

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0062E

IN THE MATTER OF THE APPLICATION OF BLACK HILLS COLORADO ELECTRIC, LLC
FOR APPROVAL OF ITS 2025 DISTRIBUTION SYSTEM PLAN.

**INTERIM DECISION ADOPTING PROCEDURAL
SCHEDULE AND DISCOVERY PROCEDURES, AND
PROVIDING ADDITIONAL GUIDANCE FOR
SUPPLEMENTAL DIRECT TESTIMONY**

Issued Date: May 1, 2025

I. STATEMENT AND PROCEDURAL HISTORY

A. Statement

1. This Decision adopts the stipulated procedural schedule and discovery parameters filed by Black Hills Colorado Electric, LLC (“Black Hills” or the “Company”) on April 21, 2025. This Decision also provides additional guidance on the supplemental direct testimony and additional filings required by Decision No. R25-0258-I, informed by the discussion that occurred at the April 24, 2025 prehearing conference.

B. Procedural History

2. On January 31, 2025, Black Hills filed its Application (“Application”) for Approval of its 2025-2029 Distribution System Plan (“DSP”).

3. By Decision No. C25-0221-I, issued March 25, 2025, the Commission set the matter for hearing, acknowledged the interventions as of right filed by the Trial Staff of the Colorado Public Utilities Commission (“Staff”) and the Colorado Office of the Utility Consumer

Advocate (“UCA”), and designated Commissioner Eric Blank as Hearing Commissioner for this Proceeding pursuant to § 40-6-101(2), C.R.S.

4. Through Decision No. R25-0258-I, issued April 4, 2025, the Hearing Commissioner scheduled a prehearing conference, required the filing of a conferral report concerning a procedural schedule for this Proceeding, and ordered supplemental direct testimony.

5. On April 21, 2025, Black Hills filed a report of the Parties’ conferral. Black Hills stated that the Parties have agreed on a procedural schedule and discovery procedures. Black Hills also stated that at the scheduled prehearing conference, it intended to ask questions regarding the supplemental direct testimony requirements set forth in Decision No. R25-0258-I.

6. The prehearing conference was held on April 24, 2025, at 11:00 a.m. The Parties and the Hearing Commissioner discussed the supplemental direct testimony requirements and additional filings required by Decision No. R25-0258-I.

II. FINDINGS AND CONCLUSIONS

A. Procedural Schedule

7. The Parties agree to the following procedural schedule:

Event	Deadline
Supplemental Direct Testimony	May 12, 2025 (shortened discovery)
Answer Testimony	May 30, 2025
Rebuttal/Cross-Answer Testimony	June 23, 2025
Corrected Testimony	June 30, 2025
Stipulation/Settlement	July 2, 2025
Witness Matrix	July 15, 2025
Fully Remote Hearing	July 24-25, 2025
Statements of Position	August 22, 2025

8. Additionally, the Parties agree to follow Commission Rules regarding discovery except discovery responses for supplemental direct testimony will be due within 7 business days.

9. The Hearing Commissioner adopts the proposed procedural schedule and discovery procedures.

B. Remote Evidentiary Hearing

10. A remote evidentiary hearing scheduled for July 24-25, 2025, will be conducted using the Zoom platform. To minimize the potential that the remote hearing may be disrupted by non-participants, Commission staff will distribute the link and meeting ID, or access code, to attend the hearing to the parties by email approximately one week before the hearing, and the parties and witnesses are prohibited from distributing that information to anyone not participating in the hearing.

11. Attachment A to this Decision provides the information addressing how to use the Zoom platform for participating in the remote evidentiary hearing. Attachment B provides detailed instructions governing the preparation and presentation of exhibits at hearing. The parties shall review and follow all requirements in this Decision and Attachments A and B, which are incorporated into and made part of this Decision.

12. Hearing exhibits shall be marked numerically and sequentially for identification by the filing parties within their respective blocks of numbers. In order to efficiently organize the numbering and preparation of exhibits for the hearing, all parties shall use a unified numbering system for all hearing exhibits. Parties should not duplicate hearing exhibits or attachments previously filed by another party.

13. The party initiating the proceeding is assigned hearing exhibit numbers 100 to 299.

14. Each intervening person or entity is assigned a block of 100 hearing exhibit numbers (*e.g.*, 300-399, 400-499, etc.) in the chronological order that notices of intervention by right and petitions for permissive intervention are filed, as reflected in the Commission's E-Filings

System. As a result, the first person or entity noticing an intervention by right or requesting permissive intervention is assigned hearing exhibit numbers from 300 to 399, the second person or entity is assigned hearing exhibit numbers from 400 to 499, etc. Parties shall rely upon the Commission's E-Filings system to determine sequencing of requests for intervention (*i.e.*, without regard to whether or when the interventions were granted). To determine the sequencing and avoid duplicative use of blocks, parties are encouraged to confer as needed.

C. Supplemental Direct Testimony and Additional Filings

15. Through Decision No. R25-0258-I, Black Hills was asked to provide in supplemental direct testimony both a 20-year average residential and all-customer long-term rate impact analysis through 2045 with specific assumptions and elements in executable spreadsheet format. Based on the discussion at the prehearing conference, the Hearing Commissioner provides the following clarification for the assumptions and elements to be used in the rate analysis:

16. Regarding assumption (i) – the gross capital spending projections – Decision No. R25-0258-I specified that these should be based on the total capital spending projected by the corporate parent in its latest investor presentation with the 2024-2028 growth rates assumed to persist through 2045. At the prehearing conference, Black Hills reported that a 2025-2029 investor presentation is now available and asked whether the more recent information should be used. The Hearing Commissioner agrees and requests that to the extent that the gross capital spending is based on corporate plans, it should be based on the latest 2025-2029 projections that are publicly available at the current time.¹

¹ See Black Hills Corporation, Annual Meeting of Shareholders, April 23, 2025, at p. 15 (the 2025 BHC Shareholder presentation) (<https://ir.blackhillscorp.com/static-files/3a3a4d2c-5442-4f38-b460-bb2ef03c217b>).

17. Black Hills also asked whether expected capital spending associated with the implementation of its Clean Energy Plan approved in Proceeding No. 23A-0230E should be included with expected capital spending associated with distribution and transmission. The Hearing Commissioner would request that all capital spending including generation, transmission, distribution, administrative, and any other category be incorporated into the long-term rate analysis. The expectation is that this analysis will look at the growth in capital spending, rate base, returns, O&M spending, depreciation, and taxes over the forecast horizon to calculate a total revenue requirement (or total cost of service) that is all inclusive. Ultimately, the purpose of this analysis is to understand how total and residential customer average rates – calculated as total overall retail revenue requirement or cost-of-service (including all riders) as divided through by sales – increase over time, particularly as capital spending expands.

18. Regarding assumption (ii) – allocation of total cost of service corporate investment to the Colorado electric subsidiary – Decision No. R25-0258-I asked that this should assume that the current proportionate share of electric rate base to the corporate total as shown in the latest investor presentation is maintained over the forecast horizon. At the prehearing conference, Black Hills offered an alternative approach, representing that a budget for Black Hills Colorado Electric, LLC has been set for the years 2025-2029, and asserted that this budget would serve as a better foundation for the forward projections. Although this seems like a sensible suggestion, the Hearing Commissioner has been unable to find any regulatory filing or publicly available document as of the date of the pre-hearing conference that puts forward the Company's comprehensive capital spending plans across generation, transmission, distribution and all other categories. In the absence of this information and given the timing constraints in the procedural schedule, the Hearing Commissioner would require that the capital spending projections start with

the Black Hills Colorado Electric 2024 planning assumption of \$99 million that was put forward in the Black Hills recent electric rate case² and that it be assumed to escalate at 5 percent per year³ over the forecast horizon.⁴ As such, the Hearing Commissioner is no longer requesting that the Company develop a capital spending plan for the Colorado electric subsidiary based on either the holding company forecast or the individual near-term budget of the Colorado subsidiary.

19. Regarding assumption (iii) – the long-term customer class allocation – Decision No. R25-0258-I stated that this should include the Average and Excess Four Coincident Peak (“A&E 4CP”) cost allocation approach that was just approved by the Commission in Proceeding No. 24AL-0275E. At the prehearing conference, Black Hills suggested that the spread between the rate classes that was decided in Proceeding No. 24AL-0275E would better serve as the basis for a weighted average class allocator in the projections and should be projected through the entire forecast horizon. The Hearing Commission generally agrees that the actual customer class cost allocation methodologies approved in 24AL-0275E⁵ should be used in the current long-term customer rate impact analysis through 2027. At the same time, however, the Hearing Commission would request that any residential rate mitigation or adjustment that was approved in the 2024 rate case proceeding⁶ be viewed as a one-time adjustment that would not persist or grow after 2027 for purposes of the going forward customer class allocation projection.

20. Regarding assumption (iv) – the peak demand and energy sales forecast first-year starting points and growth rates – Decision No. R25-0258-I stated that this should reflect the actual

² See Black Hills Colorado Electric 2024 Rate Case, Docket No. 24AL-0275E, HE 101, at p. 30, line 3, Table MJH-4 (hereinafter the BHE 2024 Rate Case) (showing planned capital additions of \$98.51 million in 2024).

³ See, e.g., 2025 BHC Shareholder Presentation, at p. 10 (showing projected long-term growth of 4-6 percent in earnings per share across the holding company).

⁴ This approach is generally supported for the next five years by the oral testimony of Mr. Harrington in the BHE 2024 Rate Case, Hearing Transcript, December 2, 2024, at p. 289 (line 23) - p. 291.

⁵ See BHE 2024 Rate Case, Decision No. C25-0183, at pp. 78-80.

⁶ *Id.* at pp. 81-82.

historical growth rates from 2017 through 2023. At the prehearing conference, Black Hills proposed using its 2022 ERP peak demand and energy sales forecast as summarized by Ms. Johnson in an exhibit from the recent 2024 Black Hills electric rate case.⁷ After reviewing this exhibit, which could serve as a useful general template for responding to this supplemental direct request,⁸ the Hearing Commissioner generally supports the Company's peak demand and energy sales forecast proposal. As such, the Hearing Commissioner would request that the total retail sales forecast start with the actual 2024 calendar year levels and that overall retail sales levels be escalated at the compound annual growth rate of 1.0 percent as documented in the prior 2022 ERP proceeding and in Ms. Johnson's exhibit.⁹ For the residential sales growth forecast and long-term rate impact analysis, however, the hearing commissioner was unable to separate residential projections.¹⁰ Under these circumstances, he would request that the residential sales projections start with actual 2024 calendar year residential sales and escalate over the forecast horizon based on the actual historical compound annual growth rate for residential sales from 2017 through 2024.

21. In addition, to help further develop the record, and to the extent that Black Hills strongly disagrees with any of the capital spending, sales, class allocation, or other input assumptions outlined above, the Hearing Commissioner would invite the Company to explain its disagreement and, if it so desires, develop an additional set of residential and all-customer

⁷ See BHE 2024 Rate Case, Ms. Johnson Supplemental Direct Testimony, HE 115, Attachment SKJ-12, at p. 1, line 12 (showing compound annual growth rate in "Total Sales kWh" of 1.0%).

⁸ This template seems like a reasonable starting point for satisfying this supplemental direct request if the Company used the altered input assumptions requested in this order, extended the analysis out 20 years, separately presented the calculations showing how the requested capital spending led to "Total Adjusted Rate Base", and included an additional row beneath line 12 presenting an "Average Rate" calculated by dividing "Total Cost of Service" by "Total Sales kWh". A second, similar executable spreadsheet would need to be developed for the residential customer class using the residential customer class allocator, residential sales, and other inputs as requested in this order.

⁹ *Id.*

¹⁰ See, e.g., BHE Colorado 2022 Electric Resource Plan, HE 102, Attachment MJH-1HC, Appendix F, E3 Technical Report, May 2022, at pp. 9-19 (describing the sales forecast and load shape, but not breaking out any separate detail for residential customers).

executable rate impact spreadsheets – in addition to the ones requested by the Hearing Commissioner – based on its view of the more appropriate assumptions.

22. Finally, Decision No. R25-0258-I also asked the Parties to help identify a total Colorado electric capital spending level that would keep residential rates growing no faster than inflation. As clarified at the prehearing conference, this reference point calculation would help illustrate the trade-offs between capital spending and affordability concerns and provide general guidance for Commission review of the Company’s capital spending plans. By itself, this reference point is not intended to fix a mandated level of capital spending level that the Company would necessarily be expected to rigidly maintain as other considerations – including the obligation to provide safe and reliable service – are clearly relevant. As such, based on the discussion at the prehearing conference, the Hearing Commissioner anticipates that Black Hills will include a proposal for this reference point calculation in supplemental direct testimony, so that further modeling and analysis may be developed through later testimony.

III. ORDER

A. It Is Ordered That:

1. The procedural schedule and discovery procedures contained within the Report of Stipulated Procedural Schedule, filed by Black Hills Colorado Electric, LLC (“Black Hills”) on April 21, 2025, are adopted.

2. A remote evidentiary hearing is scheduled in this Proceeding as follows:

DATE: July 24 and 25, 2025

TIME: 9:00 a.m. to 5:00 p.m.

WEBCAST: Commission Hearing Room

METHOD: Join by video conference using Zoom at the link to be provided in an email from Commission Administrative Staff

3. All participants must comply with the requirements in Attachments A and B to this Decision.

4. The parties and witnesses are required to participate in the evidentiary hearing by video conference using Zoom. The parties must ensure that they and their witnesses are ready and able to participate in the evidentiary hearing by video conference, including presenting evidence electronically during the hearing using Zoom.

5. The parties are responsible for sharing the Zoom link, meeting ID code, and passcode to witnesses and others participating in the hearing. Participants in the hearing may not distribute the link, meeting ID code, and passcode to anyone not participating in the hearing.

6. The requirements for supplemental direct testimony contained in Decision No. R25-0258-I are clarified consistent with the discussion above.

7. This Decision is effective immediately upon its Issued Date.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

Hearing Commissioner

ATTEST: A TRUE COPY

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

Rebecca E. White,
Director