

Sabers, Cathy

From: Kilpatrick, Chris
Sent: Friday, June 1, 2018 7:45 AM
To: Ros Vrba (rosvrba@energyofutah.com)
Cc: Brink, Todd
Subject: Black Hills Energy
Attachments: 0700_001.pdf

Ros,

See attached for our letter.

Thanks

Black Hills Corporation -- Chris Kilpatrick -- PO Box 1400 -- Rapid City, SD 57702-0385 -- Desk phone: 605.721.2748

From: SDRC-W2-055@blackhillscorp.com [mailto:SDRC-W2-055@blackhillscorp.com]
Sent: Friday, June 01, 2018 7:37 AM
To: Kilpatrick, Chris <Chris.Kilpatrick@blackhillscorp.com>
Subject: Attached Image



Chris Kilpatrick
Director of Resource Planning
Chris.Kilpatrick@blackhillscorp.com

7001 Mt. Rushmore Road
Rapid City, SD 57702
P: 605.721.2748
F: 605.430.9634

May 31, 2018

Energy of Utah, LLC
Attn: Ros Vrba
2114 Pinnacle Terrace Way #104
Cottonwood Heights, UT 84121

RE: Black Hills Power, Inc. d/b/a Black Hills Energy Avoided Cost Pricing for the Fall River Solar LLC 80 megawatt ("MW") Solar Facility located in Fall River County, SD

Dear Mr. Vrba:

I have received and reviewed your letter emailed to me on Monday, May 21st discussing your position on the avoided cost calculation related to your proposed Solar Facility. The avoided cost provided to you on April 27th was a 20-year levelized price of \$17.02 per MWh, which has not changed based on the observations in your letter.

As noted in your letter, our avoided cost was calculated consistent with the South Dakota Public Utilities Commission ruling in docket EL16-021. A value of zero (\$0 per MWh) has been calculated for energy, during periods when Black Hills Energy will not avoid energy costs. That is, when Black Hills is unable to reduce generation units, there are no more costs to offset by adding incremental solar energy. Therefore, a zero (\$0) value was provided during those hours. This approach aligns with the methodology applied in EL16-021, which is binding precedent in South Dakota.

I hope this information is of some assistance to you. If you would like to discuss this further, please feel free to contact me.

Regards,

A handwritten signature in black ink, appearing to read "Chris Kilpatrick".

Chris Kilpatrick