

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14AL-0393E

IN THE MATTER OF ADVICE LETTER NO. 680 FILED BY BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP TO REVISE ITS COLORADO PUC NO. 9 ELECTRIC TARIFF TO IMPLEMENT A GENERAL RATE SCHEDULE ADJUSTMENT TO INCREASE RATES, A NEW RIDER PURSUANT TO THE CLEAN AIR-CLEAN JOBS ACT, AND OTHER CHANGES, PROPOSED TO BE EFFECTIVE ON MAY 31, 2014.

**DECISION SUSPENDING EFFECTIVE DATE
OF TARIFFS AND REFERRING THE MATTER
TO AN ADMINISTRATIVE LAW JUDGE**

Mailed Date: May 16, 2014
Adopted Date: May 14, 2014

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY APPEARING AT THE HEARING. IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS RATE MATTER, YOU MUST REQUEST PERMISSION FROM THE COMMISSION TO BE AN INTERVENOR (EVEN IF YOU HAVE ALREADY FILED AN OBJECTION). ANYONE DESIRING TO INTERVENE MUST CAREFULLY FOLLOW THE LAW AND COMMISSION RULES FOR BECOMING AN INTERVENOR. FOR FURTHER INFORMATION ON HOW TO INTERVENE, CALL (303) 894-2070 (PUC EXTERNAL AFFAIRS OFFICE).

I. BY THE COMMISSION

A. Statement

1. On April 30, 2014, Black Hills/Colorado Electric Utility Company, LP (Black Hills Energy or Company) filed Advice Letter No. 680 (attached as Exhibit 1). Black Hills Energy submitted Advice Letter No. 680 with supporting testimony and exhibits.
2. Black Hills Energy states that the purpose of this filing is to increase the rates for all rate schedules contained in the Company's Colorado P.U.C. No. 9 Tariff, to become effective

May 31, 2014. Black Hill Energy seeks to implement a revised General Rate Schedule Adjustment (GRSA) of 5.051 percent to be applied to all base rate components under all schedules. The Company further seeks to add a Clean Air Clean Jobs (CACJA) Adjustment clause to provide for cost recovery, beginning January 1, 2015, associated with the construction work in progress for its new LM6000 generating unit approved by the Commission by Decision No. C14-0007 in Proceeding No. 13A-0445E issued January 6, 2014. Black Hills Energy also seeks to revise the energy and demand components of the base rates under all schedules to roll in the costs currently being recovered under the Transmission Cost Adjustment and the Purchased Capacity Cost Adjustment, which will be offset through a corresponding change to remove the costs from recovery under these current adjustments upon the effective date of the accompanying tariff pages.

3. According to Black Hills Energy, the revised GRSA of 5.051 percent will replace the existing GRSA of 0.108 percent and will increase annual revenues by \$7,916,913 or 3.75 percent on *pro-forma* annual revenues of \$219,256,016, using a current test year of the 12 months ending December 31, 2014. The Company's revenue requirement is based on a weighted-average cost of capital of 7.83 percent on a total rate base of \$466,151,451, calculated using the Company's proposed capital structure consisting of 49.46 percent long-term debt and 50.54 percent equity, a cost of long-term debt of 5.29 percent, and a return on equity of 10.30 percent.

4. Under Black Hills Energy's proposal without the CACJA adjustment, residential rates will increase \$4.28 or 4.54 percent and small commercial rates will increase \$15.24 or 4.28 percent. With the first CACJA adjustment on January 1, 2015 residential rates will increase \$4.70 or 4.98 percent and small commercial rates will increase \$17.24 or 4.84 percent.

5. Black Hills Energy requests an effective date of May 31, 2014 for the tariff sheets submitted under Advice Letter No. 680.

6. Pursuant to § 40-6-111(1), C.R.S., the Commission may, in its discretion, set the tariff page(s) for hearing which will suspend the effective date for 120 days from the proposed effective date. If the Commission does not establish new rates before the expiration of the suspension period of 120 days, or, in this proceeding, September 28, 2014, the tariff page(s) filed by Black Hills Energy may become effective.

7. Section 40-6-111(1), C.R.S., also provides that the Commission may, in its discretion, by a separate decision, suspend the effective date of the tariff page(s) for an additional 90 days. Thus, the Commission has the power and authority to suspend the effective date of the tariff page(s) for a maximum of 210 days or, in this proceeding, until December 27, 2014. If the Commission further suspends, by separate order, the effective date of the tariff page(s) for an additional 90 days, and if no new rates are established by the Commission before December 27, 2014, the tariff page(s) filed by Black Hills Energy may become effective.

B. Conclusions and Findings

8. The Commission finds good cause to suspend the tariff page(s) submitted with Advice Letter No. 680 and set this matter for hearing. The magnitude of the increase requested, the new CACJA adjustment, the proposed use of a current test year, and potential impact on Black Hills Energy's customers warrant further investigation.

9. We refer this matter to an Administrative Law Judge (ALJ). We further direct the ALJ to set a hearing date and establish other procedures by separate order.

10. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this proceeding, as ordered below. The filing of any other document protesting the tariff page(s) shall not allow participation as an intervenor in this matter.

II. ORDER

A. The Commission Orders That:

1. The proposed effective date, May 31, 2014, of the tariff page(s) filed by Black Hills/Colorado Electric Utility Company, LP (Black Hills Energy) with Advice Letter No. 680 is suspended for 120 days until September 28, 2014, or until further order of the Commission.

2. The tariff pages filed by Black Hills Energy with Advice Letter No. 680 are set for hearing before an Administrative Law Judge (ALJ). The ALJ shall set a hearing date and establish other procedures by separate decision.

3. Any person, firm, or corporation, including any who have previously filed a document protesting the proposed tariff page(s), who desire to intervene and participate as a party in this proceeding shall file a motion to intervene with the Commission within 30 days after the mailing date of this Decision, and shall serve a copy of the motion on Black Hills Energy's attorney of record.

4. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 14, 2014.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

PAMELA J. PATTON

GLENN A. VAAD

Commissioners

CHAIRMAN JOSHUA B. EPEL
ABSENT.