

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**APPLICATION OF BLACK HILLS )  
POWER, INC. d/b/a BLACK HILLS )  
ENERGY TO AMEND ITS )  
RENEWABLE READY SERVICE )  
TARIFF )**

Docket No. \_\_\_\_\_

**APPLICATION TO AMEND THE RENEWABLE READY SERVICE TARIFF**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Company”), a South Dakota corporation, respectfully requests approval from the South Dakota Public Utilities Commission (the “Commission”) to amend its Renewable Ready Service tariff. Specifically, Black Hills Power requests approval to change the definition of “Renewable Ready Generating Capacity” to allow for a 12.5 MW expansion of the Corriedale Wind Project (“Corriedale Project”) to be included as part of the service offered under the tariff. This change is necessary to meet customer demand for service under the Renewable Ready Service tariff.

**I. INTRODUCTION AND PROCEDURAL BACKGROUND**

On December 17, 2018, Black Hills Power filed an Application with the Commission requesting approval to implement a new Renewable Ready Service tariff and associated revisions to its Energy Cost Adjustment tariff (Docket No. EL18-060). The Renewable Ready Service tariff is available to commercial retail customers with an aggregate usage of 300,000 kWh or more per year and governmental accounts desiring renewable energy.

On December 20, 2018, the Commission noticed the Application with an intervention deadline of January 4, 2019. On February 11, 2019, Walmart, Inc. (“Walmart”) filed a Petition to Intervene which was granted by the Commission on March 7, 2019. Subsequently, the Company, Walmart, and Commission Staff agreed to a Settlement Stipulation, which resolved all of the issues in the docket. On June 18, 2019, a Joint Motion for Approval of Settlement Stipulation and Settlement Stipulation was filed with the Commission. The Commission voted unanimously to grant the Joint Motion for Approval of the Settlement Stipulation at its regularly scheduled open meeting on June 25, 2019.

## II. FACTUAL BACKGROUND

On August 19, 2019, Black Hills Power began its four-week Initial Subscription Period, allowing qualified customers to apply for Renewable Ready subscriptions from Black Hills Power's ownership share of the 40 MW Corriedale Project, which is being jointly developed by Black Hills Power and Cheyenne Light, Fuel and Power Company ("Cheyenne Light"). The Initial Subscription Period was completed on September 13, 2019 and resulted in 25 qualified customers requesting a total of 32 MW of Renewable Ready Service at terms of 15 years or greater, which exceeds Black Hills Power's share of the Corriedale Project by 12 MW.<sup>1</sup> Of the 25 customers requesting Renewable Ready Service, nine customers requested a total of 8 MW under contract terms of twenty and twenty-five years, and 24 MW of Renewable Ready Service was requested by 16 customers under contract terms of 15 years. Under the terms and conditions of the Initial Subscription Period, customers in the 15 year group will have their requests allocated based on a pro-rata basis of the remaining forecasted annual Renewable Ready Energy, under current available Renewable Ready Energy the customers requesting 15 year terms would only receive 52% of their requested Renewable Energy.

Due to customer interest in the Renewable Ready program, Black Hills Power is requesting Commission approval to amend its Renewable Ready Service tariff to allow for a 12.5 MW expansion of Renewable Ready Generating Capacity, as defined in the tariff. With the Commission's approval of the amendment to the Renewable Ready Service tariff proposed in this Application, Black Hills Power intends to serve the additional Renewable Ready Service demand by expanding the Corriedale Project from 40 MW to 52.5 MW. The Corriedale Project is currently designed to include 16 turbines, capable of producing 2.5 MW each. Black Hills Power is proposing to increase the turbine count by five, which will expand the Corriedale Project's generating capacity to 52.5 MW, and increase the project's cost proportionally. The increase in turbines will cause Black Hills Power's undivided interest in the Corriedale Project to increase to approximately 62%.

In Docket No. EL18-060, the Commission approved a Settlement Stipulation that included certain customer protections. Specifically, Black Hills Power provided a Subscription Level Guarantee, a Corriedale Project Cost Cap, and a shareholder guarantee related to

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<sup>1</sup> Two additional applications for terms of less than 15 years were received during the Initial Subscription Period. These applicants are not included in the 25 customer count.

Production Tax Credits (“PTCs”). With the expansion of the Corriedale Project, Black Hills Power proposes the same Subscription Level Guarantee, Corriedale Project Cost Cap, and the PTC protection agreed to in the Settlement Stipulation, all adjusted proportionally to account for Black Hills Power’s increased ownership. Specifically, if the Corriedale Project is expanded to 52.5 MW, then the Subscription Level Guarantee for the first 15 years will be \$1.87 million at each rate review and for the final 10-years (years 16-25) the Subscription Level Guarantee will be \$2.25 million at each rate review. Similarly, the Corriedale Project Cost Cap will be adjusted to include a “soft” cost cap of \$75 million and a “hard” cost cap of \$82.5 million. Finally, the shareholder PTC guarantee will also apply to Black Hills Power’s increased ownership in the Corriedale Project.

In order to timely and cost-effectively acquire the five additional turbines necessary to expand the Corriedale Project as proposed, Black Hills Power will need to place a turbine order by mid-December. Therefore, Black Hills Power respectfully requests a decision from the Commission regarding the proposed tariff modifications and associated guarantees by December 10, 2019.

### **III. REPORT OF PROPOSED TARIFF CHANGES**

The following information is consistent and being provided pursuant to South Dakota Administrative Rule § 20:10:13:26 – Report to Commission of proposed tariff schedule changes.

**(1) Name and Address of the Public Utility**

Black Hills Power, Inc. d/b/a Black Hills Energy  
7001 Mount Rushmore Rd.  
Rapid City, SD 57702

**(2) Section and sheet number of tariff schedule**

Section No. 3, Ninth Revised Sheet No. 5

**(3) Description of change**

The “Renewable Ready Generating Capacity” section of the tariff is amended to allow for a 12.5 MW expansion. It should read that the Company may acquire up to 32.5 MW of

renewable generation for the provision of renewable energy to Renewable Ready Service tariff subscribers.

**(4) Reason for the change**

The change is proposed in order to align the Renewable Ready Service tariff with a proposed 12.5 MW expansion of the Corriedale Project.

**(5) Present rate**

No change.

**(6) Proposed rate**

No change.

**(7) Proposed effective date of modified rate**

Upon Commission approval (requested by December 10, 2019).

**(8) Approximation of annual amount of increase or decrease in revenue**

Revenue will change in proportion to the increase in subscriptions under the Renewable Ready Service tariff as a result of the increased Renewable Generating Capacity.

**(9) Points affected**

All subscribers of Renewable Ready Service within Black Hills Power's South Dakota service territory.

**(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers**

Approximately 330 customers have been identified as eligible for service under the Renewable Ready Service tariff.

**(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes**

On August 19, 2019, Black Hills Power began its four-week Initial Subscription Period allowing qualified customers to apply for Renewable Ready Service subscriptions from Black Hills Power's 20 MW share the 40 MW Corriedale Project, which is being jointly developed by Black Hills Power and Cheyenne Light. The Initial Subscription Period was completed on September 13, 2019 and resulted in qualified customers requesting a total of 32 MW of Renewable Ready Service at terms of 15 years or greater, which exceeds Black Hills Power's share of the Corriedale Project by 12 MW. Per the tariff, if customers apply for more renewable energy than is available, subscriptions are limited to a pro-rata share of the forecasted annual Renewable Ready Energy, with preference given to the longest-term contract requests. In the interest of satisfying customer requests for Renewable Ready Service, Black Hills Power is proposing to expand its ownership of the Corriedale Project by 12.5 MW, and through this Application is seeking to modify the Renewable Ready Tariff's definition of Renewable Ready Generation Capacity to include the additional 12.5 MW in the Renewable Ready Program. Without the 12.5 MW expansion of the Corriedale Project, subscribers requesting 15 year contract terms are expected to receive only 52% of their requested Renewable Ready Service amounts.

Black Hills Power will be requesting authorization from the Wyoming Public Service Commission that the proposed 12.5 MW Corriedale Project expansion falls within the ordinary course of business and/or the expansion of capacity of existing plant exceptions to the Certificate of Public Convenience and Necessity requirement stated in Wyo. Stat. §37-2-205. While the Wyoming Public Service Commission determination is required by rule within 10 business days of receipt, due to the unique nature of this proposed project, Black Hills Power intends to waive this requirement, instead requesting a determination by December 10, 2019.

Included with this Application are Exhibits 1 and 2. Exhibit 1 contains the proposed tariff modification in redline form and Exhibit 2 contains the proposed tariff modification in clean form.

#### IV. COMPANY REPRESENTATIVES

<b>Jason Keil</b>	<b>Todd Brink</b>
Manager – Regulatory & Finance	Associate General Counsel
7001 Mount Rushmore Rd.	7001 Mount Rushmore Rd.
Rapid City, SD 57701	Rapid City, SD 57701
Phone: (605) 721-1502	Phone: (605) 721-2516
Jason.keil@blackhillscorp.com	Todd.Brink@blackhillscorp.com

<b>Kyle White</b>	<b>Jerrad Hammer</b>
Vice President – Regulatory Strategy	Director – Regulatory & Finance
7001 Mount Rushmore Rd.	7001 Mount Rushmore Rd.
Rapid City, SD 57701	Rapid City, SD 57701
Phone: (605) 721-2313	Phone: (605) 399-5136
Kyle.white@blackhillscorp.com	Jerrad.hammer@blackhillscorp.com

#### V. VERIFICATION

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, affirming that the contents of the Application are true, accurate and correct to the best of his understanding, knowledge and belief.

#### VI. CONCLUSION

Based on this Application, Black Hills Power respectfully requests that the Commission issue an order approving the requested modification to its Renewable Ready Service tariff by December 10, 2019.

Date: November 1, 2019

