BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY
EL25-012

REQUEST DATE : 04/02/25

RESPONSE DATE : 04/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.1:

BHE stated in docket EL24-014 that it "anticipates $1-3 million WEIS benefits per year to be passed on to customers depending on market conditions," and in this docket that it "estimates customer net benefits will be similar to its current WEIS market participation of $1-3 million per year."

a. Provide the monthly benefits and costs of BHE's WEIS market participation for every month beginning in April 2023.
b. Does BHE expect this to be indicative of the WEIM costs and benefits going forward? Explain.
c. Confirm this ongoing estimate does not take the implementation costs into account.

Response to SDPUC Request No. 1.1:

a. Below are the monthly revenues/costs for April 2023 thru February 2025:

BLACK HILLS POWER, INC.
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Black Hills Power, Inc. d/b/a Black Hills Energy
WEIS Revenue/Fees
April 2023 thru February 2025

Line No.	WEIS Revenue/Fee	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
1	WEIS Revenue (FERC 447)	$ 146,541	$ 210,392	$ 98,234	$ 477,025	$ 518,276	$ 454,877	$ 101,392	$ 132,960	$ 138,665
2	WEIS Costs (FERC 555)	$ -	$ 179,119	$ 77,525	$ 248,770	$ 884	$ (1,998)	$ 148,575	$ 178,261	$ 193,127
3	WEIS Admin Fee (FERC 575)	$ (19,352)	$ 101,306	$ 16,874	$ 16,874	$ 16,874	$ 15,859	$ 16,874	$ 16,874	$ 16,874
4	Total Benefits/Cost	$ 165,893	$ (70,033)	$ 3,835	$ 211,381	$ 500,518	$ 441,016	$ (64,056)	$ (62,175)	$ (71,336)
5										
6	1/ 2023 WEIS Benefit	$ 1,055,043								
7										

		Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
8	WEIS Revenue (FERC 447)	$ 304,502	$ 154,009	$ 273,783	$ 271,211	$ 73,868	$ 229,461	$ 389,591	$ 326,521	$ 253,362	$ 81,390	$ 41,500	$ 249,753
9	WEIS Costs (FERC 555)	$ 233,789	$ 25,684	$ 186,668	$ (13,111)	$ 56,581	$ 82,267	$ 120,894	$ 106,584	$ 65,145	$ 135,917	$ 171,164	$ 208,606
10	WEIS Admin Fee (FERC 575)	$ (25,247)	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089	$ 16,089
11	Total Benefits/Cost	$ 95,961	$ 112,235	$ 71,026	$ 268,233	$ 1,198	$ 131,104	$ 252,608	$ 203,849	$ 172,128	$ (70,616)	$ (145,753)	$ 25,058
12													
13	2/ 2024 WEIS Benefit	$ 1,117,032											
14													

		Jan-25	Feb-25
15			
16	WEIS Revenue (FERC 447)	$ 116,010	$ 147,407
17	WEIS Costs (FERC 555)	$ 316,849	$ 372,969
18	WEIS Admin Fee (FERC 575)	$ (28,111)	$ 16,383
19	Total Benefits/Cost	$ (172,728)	$ (241,945)
20			
21	3/ 2025 WEIS Benefit	(414,673)	
22			

23 **Notes:**
24 1/ Black Hills Power began participating in WEIS in April 2023 - benefit April 23 thru December 23
25 2/ Full year WEIS benefit
26 3/ January thru February only

b. Black Hills Power does expect the WEIM to be similar if not more beneficial than the WEIS because they operate similarly.

c. The estimate of benefits does not include implementation costs.

Responder: Jason Keil and Andy Butcher

Attachments: None

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SDPUC Request No. 1.2:

BHE explains on the bottom of page 3 that "SPP Markets+ will not be optimized with the SPP RTO at its launch and therefore, will not provide customer value for Black Hills Power customers." Does this mean SPP Markets+ wouldn't ever provide customer value or just at its launch? Explain.

Response to SDPUC Request No. 1.2:

Black Hills Power does not have direct transmission interconnection with any of the SPP Markets+ Phase 1 or Phase 2 funding participants. Absent a market-to-market co-optimization and reciprocal transmission use structure between SPP Markets+ and RTO, there is no ability for Black Hills Power to participate in Markets+ without transmission system expansion or possibly procurement of transmission service over a third-party transmission system. Black Hills Power's participation in SPP Markets+ may be feasible and beneficial in the future once these structures are fully defined and can be analyzed.

Responder: Eric Egge

Attachments: None

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REQUEST DATE : 04/02/25

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SDPUC Request No. 1.3:

Provide the net present value analysis that shows WEIM participation is better for customers long-term than SPP Markets+, while considering the WEIM and SPP Markets+ implementation costs.

Response to SDPUC Request No. 1.3:

Black Hills Power has not performed a net present value analysis comparing WEIM to Markets+ participation over the long-term due to the inability of Black Hills Power to efficiently participate in Markets+ as it is structured today and based upon the currently known or expected Markets+ footprint. The WEIM is a low risk, low commitment opportunity in the near-term for customer savings that does not preclude the opportunity to join a different market in the future as the market landscape in the Western Interconnect becomes clearer.

Responder: Eric Egge

Attachments: None

BLACK HILLS POWER, INC.
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REQUEST DATE : 04/02/25

RESPONSE DATE : 04/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.4:

How was it determined to split the implementation costs between BHE and Cheyenne Light equally?

Response to SDPUC Request No. 1.4:

The implementation expenses are equally attributable to Black Hills Power and Cheyenne Light; therefore, it is appropriate to assign the costs to them equally to avoid undue discrimination between the utilities.

Responder: Jason Keil

Attachments: None

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REQUEST DATE: 04/02/25

RESPONSE DATE: 04/16/25

REQUESTING PARTY: Staff

SDPUC Request No. 1.5:

Which months will the implementation costs be incurred? Confirm these implementation costs won't cause any initial rate shock with customers. Explain.

Response to SDPUC Request No. 1.5:

Below are the forecasted implementation costs that will be recovered through the ECA:

[redacted]

Customers will see an increase of approximately [redacted] in the 2025 ECA filing, approximately [redacted] in the 2026 ECA filing, and approximately [redacted] in the 2027 ECA filing.

Responder: Jason Keil and Denton McGregor

Attachments: None

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REQUEST DATE : 04/02/25

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REQUESTING PARTY: Staff

SDPUC Request No. 1.6:

What is BHE's current estimate of internal labor implementation costs? Which months will these be incurred? Confirm BHE is not proposing to include these internal labor implementation costs in the ECA.

Response to SDPUC Request No. 1.6:

Black Hills Power estimates internal labor costs of approximately [redacted] related to WEIM implementation.

Below are the actual internal labor costs incurred through Q1 – 2025 and a forecast of internal labor costs for April 2025 through May 2026:



Black Hills Power is not proposing to include internal labor implementation costs in the ECA.

Responder: Jason Keil and Denton McGregor

Attachments: None

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REQUESTING PARTY: Staff

SDPUC Request No. 1.7:

Refer to item 11 in the application. How much will the average residential customer save on their monthly electric bill with WEIM market participation compared to BHE not being in an energy market.

Response to SDPUC Request No. 1.7:

If Black Hills Power were to not participate in an energy market, customers will not experience a benefit on bills, instead they could experience increased costs of approximately $0.40 on their monthly electric bills, all else being equal.

Responder: Jason Keil

Attachments: None

CERTIFICATE OF SERVICE

I certify the foregoing document was filed through the South Dakota Public Utilities Commission website as a nondocketed filing this 16th day of April, 2025 and served on the following:

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