

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14A-0923E

IN THE MATTER OF THE APPLICATION OF BLACK HILLS/COLORADO ELECTRIC
UTILITY COMPANY, LP FOR AN ORDER APPROVING A 2015 INTERIM ON-SITE
SOLAR AND COMMUNITY SOLAR GARDEN PROGRAM.

COMMISSION DECISION GRANTING APPLICATION

Mailed Date: November 18, 2014
Adopted Date: November 12, 2014

I. BY THE COMMISSION

A. Statement

1. On September 9, 2014, Black Hills/Colorado Electric Utility Company, LP (Black Hills or Company) filed an Application seeking approval on an interim basis of the proposed on-site solar and Community Solar Gardens (CSG) programs that it filed as part of its 2015-2017 Renewable Energy Standard (RES) Compliance Plan.

2. In Decision No. C14-0007, the decision approving the Company's 2014 RES Compliance Plan, the Commission recognized it would not likely enter a final decision on the Company's 2015-2017 RES Compliance Plan until after the start of 2015. The Commission directed Black Hills to file a proposal for the continuation of its on-site solar program into 2015 or until a final decision on the 2015-2017 plan is issued.¹

¹ Decision No. C14-0007 was mailed on January 6, 2014 in Proceeding No. 13A-0445E. In that decision, the Commission found that the filing of Black Hills' 2015-2017 RES Compliance Plan application, which was anticipated in late summer of 2014, would preclude a final decision on the plan before the start of the 2015 solar programs.

3. Black Hills filed its 2015-2017 RES Compliance Plan on July 29, 2014, docketed as Proceeding No. 14A-0535E. In the instant Application, the Company states the procedural schedule in the 2015-2017 RES Compliance Plan proceeding will not permit a final decision on its plan before December 31, 2014. Black Hills indicates it filed the request for interim approval of the Company's solar programs in this proceeding to allow the Commission to consider granting interim approval for the continuation of Black Hills' on-site solar program outside of the ongoing proceeding considering the Company's 2015-2017 RES Compliance Plan.

4. Black Hills represents that it conferred with the parties to the RES Compliance Plan proceeding, Proceeding No. 14A-0535E, including Commission Staff (Staff), the Office of Consumer Counsel (OCC), the Colorado Energy Office (CEO), the Colorado Independent Energy Association (CIEA), and Western Resource Advocates (WRA). The Company indicates that Staff, CEO, and WRA do not oppose the relief the Company seeks and that CIEA takes no position. Black Hills offers that it also conferred with the OCC, and that OCC objects to the Renewable Energy Credit (REC) prices and overall cost of the on-site solar, but does not oppose the extension of solar programs into 2015.

5. On October 2, 2014, the OCC filed a notice of intervention of right. The OCC articulates concerns that Black Hills provides no factual basis in the instant proceeding for its proposed on-site solar program and that the Company's proposed REC payments may be too high. OCC states it does not request a hearing in this matter.

6. Pursuant to Commission direction in Decision No. C14-1234-I issued October 10, 2014, in which the Commission found that Black Hills should file additional information addressing concerns raised by the OCC, Black Hills made a supplemental filing on October 31, 2014.

B. Discussion

7. In its intervention, the OCC argues that the support for Black Hills' proposed acquisition levels and REC payments, which it states are identical to those proposed by the Company in its 2015-2017 RES Plan, is provided in Proceeding No. 14A-0535E and not in the instant proceeding. The OCC also expresses concern that the proposed REC payments may be higher than necessary to provide an incentive to customers and compares Black Hills' proposal to programs and incentive pricing levels proposed by Public Service Company of Colorado (Public Service).

8. In its supplemental filing, Black Hills responds to OCC's arguments and provides additional information about its proposal, including details regarding requested acquisition levels and REC payment prices. The Company states that the budget for its proposed programs is equal to one month of its Renewable Energy Standard Adjustment (RESA) collections. In addition, Black Hills argues that, because its solar program is smaller and has received less customer interest than Public Service's program, the proposed REC prices proposed are appropriate for market conditions in its territory. Black Hills notes that the on-site solar REC prices it proposes are lower than currently offered REC prices. The Company argues that the additional reductions proposed by OCC for the on-site solar portions of the interim solar program are significant and, even if the Commission accepts the OCC's position that the cost of installed systems is declining over time, the OCC's position fails to recognize that the rate of participation in Black Hills' solar programs is slow compared to that of Public Service.

9. Consistent with Commission decisions in similar proceedings, we find that continuity of the Company's solar programs is in the public interest.² Black Hills has provided

² See Decision No. C14-1299, Proceeding No. 14A-0414E issued October 28, 2014.

sufficient information in this proceeding to show the size of its program and the potential impacts that the proposed REC prices will have on the RESA. We find it is in the public interest to grant interim approval of Black Hills' on-site and CSG programs. The approval of the 2015-2017 RES Plan, including both the on-site and CSG programs, will occur in Proceeding No. 14A-0535E; determinations about program size or REC prices will be made based on consideration of the record in that proceeding.

10. We find good cause to approve Black Hills' interim on-site solar proposal, and we grant the Application.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Black Hills/Colorado Electric Utility Company, LP on September 9, 2014, is granted.

2. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
November 12, 2014.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners