

EL00-014



**BLACK HILLS CORPORATION**P.O. BOX 1400 625 NINTH STREET  
RAPID CITY, SOUTH DAKOTA 57709KYLE D. WHITE  
VICE PRESIDENT OF  
MARKETING &  
REGULATORY AFFAIRSTELEPHONE: (605) 721-2070  
FACSIMILE: (605) 721-2577  
E-MAIL: kdwhite@blackhillsfiber.com

May 4, 2000

**RECEIVED**

MAY - 4 2000

William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Subject: State of South Dakota Electric Service Agreement - South Dakota School of  
Mines & Technology and Black Hills State University

Dear Mr. Bullard:

Black Hills Corporation (BHC), doing business as Black Hills Power & Light Company, is filing an Electric Power Service Agreement that is with the State of South Dakota. BHC is submitting the Agreement and the corresponding tariff sheets for the Commission's consideration and approval. This submission is made pursuant to ARSD 20:10:13:09 in filing rates and tariffs, which deviate from BHC's standard tariff schedules.

The Agreement with the State of South Dakota is to provide transportation and delivery of energy. The State has an option to utilize energy supplied by Western Area Power Administration of the United States (Western). The State wishes to allocate a portion of their Western supply to the campuses of South Dakota School of Mines & Technology (SDSMT) and Black Hills State University (BHSU).

BHC currently provides Western delivered power to SDSMT under a contract dated June 20, 1995. The initial term of the SDSMT contract was five (5) years beginning August 1, 1995 and ending July 31, 2000. An option to extend the contract has not been exercised by the State.

BHSU is receiving retail service from BHC under State University Service tariff with an initial contract term of five (5) years that began August 1, 1995. BHSU's contract terminates July 31, 2000. The State has not exercised their option to extend the contract.

BHSU is the only State run campus that does not receive power supplied by Western. By including the campus of BHSU, BHSU will have the same source of electricity as the other State universities.

William Bullard, Jr.  
Executive Director  
May 4, 2000  
Page 2

With the State's allocation of Western resource changing, the State will be completing a redistribution of the energy to various institutions. Dacotah Cement Plant will no longer be receiving about 6,000 kW of Western associated energy in the summer months. The amount of power that is allocated to SDSMT will increase during the summer months. The following schedule has been provided to BHC:

Location	Summer (kW)	Winter (kW)
BHSU	1,500	1,300
SDSMT	2,700	1,964

BHC will supply Supplemental Service in the event that the State's Western resource has been reduced or the Western resource is not available. Should deregulation occur in South Dakota and distribution wheeling and supplemental power tariffs are approved by the Commission, the terms of the contract will be modified to be consistent with such tariffs.

The State has made arrangements to receive Western energy on June 1, 2000. BHC is requesting the Commission's approval to meet the customer's needs.

An original and ten copies are supplied along with this letter. If you have any questions, please contact me at 605-721-2070 or Don Martinez at 605-721-2689.

Sincerely,



Kyle White

Copy: Don Martinez – BHP Energy Services Engineer  
Tracy Thorne – State Energy Manager

Enclosures

**ELECTRIC SERVICE AGREEMENT****STATE OF SOUTH DAKOTA: SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY AND  
BLACK HILLS STATE UNIVERSITY**

This Electric Service Agreement (Agreement) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2000 by and between the State Of South Dakota (State) and Black Hills Corporation (Company), which operates its electric utility division under the assumed name of Black Hills Power and Light Company. The Company and the State may individually and collectively be referred to herein as "Party" and "Parties" respectively.

WHEREAS, the State has a contract with the Western Area Power Administration (Western) for the supply of firm electric service dated January 31, 1992, under which the State currently provides electric demand and energy to SDSMT, and the State wishes to provide electric demand and energy from Western to BHSU; and

WHEREAS, the Company provides electric transmission, distribution and Supplemental Supply to the South Dakota School of Mines and Technology (SDSMT) under a contract dated June 20, 1995, and the Company wishes to continue to provide electric distribution and Supplemental Supply to SDSMT; and

WHEREAS, the Company provides full electric requirements to the Black Hills State University (BHSU) under the terms of a contract dated June 20, 1995, and the Company wishes to provide electric distribution and Supplemental Supply to BHSU; and

WHEREAS, the State is negotiating transmission agreements that will be necessary for the delivery of Western Supply to the distribution system of Company.

NOW, THEREFORE, in consideration of the premises and mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

**1. Definitions.**

- 1.1. "BHSU" shall mean the Black Hills State University campus located at a contiguous campus at 1200 University Street, Spearfish, South Dakota as it exists on the date of this Agreement or as it may change by the addition, renovation or removal of BHSU facilities.
- 1.2. "Distribution" shall mean the Company's electrical system consisting of lines, equipment and facilities, and the use of said system in the delivery of Western Supply, between and including Company's Campbell Street Substation and Robbinsdale Substation and SDSMT, and between and including Company's Hills View Substation and BHSU.
- 1.3. "Effective Date" shall mean the first day on which this Agreement is valid pursuant to the approval of this Agreement by the PUC.
- 1.4. "Point(s) of Delivery" shall mean any or all of the electric service meter locations at SDSMT and BHSU through which Western Supply shall pass pursuant to this Agreement and which exist on the date of this Agreement, or other points as may be mutually agreed upon by the Parties.

- 1.5. "Power Factor" shall be defined according to the following formula:

$$\text{Power Factor} = \frac{kWh}{\sqrt{kWh^2 + kVAh^2}}$$

where kWh means kilowatt-hours, kVAh means kilovar-hours, and all quantities are for the current billing period.

- 1.6. "SDSMT" shall mean the South Dakota School of Mines & Technology campus, which is located at a contiguous campus at 501 E. St. Joe Street, Rapid City, South Dakota as it exists on the date of this Agreement or as it may change by the addition, renovation or removal of SDSMT facilities.
- 1.7. "Supplemental Supply" shall mean the supply by Company of electric demand and energy requirements of SDSMT and/or BHSU which are not met by Western Supply.
- 1.8. "Western" shall mean the Western Area Power Administration of the United States of America.
- 1.9. "Western Supply" shall mean the supply by Western of electric demand and energy to SDSMT and BHSU.

## **2. Term.**

The initial term of this Agreement shall commence on the Effective Date and end June 30, 2003, and shall continue thereafter until terminated by either Party giving the other Party one (1) year written notice. Notice of termination may be given prior to June 30, 2003, but this Agreement shall not terminate prior to June 30, 2003, unless otherwise terminated hereunder.

## **3. Power Supply by Western.**

- 3.1. Delivery to Company's Distribution System. The State shall have the right to deliver Western Supply to SDSMT and BHSU. The State shall be responsible for purchasing Western Supply and shall cause Western Supply to be delivered to the Company's Distribution system.
- 3.2. Scheduling of Western Supply. All deliveries of Western Supply shall be from schedules supplied to Company by the State (or its designated agent) in accordance with procedures agreed upon by Company and the State.

## **4. Supplemental Supply by Company.**

- 4.1. Rate. Company shall provide Supplemental Supply to SDSMT and BHSU in accordance with the terms of Company's most favorable tariff on file with the South Dakota Public Utilities Commission (PUC). For purposes of this Agreement, billing demand shall be measured in thirty (30) minute intervals in a manner consistent with demand billing by Western.
- 4.2. Shared Service. During any billing month in which SDSMT and/or BHSU are served by Western and Company, such requirements shall be supplied in accordance with Western's X/Y formula set forth in Exhibit A, which is attached hereto and incorporated by reference herein.
- 4.3. Power Factor. The Company's applicable power factor adjustment pursuant to Article 4.1 shall apply to Supplemental Service.

- 4.4. Losses. Supplemental Supply shall be billed under a bundled retail tariff pursuant to Article 4.1. Losses are included in such tariff and shall not be added to measured demand and energy for purposes of Supplemental Supply billing.
- 4.5. Supplemental Supply Subject to Regulation. The parties understand and agree that the rates charged by the Company for Supplemental Supply of electric capacity and energy are subject to regulation by the South Dakota Public Utilities Commission (PUC). At such time, if ever, that retail open access or "customer choice", the condition under which retail electric customers may choose suppliers, becomes effective in the State of South Dakota, the Supplemental Supply rate and other conditions set forth in Articles 4.1, 4.2, 4.3, and 4.4 shall be modified to be consistent with such tariffs determined by state regulation for the remaining term of the contract.

**5. Distribution Service.**

- 5.1. Rate. The Company shall deliver the Western Supply over its Distribution System to the Points of Delivery at SDSMT and BHSU and shall charge the State according to the following schedule.

Effective Dates	BHSU	SDSMT
June 1, 2000 – May 31, 2001	\$0.010 per kWh	\$0.004 per kWh
June 1, 2001 – May 31, 2002	\$0.010 per kWh	\$0.006 per kWh
June 1, 2002 – May 31, 2003	\$0.010 per kWh	\$0.008 per kWh
June 1, 2003 and thereafter	\$0.010 per kWh	\$0.010 per kWh

- 5.2. Power Factor. Power factor shall apply to Distribution Service. Should the monthly power factor of the distribution load at either SDSM&T or BHSU be less than ninety-five percent (95%) lagging, the applicable Distribution Rate listed in Article 5.1 shall be adjusted as follows for the respective load: the rate shall be multiplied by 0.95 and divided by power factor.
- 5.3. Losses. The registration of meters and recording devices shall be increased a total of two percent (2%) prior to the calculation of billing for distribution service.
- 5.4. Distribution Rates Subject to Regulation. The parties understand and agree that the rates charged by the Company for the distribution of electric capacity and energy are subject to regulation by the South Dakota Public Utilities Commission (PUC). At such time, if ever, that open access retail wheeling distribution tariffs are determined by the PUC under the state jurisdiction, the wheeling rate for distribution services, power factor adjustment, and losses set forth in Articles 5.1, 5.2, and 5.3 shall be modified to be consistent with such tariffs determined by state regulation for the remaining term of the contract.

**6. Facilities Provided By Company.**

The Company shall maintain such electric Distribution system as necessary to deliver Western supply to SDSMT and BHSU at the Points of Delivery and at the voltages as they exist on the date of this Agreement. The Distribution system of the Company shall be of sufficient capacity to meet the respective requirements of SDMSMT and BHSU.

## **7. Facilities Provided By State.**

- 7.1. State Facilities. The State shall install and maintain, at its own expense, in compliance with approved standards of construction, all facilities on the State's side of the Points of Delivery at SDSMT and BHSU which are necessary for the proper reception of Western Supply and Supplemental Supply. State or its agent shall furnish and install all instrument transformers, meters, recording devices and other apparatus necessary for measuring the Western Supply through the metering points. Such facilities and equipment shall be of types which will not interfere with other service rendered by Company and shall be subject to inspection by Company at reasonable times.
- 7.2. Rights-of-Way. State shall provide Company, without cost, a suitable location and rights-of-way for necessary lines and equipment immediately adjacent to the Point(s) of Delivery set forth in Article 1.4 for the purpose of fulfilling this Agreement. All equipment installed by, and at the cost of, Company shall remain Company's property and Company shall have the right to inspect, repair or remove the same at its discretion and at its own cost.

## **8. METERING.**

- 8.1. Ownership. Meters shall be owned and maintained by Western. Articles 8.3, 8.4, 8.5 and 8.6 reflect Western's policies concerning metering as set forth in Western's General Power Contract Provisions in the Contract for Firm Electric Service between Western and the State.
- 8.2. Point(s) of Metering. The electric capacity and energy to be delivered by the Company to the School of Mines at two locations shall be metered at 12,470 volts and 4,160 volts and to Black Hills State at one location metered at 12,470 volts. Any changes to or additions of points of metering may be included upon mutual agreement.
- 8.3. Maintenance, Inspection and Testing. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of either Party shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested at least once each year by Western and at any reasonable time upon request by either Party. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by Western. Meters found with broken seals shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Article 8.4.
- 8.4. Meter Failure. Except as otherwise provided for in Article 8.5, should any meter or recording device fail to register accurately, the electric demand and energy supplied or transmitted during such period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.
- 8.5. Adjustments for Inaccuracy. Should acceptable inspections and tests of a meter or recording device disclose an error exceeding two percent (2%), then correction based upon the inaccuracy found shall be made of the records of services furnished during the period that such inaccuracy has existed as determined by Western; provided that if such period of inaccuracy cannot be determined, correction shall be made for the period beginning with the monthly billing period immediately preceding the billing period during which the test was made.



- 8.6. Billing Adjustment. Any correction in billing resulting from a correction of meter records shall normally be made in the next monthly bill rendered by Company to the State. Payment of such bill shall constitute full adjustment of any claim between the Parties arising out of inaccuracy of metering equipment.

## **9. Billing and Payment.**

The billing period shall be monthly and the date on which meters are read shall be determined by mutual agreement among the Parties and Western. The Company shall render monthly bills for Distribution service and Supplemental Supply provided under this Agreement. Net monthly bills are due and payable twenty (20) days from the date of the bill, and after that date the account becomes delinquent. A late payment charge of 1.5% on the current unpaid balance shall apply to delinquent accounts. If a bill is not paid, the Company shall have the right to suspend service, providing ten (10) days written notice of such suspension has been given to the State, but such action shall not release the State from the obligation to pay for service furnished or from liability for damages because of any breach hereof, nor shall such action prevent the Company from insisting upon enforcing specific performance of this Agreement by the State.

## **10. Regulatory Approval.**

This Agreement is subject to approval by the PUC. The Parties shall use their best efforts to obtain PUC approval to establish an effective date of June 1, 2000. Should the PUC not approve this Agreement, or make or require changes to this Agreement, the Parties shall meet within ten (10) days of the date of the PUC's order to negotiate, in good faith, revisions to this Agreement that would meet PUC requirements and provide services contemplated in this Agreement. If after thirty (30) days from the initial meeting the Parties are unable to agree upon a revision to this Agreement, or should the PUC fail to approve this Agreement prior to July 31, 2000, this Agreement shall become null and void, and the current agreements between the parties shall thereupon be reinstated and survive and continue to govern the relationship of the parties until such agreements are amended or terminated.

## **11. Miscellaneous.**

- 11.1. Force Majeure and Continuous Service Exceptions. The Company will endeavor to maintain adequate and continuous service but does not guarantee that the supply of capacity and energy will at all times be constant. Should service be interrupted or fail by an act of nature or public enemy, fire, explosion, flood, strike, or other cessation of work by personnel, picketing, insurrection, mob violence, governmental interference, breakdown of or injury to machinery or electric facilities, extraordinary repairs, or other accident, or other causes not reasonably within its control, Company shall not be liable for damages on account of interruption of services.
- 11.2. Indemnification. The Company shall not be liable for any loss or damage to property or injury to or death of persons, whether suffered by the State, its agents or employees, or by any third person, persons or corporation, resulting from the location, use or operation of electrical or other equipment located on the State's side of the Points of Delivery, or from electricity present therein or escaping therefrom, and the State agrees to indemnify and save the Company harmless from all such loss, damages, injuries or death.

The State shall not be liable for any loss or damage to property or injury to or death of persons, whether suffered by the Company, its agents or employees, or by any third person, persons or corporation, resulting from the location, use or operation of

electrical or other equipment located on the Company's side of the Points of Delivery, or from electricity present therein or escaping therefrom, and the Company agrees to indemnify and save the State harmless from all such loss, damages, injuries or death.

- 11.3. Waivers. Any waiver at any time by either Party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.
- 11.4. Notice. Any notice, demand or request required or authorized by this Agreement shall be deemed properly given if delivered in person, or when mailed, postage prepaid, certified mail, return receipt requested, or by prepaid overnight delivery to the other Party by United States Postal Service, Federal Express, Airborne, or other delivery provider which requires a signature on receipt, as follows:

To the State

Bureau of Administration  
Attention: Commissioner  
State of South Dakota  
500 East Capitol Avenue  
Pierre, SD 57501  
Phone: 605-773-3688  
Fax: 605-773-3887

To the Company

Black Hills Power and Light Company  
Attention: Chief Operating Officer  
P. O. Box 1400  
Rapid City, SD 57709  
Phone: 605-721-1700  
Fax: 605-721-2599

The designation of persons to be notified with the address of such persons may be changed at any time by a similar notice.

- 11.5. Complete Agreement. This Agreement shall be considered the complete agreement of the Parties pertaining to the matters set forth herein and replaces any other previous contract, agreement, written or oral, pertaining to the matters set forth herein. The provisions of this Agreement shall not be changed except in writing duly executed by the Company and the State.
- 11.6. Severability. Should any portion of this Agreement be determined by any court or regulatory body having jurisdiction to be void and not enforceable, the balance of the Agreement shall remain binding on the Parties and the Parties shall meet within thirty (30) days of the date on which the order of the court or regulatory body having jurisdiction is rendered to negotiate, in good faith, revisions to this Agreement that would provide for continued service from Company under mutually acceptable conditions. Should the Parties be unable to agree upon a revision to this Agreement, then the balance of the Agreement shall remain binding on the Parties.
- 11.7. Assignability. Neither this Agreement nor any benefit herein may be assigned by the State. The Agreement shall inure to and be binding and enforceable upon the State and its assigns, lessees and successors in interest.
- 11.8. Section Headings. Section or article titles appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

PUBLIC UTILITIES COMMISSION OF SOUTH DAKOTA

BLACK HILLS POWER AND LIGHT COMPANY  
RAPID CITY, SOUTH DAKOTA

SECTION NO. 1  
EIGHTH REVISED SHEET NO. 3  
REPLACES SEVENTH REVISED SHEET NO. 3

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Second Revised Sheet	10	Schedule 3- Cogeneration and Small Power Production Service--Simultaneous Rider

SECTION 4                      CONTRACTS WITH DEVIATIONS

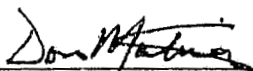
Seventh Revised Sheet	1	Reserved
Original Sheet	2	Business Development Service
Original Sheet	3	Business Development Service
Original Sheet	4	Business Development Service
First Revised Sheet	5	Summary List of Contracts With Deviations
First Revised Sheet	6	Summary List of Contracts With Deviations

SECTION 5                      RULES AND REGULATIONS

DATE FILED: May 4, 2000

EFFECTIVE DATE:

ISSUED BY:



Donald J. Martinez  
Energy Services Engineer

PUBLIC UTILITIES COMMISSION OF SOUTH DAKOTA

BLACK HILLS POWER AND LIGHT COMPANY  
RAPID CITY, SOUTH DAKOTA

SECTION NO. 4  
FIRST REVISED SHEET NO. 6  
REPLACES ORIGINAL SHEET NO. 6

SUMMARY LIST OF CONTRACTS WITH DEVIATIONS

Contract #121-9

South Dakota State Cement Plant Commission Electric Power Service Agreement, effective January 1, 1999.

Contract #13041

State of South Dakota: South Dakota School of Mines & Technology and Black Hills State University Electric Service Agreement, effective June 1, 2000 and has a term of three (3) years and continues until canceled by one year written notice of either party. The agreement is to provide Distribution Wheeling Service and Supplemental Power Service.

N

DATE FILED: May 4, 2000

EFFECTIVE DATE:

ISSUED BY: \_\_\_\_\_

*Don Martinez*

Donald J. Martinez  
Energy Services Engineer

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of May 4, 2000 through May 10, 2000**

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you,  
please contact Delaine Kolbo within five business days of this filing.  
Phone: 605-773-3705 Fax: 605-773-3809

**ELECTRIC**

**EL00-014 In the Matter of the Filing by Black Hills Corporation for Approval of an Electric Service Agreement between Black Hills Corporation and South Dakota School of Mines & Technology and Black Hills State University.**

Filing by Black Hills Corporation for approval of a contract with deviations to provide electric distribution and Supplemental Supply service to South Dakota School of Mines and Technology and Black Hills State University. This contract will modify and supersede contracts currently serving these customers which are set to expire July 31, 2000.

Staff Analyst: Dave Jacobson  
Staff Attorney: Camron Hoseck  
Date Docketed: 05/04/00  
Intervention Deadline: NA

**EL00-015 In the Matter of the Filing by Black Hills Power and Light Company for Approval of its 1999 Economic Development Annual Report.**

Pursuant to Docket EL95-003, Black Hills Power and Light filed its 1999 Economic Development Annual Report which includes the 1999 budget breakdown of actual expenditures for economic development activities.

Staff Analyst: Keith Senger  
Staff Attorney: Karen Cremer  
Date Docketed: 05/09/00  
Intervention Deadline: N/A

**EL00-016 In the Matter of the Filing by Northern States Power Company for Approval of its 1999 Economic Development Annual Report and 2000 Economic Development Plan.**

Pursuant to Docket EL91-004, Northern States Power Company filed its report on 1999 economic development activities and its proposed economic development budget for 2000.

Staff Analyst: Dave Jacobson  
Staff Attorney: Karen Cremer  
Date Docketed: 05/09/00  
Intervention Deadline: N/A

You may receive this listing and other PUC publications via our website or via internet e-mail.  
You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>

E100-014

# Black Hills Power and Light Company

P.O. Box 1400, 409 Deadwood Avenue  
djmartin@blackhillspower.com

Rapid City, South Dakota 57709  
http://www.blackhillscorp.com

**Don Martinez**  
Energy Services  
Engineer

**Telephone**  
(605) 721-2689  
Fax: (605) 721-2577

May 23, 2000

**RECEIVED**

MAY 24 2000

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Subject: State of South Dakota Electric Service Agreement – South Dakota School of Mines & Technology (SDSMT) and Black Hills State University (BHSU)

Dear Mr. Bullard:

In following up on our May 4<sup>th</sup> filing with the South Dakota Public Utilities Commission (PUC), I am forwarding a copy of the signed agreement. The Agreement with the State of South Dakota is to provide transportation and delivery of energy supplied by Western Area Power Administration of the United States (Western) to the campuses of SDSMT and BHSU.

The final agreement, for the most part, is similar to the draft that was supplied with our filing. Most of the changes were grammatical corrections. There were some changes to the language and includes the following:


- New definition – "Retail Open Access" – was added and numbered 1.6 (which affected the numbering for the remaining definitions).
- Article 4.5 – Supplemental Supply Subject to Regulation language was changed. The new language terminates the contract in the event that Retail Open Access becomes effective and the PUC has approved tariffs.
- Article 5.4 – Supplemental Supply Subject to Regulation language was changed with similar language as 4.5. The contract would terminate in the event that Retail Open Access becomes effective and the PUC has approved Distribution Wheeling tariffs.

The changes seen in the two "Subject to Regulation" sections were due to the uncertainty of how to transition the contract in the event, if ever, that Retail Open Access becomes effective in the State of South Dakota. The final agreement simply terminates the contract on the effective date of the Company's associated tariffs that are approved by the PUC.

Mr. William Bullard, Jr.  
May 23, 2000  
Page 2

I understand that our Contract with Deviations filing (EL00-014) has been scheduled with the Commission on May 30, 2000. Eleven (11) copies of the signed contract are supplied with this letter. If you have any questions regarding the contract, please contact me at 605-721-2689 or Kyle White at 605-721-2070.

Sincerely,



Don Martinez

enclosure

Kyle White – Vice President, Marketing & Regulatory Affairs  
Tracy Thorne – State Energy Manager

**RECEIVED**

MAY 24 2000

Contract Number 13041  
Effective Date June 1, 2000

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION ELECTRIC SERVICE AGREEMENT**

STATE OF SOUTH DAKOTA: SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY AND BLACK HILLS STATE UNIVERSITY

This Electric Service Agreement (Agreement) is made this 22nd day of May, 2000 by and between the State Of South Dakota (State) and Black Hills Corporation (Company), which operates its electric utility division under the assumed name of Black Hills Power and Light Company. The Company and the State may individually and collectively be referred to herein as "Party" and "Parties" respectively.

WHEREAS, the State has a contract with the Western Area Power Administration (Western) for the supply of firm electric service dated January 31, 1992, under which the State currently provides electric demand and energy to SDSMT, and the State wishes to provide electric demand and energy from Western to BHSU; and

WHEREAS, the Company provides electric transmission, Distribution and Supplemental Supply to the South Dakota School of Mines and Technology (SDSMT) under a contract dated June 20, 1995, and the Company wishes to continue to provide electric distribution and Supplemental Supply to SDSMT; and

WHEREAS, the Company provides full electric requirements to the Black Hills State University (BHSU) under the terms of a contract dated June 20, 1995, and the Company wishes to provide electric Distribution and Supplemental Supply to BHSU; and

WHEREAS, the State is negotiating transmission agreements that will be necessary for the delivery of Western Supply to the distribution system of Company.

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**1. Definitions.**

- 1.1. "BHSU" shall mean the Black Hills State University campus located at a contiguous campus at 1200 University Street, Spearfish, South Dakota as it exists on the date of this Agreement or as it may change by the addition, renovation or removal of BHSU facilities.
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- 1.3. "Effective Date" shall mean the first day on which this Agreement is valid pursuant to the approval of this Agreement by the South Dakota Public Utilities Commission (PUC).
- 1.4. "Point(s) of Delivery" shall mean any or all of the electric service meter locations at SDSMT and BHSU through which Western Supply shall pass pursuant to this Agreement and which exist on the date of this Agreement, or other points as may be mutually agreed upon by the Parties.



- 1.5. "Power Factor" shall be defined according to the following formula:

$$\text{Power Factor} = \frac{kWh}{\sqrt{kWh^2 + kVArh^2}}$$

where kWh means kilowatt-hours, kVArh means kilovar-hours, and all quantities are for the current billing period.

- 1.6. "Retail Open Access" shall mean the condition under which retail electric customers may choose electricity suppliers by the authority of the PUC in the State of South Dakota.
- 1.7. "SDSMT" shall mean the South Dakota School of Mines & Technology campus, which is located at a contiguous campus at 501 E. St. Joe Street, Rapid City, South Dakota as it exists on the date of this Agreement or as it may change by the addition, renovation or removal of SDSMT facilities.
- 1.8. "Supplemental Supply" shall mean the supply by Company of electric demand and energy requirements of SDSMT and/or BHSU which are not met by Western resources.
- 1.9. "Western" shall mean the Western Area Power Administration of the United States of America.
- 1.10. "Western Supply" shall mean the supply by Western of electric demand and energy to SDSMT and BHSU.

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The initial term of this Agreement shall commence on the Effective Date and end June 30, 2003, and shall continue thereafter until terminated by either Party giving the other Party one (1) year written notice. Notice of termination may be given prior to June 30, 2003, but this Agreement shall not terminate prior to June 30, 2003, unless otherwise terminated hereunder.

## 3. Power Supply by Western.

- 3.1. Delivery to Company's Distribution System. The State shall have the right to deliver Western Supply to SDSMT and BHSU. The State shall be responsible for purchasing Western Supply and shall cause Western Supply to be delivered to the Company's Distribution system.
- 3.2. Scheduling of Western Supply. All deliveries of Western Supply shall be from schedules supplied to Company by the State (or its designated agent) in accordance with procedures agreed upon by Company and the State.

## 4. Supplemental Supply by Company.

- 4.1. Rate. Company shall provide Supplemental Supply to SDSMT and BHSU in accordance with the terms of Company's tariff on file with the PUC which results in the most favorable treatment of the State. For purposes of this Agreement, billing demand shall be measured in thirty (30) minute intervals in a manner consistent with demand billing by Western.

- 4.2. Shared Service. During any billing month in which SDSMT and/or BHSU are served by Western and Company, such requirements shall be supplied in accordance with Western's X/Y formula set forth in Exhibit A, which is attached hereto and incorporated by reference herein.
- 4.3. Power Factor. The Company's applicable power factor adjustment pursuant to Article 4.1 shall apply to Supplemental Service.
- 4.4. Losses. Supplemental Supply shall be billed under a bundled retail tariff pursuant to Article 4.1. Losses are included in such tariff and shall not be added to measured demand and energy for purposes of Supplemental Supply billing.
- 4.5. Supplemental Supply Subject to Regulation. The parties understand and agree that the rates charged by the Company for Supplemental Supply are subject to regulation by the PUC. At such time, if ever, that Retail Open Access becomes effective in the State of South Dakota, this contract will terminate on the effective date of the Company's Retail Open Access tariffs approved by the PUC.

**5. Distribution Service.**

- 5.1. Rate. The Company shall deliver Western Supply over its Distribution System to the Points of Delivery at SDSMT and BHSU and shall charge the State according to the following schedule.

Effective Dates	BHSU	SDSMT
June 1, 2000 – May 31, 2001	\$0.010 per kWh	\$0.004 per kWh
June 1, 2001 – May 31, 2002	\$0.010 per kWh	\$0.006 per kWh
June 1, 2002 – May 31, 2003	\$0.010 per kWh	\$0.008 per kWh
June 1, 2003 and thereafter	\$0.010 per kWh	\$0.010 per kWh

- 5.2. Power Factor. Power factor shall apply to Distribution Service. Should the monthly power factor of the distribution load at either SDSMT or BHSU be less than ninety-five percent (95%) lagging, the applicable Distribution Rate listed in Article 5.1 shall be adjusted as follows for the respective load: the rate shall be multiplied by 0.95 and divided by power factor.
- 5.3. Losses. The registration of meters and recording devices shall be increased a total of two percent (2%) prior to the calculation of billing for Distribution service.
- 5.4. Distribution Rates Subject to Regulation. The parties understand and agree that the rates charged by the Company for Distribution Service are subject to regulation by the PUC. At such time, if ever, that Retail Open Access becomes effective in the State of South Dakota, this contract will terminate on the effective date of the Company's Distribution Wheeling tariffs approved by the PUC.

**6. Facilities Provided By Company.**

The Company shall maintain such electric Distribution system as necessary to deliver Western supply to SDSMT and BHSU at the Points of Delivery and at the voltages as they exist on the date of this Agreement. The Distribution system of the Company shall be of sufficient capacity to meet the respective requirements of SDSMT and BHSU.

## **7. Facilities Provided By State.**

- 7.1. State Facilities.** The State shall install and maintain, at its own expense, in compliance with approved standards of construction, all facilities on the State's side of the Points of Delivery at SDSMT and BHSU which are necessary for the proper reception of Western supply and Supplemental Supply. State or its agent shall furnish and install all instrument transformers, meters, recording devices and other apparatus necessary for measuring the Western Supply through the metering points. Such facilities and equipment shall be of types which will not interfere with other service rendered by Company and shall be subject to inspection by Company at reasonable times.
- 7.2. Rights-of-Way.** State shall provide Company, without cost, a suitable location and rights-of-way for necessary lines and equipment immediately adjacent to the Point(s) of Delivery set forth in Article 1.4 for the purpose of fulfilling this Agreement. All equipment installed by, and at the cost of, Company shall remain Company's property and Company shall have the right to inspect, repair or remove the same at its discretion and at its own cost.

## **8. METERING.**

- 8.1. Ownership.** Meters shall be owned and maintained by Western. Articles 8.3, 8.4, 8.5 and 8.6 reflect Western's policies concerning metering as set forth in Western's General Power Contract Provisions in the Contract for Firm Electric Service between Western and the State.
- 8.2. Point(s) of Metering.** The electric capacity and energy to be delivered by the Company to the School of Mines at two locations shall be metered at 12,470 volts and 4,160 volts and to Black Hills State at one location metered at 12,470 volts. Any changes to or additions of points of metering may be included upon mutual agreement.
- 8.3. Maintenance, Inspection and Testing.** Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of either Party shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested at least once each year by Western and at any reasonable time upon request by either Party. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by Western. Meters found with broken seals shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Article 8.4.
- 8.4. Meter Failure.** Except as otherwise provided for in Article 8.5, should any meter or recording device fail to register accurately, the electric demand and energy supplied or transmitted during such period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.
- 8.5. Adjustments for Inaccuracy.** Should acceptable inspections and tests of a meter or recording device disclose an error exceeding two percent (2%), then correction based upon the inaccuracy found shall be made of the records of services furnished during the period that such inaccuracy has existed as determined by Western; provided that if such period of inaccuracy cannot be determined, correction shall be made for the period beginning with the monthly billing period immediately preceding the billing period during which the test was made.

**8.6. Billing Adjustment.** Any correction in billing resulting from a correction of meter records shall normally be made in the next monthly bill rendered by Company to the State. Payment of such bill shall constitute full adjustment of any claim between the Parties arising out of inaccuracy of metering equipment.

**9. Billing and Payment.**

The billing period shall be monthly and the date on which meters are read shall be determined by mutual agreement among the Parties and Western. The Company shall render monthly bills for Distribution service and Supplemental Supply provided under this Agreement. Net monthly bills are due and payable twenty (20) days from the date of the bill, and after that date the account becomes delinquent. A late payment charge of 1.5% on the current unpaid balance shall apply to delinquent accounts. If a bill is not paid, the Company shall have the right to suspend service, providing ten (10) days written notice of such suspension has been given to the State, but such action shall not release the State from the obligation to pay for service furnished or from liability for damages because of any breach hereof, nor shall such action prevent the Company from insisting upon enforcing specific performance of this Agreement by the State.

**10. Regulatory Approval.**

This Agreement is subject to approval by the PUC. The Parties shall use their best efforts to obtain PUC approval to establish an effective date of June 1, 2000. Should the PUC not approve this Agreement, or make or require changes to this Agreement, the Parties shall meet within ten (10) days of the date of the PUC's order to negotiate, in good faith, revisions to this Agreement that would meet PUC requirements and provide services contemplated in this Agreement. If after thirty (30) days from the initial meeting the Parties are unable to agree upon a revision to this Agreement, or should the PUC fail to approve this Agreement prior to July 31, 2000, this Agreement shall become null and void, and the current agreements between the parties shall thereupon be reinstated and survive and continue to govern the relationship of the parties until such agreements are amended or terminated.

**11. Miscellaneous.**

**11.1. Force Majeure and Continuous Service Exceptions.** The Company will endeavor to maintain adequate and continuous service but does not guarantee that the supply of capacity and energy will at all times be constant. Should service be interrupted or fail by an act of nature or public enemy, fire, explosion, flood, strike, or other cessation of work by personnel, picketing, insurrection, mob violence, governmental interference, breakdown of or injury to machinery or electric facilities, extraordinary repairs, or other accident, or other causes not reasonably within its control, Company shall not be liable for damages on account of interruption of services.

**11.2. Indemnification.** The Company shall not be liable for any loss or damage to property or injury to or death of persons, whether suffered by the State, its agents or employees, or by any third person, persons or corporation, resulting from the location, use or operation of electrical or other equipment located on the State's side of the Points of Delivery, or from electricity present therein or escaping therefrom, and the State agrees to indemnify and save the Company harmless from all such loss, damages, injuries or death.

The State shall not be liable for any loss or damage to property or injury to or death of persons, whether suffered by the Company, its agents or employees, or by any third person, persons or corporation, resulting from the location, use or operation of

electrical or other equipment located on the Company's side of the Points of Delivery, or from electricity present therein or escaping therefrom, and the Company agrees to indemnify and save the State harmless from all such loss, damages, injuries or death.

- 11.3. Waivers. Any waiver at any time by either Party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.
- 11.4. Notice. Any notice, demand or request required or authorized by this Agreement shall be deemed properly given if delivered in person, or when mailed, postage prepaid, certified mail, return receipt requested, or by prepaid overnight delivery to the other Party by United States Postal Service, Federal Express, Airborne, or other delivery provider which requires a signature on receipt, as follows:

To the State

Bureau of Administration  
Attention: Commissioner  
State of South Dakota  
500 East Capitol Avenue  
Pierre, SD 57501  
Phone: 605-773-3688  
Fax: 605-773-3887

To the Company

Black Hills Power and Light Company  
Attention: Chief Operating Officer  
P. O. Box 1400  
Rapid City, SD 57709  
Phone: 605-721-1700  
Fax: 605-721-2599

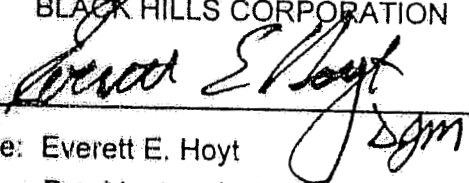
The designation of persons to be notified with the address of such persons may be changed at any time by a similar notice.

- 11.5. Complete Agreement. This Agreement shall be considered the complete agreement of the Parties pertaining to the matters set forth herein and replaces any other previous contract, agreement, written or oral, pertaining to the matters set forth herein. The provisions of this Agreement shall not be changed except in writing duly executed by the Company and the State.
- 11.6. Severability. Should any portion of this Agreement be determined by any court or regulatory body having jurisdiction to be void and not enforceable, the balance of the Agreement shall remain binding on the Parties and the Parties shall meet within thirty (30) days of the date on which the order of the court or regulatory body having jurisdiction is rendered to negotiate, in good faith, revisions to this Agreement that would provide for continued service from Company under mutually acceptable conditions. Should the Parties be unable to agree upon a revision to this Agreement, then the balance of the Agreement shall remain binding on the Parties.
- 11.7. Assignability. Neither this Agreement nor any benefit herein may be assigned by the State. The Agreement shall inure to and be binding and enforceable upon the State and its assigns, lessees and successors in interest.
- 11.8. Section Headings. Section or article titles appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the first paragraph hereof.

BLACK HILLS CORPORATION

By:

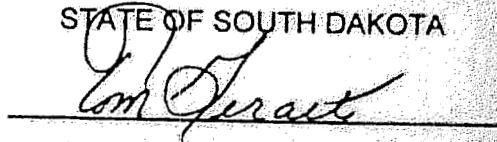


Name: Everett E. Hoyt

Title: President and Chief Operating Officer

STATE OF SOUTH DAKOTA

By:



Name: Tom Geraets

Title: Commissioner, Bureau of Administration

**X/Y FORMULA**

(X/Y shall never be taken as greater than one)

Maximum Rate of Firm Power Obligation from Western per current billing period  
=  $X/Y \times D$ .

Firm Energy Obligation from Western per current billing period =  $X/Y \times E$ .

Where X = The State's contract rate of delivery for firm power from Western.

Y = The highest System Demand of the State during the twelve billing periods ended with the current billing period. System Demand is defined as the highest 30-minute integrated demand (whether or not coincident) established during the billing period at the point of delivery, as adjusted for losses, when and where applicable.

D = The State's System Demand in the current billing period.

E = The State's System Energy Requirements in the current billing period. System Energy Requirements are defined as the total energy delivered during the billing period at the point of delivery, as measured and adjusted, for losses, when and where applicable.

Maximum rate of Firm Power Obligation of the Company per current billing period  
= D - Maximum rate of Firm Power Obligation from Western per current billing period.

Firm Energy Obligation of the Company per current billing period  
= E - Firm Energy Obligation from Western per current billing period.

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY BLACK )  
HILLS CORPORATION FOR APPROVAL OF )  
AN ELECTRIC SERVICE AGREEMENT )  
BETWEEN BLACK HILLS CORPORATION )  
AND SOUTH DAKOTA SCHOOL OF MINES & )  
TECHNOLOGY AND BLACK HILLS STATE )  
UNIVERSITY )

ORDER APPROVING  
CONTRACT WITH  
DEVIATIONS

EL00-014

On May 4, 2000, the Public Utilities Commission (Commission) received a filing by Black Hills Corporation (BHC) for approval of a contract with deviations to provide electric distribution and supplemental supply services to the South Dakota School of Mines & Technology and Black Hills State University (State). This contract will modify and supersede contracts currently serving these customers which are set to expire July 31, 2000. BHC filed the following tariff sheet for Commission approval:

Section No. 1, Eighth Revised Sheet No. 3, replacing Seventh Revised Sheet No. 3  
Section No. 4, First Revised Sheet No. 6, replacing Original Sheet No. 6

On May 30, 2000, at its regularly scheduled meeting, the Commission considered the request for approval of the Contract with Deviations. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-6, 49-34A-8, 49-34A-10, and 49-34A-11. Further, the Commission finds that BHC's request for approval of a Contract with Deviations is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request seeking approval of a Contract with Deviations is in the public interest and is hereby granted. It is further

ORDERED, that the above-referenced tariff sheets are effective for service rendered on and after June 1, 2000. It is further

ORDERED, that BHC shall file a class cost of service study showing a comparison of the distribution service and applicable supplemental supply service tariffed rates class before and after the implementation of this tariff change in any future general rate proceeding filed by BHC before the Commission and shall allow this Commission to choose the study, if any, to be used for cost of service.

Dated at Pierre, South Dakota, this 6th day of June, 2000.

<b>CERTIFICATE OF SERVICE</b>	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
Signed by	<u>Melaine Kelbo</u>
Date	<u>6/6/00</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY BLACK )  
HILLS CORPORATION FOR APPROVAL OF )  
AN ELECTRIC SERVICE AGREEMENT )  
BETWEEN BLACK HILLS CORPORATION )  
AND SOUTH DAKOTA SCHOOL OF MINES & )  
TECHNOLOGY AND BLACK HILLS STATE )  
UNIVERSITY )

ERRATA NOTICE

EL00-014

Due to an error in the above captioned order dated June 6, 2000, the following is provided as a correction of that error. The description of the tariff sheet relating to Section No. 1 was erroneously described as follows:

Section No. 1, Eighth Revised Sheet No. 3, replacing Seventh Revised Sheet No. 3

The correct description is as follows:

Section No. 1, Ninth Revised Sheet No. 3, replacing Eighth Revised Sheet No. 3

Dated at Pierre, South Dakota, this 27<sup>th</sup> day of June, 2000.

<b>CERTIFICATE OF SERVICE</b>
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u><i>Melaine Kalbs</i></u>
Date: <u>6/27/00</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

*James A. Burg*  
JAMES A. BURG, Chairman

*Pam Nelson*  
PAM NELSON, Commissioner

*Laska Schoenfelder*  
LASKA SCHOENFELDER, Commissioner

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Second Revised Sheet	8	Schedule 2- Cogeneration and Small Power Production Service--Simultaneous Purchase and Sale
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**SECTION 4**

**CONTRACTS WITH DEVIATIONS**

Seventh Revised Sheet	1	Reserved
Original Sheet	2	Business Development Service
Original Sheet	3	Business Development Service
Original Sheet	4	Business Development Service
Second Revised Sheet	5	Summary List of Contracts With Deviations
First Revised Sheet	6	Summary List of Contracts With Deviations

**SECTION 5**

**RULES AND REGULATIONS**

DATE FILED: May 4, 2000

EFFECTIVE DATE: June 1, 2000

ISSUED BY:



Donald J. Martinez  
Energy Services Engineer

BLACK HILLS POWER AND LIGHT COMPANY  
RAPID CITY, SOUTH DAKOTA

SECTION NO. 4  
FIRST REVISED SHEET NO. 5  
REPLACES ORIGINAL SHEET NO. 5

SUMMARY LIST OF CONTRACTS WITH DEVIATIONS

Contract #121-9

South Dakota State Cement Plant Commission Electric Power Service Agreement, effective January 1, 1999.

Contract #13041

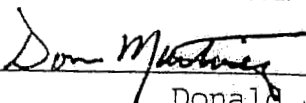
State of South Dakota: South Dakota School of Mines & Technology and Black Hills State University Electric Service Agreement, effective June 1, 2000 and has a term of three (3) years and continues until canceled by one year written notice of either party. The agreement is to provide Distribution Wheeling Service and Supplemental Power Service.

N

DATE FILED: May 4, 2000

EFFECTIVE DATE: June 1, 2000

ISSUED BY: \_\_\_\_\_



Donald J. Martinez  
Energy Services Engineer

# State of South Dakota

## MICROFILM

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