

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

**IN THE MATTER OF THE FILING BY)
BLACK HILLS POWER, INC. DBA BLACK)
HILLS ENERGY REGARDING ITS)
NOTIFICATION OF INTENT TO APPLY)
FOR A PERMIT FOR AN ENERGY)
CONVERSION FACILITY FOR THE)
PROPOSED LANGE 2 POWER PLANT)
PROJECT)**

**ORDER DESIGNATING
AFFECTED AREA AND
DESIGNATING LOCAL REVIEW
COMMITTEE**

EL24-026

On August 2, 2024, the South Dakota Public Utilities Commission (Commission) received a Notice of Intent to submit an application for a permit for an energy conversion facility from Black Hills Power, Inc. dba Black Hills Energy (Black Hills). Black Hills proposes to construct, own and operate an energy conversion facility consisting of three reciprocating internal combustion engines fueled by natural gas only and three dual fuel reciprocating internal combustion engines, an engine hall building, and other associated facilities. Interconnection will be into the existing adjacent Lange substation, which is owned and operated by Black Hills Power. The expected generation is approximately 100 megawatts of power during periods of high energy demand. The energy conversion facility, known as Lange 2 Power Plant, is proposed to be located in the NW ¼ less Lot H1 of Section 22, Township 2N, Range 7E in Pennington County, South Dakota, within the city of Rapid City. SDCL 49-41B-5 requires an applicant for an energy conversion facility permit to file a Notice of Intent six months prior to filing an application for a permit. Therefore, the permit application will be a separate, future docket.

On August 8, 2024, the Commission electronically transmitted notice of the filing and the intervention deadline of August 23, 2024, to interested persons and entities on the Commission's PUC Weekly Filings electronic listserv. As of the date of this order, no petitions to intervene have been filed. On August 21, 2024, PUC Staff filed a letter regarding designation of Affected Area and exhibits.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-41B, specifically SDCL 49-41B-5 and 49-41B-6, as well as ARSD 20:10:22:02. Pursuant to SDCL 49-41B-6, the Commission is required to designate the affected area relative to this filing and also designate a local review committee within thirty days after the filing of the notification of intent.

At its regularly scheduled meeting on August 27, 2024, the Commission considered this matter. The Commission voted unanimously to designate the affected area as a five-mile radius from the proposed energy conversion facility. In accordance with SDCL 49-41B-6, the Commission voted unanimously to designate the local review committee which shall be comprised of the following individuals, ex officio:

(1) Affected South Dakota Counties
(Chair of County Commissioners)

Pennington
Meade

(2) Affected SD Municipalities
(Mayor)

Rapid City
Summerset

(3) Affected SD School Districts
(President of Board of Education)

Rapid City 51-4
Douglas 51-1
Meade 46-1

(4) A representative of Black Hills

Any person on the committee who ceases to hold such office or appointment shall be replaced on the committee by its successor, who shall promptly notify the Commission of such succession. It is therefore

ORDERED, that for the purpose of this energy conversion facility, the affected area shall be a five-mile radius from the proposed energy conversion facility. It is further

ORDERED, that the local review committee shall be compromised of the above referenced individuals, serving ex officio, and that any person on the committee who ceases to hold such office or appointment shall be replaced on the committee by his or her successor, who shall promptly notify the Commission of such succession.

Dated at Pierre, South Dakota, this 29th day of August 2024.

CERTIFICATE OF SERVICE
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, electronically or by mail.
By: <u><i>Kristie Fiegen</i></u>
Date: <u><i>29 August 2024</i></u>

BY ORDER OF THE COMMISSION:

Kristie Fiegen
KRISTIE FIEGEN, Chairperson

Gary Hanson
GARY HANSON, Commissioner

Chi Nelson
CHRIS NELSON, Commissioner

49-41B-6. Designation of affected area by commission after notification of intent filed--Local review committee designated, composition.

Within thirty days after the filing of the notification of intent to apply for a permit for the construction of an energy conversion facility or AC/DC conversion facility, the Public Utilities Commission shall designate the affected area and a local review committee composed of:

- (1) The chair of the tribal council of each affected reservation;
- (2) The president of the board of education of each affected school district;
- (3) The chair of the county commissioners of each affected county;
- (4) The mayor of each affected municipality; and
- (5) A representative of the applicant utility designated by the utilities.

Source: SL 1977, ch 390, § 10; SL 2006, ch 242, § 3.

49-41B-7. Assessment by local review committee--Factors included.

The local review committee shall meet to assess the extent of the potential social and economic effect to be generated by the proposed facility, to assess the affected area's capacity to absorb those effects at various stages of construction, and formulate mitigation measures. The assessment of the local review committee shall include consideration of the temporary and permanent alternatives in the following areas:

- (1) Housing supplies;
- (2) Educational facilities and manpower;
- (3) Water supply and distribution;
- (4) Waste water treatment and collection;
- (5) Solid waste disposal and collection;
- (6) Law enforcement;
- (7) Transportation;
- (8) Fire protection;
- (9) Health;
- (10) Recreation;
- (11) Government; and
- (12) Energy.

Source: SL 1977, ch 390, § 12; SL 2010, ch 226, § 5.

49-41B-8. Employment of personnel by committee--Expenses--Information furnished by commission.

The local review committee may employ such persons as determined by the Public Utilities Commission which may be required to carry out the provisions of § 49-41B-7 and the expenses of said staff shall be paid from the initial filing fee. The commission shall furnish copies of the application to the members of the local review committee and all other information which the commission determines that the committee should receive.

Source: SL 1977, ch 390, § 14.

49-41B-9. Financing of committee expenses.

Expense payments and other authorized payments to members of the local review committee for their service on the committee shall be financed by the unit of government or utility which they represent.

Source: SL 1977, ch 390, § 11.

49-41B-10. Final report of committee.

Within seven months after the application is filed the local review committee shall file a final report with the Public Utilities Commission which includes the recommendations of the committee as to mitigation measures and minority reports.

Source: SL 1977, ch 390, § 13.

49-41B-20. Final report heard by commission at final hearing--Decision on application--Adoption of committee's report.

The final report shall be heard by the Public Utilities Commission at the final hearing wherein the commission makes its decision on the application for a permit. The local review committee report may be adopted in whole or in part, at the discretion of the commission.

Source: SL 1977, ch 390, § 13.



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7001 Mt. Rushmore Rd.
Rapid City, SD 57702
P: 605-721-1502

August 2, 2024

Ms. Patricia Van Gerpen
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

RE: Notification of Intent to Apply for a Permit for an Energy Conversion Facility for the Proposed Lange 2 Power Plant Project

Dear Ms. Van Gerpen:

Pursuant to SDCL § 49-41B-5, Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power”), a South Dakota corporation under the jurisdiction of the South Dakota Public Utilities Commission (the “Commission”), submits this Notification of Intent to Apply for a Permit for an Energy Conversion Facility. Black Hills Power anticipates filing its application for a permit on or about February 1, 2025.

The following information is being provided pursuant to ARSD § 20:10:22:02:

1. A DESCRIPTION OF THE SIZE AND TYPE OF PROPOSED FACILITY:

Black Hills Power is proposing to construct, own and operate a conversion facility consisting of three (3) Reciprocating Internal Combustion Engines (“RICE”) fueled by natural gas only and three (3) dual fuel (natural gas and diesel) RICE turbines, an engine hall building, and other facilities (collectively referred to as the “Lange 2 Power Plant”). Interconnection will be into the existing adjacent Lange substation, which is owned and operated by Black Hills Power. All units will be housed in the hall building and the exhaust will be located outside of the hall building and includes silencers, air quality control systems and stacks.

Depending on final design, the facility is expected to generate approximately 100 megawatts (MW) of power during periods of high energy demand. The natural gas will be supplied by the existing natural gas pipeline presently on site and the diesel fuel will be supplied from the market and stored in liquid fuel tanks currently located at either the Ben French generating site or tanks to be installed on the Lange 2 Power Plant site.

Water use will be needed for plant operations and fire protection. An on-site well and/or local/rural water supply will be considered to provide all process and potable water.

2. AN ESTIMATE OF THE TOTAL COST OF CONSTRUCTION OF THE PROPOSED FACILITY:

The estimated cost of the project is approximately \$250 to \$270 million.

3. AN IDENTIFICATION OF THE LOCATION OF THE PROPOSED PLANT SITE AND GENERAL DESCRIPTION OF THE ANTICIPATED AFFECTED AREA:

The project will be constructed on land owned by Black Hills Power adjacent to the existing Lange combustion turbine (the “Lange CT Facility”) located in Pennington County, South Dakota. The proposed Lange 2 site will be in the NW ¼ less Lot H1 of Section 22, Township 2N, Range 7E, Pennington County, South Dakota. This location is within the city of Rapid City and Pennington County, with an address to be determined on Deadwood Avenue. The site is zoned for light industrial use, as is the adjacent Lange CT Facility.

4. A BRIEF STATEMENT ON SOCIAL AND ECONOMIC IMPACT OF THE PROPOSED FACILITY:

It is anticipated that the construction of the Lange 2 Power Plant will provide considerable economic benefits to the local community and the State of South Dakota due to the contractor expenditures in the area, local project purchases of materials and services, and the creation of three full-time operations jobs in the area.

The project will provide a State of South Dakota direct tax benefits of approximately \$10,500,000 based on an estimated project cost of \$250,000,000 through the collection of sales and use taxes, along with contractor’s excise taxes imposed on the gross receipts of the prime and each subcontractor engaged in the construction of the Lange 2 Power Plant. In addition, the project will provide the City of Rapid City direct sales and use tax benefits of 2% on the cost of materials and supplies used in the construction of the project.

On an ongoing basis, the project will provide annual city and state sales and use tax benefits from purchases for the Lange 2 Power Plant.

Based upon Black Hills Power’s 2023 State of South Dakota Property Tax Assessment, the Lange 2 Power Plant would provide an estimated \$1.5 million in additional annual property tax revenue. Based upon 2023 mill levy rates, the estimated \$1.5 million in additional property tax would be distributed to the following:

School	\$	920,923
Water	\$	1,658
City	\$	235,388
County	\$	338,992
Fair Grounds	\$	3,039
Total	\$	<u>1,500,000</u>

The construction phase will take place over a period of 12-15 months and will employ up to 200 construction personnel during the peak construction period. After construction, Black Hills Power will provide operating and maintenance activities for the project.

5. THE ANTICIPATED PERMIT AUTHORIZATION DATE, CONSTRUCTION SCHEDULE AND COMMERCIAL OPERATION SCHEDULE:

Black Hills Power anticipates filing for a permit to construct this Energy Conversion Facility on or about February 1, 2025. Construction will take place over a period of 12-15 months with a targeted commercial operation date of July 1, 2026.

6. A LIST OF THE NAMES AND ADDRESSES OF ALL CHAIRMEN OF TRIBAL COUNCILS, PRESIDENTS OF SCHOOL BOARDS, CHAIRMEN OF COUNTY COMMISSIONS, AND MAYORS OF MUNICIPALITIES IN THE ANTICIPATED AFFECTED AREA:

The Lange 2 Power Plant will be situated in Pennington County, within the city limits of Rapid City and Rapid City Area School District 51-4. Names and address of the relevant chairmen and Rapid City's mayor are as follows:

Troy Carr, Board President
Board of Education
625 9th Street
Rapid City, SD 57701

Lloyd LaCroix, Chairman
Pennington County Board of
Commissioners
PO Box 6160
Rapid City, SD 57709

Jason Salamun, Mayor
Rapid City Mayor
300 Sixth Street
Rapid City, SD 57701

7. ANY QUESTIONS OR REQUESTS CONCERNING THE PROPOSED FACILITY, INCLUDING A REQUEST FOR A PREFILING CONFERENCE, WHICH A UTILITY MAY WISH TO ADDRESS TO THE COMMISSION:

Black Hills Power is requesting a prefilng conference.

8. A DESCRIPTION OF ALL PERMITS KNOWN TO BE REQUIRED OF THE APPLICANT BY STATE, LOCAL AND FEDERAL AGENCIES:

Contingent on the final design and studies for the Lange Facility, the permit schedule anticipated for construction and operation of the Lange project are set forth in Table 1.

**Table 1
State, Local, and Federal Permits**

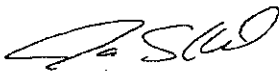
Government Level	Agency	Permits/Approvals/Consultations	Timing
Federal	U.S. Army Corps of Engineers	Clean Water Act Section 404	Prior to Construction
Federal	Federal Aviation Administration	Form 7460-1 Notice of Proposed Construction or Alteration	Prior to Construction
Federal	U.S Environmental Protection Agency	Develop and Implement a Spill Prevention, Control and Countermeasure Plan	Prior to Operation
State	South Dakota Public Utilities Commission	Permit for Energy Conversion Facility and Associated Transmission Facilities	Prior to Construction
State	South Dakota Department of Agriculture and Natural Resources (SDDANR)	Temporary Surface Water Discharge Permit	Prior to Construction
State	SDDANR	Temporary Water Use Permit for Construction Activities, Drilling, or Testing Purposes	Prior to Construction
State	SDDANR	Air Quality Construction Permit	Prior to Construction
State	SDDANR	Water Right Permit for Non-irrigation Use	Prior to Use
State	SDDANR	National Pollution Discharge Elimination System Construction Stormwater Discharge Permit	Prior to Construction
State	SDDANR	National Pollution Discharge Elimination System Industrial Stormwater Discharge Permit	Prior to Operation
State	SDDANR	No Exposure Certification (for exclusion from stormwater discharges associated with industrial activities)	Prior to Construction
State	SDDANR	Clean Water Act Section 401 Certification	Prior to Construction
Local	City of Rapid City	Zoning Change or Special Exemption/Variance	Prior to Construction

Ms. Patricia Van Gerpen
August 2, 2024

Local	City of Rapid City	Building Permit including septic system or leach field if applicable.	Prior to Construction
Local	City of Rapid City	Air Quality Construction Permit	Prior to Construction
Local	City of Rapid City	Air Quality Parking/Storage Permit	Prior to Construction

Please contact me if you have any questions.

Sincerely,



Jason S. Keil

cc: Troy Carr
Lloyd LaCroix
Jason Salamun