

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

**IN THE MATTER OF BLACK HILLS POWER,)
INC. d/b/a BLACK HILLS ENERGY FOR)
APPROVAL TO IMPLEMENT AN ECONOMIC)
FLEXIBLE LOAD SERVICE TARIFF AND)
AMEND ITS ENERGY COST ADJUSTMENT)
TARIFF EFFECTIVE JUNE 1, 2025)**

Docket EL25-_____

**APPLICATION OF BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY FOR
APPROVAL TO IMPLEMENT AN ECONOMIC FLEXIBLE LOAD SERVICE TARIFF
AND AMEND ITS ENERGY COST ADJUSTMENT TARIFF**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power”), a South Dakota corporation, submits this Application and respectfully requests an Order from the South Dakota Public Utilities Commission (the “Commission”) permitting Black Hills Power to implement an Economic Flexible Load Service Tariff (the “EFLS Tariff”) and amend its Energy Cost Adjustment (“ECA”) tariff provisions.

INTRODUCTION

In this Application, Black Hills Power is requesting Commission approval to implement an Economic Flexible Load Service Tariff and amend its Energy Cost Adjustment Tariff.

EXHIBITS

Exhibit 1 – Proposed EFLS tariff

Exhibit 2 – Proposed Amendments to the ECA Tariff - Legislative and Clean

Exhibit 3 – Direct Testimony of Jason S. Keil

REPORT OF PROPOSED TARIFF CHANGES

The following information is consistent and provided pursuant to South Dakota Administrative Rule § 20:10:13:26 regarding this Application for the implementation of an EFLS Tariff and an amendment of the existing ECA tariff:

(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:

The proposed EFLS Tariff is set forth in Exhibit 1 and the ECA proposed amendments are set forth in Exhibit 2 in Legislative and Clean form.

(3) DESCRIPTION OF THE CHANGE:

Black Hills Power is proposing an innovative EFLS tariff to serve loads of 10,000 kW (10 MW) or greater that are interconnected with Black Hills Power's system and desire interruptible service. Each new customer requesting service under the EFLS Tariff will be required to enter into an Economic Flexible Load Service Agreement ("EFLS Agreement") prior to taking service from Black Hills Power. The proposed EFLS tariff is attached to this Application as Exhibit 1. The EFLS Agreement must contain the following terms, as set forth in the proposed EFLS Tariff:

1. Electric service is for new interruptible load of 10,000 kW (10MW) or greater;
2. A term of at least two (2) years not to exceed (5) years;
3. Pricing terms, subject to renegotiation at least every three (3) years;
4. Identification of specific customer costs for any required infrastructure necessary to serve the customers load and how those costs will be paid for by the customer;

5. Negotiated service interruption provisions (size of interruptible load, notice of planned interruption, duration of interruption, and maximum hours of interruptions per year, including procedures for service interruptions);
6. EFLS customers that fail to interrupt service as required by the EFLS Agreement shall be responsible for all costs incurred by the Company due to such failure;
7. A release of liability of the Company for any losses or damages, including consequential damages, caused by or resulting from any interruption of service;
8. Terms and conditions of service shall be those contained in the EFLS Agreement; and
9. Customer shall not be eligible for any discounts or service conditions except as provided for in the EFLS Agreement.

The EFLS Tariff is designed to ensure new customers taking service under the EFLS Tariff are responsible for an appropriate share of system costs and any adverse impacts to other retail customers from stranded asset costs, and capacity and transmission constraints are minimized. Any profit or losses resulting from EFLS Tariff service shall be the responsibility of Black Hills Power and/or the EFLS customer and will not be recovered from other retail customers.

The proposed EFLS Tariff requires Black Hills Power to make amendments to its current ECA tariff to allow for the revenues and costs associated with service under the EFLS Tariff to be removed from the ECA. In addition, Black Hills Power is proposing an ECA customer benefit credit of \$1.00 per MWh for all energy delivered under the EFLS Tariff, which will benefit all other retail customers. These proposed Amendments to the ECA Tariff are reflected in Exhibit 2 to the Application and are discussed in detail in the Direct Testimony of Jason S. Keil attached to this Application as Exhibit 3.

(4) REASON FOR THE CHANGE:

Currently Black Hills Power's tariff does not adequately meet the needs of potential large interruptible customers. This Application will address the unique needs of these customers and provide safeguards for other retail customers, offer competitive service, including pricing, interruptibility, minimize impact to the Black Hills Power system, provide state and local benefits, and provide Black Hills Power with incentives related to successfully attracting and serving EFLS Tariff customers.

Black Hills Power has received inquiries from potential customers that desire interruptible service and are willing to locate or relocate their facilities to the State of South Dakota. These customers will bring electric loads that are large in nature and of questionable permanence and the EFLS Tariff will allow Black Hills Power to accommodate the type of service these customers desire. These customers also bring economic benefits to the State of South Dakota through incremental sales tax revenue, additional permanent work force increasing localized spending, and additional marketing opportunities to attract other customers and investors to the State of South Dakota.

(5) PRESENT RATE:

N/A

(6) PROPOSED RATES:

Rates paid by EFLS customers will be included in the terms of each individual EFLS Agreement.

(7) PROPOSED EFFECTIVE DATE OF MODIFIED RATES:

Black Hills Power proposes an effective date of June 1, 2025.

(8) APPROXIMATION OF ANNUAL AMOUNT OF INCREASE OR DECREASE IN REVENUE:

Revenue will increase depending on the agreed upon rates in the EFLS Agreements.

(9) POINTS AFFECTED:

The proposed tariff changes will apply to new customers taking service under the EFLS tariff throughout the Black Hills Power electric service area in South Dakota.

(10) ESTIMATION OF THE NUMBER OF CUSTOMERS WHOSE COST OF SERVICE WILL BE AFFECTED AND ANNUAL AMOUNT OF EITHER INCREASE OR DECREASES, OR BOTH, IN COST OF SERVICE TO THOSE CUSTOMERS:

Black Hills Power is proposing to treat EFLS Tariff customers as stand-alone and that all EFLS Tariff customers will remain outside of any retail cost of service calculations in any rate proceeding before the South Dakota Public Utilities Commission, any required normalized earnings reports, and any rate of return calculations. Therefore, all revenues and costs associated with EFLS Tariff service will be removed from base retail cost of service calculations and the EFLS Tariff load will not be used to allocate costs in cost of service calculations.

Even though EFLS Tariff customers will remain outside of retail cost of service from a demand, volume, revenue and cost perspective, there are financial benefits that EFLS Tariff customers will provide to the base retail cost of service. EFLS Tariff customers will utilize Black Hills Power's transmission system, therefore, base retail customers will receive a smaller load ratio share of allocated transmission costs, which is a cost-of-service benefit. Along with a smaller load ratio share allocation, all South Dakota customers will receive a proportional benefit of an additional \$1.00 per MWh credit for each MWh delivered to each EFLS Tariff customer through the ECA.

(11) STATEMENT OF FACTS, EXPERT OPINIONS, DOCUMENTS, AND EXHIBITS TO SUPPORT THE PROPOSED CHANGES:

Black Hills Power has supplied Exhibit 1-3 in support of the proposed EFLS tariff.

Those exhibits contain factual basis, testimony and attachments which support the proposed EFLS tariff.

COMPANY REPRESENTATIVES

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

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VERIFICATION

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

CONCLUSION

Based on this Application and the supportive exhibits, Black Hills Power respectfully requests that the Commission issue an order approving Black Hills Power's proposed Economic

Flexible Load Service Tariff and amendments to its Energy Cost Adjustment Tariff with an effective date of June 1, 2025.

Dated this 28th day of April, 2025.

BLACK HILLS POWER, INC. d/b/a BLACK HILLS
ENERGY

By: 

Jason S. Keil
Manager - Regulatory

BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA


STATE OF SOUTH DAKOTA)
)SS:
COUNTY OF PENNINGTON)

I, Jason S. Keil, being duly sworn, do hereby depose and say that I am Manager – Regulatory for Black Hills Power, Inc. d/b/a Black Hills Energy, that I have read such Application, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.



Jason S. Keil,
Manager - Regulatory

Subscribed and sworn to before me this 28th day of April, 2025.


Notary Public

My Commission Expires: _____

My commission expires June 22, 2029