BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY
EL25-019

REQUEST DATE : 05/07/25

RESPONSE DATE : 05/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.1:

Provide a draft or similar EFLS Agreement Black Hills Power anticipates using for customers of the EFLS Tariff. Provide a list of all items included in the agreement, a description of each item, and the purpose of each section.

Response to SDPUC Request No. 1.1:

Please see the attached draft EFLS Agreement for an example of the terms and conditions that could be contained in each EFLS Agreement. All EFLS Agreements will be individually negotiated, and the terms and conditions of each individual Agreement may vary from the ones contained in the attached draft EFLS Agreement.

Responder: Eric Wolff

Attachments: Confidential SDPUC 1.1 – Draft EFLS Agreement

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SDPUC Request No. 1.2:

Will the EFLS Agreements contain similar language to the tariff that precludes Black Hills Power from seeking recovery from its South Dakota customers any unpaid debt/expenses of any EFLS Tariff customer?

Response to SDPUC Request No. 1.2:

No. The EFLS Agreement will not contain this language. The EFLS Agreement will only contain terms and conditions applicable to service responsibilities between Black Hills Power and the EFLS Customer. The EFLS Tariff will contain the ring-fencing language to support the Regulatory Compact between Black Hills Power and the South Dakota Public Utilities Commission.

Responder: Jason Keil

Attachments: None

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SDPUC Request No. 1.3:

What is the process Black Hills Energy uses in order to secure power for the EFLS Tariff customers without using its utility owned generation? What market is BHP purchasing from, and will there be any relevant 'node' or area pricing that gets applied?

Response to SDPUC Request No. 1.3:

Black Hills Power will procure market energy only for the EFLS Tariff and will not use any utility owned generation. Black Hills Power will purchase energy from the bilateral market in the Western Interconnect and from the Western Energy Imbalance Market. There will be a node established at each EFLS customers load point for purchasing energy from the Western Energy Imbalance Market.

Responder: Brooke Voorhees

Attachments: None

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SDPUC Request No. 1.4:

In the event BHP purchases power on the market for its retail customers, will the high energy usage of the EFLS tariff customers cause BHP's retail customers to pay higher market energy prices? What are the protections and thresholds that BHP has in place to prevent retail customers from paying higher market prices.

Response to SDPUC Request No. 1.4:

At times prices can be higher but during high market times Black Hills Power has the right to curtail EFLS Customer load and serve only Black Hills Power retail customers. Black Hills Power currently has a process and procedure in place to ensure that retail customers will always get the lowest energy cost.

Responder: Brooke Voorhees

Attachments: None

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SDPUC Request No. 1.5:

Will these customers have any firm or standby load or will the customers be fully interruptible? If the EFLS customer is not fully interruptible, how will the firm portion of the customer be handled? Would there be a threshold to the amount of firm energy that would prevent a customer from using the EFLS Tariff?

Response to SDPUC Request No. 1.5:

The customer's entire load will always be treated as an interruptible load. The customer will have to be able to curtail the entire load with no more than a 15-minute notice.

Responder: Eric Wolff

Attachments: None

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SDPUC Request No. 1.6:

The proposed tariff indicates customers served under the EFLS tariff must maintain certain criteria or have their electric services either terminated or moved to an otherwise applicable rate schedule. What are the most similar rate schedules that a customer could be moved to? Provide a comparison of the relevant similar rate schedules and their differences and similarities.

Response to SDPUC Request No. 1.6:

Due to the size of the load, if a default occurs in meeting the criteria for EFLS Tariff service Black Hills Power would switch the customer to its existing Large General Service Tariff. The major difference would be that the Large General Service Tariff is a firm tariff vs the interruptible nature of the EFLS Tariff. The firmness of the Large General Service Tariff would come at a cost that would not be sustainable for the EFLS Tariff customer, as these customers desire interruptible service due to economics.

Responder: Jason Keil

Attachments: None

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REQUEST DATE : 05/07/25

RESPONSE DATE : 05/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.7:

Does BHP have the ability to interrupt an EFLS customer without action from the customer? Or would the company rely on an action taken by the customer to shut down for a scheduled interruption?

Response to SDPUC Request No. 1.7:

Black Hills Power does have the ability to interrupt an EFLS Customer without action from the customer. Black Hills Power does not have to rely on an action taken by the customer to shut down for a scheduled interruption if in the event the customer did not shut down as scheduled.

Responder: Brooke Voorhees

Attachments: None

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REQUEST DATE : 05/07/25

RESPONSE DATE : 05/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.8:

How is the proposed $1.00/MWh credit calculated or what is the proposed credit based upon. Provide documentation/detail/calculations for the proposed credit.

Response to SDPUC Request No. 1.8:

Base retail customers will receive a guaranteed $1.00 / MWh credit for every MWh delivered to EFLS Customers. The credit is based upon the current posted wholesale rate under Black Hills Power's Open Access Transmission Tariff for non-firm (interruptible) use for Black Hills Power's transmission system.

For illustration purposes only, below is an example of the guaranteed customer credit base retail customers would receive if Black Hills Power would serve two EFLS Customers, each being 25MW in size with an assumption that 20% of the monthly load interrupted.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Days in Month	31	28	31	30	31	30	31	31	30	31	30	30	
Hours in Month	744	672	744	720	744	720	744	744	720	744	720	720	
25 MW load and the number of MWh's	18,600	16,800	18,600	18,000	18,600	18,000	18,600	18,600	18,000	18,600	18,000	18,000	
Interruption Assumption (20%)	3,720	3,360	3,720	3,600	3,720	3,600	3,720	3,720	3,600	3,720	3,600	3,600	
Total EFLS Customer MWh's Served	14,880	13,440	14,880	14,400	14,880	14,400	14,880	14,880	14,400	14,880	14,400	14,400	
Base Retail Credit Amount	**$1.00**												
1/ Base Retail Credit - EFLS Customer #1	$ 14,880	$ 13,440	$ 14,880	$ 14,400	$ 14,880	$ 14,400	$ 14,880	$ 14,880	$ 14,400	$ 14,880	$ 14,400	$ 14,400	$ 174,720
2/ Base Retail Credit - EFLS Customer #2	$ 14,880	$ 13,440	$ 14,880	$ 14,400	$ 14,880	$ 14,400	$ 14,880	$ 14,880	$ 14,400	$ 14,880	$ 14,400	$ 14,400	$ 174,720
													$ 349,440

Notes:
1/ Assumption of 25 MW EFLS Customer Load - interrupted 20% of the monthly time
2/ Assumption of 25 MW EFLS Customer Load - interrupted 20% of the monthly time

Responder: Jason Keil

Attachments: None

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SDPUC Request No. 1.9:

Provide an example of the savings retail customers might obtain through the Fuel and Purchased Power and Transmission cost Adjustment based on a 50MW customer. Over an average one-year period, what is the potential credit/saving to customers?

Response to SDPUC Request No. 1.9:

Black Hills Power retail customers will not see savings within the Fuel and Purchased Power (FPP) portion of the Energy Cost Adjustment (ECA). Black Hills Power customers will see savings within the Transmission Cost Adjustment (TCA) portion of the ECA. TCA savings will be in a reduced load-ratio share allocation of transmission costs.

Please see the example below: Based on the inclusion of a 50 MW customer the load ratio share would decrease from 48% to 44% resulting in TCA savings of $1.1 million. This is in addition to the $1 per MWh EFLS Customer Credit.

Current Load Ratio Share	Load Ratio Share w/EFLS	Current Retail TCA Costs	Retail TCA Costs w/EFLS	Potential Retail Savings
48%	44%	$ 18,285,814	$ 17,163,643	$ 1,122,171

Responder: Jason Keil

Attachments: None

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SDPUC Request No. 1.10:

The proposed tariff indicates Credit support or deposit may be required from the EFLS customers. What is the criteria used by BHP that would require a customer to have a deposit and what is an acceptable credit support the company would consider for an EFLS customer?

Response to SDPUC Request No. 1.10:

All EFLS Customer will be vetted through Black Hills Corporation's credit review process. If the credit review process requires the EFLS Customer to post credit support, the credit support will be in the form of cash collateral, an irrevocable Letter of Credit issued from a financial institution of at least "A-" by S&P or "A3" by Moody's, or if an acceptable Credit Support Provider is within the business structure, a parental guaranty in form and substance reasonably acceptable to Black Hills Corporation may be accepted.

Responder: Jason Keil

Attachments: None

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RESPONSE DATE : 05/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.11:

Via what mechanism will base retail customers realize a smaller load ratio share of allocated transmission costs?

Response to SDPUC Request No. 1.11:

Base retail customers will receive a smaller load-ratio share of allocated transmission costs and will see that benefit within Black Hills Power's Energy Cost Adjustment (ECA) mechanism – specifically within the Transmission Cost Adjustment (TCA) calculation. Keeping everything equal, base retail customers will see a reduction in their FERC Account 565 allocated costs within the TCA. Also, please see the Response to SDPUC Request No. 1.9 for a description and an example calculation of potential TCA reductions.

Responder: Jason Keil

Attachments: None

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SDPUC Request No. 1.12:

Is this tariff intended only for blockchain and cryptocurrency mining customers? What type of customers does BHP anticipate using this tariff outside the crypto space? Provide examples of anticipated customers.

Response to SDPUC Request No. 1.12:

No, this tariff is not intended solely for blockchain and cryptocurrency mining customers. Black Hills Power anticipates that a variety of large manufacturing and industrial users will benefit from this tariff, particularly those with the capacity to run loads over 10 MWs without firm energy. An example would be an industrial user with a large load and a very poor load factor from not running that load consistently or where a large load only runs a few times per week. These types of intermittent large industrial loads could benefit from this tariff.

Responder: Eric Wolff

Attachments: None