

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING No. 16 - _____E

IN THE MATTER OF THE APPLICATION OF BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP FOR (1) APPROVAL OF ITS 2016 ELECTRIC RESOURCE PLAN, AND (2) APPROVAL OF ITS 2018-2021 RES COMPLIANCE PLAN.

VERIFIED APPLICATION

Pursuant to Decision No. C15-1071 and Rules 3002 and 3600 through 3619, Black Hills/Colorado Electric Utility Company, LP (“Black Hills” or the “Company”), requests that the Commission enter an Order approving Black Hills’ 2016 Electric Resource Plan (“2016 ERP”), as detailed in Attachment LS-1. In addition, there is a draft request for proposals (“RFP”) at Attachment LS-1, Appendix O and a model purchase power agreement (“PPA”) at Attachment LS-1, Appendix N. These materials are incorporated by reference.

Pursuant to Decision No. C15-1071 and Rules 3650 through 3658, Black Hills also requests approval of its 2018-2021 Renewable Energy Standard Compliance Plan (“2018-2021 RES Plan”), as detailed in Attachment LS- 2. In addition, there are revised tariffs, contracts, and RFP for the Black Hills’ on-site solar program and community solar gardens programs are included in Attachment LS-2, Appendices B-E. These materials are incorporated by reference.

Black Hills is filing several Direct Testimonies¹ in support of this Application. Black Hills is also filing a Motion for Waiver of Commission Rules in order to implement the 2016 ERP and the 2018-2021 RES Plan.

¹ Direct Testimony is provided by the following Company witnesses in support of the 2016 ERP: Fredric C. Stoffel, Lisa Seaman, Tim Mordhorst, Wes Wingen, Eric Egge, and Dan Hansen. Direct Testimony is provided by the following Company witnesses in support of the 2018-2021 RES Plan: Fredric C. Stoffel, Lisa Seaman, and Kevin Pratt.

I. BACKGROUND

1. Black Hills is engaged in generating, selling, and distributing electric energy and power to its customers in those areas in Colorado certificated to it by the Commission for domestic, mechanical, or public uses, and is a public utility subject to the jurisdiction of the Commission pursuant to C.R.S. § 40-1-103.

2. Black Hills' 2016 ERP (Attachment LS-1) filed with this Verified Application sets forth Black Hills' proposed plan to comply with the Commission's Electric Resource Planning Rules during the 2016-2022 Resource Acquisition Period and the Planning Period of 2016-2040. Black Hills' 2018-2021 RES Plan (Attachment LS-2) filed with this Verified Application sets forth Black Hills' proposed plan detailing how it intends to comply with the Commission's Renewable Energy Standard ("RES") Rules during the 2018-2021 Compliance Years. Together, this Verified Application and the attached 2016 ERP and 2018-2021 RES Plan contain all of the elements required for the Commission's approval of the Company's ERP pursuant to Rule 3600 *et. seq.* and all of the elements required for meeting the RES (pursuant to Rule 3650 *et. seq.*), aside from the rule requirements for which waivers are sought in the Motion for Waivers being filed contemporaneously with this Verified Application.

II. INFORMATION REQUIRED BY COMMISSION RULE 3002(b)

1. Name and address of applying utility. The Applicant is Black Hills/Colorado Electric Utility Company, LP. Its headquarters in its Colorado service territory are located at 105 South Victoria, Pueblo, Colorado 81003.

2. Name under which providing service. The Applicant is currently doing business as Black Hills Energy. Black Hills Energy is its registered trade name on file with the Colorado

Secretary of State's office and does business in Colorado under the trade name "Black Hills Energy."

3. Utility's representative. The names, addresses, telephone numbers, and email addresses of the Applicant's utility representatives to whom all inquiries concerning the application should be made is as follows:

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4. Agreement to comply with Rule 3002(b)(IV)-(VI). The Applicant has read and agrees to abide by, the provisions of subparagraphs (b)(IV) through (VI) of Rule 3002.

5. Description of utility's existing operations and general service area in Colorado.
The Company provides electric utility service to approximately 93,500 customers across several communities in Colorado. The largest communities served include Pueblo, Cañon City, and Rocky Ford. The Applicant's electric generating stations are located in these three largest communities. The Applicant's Colorado service territory encompasses all or part of Crowley, Custer, El Paso, Fremont, Otero, Pueblo, and Teller counties. A full listing of the Applicant's operations and service area is set forth in the Applicant's tariffs on file with the Commission.

6. Preference for location of hearing. The Applicant prefers that any administrative hearings be held at the Commission's offices in Denver, Colorado.

7. Acknowledgments. The Applicant has read, and agrees to abide by, the provisions of subparagraphs (b)(XI)(A) through (C) of Rule 3002.

8. Statement under oath. The verification statement to be made under penalty of perjury, required by Rule 3002(b)(XII), appears at the end of this Verified Application.

III. INFORMATION REQUIRED BY RULE 3002(c)

Pursuant to Commission Rules 1310(a) and 3002(c), Black Hills initially filed the required regulated entity information with the Commission in Miscellaneous Proceeding No. 06M-525EG on August 5, 2008. This information was most recently updated on March 29, 2016. The regulated entity information maintained by Black Hills in Miscellaneous Proceeding No. 06M-525EG is incorporated by reference into this Verified Application.

IV. REQUESTED ORDER

Black Hills requests an Order that:

- Approves the Resource Acquisition Period and the Planning Period;
- Approves the load forecast for the ERP;
- Approves the assumptions used for the ERP;
- Approves including a carbon tax assumption in the Environmental Scenario only;
- Approves the Company's Preferred Plan (the Base-with-RES Plan) portfolio of resources
- Approves Black Hills' plan to acquire new resources:
 - Approves a Phase II solicitation to acquire up to 60 MW of Eligible Energy Resources by 2019;
- Approves a 15% reserve margin;
- Approves the model contract for future PPA for up to 60 MW of Eligible Energy Resources by 2019 (subject to changes during negotiations);
- Approves the model RFP to be used in the Phase II competitive solicitation for up to 60 MW of Eligible Energy Resources by 2019;
- Approves the key inputs, assumptions, and updates that will be used to evaluate bid in a Phase II solicitation;
- Approves continuing using the calculation of the net incremental cost of the Busch Ranch Wind Project that was locked down through 2023 in Decision No. C14-0007 and also taking into account the PSCo Schedule 3 VER Generation and Frequency Response Ancillary Services Charge and Schedule 16 Flex Reserve Service and Ancillary Services charge which went into effect on January 1, 2015. This is because Busch Ranch is now subject to these tariffs;
- Approves continuing using the calculation of the net incremental cost of the 2006 through 2015 solar programs which were locked down through 2023 in Decision No. C14-0007;
- Approves continuing using the calculation of the net incremental cost of the Peak View Wind Project that was locked down through 2026 by Decision No. C15-0373;
- Approves the net incremental cost calculation for the proposed 2018 – 2021 on-site solar program and community solar garden programs through 2023;
- Approves the 2018-2021 RES Compliance Plan;
- Approves the proposed changes to the tariffs and contracts for the on-site solar program and Black Hills' proposal to file compliance tariffs at the conclusion of this proceeding;
- Approves the proposed changes to the tariffs, contracts, and requests for proposals for Black Hills' community solar gardens programs and Black Hills' proposal to file compliance tariffs at the conclusion of this proceeding;
- Approves the proposed amount of capacity for Black Hills' on-site solar program and community solar gardens programs for 2018-2021; and
- Approves the Motion for Waivers that is being filed contemporaneously.

WHEREFORE, Black Hills requests that the Commission enter an Order granting this Application, approving Black Hills' 2016 ERP and 2018-2021 RES Plan, and granting such waivers as the Commission deems necessary for their implementation.

Date: June 3, 2016

Respectfully submitted,

s/ Kevin L. Opp

Kevin L. Opp #36607

Corporate Counsel

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