

Before the Public Utilities Commission  
of the State of South Dakota

In the Matter of the Application of  
Black Hills Power, Inc. d/b/a Black Hills Energy  
For Approval to Implement a Renewable Ready Service Tariff

Docket No. EL18-\_\_\_\_\_

December 17, 2018

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**Attachments**

Attachment BAJ - 1	Interest Questionnaire
Confidential Attachment BAJ-2	Customer Engagement
Attachment BAJ - 3	Term and Customer Information Sheets
Confidential Attachment BAJ-4	Customer Commitments

1                                   **I.        INTRODUCTION AND QUALIFICATIONS**

2   **Q.        PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3   A.        My name is Bret Jones, and my business address is 7001 Mount Rushmore Road, Rapid  
4            City, SD, 57702.

5   **Q.        PLEASE DESCRIBE YOUR EMPLOYMENT.**

6   A.        I am currently employed by Black Hills Utility Holdings, Inc. (“BHUH”) as the Regional  
7            Manager of Business Development for Black Hills Corporation's utility subsidiaries in  
8            South Dakota and Wyoming. I am responsible for leading teams charged with key  
9            customer engagement and business development activities. My team was directly  
10           involved with identifying the customer desire for renewable energy and customer  
11           contacts regarding the Renewable Ready Service Tariff.

12   **Q.        PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS BACKGROUND.**

13   A.        I graduated from the University of South Dakota with a Bachelor’s degree in Political  
14            Science and a Master’s degree in Public Administration. Following graduation, I began  
15            my employment as a City Administrator/Manager and served in that capacity in four  
16            different communities over a 20-plus year career. In September 2008, I became the  
17            Senior Vice-President of Public Finance for George K. Baum & Company, an investment  
18            banking firm specializing in assisting public clients in the securing of capital financing.

19            In April 2011, I was appointed to the position of Budget Administrator for the  
20            State of Wyoming. In that capacity, I coordinated the state budget development process  
21            for Governor Matt Mead and represented the Governor’s Office in legislative  
22            consideration of the Governor’s proposed biennial and supplemental budgets.

1 In April 2014, I became the Senior Program Manager of External Affairs for  
2 Black Hills Colorado Electric, Inc. d/b/a Black Hills Energy ("Colorado Electric") in  
3 Pueblo, Colorado, where I was responsible for working with external stakeholders,  
4 including local government officials and the media.

5 In October 2015, I was promoted to the position of Director of Energy Services  
6 and Customer Operations for Colorado Electric in Pueblo, where I was responsible for all  
7 customer service operations as well as the Colorado Electric renewables program. In  
8 December 2017, I began my current position as Regional Manager of Business  
9 Development for Black Hills Corporation's utility subsidiaries in South Dakota and  
10 Wyoming.

11 **II. PURPOSE OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. The purpose of my testimony is to discuss the communications my team has had with  
14 Black Hills Power customers regarding the desire for renewable energy from the utility.  
15 In addition, my testimony discusses customer outreach efforts related to the Renewable  
16 Ready Service Tariff, customer interest in the program, the determination of customer  
17 eligibility for the program, and the level of subscription for the renewable energy  
18 available to Black Hills Power through the proposed Corriedale Project. Finally, my  
19 testimony will also address additional steps that will be taken to broaden customer  
20 engagement efforts regarding the proposed Renewable Ready Service Tariff.

21 **III. ATTACHMENTS**

22 **Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR TESTIMONY?**

23 A. Yes. I am sponsoring the following attachments:

1	Attachment BAJ - 1	-	Interest Questionnaire
2	Confidential Attachment BAJ-2-		Customer Engagement
3	Attachment BAJ - 3	-	Term and Customer Information Sheets
4	Confidential Attachment BAJ-4 -		Customer Commitments

5 **IV. RENEWABLE READY SERVICE TARIFF OVERVIEW**

6 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE PROPOSED RENEWABLE**  
7 **READY SERVICE TARIFF.**

8 A. Black Hills Power is proposing a new tariff for large commercial and governmental  
9 customers desiring a renewable energy solution. Customers will be served under this  
10 tariff through separate customer agreements setting forth the terms and conditions of  
11 service. The tariff provides subscribing customers renewable energy with minimal  
12 impact to non-subscribing customers. For a detailed discussion of the tariff and impact of  
13 the proposed tariff, please see the testimony of Kyle White (Exhibit 4), Jason Keil  
14 (Exhibit 6) and Nick Gardner (Exhibit 3).

15 **Q. WHAT IS THE SOURCE OF THE RENEWABLE ENERGY BLACK HILLS**  
16 **POWER WILL USE TO SERVE CUSTOMERS UNDER THE PROPOSED**  
17 **TARIFF?**

18 A. Black Hills Power and Cheyenne Light, Fuel and Power Company ("Cheyenne Light")  
19 have filed a joint application with the Wyoming Public Service Commission (the  
20 "Wyoming Commission") for a certificate of public convenience and necessity ("CPCN")  
21 for the construction of a 40 MW wind energy generating facility (the "Corriedale Project"  
22 or "Corriedale") to be located approximately 6 miles from Cheyenne, Wyoming. Black  
23 Hills Power and Cheyenne Light will each have an undivided ownership interest in 50%

1 of the Corriedale Project. This generating facility will be the source of renewable energy  
2 for the proposed Renewable Ready Service Tariff and is expected to generate 78,840  
3 kWhs per year. For a more detailed discussion of the Corriedale Project, please see the  
4 testimony of Jason Hartman (Exhibit 7). A copy of the Wyoming Commission CPCN  
5 Application for the Corriedale Project is provided with the Application as Exhibit 8.

6 **V. CUSTOMER DESIRE**

7 **Q. HOW DID BLACK HILLS POWER BECOME AWARE OF CUSTOMER DESIRE**  
8 **FOR RENEWABLE ENERGY?**

9 A. Black Hills Power, and specifically my team, has been engaged with several customers  
10 regarding their interest in renewable energy and/or the possible installation of behind-the-  
11 meter renewable generation for a number of years. My team has followed up with  
12 customers who have expressed an interest in or completed such installations, such as  
13 Black Hills State University and Regional Health. Additionally, we have provided  
14 analysis to customers in their evaluation of how such an installation might impact their  
15 Black Hills Power bills.

16 **Q. PLEASE PROVIDE AN EXAMPLE OF A CUSTOMER WHO ENGAGED WITH**  
17 **BLACK HILLS POWER ON RENEWABLE ENERGY AND INSTALLED**  
18 **BEHIND-THE-METER GENERATION.**

19 A. Xanterra Parks and Resorts approached Black Hills Power in early-2017 regarding the  
20 installation of behind-the-meter generation at Mount Rushmore National Memorial.  
21 Xanterra's concession contract with the National Park Service had recently renewed and it  
22 contained a provision that Xanterra would acquire renewable energy for the monument.  
23 Xanterra ultimately pursued the installation of behind-the-meter generation to meet their

1 desire for renewable energy, which they have indicated would begin operation in  
2 December of 2018.

3 Although Black Hills Power does not have access to detailed financial  
4 information regarding the project, based on the information provided by the customer, we  
5 believe the cost per kWh of the project was likely significantly higher than the cost of the  
6 proposed Renewable Ready Program. Given the likely cost to the host customer and the  
7 impacts to other customers discussed later in my testimony, we view this as an example  
8 of a lost opportunity to provide a solution for not only this customer, but all customers. In  
9 fact, although Xanterra sees their behind-the-meter installation as a positive step towards  
10 meeting their sustainability goals, they have also indicated that if the Renewable Ready  
11 Service Tariff had been available in 2016 when they made their decision to build it, they  
12 would have strongly considered enrolling in the Renewable Ready Program.

13 **Q. WHAT IS MOTIVATING CUSTOMERS TO MOVE TOWARD RENEWABLE**  
14 **ENERGY?**

15 A. It is clear from our engagement with customers that renewable energy is a priority for  
16 many customers based on either defined sustainability goals or a general interest in the  
17 societal benefits of renewable energy.

18 **Q. HOW DID BLACK HILLS POWER DETERMINE IT COULD OFFER A NEW**  
19 **TARIFF SOLUTION TO MEET CUSTOMER DESIRE FOR RENEWABLE**  
20 **ENERGY?**

21 A. Through Black Hills Power's assistance to customers in their evaluation of proposals to  
22 deploy behind-the-meter generation, it became clear Black Hills Power can offer  
23 interested customers less expensive renewable energy options through greater economies

1 of scale than can be achieved by any single customer through the installation of behind-  
2 the-meter generation.

3 **Q. DOES THE PROPOSED RENEWABLE READY SERVICE TARIFF PROVIDE**  
4 **BENEFITS TO CUSTOMERS WHO ARE NOT INTERESTED IN RENEWABLE**  
5 **ENERGY?**

6 A. Yes. Behind-the-meter generation installations by Black Hills Power customers decrease  
7 the overall load served by Black Hills Power without a commensurate reduction in fixed  
8 costs. This, in turn, reduces the share of fixed costs paid by customers with behind-the-  
9 meter generation and results in higher costs being borne by Black Hills Power's other  
10 retail customers. Black Hills Power will be able to protect its customer base by  
11 providing the Renewable Ready Service Tariff as an alternative to behind-the-meter  
12 generation while also providing an attractive product to interested customers. For a more  
13 detailed discussion of these impacts, please see the testimony of Nick Gardner (Exhibit 3)  
14 and Kyle White (Exhibit 4).

## 15 **VI. CUSTOMER IDENTIFICATION**

16 **Q. PLEASE DESCRIBE HOW YOUR TEAM IDENTIFIED BLACK HILLS POWER**  
17 **CUSTOMERS WHO WOULD BE BEST SERVED UNDER THE PROPOSED**  
18 **RENEWABLE READY SERVICE TARIFF.**

19 A. The highest risk customers for behind-the-meter generation are large commercial  
20 customers who may have sustainability goals. During the last two years, Black Hills  
21 Power has engaged with a variety of customers on the availability of renewable energy,  
22 including customers in higher education, healthcare and municipal government. In  
23 partnership with these customers, Black Hills Power reviewed their usage and, in some



1 instances, also prepared analysis for customers on the potential impacts of customers  
2 adding behind-the-meter generation. As a result, we took the following steps: (1) we  
3 reviewed Black Hills Power's list of twenty largest customers (Confidential Attachment  
4 BAJ-2) and developed a set of questions to pose to those customers to gauge their level of  
5 interest in renewable energy (Attachment BAJ-1); (2) we reviewed the market we serve  
6 and identified customers with known corporate renewable energy goals; and (3) we  
7 reviewed news articles and publications to identify the types of customers who are most  
8 likely to seek renewable solutions. We then began to contact customers in these  
9 categories to validate our assumptions.

10 **Q. WHAT LOAD SIZE RANGE WAS USED IN YOUR EVALUATION OF**  
11 **INTEREST IN THE PROPOSED RENEWABLE READY SERVICE TARIFF?**

12 A. My team identified loads of 300,000 kWh per year or more as the customers to target for  
13 discussions about renewable energy and program eligibility under the proposed  
14 Renewable Ready Service Tariff. For single meter services, this range includes  
15 approximately 330 customers. In addition, under the provisions of the proposed tariff,  
16 customers are also eligible to participate if they have multiple meters that have an  
17 aggregate usage that exceeds this threshold. This component of program design will tend  
18 to include commercial customers that have a national presence and specific sustainability  
19 goals.

20 **Q. HOW DID BLACK HILLS POWER DETERMINE THE MINIMUM LOAD**  
21 **AMOUNT OF 300,000 KWH PER YEAR?**

22 A. While there is no certainty in the choice of a minimum load level, Black Hills Power  
23 arrived at this number by considering numerous factors. First, Black Hills Power looked

1 at customers who were being approached by companies who provide behind-the-meter  
2 renewable generation services. The customers being targeted by solar installers are those  
3 most likely to reduce loads served from Black Hills Power's system and therefore  
4 increase costs for existing customers.

5 Second, Black Hills Power identified customers it believed were in a better  
6 position to commit to service contracts for longer terms. As the Corriedale Project has an  
7 estimated 25 year life, it is beneficial to recruit subscribers who will make long term  
8 commitments under the tariff.

9 Third, Black Hills Power analyzed its ability to manage service under the  
10 proposed tariff. The administration of the proposed tariff will require monthly  
11 calculations related to generation and yearly reviews and adjustment of subscriptions due  
12 to usage. The number of subscribers will have an impact on the administrative burden of  
13 managing the proposed tariff.

14 Finally, Black Hills Power reviewed the potential risk to non-subscribers at each  
15 customer load range. The larger the load that is removed from the system through  
16 behind-the-meter generation, the greater the financial impact to existing customers.

## 17 VI. CUSTOMER CONTACTS

### 18 **Q. HOW DID YOU AND YOUR TEAM APPROACH CUSTOMERS TO DISCUSS** 19 **THE PROPOSED TARIFF AND RENEWABLE ENERGY?**

20 A. Early in the development of the Renewable Ready Service Tariff, we met with many of  
21 our large customers to determine their interest in renewable energy. We developed a  
22 questionnaire (Attachment BAJ-1) which guided in-person meetings and assisted us in  
23 better understanding customers' potential interest and the impact of price and length of

1 contract on their likely participation. We then incorporated the customer feedback into  
2 the design of the Renewable Ready Program. Once the design was finalized, we  
3 developed a term sheet and an analysis of the individual customer's financial impact  
4 (Attachment BAJ-3) that was consistent with the proposed Renewable Ready Service  
5 Tariff provisions (Exhibit 1). Once a term sheet and financial impact analysis were fully  
6 developed, we scheduled meetings with customers to discuss the proposed tariff, the  
7 proposed renewable energy resource of the Corriedale Project and the proposed terms and  
8 conditions for service.

9 **Q. OF THE CUSTOMERS YOU APPROACHED, HOW MANY EXPRESSED**  
10 **INTEREST IN SERVICE UNDER THE PROPOSED TARIFF AND WHAT SIZE**  
11 **OF LOAD DO THEY REPRESENT?**

12 A. At the time of this filing, we have had discussions with 14 customers. Of those  
13 customers, nine have expressed interest in service under the proposed Renewable Ready  
14 Service Tariff. These nine customers represent 314% of the wind energy generated by  
15 Black Hills Power's share of the Corriedale Project. Additionally, there are  
16 approximately 320 remaining single meter customers who would qualify for service  
17 under the proposed tariff based on load whom we have not yet approached, as well as  
18 additional customers that would be eligible for the tariff based on collective load at  
19 multiple locations. While my team continues contact with customers and has plans for  
20 outreach to the larger customer segment in early 2019, we are confident we will fully  
21 subscribe the 20 MW available to Black Hills Power prior to the commercial operation  
22 date of the Corriedale Project.

1 **Q. WHAT ADDITIONAL OUTREACH TO THE ELIGIBLE CUSTOMER**  
2 **SEGMENT IS PLANNED?**

3 A. My team will continue to engage eligible customers as we move into 2019. Outreach will  
4 include continued one-on-one engagement with key customers who have not yet executed  
5 term sheets as well as the initiation of outreach efforts through a variety of channels to  
6 reach the broader eligible customer segment. These efforts will potentially include direct  
7 e-mail, a web presence, advertising, customer education materials on the program (and  
8 renewable energy in general), and hosted meetings for eligible customers to learn more  
9 about the program and how it will operate. The goal of these efforts is to increase  
10 awareness of, and interest in, the Renewable Ready Service Tariff. The ultimate goal of  
11 these customer outreach efforts will be to secure program commitments from a broader  
12 customer segment.

13 **VIII. COMMITTED CUSTOMERS**

14 **Q. WERE YOU ABLE TO GET COMMITMENTS FROM CUSTOMERS FOR**  
15 **SERVICE UNDER THE PROPOSED RENEWABLE READY SERVICE TARIFF**  
16 **SHOULD IT BE APPROVED BY THE COMMISSION?**

17 A. Yes. Through the outreach that has occurred to date, we have four signed, non-binding  
18 term sheets which indicate a customer commitment for service under the proposed tariff  
19 if it is approved by the Commission which accounts for approximately 67% of the wind  
20 energy generated by Black Hills Power's share of the Corriedale Project. *See*  
21 Confidential Attachment BAJ-4, which identifies the committed customers and their  
22 desired subscription amounts. Black Hills Power will periodically update this  
23 Attachment as additional customers sign non-binding term sheets.

1                   **IX.    SUBSCRIPTION UNDER THE PROPOSED TARIFF**

2   **Q.    HOW WILL CUSTOMERS SIGN UP FOR SERVICE UNDER THE PROPOSED**  
3   **RENEWABLE READY SERVICE TARIFF?**

4   A.    Black Hills Power will offer an open subscription period of four weeks for customers to  
5   subscribe to their desired share of the renewable energy to be produced by Black Hills  
6   Power's 20 MW share of the Corriedale Project. Each customer will pay a non-  
7   refundable \$500 application fee and Black Hills Power will evaluate the applications for  
8   eligibility under the tariff terms and conditions. If Black Hills Power's share of the  
9   Corriedale Project is not fully subscribed within the four week open subscription period,  
10   Black Hills Power will continue to promote the program and accept applications for  
11   service under the tariff on a first-come, first-serve basis. *See* the proposed Renewable  
12   Ready Service Tariff (Exhibit 1) for additional explanation of the terms and conditions.

13   **Q.    WHAT IF BLACK HILLS POWER RECEIVES MORE SUBSCRIPTION**  
14   **REQUESTS THAN THE 20 MW AVAILABLE FROM THE CORRIEDALE**  
15   **PROJECT?**

16   A.    If Black Hills Power receives applications for more renewable energy than its 20 MW  
17   share of the Corriedale Project, Black Hills Power subscribers will be limited to a pro-  
18   rata share of the forecasted annual Renewable Ready Generating Capacity with  
19   preference given to the longest term agreements.

1 **X. CONCLUSION**

2 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

3 A. Black Hills Power has been engaged with a number of customers regarding their interest  
4 in renewable energy and/or the possible installation of behind-the-meter renewable  
5 generation.

6 My team has followed up with customers who have expressed an interest in or  
7 completed such installations and, on some occasions, provided analysis to customers for  
8 their evaluation of how such installation might impact their Black Hills Power bills.

9 Black Hills Power is proposing a new tariff for service to its large commercial and  
10 governmental customers desiring a renewable energy solution. The tariff provides  
11 subscribing customers with renewable energy while producing minimal impact to non-  
12 subscribing retail customers. Customers will be served under this tariff through separate  
13 customer agreements setting forth the terms and conditions of service.

14 My team and I identified the initial market segment that might have an interest in  
15 renewables, established a plan for initially engaging a portion of that customer segment  
16 and began to contact customers in these categories to validate our assumptions. Feedback  
17 received was incorporated in the design of the tariff and non-binding term sheets were  
18 presented to interested customers. We will continue to serve as the team charged with  
19 reaching out to eligible customers about their potential interest in renewables until the  
20 program is fully subscribed.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes.

STATE OF SOUTH DAKOTA     )  
  ) SS  
COUNTY OF PENNINGTON     )

I, Bret Jones, being first duly sworn on oath, depose and state that I am the witness identified in the foregoing prepared testimony and I am familiar with its contents, and that the facts set forth are true to the best of my knowledge, information and belief.

  
Bret Jones

Subscribed and sworn to before me this 14<sup>th</sup> day of December, 2018.



  
Notary Public

My Commission Expires:

**My Commission Expires June 22, 2023**