

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24AL-0481E

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.

**COMMISSION DECISION SUSPENDING
EFFECTIVE DATE OF TARIFF SHEETS AND
ESTABLISHING NOTICE AND INTERVENTION PERIOD**

Issued Date: December 31, 2024

Adopted Date: December 30, 2024

IMPORTANT NOTICE: ANY PERSON DESIRING TO PARTICIPATE ONLY BY MAKING A STATEMENT MAY DO SO BY SUBMITTING A WRITTEN COMMENT THROUGH <https://puc.colorado.gov/> INDICATING PROCEEDING NO. 24AL-0481E. IF YOU DESIRE TO ASK QUESTIONS OF A WITNESS OR OTHERWISE PARTICIPATE AS A PARTY IN THIS 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 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 this Decision, the Commission sets for hearing the tariff sheets filed under AL 876 and suspends their effective date to May 1, 2025.

3. A pleading to intervene in this matter may be filed by any person, firm, or corporation desiring to be a party and fully participate in this Proceeding no later than January 31, 2025.

4. The Commission will hear this Proceeding *en banc*.

B. Discussion

5. Black Hills explains in AL 876 that the 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 currently in effect, the 2025 TCA filed with AL 876 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 will result in an increase of approximately \$4 million in the revenue requirement, from \$14.9 million to \$18.9 million. Black Hills states 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 explains that the investments were needed to maintain and enhance the reliability of its transmission system.

6. If allowed to go into effect, the 2025 TCA will cause the average residential customer monthly bill to increase \$1.17 or 1.10 percent. The average small commercial customer monthly bill will increase \$4.52 or 1.30 percent.

7. Black Hills explains that when new base rates are established in the Company's current 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.

8. On December 16, 2024, Trial Staff of the Colorado Public Utilities Commission ("Staff") filed a protest to AL 876. Staff asks 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. Staff explains that the Commission itself raised concerns and solicited comments from numerous witnesses regarding Black Hills’ reliance on existing transmission rules and statutes, cost impacts to ratepayers, and “the unevenness in annual transmission expenditures.” Staff also states that the Commission sought input on “possible alternative cost control metrics in whole or part that could initiate additional review and needs assessment for individual transmission projects.” Staff nevertheless acknowledges that the Commission has yet to issue any findings or decisions on Black Hills request for transmission assets cost recovery or other base rate adjustments in the ongoing rate proceeding.

9. In response, Black Hills argues in its pleading filed on December 17, 2024, that Staff fails to state any specific deficiencies or errors in the AL 876 filing, such as the sufficiency of the information provided by the Company or concerns about the prudence of the included projects. The Company asserts that the AL 876 filing complies with Colorado statutes, Commission rules, and the Company’s Commission-approved tariffs. Black Hills further states that Staff provides no basis for the proposed suspension other than speculation that the Commission may seek to adjust or modify the TCA in an unrelated proceeding. Furthermore, the Company expects to reset the TCA at the same time base rates go into effect pursuant to a final decision in Proceeding No. 24AL-0275E. Black Hills concludes that suspending the 2025 TCA for the purpose of determining what impact the Commission may or may not propose in another proceeding is without merit.

C. Conclusions and Findings

10. Pursuant to § 40-6-111(1), C.R.S., the Commission may suspend tariff sheets for 120 days. Based on our review of the filing and the protest submitted by Staff, we find good cause to suspend the tariff sheets submitted with AL 876 for 120 days through May 1, 2025, and to set the matter for hearing.¹ Due to the potential for ongoing future rate increase requests, it is necessary to examine the spending contained in this 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 Black Hills' TCA tariff sheets in Proceeding No. 22AL-0483E.² We request that the parties to this Proceeding take a closer look at what spending should be eligible for recovering through the TCA.

11. 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 sheets shall not allow participation as an intervenor in this matter.

II. ORDER

A. The Commission Orders That:

1. The proposed January 1, 2025, effective date of the tariff sheets filed with Advice Letter No. 876, filed by Black Hills Colorado Electric LLC (Black Hills") on November 1, 2024, is suspended until May 1, 2025, or until further order of the Commission.

2. Any person, firm, or corporation, including any who have previously filed a document protesting the proposed tariff pages, who desire to intervene and participate as a party

¹ Under § 40-6-111(1)(b), C.R.S., the Commission may by separate order extend the suspension period for an additional 130 days, for a total of 250 days, through September 8, 2025.

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

in this Proceeding shall file a motion to intervene with the Commission no later than **January 31, 2025**, and shall serve a copy of the notice or motion on Black Hills' attorney of record.

3. The Commission shall set a hearing date, rule on interventions, and establish other procedures by separate decision(s).

4. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 30, 2024.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Rebecca E. White".

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners