

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

<b>In the matter of the Petition of Gevo Net-Zero 1, LLC to have Kingsbury Electric Cooperative, Inc. Assigned as its Electric Provider in the Service Area of Otter Tail Power Company</b>	)	
	)	<b>Consolidated</b>
	)	<b>Docket Nos. EL24-024</b>
	)	<b>and EL24-025</b>
	)	
<b>In the Matter of the Petition of Dakota Renewable Hydrogen, LLC to Have Kingsbury Electric Cooperative, Inc. Assigned as it's Electric Provider in the Service Area of Otter Tail Power Company</b>	)	
	)	
	)	
	)	

**PRE-FILED INTERVENOR TESTIMONY**  
**OF SCOTT SHEWEY**

**ON BEHALF OF EAST RIVER ELECTRIC POWER COOPERATIVE, INC.**

- 1 **Q: Please state your name and business address for the record.**
- 2 **A:** Scott Shewey. My business address 211 South Harth Ave., Madison, SD 57042.
- 3 **Q: Please state your title and responsibilities.**
- 4 **A:** Chief Financial Officer for East River Electric Power Cooperative, Inc. (“East River”). I
- 5 am responsible for overseeing the financial health and results of the organization, maintaining
- 6 adequate liquidity, funding for capital improvements, financial reporting and accounting,
- 7 wholesale rate maintenance and development, financial and sales forecasting, member billing,
- 8 supply chain management, and strategic development.
- 9 **Q: Do you have a resume or CV?**

10 A: Yes. It is marked Exhibit E1.

11 **Q: What is the purpose of your direct testimony?**

12 A: To provide testimony regarding East River's rates relevant to Kingsbury Electric  
13 Cooperative, Inc., serving the electric energy needs of Gevo Net-Zero 1, LLC ("NZ1") and Dakota  
14 Renewable Hydrogen, LLC ("DRH"), financial impacts of the costs associated with serving their  
15 respective loads, and to support NZ1 and DRH with respect to their petitions to have KEC assigned  
16 as their electric service provider.

17 **Q: Generally describe the relationship between Basin Electric Power Cooperative**  
18 **("Basin Electric") East River and KEC.**

19 A: East River, KEC and Basin Electric are part of a three-tiered cooperative power supply  
20 network. KEC is a member-owner of East River, and East River is a member-owner of Basin  
21 Electric. KEC has one board representative on East River's board, and East River has one board  
22 representative on Basin Electric's board. Basin Electric generates power from a mix of generation  
23 sources including coal, natural gas, wind, solar, hydropower, recovered energy, oil/diesel/jet fuel  
24 and market purchases. Distribution cooperatives like KEC take delivery from East River  
25 substations and distribute energy for homes, on farms or in businesses across eastern South Dakota  
26 and western Minnesota. East River also purchases a portion of its power supply, about 17%, from  
27 WAPA through a fixed allocation from power generated at the hydroelectric dams within the  
28 Missouri River basin.

29 **Q: How are East River's rates relevant to KEC serving the energy needs of NZ1 and**  
30 **DRH?**

31 A: Pursuant to a wholesale power contract by and between East River and KEC, East River  
32 sells and delivers to KEC and KEC purchases and receives from East River, all electric power and

33 energy that KEC requires to serve all of KEC's electric loads. East River will deliver wholesale  
34 power to KEC and KEC will deliver retail power to NZ1 and DRH. NZ1 and DRH intend to  
35 purchase power from KEC via a large load rate. The large load rate recognizes the competitive  
36 nature of large end use loads while recovering power supply and investment costs associated with  
37 these loads. The rate is set at power supply cost plus other system costs, which recovers  
38 maintenance, administrative expenses, and other system-wide costs. The large load rate is subject  
39 to review by the KEC Board of Directors and can be modified to reflect the cost of operations  
40 and/or changes in wholesale rates.

41 **Q: What effect, if any, will KEC serving NZ1 and DRH have on KEC's existing**  
42 **customers' rates, East River's existing customers' rates, and Basin's existing customers'**  
43 **rates?**

44 **A:** East River and KEC rates are designed to recover costs directly associated with the load  
45 and system-wide shared costs. Adding loads the size of NZ1 and DRH will decrease the system  
46 cost recovery on other rate classes.

47 **Q: What happens if there is rate recovery above cost, or margins, due to the large load**  
48 **additions?**

49 **A:** Rate recovery above cost, or margins, collected by cooperatives are used to supplement  
50 short-term capital needs and are returned to members over time.

51 **Q: Will NZ1 and DRH pay their share of East River's transmission buildout that isn't**  
52 **covered under the CIAC agreement?**

53 **A:** Yes, NZ1 and DRH will pay for their share of the transmission buildout which is included  
54 in the rate recovery of system-wide costs. The cost is recovered on both the demand and energy  
55 charges. Costs attributable directly to the new load will be recovered from NZ1/DRH at cost. Some

56 of the transmission investment will be includable in SPP and the return on investment for those  
57 assets is specified in the East River Annual Transmission Revenue Requirement (ATRR) template  
58 filed with SPP and FERC, a public document. The portion of transmission that is not directly  
59 attributable to the load or that is not includable in SPP will be recovered through East River and  
60 KEC rates at cost.

61 **Q. Will any of the transmission buildout costs be included in the transmission rates of**  
62 **customers other than NZ1 and DRH?**

63 A: Yes, on some level. East River costs are socialized by our members. With that said, if NZ1  
64 and DRH loads perform as expected, the cost will be offset by the load.

65 **Q: Are you aware of any tax implications triggered by the transmission buildout?**

66 A: East River is unaware of any tax implications other than the South Dakota energy tax that  
67 the loads will pay on a per kWh use basis.

68 **Q: Will KEC's and East River's cost to serve NZ1 and DRH be an economic detriment**  
69 **to their customers.**

70 A: No. The cost to serve is anticipated to be beneficial in the long run for the members.

71 **Q: Does this conclude your pre-filed written testimony?**

72 A: Yes.

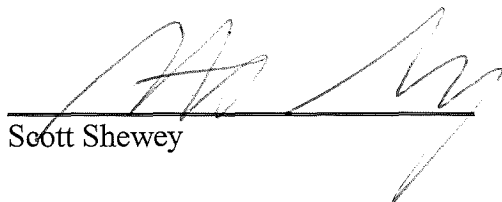
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74 Dated this 1<sup>st</sup> day of November, 2024

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Scott Shewey