-5, 2025. The first procedural event in the Procedural Schedule adopted by Decision No. R25-0655-I was an October 3, 2025, deadline for the filing of Answer Testimony.

7. On September 11, 2025, Black Hills filed its Unopposed Motion to Clarify Procedural Schedule and for Waiver of Response Time (“Motion to Clarify”). In the Motion to Clarify, Black Hills requested confirmation that the Recommended Decision in this Proceeding would be issued sufficiently in advance of December 15, 2025, to allow for the filing and resolution of exceptions and Commission review prior to a February 15, 2026 contractual milestone associated with the Pueblo Battery Resource project. Black Hills explained that, although § 40-6-109.5(1), C.R.S., permits the Commission to extend the statutory 120-day deadline for a final Commission decision to April 7, 2026, issuance of the Recommended Decision on an earlier basis would be necessary to preserve adequate time for Commission review. No party opposed the Motion to Clarify.

8. By Interim Decision No. R25-0677-I, issued September 22, 2025, the ALJ, among other things, denied the Motion to Clarify to the extent it sought to commit to a specific issuance date for the Recommended Decision, concluding that the timing of the Recommended Decision must remain within the discretion of the undersigned ALJ based on the evidentiary record and the Commission’s procedural requirements.

9. On October 3, 2025, the same date as the established filing deadline for Answer Testimony, Black Hills Colorado Electric, LLC’s Unopposed Motion to Modify Procedural Schedule as a Result of Anticipated Settlement, and Request for Waiver of Response Time (“Motion to Modify Procedural Schedule”) was filed by Applicant.

10. On October 8, 2025, Black Hills Colorado Electric, LLC's Unopposed Motion to Approve Settlement and Request for Waiver of Response Time ("Motion to Approve Settlement") was filed by Applicant. To the Motion to Approve Settlement, Black Hills attached, as Appendix A, the Unanimous Comprehensive Settlement Agreement ("Settlement Agreement") between all parties herein.

11. By Decision No. R25-0739-I, issued October 9, 2025, the undersigned ALJ, among other things, granted Black Hills' requests to waive response time to its Motions to Modify the Procedural Schedule and to Approve the Settlement Agreement; modified the procedural schedule by vacating the Answer Testimony deadline and by allowing for the filing of any testimony in support of the Settlement Agreement by October 10, 2025; and vacated the evidentiary hearing in this Proceeding.

12. On October 10, 2025: Black Hills filed the Settlement Testimony of Michael J. Harrington, Hearing Exhibit 103 ("Hr. Ex. 103" or "Harrington Settlement Testimony") and a corresponding attachment,⁴ Staff filed the Settlement Testimony of Staff's Witness Erin O'Neill, Hearing Exhibit 200 ("Hr. Ex. 300" or "O'Neill Settlement Testimony") and corresponding attachments,⁵ and UCA filed the Settlement Testimony of Leslie Henry-Sermos, Hearing Exhibit 300, and a corresponding attachment.⁶

13. On October 13, 2025, UCA filed its Notice of Revised Settlement Testimony and revised Hearing Exhibit 300 ("Revised Hr. Ex. 300" or "Henry-Sermos Settlement Testimony").

⁴ See Attachment LHS-1 to Revised Hr. Ex. 300.

⁵ See Attachment ETO-1, ETO-2, ETO-3, and ETO-4 to Hr. Ex. 200.

⁶ See Attachment MJH-1 to Hr. Ex. 103.

II. RELEVANT LAW

14. The Commission must ensure that rates, charges, and public utility practices are just and reasonable. § 40-3-101(1), C.R.S. In addition, when evaluating an application for a Certificate of Public Convenience and Necessity (“CPCN”), the Commission must determine whether the proposed facilities are required by the present or future public convenience and necessity.⁷

15. When a resource has previously been approved as part of a Commission-approved Electric Resource Plan (“ERP”), Rule 3617(d) of the Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* (“CCR”) provides that utility actions consistent with such approval are presumed prudent.

16. Settlements in contested proceedings are reviewed under Rule 1408(a), 4 CCR 723-1. The Commission encourages settlement of contested matters and may approve a settlement if it concludes, based on the evidentiary record, that the settlement is just, reasonable, and in the public interest.⁸

III. VACATING OF HEARING

17. In light of the Motion to Approve and the undersigned ALJ’s determination that an evidentiary hearing is not required to resolve the issues in this Proceeding, the ALJ finds that the hearing scheduled by Decision No. R25-0655-I for November 4-5, 2025, is no longer needed. Accordingly, that hearing will be vacated, as ordered below.

⁷ Section 40-5-101(1), C.R.S.

⁸ See Rule 1408(a), 4 CCR 723-1.

IV. SETTLEMENT AGREEMENT AND SETTLEMENT TESTIMONY

A. The Terms of the Settlement Agreement

18. The Settlement Agreement was entered into between Black Hills, Staff, and UCA (the “Settling Parties”) and resolves all issues raised in this proceeding concerning the Application.

19. As more fully set forth in the Settlement Agreement, the Settling Parties agreed to the following terms:⁹

20. The Settling Parties agree that Black Hills should be granted a CPCN to construct, own, and operate a 50-megawatt battery storage facility and related facilities at the Company’s Pueblo Airport Generating Station site (the “Pueblo Battery Resource” or “PBR”), consistent with the resource portfolio approved in Proceeding No. 22A-0230E and with Commission Decision Nos. C24-0634 and C24-0837.¹⁰

21. The PBR will be acquired pursuant to a Build-Transfer Agreement (“BTA”) between Black Hills and a third-party developer. Under the Settlement, Black Hills will assume ownership of the completed facility following commercial operation, and the facility will thereafter be treated as a utility-owned asset for ratemaking purposes.¹¹

22. The Settlement grants Black Hills a presumption of prudence for the acquisition cost of the PBR, conditioned on the Company’s adherence to the approved cost cap, project scope, and construction schedule. The presumption of prudence does not preclude the

⁹ The following is intended as a summary of the main terms of the Settlement Agreement, rather than a complete recitation of the same.

¹⁰ Settlement Agreement at p. 4; *see also* Application at p. 1.

¹¹ Settlement Agreement at pp. 4-5.

Commission from reviewing the prudence of costs in a future rate case if total costs exceed the cap or if material deviations from the approved project plan occur.¹²

23. The Settling Parties agree that Black Hills may include Construction Work in Progress (“CWIP”) in rate base during construction and recover its weighted average cost of debt on CWIP balances, in lieu of applying Allowance for Funds Used During Construction (“AFUDC”). The Settling Parties further agree that the CWIP approach is expected to reduce overall project cost by avoiding AFUDC capitalization and ensuring cost recovery is limited to the Company’s actual cost of debt during the construction period.¹³

24. The Settling Parties agree that the Company’s existing Cost-to-Construct Performance Incentive Mechanism (“CtC PIM”), approved in Proceeding No. 22A-0230E, shall apply to the PBR, subject to a modified baseline and cost cap reflecting the project’s specific design and procurement structure. The Settling Parties further agree that no separate Operational PIM or Emissions PIM is necessary or appropriate for this project.¹⁴

25. The Settlement includes, as Public Attachment 1 – PBR Revenue Requirement, a summary of the agreed-upon revenue-requirement calculation and cost-recovery parameters for the PBR, including capital structure, depreciation rates, and operations and maintenance expense assumptions. The Settlement provides that these cost parameters will apply until such time as the PBR’s actual costs are reviewed and incorporated into base rates in a subsequent Phase I or Phase II rate case.¹⁵

26. The Settling Parties agree that Black Hills shall file a final project completion report within 90 days of the PBR’s commercial operation date. The report will include total

¹² *Id.*

¹³ *Id.* at p. 6.

¹⁴ *Id.* at pp. 6-7; *see also* Hr. Ex. 103, Settlement Testimony of Michael J. Harrington, at pp. 5-6.

¹⁵ Settlement Agreement at p. 7; Attachment 1 – PBR Revenue Requirement (Settlement) to Hr. Ex. 103.

actual costs, a comparison to approved estimates, documentation of cost variances, a description of the project's compliance with the BTA and federal tax-credit eligibility, and any lessons learned relevant to future storage projects.¹⁶

27. The Settlement further provides that the Company shall include an annual status update regarding the PBR in its regular ERP reporting filings until such time as the project is fully operational and included in rate base.¹⁷

28. The Settling Parties acknowledge that the Settlement represents a negotiated compromise of disputed issues, that no party admits the validity of any other party's position, and that the terms of the Settlement shall not be cited as precedent in any future proceeding except to enforce or interpret the Settlement itself.¹⁸

29. Each Settling Party agrees that the Settlement is just, reasonable, in the public interest, and consistent with applicable law and prior Commission directives. The Settlement is supported by the Settlement Testimony of Company witness Michael J. Harrington (Hearing Exhibit 103), Staff witness Erin O'Neill (Hearing Exhibit 200), and UCA witness Leslie Henry-Sermos (Revised Hearing Exhibit 300).¹⁹

B. The Settling Parties' Positions

1. Black Hills

30. Through the Settlement Testimony of Michael J. Harrington, Black Hills expresses support for the Settlement Agreement as a unanimous resolution of all issues in this Proceeding. Mr. Harrington testifies that the Settlement reflects a balanced compromise among

¹⁶ Settlement Agreement at p. 8.

¹⁷ *Id.*

¹⁸ *Id.* at p. 10.

¹⁹ *Id.* at p. 11; *see also* Hr. Ex. 103, Harrington Settlement Testimony, at p. 8:66-78; Hr. Ex. 200, O'Neill Henry-Sermos Settlement Testimony, at 19:2-5; Revised Hr. Ex. 300, Henry-Sermos Settlement Testimony, at 11:5-17.

the Parties, is the product of thorough review and good-faith negotiations, and should be approved without modification.²⁰

31. Mr. Harrington testifies on behalf of Black Hills that the Settlement establishes the total acquisition cost of the PBR and incorporates a minimum net Investment Tax Credit (“ITC”) value into the annual revenue requirement to ensure that customers receive the financial benefit of the credit. He further explains that Black Hills has agreed to pursue the Colorado Enterprise Zone Tax Credit and apply any such benefit to reduce the PBR’s revenue requirement.²¹

32. According to Mr. Harrington’s Settlement Testimony, the Settlement modifies the Company’s originally proposed CWIP recovery method to achieve Net Present Value parity with the AFUDC method. Specifically, Black Hills agrees to apply a long-term debt-only return during construction, delay CWIP recovery until July 2026, and forego income tax gross-up during the CWIP recovery period.²²

33. Mr. Harrington further testifies that the Settlement affirms the CtC PIM baseline and provides a process for baseline adjustment in the event of a change in law or force majeure. He states that the Settling Parties also agreed that no Operational PIM or Emissions PIM is warranted because the PBR is a capacity resource.²³

34. Mr. Harrington describes several operational provisions included in the Settlement, including the use of renewable energy for charging when feasible, the pass-through of liquidated damages, the performance of a depreciation study addressing decommissioning

²⁰ Hr. Ex. 103, Harrington Settlement Testimony at 6:22–27; 8:69–78.

²¹ *Id.* at 6:39–43; 7:44–46; 10:116–118.

²² *Id.* at 7:47–54; 11:133–144; 11:150–12:158.

²³ *Id.* at 8:55–59; 13:164–14:192.

costs, the filing of a safety plan prior to commercial operation, and compliance with Best Value Employment Metrics.²⁴

35. Finally, Mr. Harrington testifies that the Settlement includes robust reporting and review requirements, such as quarterly construction reports, annual operational reporting through rider review processes, the development of an operational plan in the fourth full year of operation, and annual meetings with Staff and UCA for at least three years after the PBR is placed in service.²⁵

2. Staff

36. Through the Settlement Testimony of Erin T. O'Neill, Deputy Director of Fixed Utilities, Staff supports the Settlement Agreement and recommends that it be approved without modification. Ms. O'Neill explains that, because the PBR was previously approved by the Commission in Black Hills's most recent ERP proceeding, the scope of issues in this CPCN proceeding is limited, and the Parties were able to resolve all concerns through negotiation rather than litigation.²⁶

37. Ms. O'Neill testifies that the Commission's approval of the PBR in Phase II of Proceeding No. 22A-0230E informs the presumption of prudence under Rule 3617(d) of the Rules Regulating Electric Utilities, 4 CCR 723-3. However, because certain elements of the PBR as presented in this Application differ from the project as bid and approved in the Electric Resource Plan ("ERP") proceeding, Ms. O'Neill explains that Staff reviewed those differences to ensure that the project continues to be in the public interest. According to Ms. O'Neill, the areas reviewed included: adjustments to the negotiated acquisition price under the executed

²⁴ *Id.* at 13:196-15:236.

²⁵ *Id.* at 15:238-16:259.

²⁶ Hr. Ex. 200, O'Neill Settlement Testimony, at 4:6-8; 4:17-5:21; 6:2-9.

Build-Transfer Agreement, administrative and project management loadings, Black Hills' proposal to recover CWIP in lieu of AFUDC, progress payment structure, and the treatment of the federal ITC.²⁷

38. According to Ms. O'Neill's Settlement Testimony, Staff's review concluded that the total revenue requirement for the PBR under the Settlement is lower than the revenue requirement presented in the Application over the 20-year project period. She further states that the Settlement's modifications to the CWIP recovery structure bring the Net Present Value Revenue Requirement for CWIP recovery to a level that is approximately equal to recovery under AFUDC, resulting in a net-neutral outcome for customers.²⁸

39. Ms. O'Neill further supports approval because the Settlement includes several customer-protection provisions related to tax credit value and cost control. These include (1) establishment of a minimum net ITC value to ensure customers receive a defined level of benefit, and (2) limiting project cost adjustments due to federal policy changes to a capped and reviewable process consistent with prior Commission treatment in analogous proceedings.²⁹

40. Ms. O'Neill testifies that Staff supports the Settlement provision under which no Operational PIM will apply to the PBR for at least the first six years of operation. She explains that because Black Hills does not currently operate battery resources and because optimal operational performance benchmarks are not yet known, an operational incentive mechanism would be premature. The Settlement instead provides for reporting, operational planning, and structured review to allow future consideration of operational performance metrics.³⁰

²⁷ *Id.* at 6:5-9; 7:12-8:11.

²⁸ *Id.* at 8:13-19; 9:1-16; 9:18-10:7; 11:1-14.

²⁹ *Id.* at 11:1-7; 12:13-13:8; 13:14-14:25; 15:1-9.

³⁰ *Id.* at 15:11-6:8.

41. Ms. O'Neill also supports the Settlement's operational provisions requiring Black Hills to operate the PBR to maximize its economic value to customers while contributing to system reliability, and requiring Black Hills to file a safety plan for the facility prior to commercial operation. She notes that these provisions provide consumer protection while ensuring safe and efficient system integration.³¹

42. Finally, Ms. O'Neill supports the Settlement provisions regarding Best Value Employment Metrics and reporting of prevailing wage and apprenticeship compliance and workforce outcomes. She testifies that these provisions promote transparency and ensure the project advances state labor policy objectives.³²

43. Based on the foregoing, Ms. O'Neill concludes on behalf of Staff that the Settlement Agreement is just, reasonable, and in the public interest, and recommends that it be approved without modification.³³

3. UCA

44. UCA, through the Settlement Testimony of Rate and Financial Analyst Leslie Henry-Sermos, similarly states that the PBR was selected by the Commission in Phase II of Proceeding No. 22A-0230E, and therefore already reflects Commission approval as a resource in the Company's long-term portfolio. UCA further notes that the PBR is subject to the CtC PIM, as established in the Phase II Decision, including a baseline tied to the build-transfer price and a ± 5 percent deadband.³⁴

45. UCA additionally supports the Settlement terms permitting recovery of CWIP balances during construction, with important safeguards: CWIP will earn a long-term-debt-only

³¹ *Id.* at 16:10-17:2.

³² *Id.* at 12:1-11; 17:12-18:2.

³³ *Id.* at 19:2-5.

³⁴ Hr. Ex. 300, Henry-Sermos Settlement Testimony at 3:17-4:6.

return, the Company will delay CWIP recovery until July 2026, and no income-tax gross-up will be applied during the CWIP period. UCA states that these terms reduce customer financing burden while allowing necessary cost recovery aligned with milestone payments.³⁵

46. UCA further states that the Settlement appropriately incorporates federal ITC benefits into the PBR's revenue requirement by establishing a minimum net ITC value to be reflected in annual cost recovery, with any higher actual net ITC value flowed through to customers. UCA notes that the Settlement also requires the Company to pursue the Colorado Enterprise Zone Tax Credit and to update revenue requirements accordingly.³⁶

47. UCA supports the Settlement's cost-recovery framework, under which the PBR's revenue requirement will be recovered through the Electric Commodity Adjustment through 2030 and then rolled into base rates in the Company's first base rate case thereafter. UCA states that this structure allows for annual prudence review of PBR costs and avoids prolonged use of a fuel-related rider to recover capital costs.³⁷

48. UCA states that the Settlement maintains the CtC PIM framework adopted in Proceeding No. 22A-0230E, including retention of the approved baseline, the ± 5 percent deadband, and the symmetrical incentive and disincentive structure. The Settlement further provides a limited mechanism to adjust the CtC baseline in the event of changes in law or force majeure, subject to notice and the opportunity for parties to object.³⁸

³⁵ *Id.* at 8:4-16.

³⁶ *Id.* at 6:17-7:3; 7:4-11.

³⁷ *Id.* at 5:4-10; 11:20-12:4.

³⁸ *Id.* at 9:3-7.

49. UCA agrees that no operational PIM or emissions PIM should apply during the PBR's initial years of operation, recognizing that the Company has no comparable operational storage experience and that performance metrics cannot yet be reasonably defined.³⁹

50. UCA states that the Settlement includes additional customer-protection measures, including: a 20-year depreciation period with updated decommissioning cost review, a pre-operation safety plan filing, compliance with Best Value Employment Metrics, quarterly construction reporting, and annual operational review meetings with Staff and UCA for the first three years of commercial operation.⁴⁰

51. Based on these provisions, UCA states that the Settlement Agreement is just, reasonable, lawful, and in the public interest, providing appropriate financial safeguards, transparency protections, and accountability measures, while advancing implementation of a resource already approved in the Company's Proceeding No. 22A-0230E.⁴¹

V. DISCUSSION, ANALYSIS, AND CONCLUSIONS

52. The question in this matter is whether the Settlement Agreement is just, reasonable, consistent with applicable law, and in the public interest.⁴² In evaluating settlement agreements, the Commission considers whether the terms represent a fair and balanced resolution of the issues and whether the resulting outcome is consistent with the Commission's statutory responsibilities, including ensuring just and reasonable rates and safe, reliable utility service. Based on the evidentiary record, including the Settlement Testimony of Black Hills,⁴³

³⁹ *Id.* at 9:8-9.

⁴⁰ *Id.* at 9:13-10:23.

⁴¹ *Id.* at 12:1-15; 13:6-16.

⁴² See Rule 1408(a), 4 CCR 723-1 (encouraging settlement of contested matters where appropriate).

⁴³ Hr. Ex. 103.

Staff,⁴⁴ and UCA,⁴⁵ and the terms of the Settlement Agreement attached hereto as Attachment A, the undersigned ALJ finds that the Settlement Agreement satisfies this standard.

53. The PBR was previously selected as part of the approved Modified Local Economic Development Portfolio in Phase II of Proceeding No. 22A-0230E addressing the Company's most recent ERP. Pursuant to Rule 3617(d) of the Rules Regulating Electric Utilities, 4 CCR 723-3, a presumption of prudence applies to the acquisition of the PBR. The Settlement does not expand the scope of the project beyond what the Commission approved in Proceeding No. 22A-0230E, and no party disputes the need for the facility.

54. The Settlement establishes reasonable cost recovery terms that limit customer risk. CWIP balances earn only a long-term-debt return, recovery is delayed until July 2026, and no income-tax gross-up applies during CWIP recovery.⁴⁶ This structure results in a Net Present Value revenue requirement that is approximately equal to an AFUDC recovery method, thereby avoiding customer detriment while enabling timely construction.

55. The Settlement provides safeguards to ensure that customers receive expected benefits from the federal ITC and the Colorado Enterprise Zone Tax Credit. The minimum net ITC value ensures that customers receive a defined revenue-requirement reduction, while allowing additional benefit flow-through if realized.⁴⁷

56. The Settlement applies the CtC PIM established in Phase II of Proceeding No. 22A-0230E, including the as-bid baseline amount. While the Settling Parties agree that the CtC PIM baseline can be adjusted for changes in law (including additional tariffs) or force majeure events, this is also consistent with the Commission's directives in Phase II of Proceeding

⁴⁴ Hr. Ex. 200.

⁴⁵ Hr. Ex. 300.

⁴⁶ Settlement Agreement § C.2.

⁴⁷ Settlement Agreement § B.2; Revised Hr. Ex. 300 at 6:17-7:11.

No. 22A-0230E. Moreover, the Settlement imposes a cap beyond which the CtC baseline cannot be modified. The Settlement establishes a notice and comment process in this proceeding to effectuate any adjustments to the CtC baseline.⁴⁸

57. The Settlement includes additional protections and accountability measures, including quarterly construction reporting, annual operational reporting, a safety plan requirement, and annual operational review meetings with Staff and UCA for the first three years of operation.⁴⁹

58. Based on this record, the ALJ concludes that the Settlement Agreement is just, reasonable, consistent with applicable law, and in the public interest. Accordingly, the Settlement Agreement will be approved, and the Application, as modified by the Settlement Agreement, will be granted, as ordered below.

VI. TRANSMISSION OF THE RECORD

59. In accordance with § 40-6-109, C.R.S., the ALJ transmits to the Commission the record in this proceeding along with this written Recommended Decision and recommends that the Commission enter the following order.

⁴⁸ Settlement Agreement § D.1; Revised Hr. Ex. 300 at 8:4-9:10.

⁴⁹ Settlement Agreement §§ E.4-F.3; Revised Hr. Ex. 300 at 9:13-11:3; 11:6-14:3.

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

1. Consistent with the discussion above, the hearing scheduled by Decision No. R25-0655-I for November 4-5, 2025, is vacated.

2. Consistent with the discussion above, the Black Hills Colorado Electric, LLC's Unopposed Motion to Approve Settlement and Request for Waiver of Response Time, filed by Black Hills Colorado Electric, LLC ("Black Hills") on October 8, 2025, is granted.

3. The Unanimous Comprehensive Settlement Agreement ("Settlement Agreement") filed by Black Hills on behalf of the Black Hills, Staff of the Colorado Public Utilities Commission, and the Office of the Utility Consumer Advocate on October 8, 2025, is approved. The Settlement Agreement is incorporated herein and attached hereto as Appendix A.

4. The Verified Application of Black Hills Colorado Electric, LLC for a Certificate of Public Convenience and Necessity to Construct a 50 MW Battery Storage and Other Facilities and Request for Expedited Decision filed by the Black Hills on June 12, 2025, as modified by the Settlement Agreement, is granted.

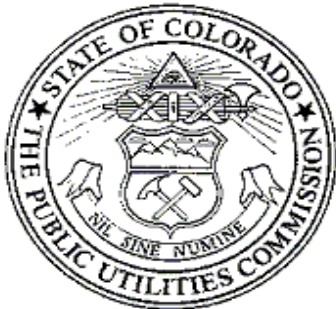
5. Consistent with the discussion above, the Company shall comply with the terms of the Settlement Agreement, including the filing of a final project completion report within 90 days of the Pueblo Battery Resource's commercial operation date. This report shall include total actual costs, a comparison to approved estimates, documentation of cost variances, a description of the project's compliance with the Build-Transfer Agreement and federal tax-credit eligibility, and any lessons learned relevant to future storage projects.

6. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

- a. If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.
- b. If a party seeks to amend, modify, annul, or reverse basic findings of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

7. If exceptions to this Recommended Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

AVIV SEGEV

Administrative Law Judge

ATTEST: A TRUE COPY

Rebecca E. White,
Director