

Renewable Energy in Montana - Survey for Utilities and Suppliers

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COMPLETE

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| Q1: What is the name of the utility or electricity supplier you represent? | Black Hills |
| Q2: What years were or are you subject to Montana's RPS (69-3-2004, MCA)? | 2008-current |
| Q3: Have you been able to meet the overall percentage requirements? | Yes |
| Q4: If you received a waiver, what was the overall cost (includes administrative costs) of the waiver? | <i>Respondent skipped this question</i> |
| Q5: If you have not met the standard or received a waiver, have you paid an administrative penalty? | <i>Respondent skipped this question</i> |
| Q6: What eligible renewable resources have you used to meet the overall percentage standards? | Wind generation located in Cheyenne, WY |
| Q7: Are you subject to the CREP requirement? | Yes |
| Q8: Have you met the CREP requirement? | No, If not, have you received a waiver for any compliance year? yes |
| Q9: If you received a waiver, what was the overall cost (includes administrative costs) of the waiver? | approximately \$40,000 |
| Q10: If you have not met the requirement or received a waiver, have you paid an administrative penalty? | If so, in what amount? N/A |
| Q11: What eligible renewable resources have you used to meet the CREP requirement? | N/A |
| Q12: Who owns the eligible renewable resource(s) you have used to meet the CREP requirement? | N/A |
| Q13: Has the standard contributed to the diversification of your portfolio in Montana? | No, Please explain how it has or has not. BHP could not find an economically viable solution to meet the CREP requirement, therefore we were granted a waiver to avoid creating an undue financial burden on our customers. As a result, we have not added to our renewable portfolio in Montana. |

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Q14: Has the standard led to you reducing your dependence on fossil fuels? No,
Please explain how it has or has not.
The majority of our Montana load is constant industrial load. We must maintain generation to meet the demand regardless of the availability of our wind energy.

Q15: Has the standard assisted you in hedging against the volatility of fossil fuel markets? No,
Please provide some details on how it has or has not.
Since we own and operate our own generation, we have limited exposure to any volatility in the fossil fuel markets.

Q16: Has the standard contributed to higher, lower, or neutral costs for your customers? Neutral,
Please explain your answer
Had we complied with the CREP requirements, it would have resulted in higher costs to our customers. Given the small number of customers we have in Montana, we have not adjusted rates for many years, or for any moderate increases associated with renewable energy we have provided.

Q17: How much has the standard changed, if at all, your average residential customer's monthly utility bill? (indicate increase or decrease)

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| Projected in 2013 through 2015? | 0 See explanation in question 16 |
| In 2012? | 0 |
| In 2011? | 0 |
| In 2010? | 0 |
| In 2009? | 0 |
| In 2008? | 0 |

Q18: How is the standard beneficial to your customers?

We do not believe the standard is beneficial to our Montana customers, given the economics associated with our small number of customers.

Q19: How is the standard a drawback for your customers?

Due to the small number of customers in the rural area of the state, the CREP requirement is not economically feasible compared to our current generation resources.

Q20: What additional resources have been needed to integrate renewable resources?

BHP has utilized additional regulation services as a result of integrating the renewable resources.

Q21: Would these renewable and integration resources have been added to your portfolio if there was not a standard in Montana? No

Q22: Would you have constructed or acquired these resources at a different size if there was no standard? No

Q23: Please explain your response to 21 and 22 above.

The renewable resources are our most expensive resource in our mix of generation resources to serve Montana customers, so it is unlikely these resources would have been utilized without the standard.

The bulk of wind generation produced in Cheyenne is utilized by other business units, so it is unlikely the small amount utilized in Montana would have any impact to the overall size or type of the project.

Q24: How much of the cost of integration resources used in conjunction with the renewable resources used to meet the standard is attributable to the standard? 100%

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Q25: In the 2012 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)? \$ 0.0476 per kWh

Q26: What was the comparable price in 2012 of your supply (not transmission service) resources, including:

Please identify the resources you are using as the basis of the answers above. company owned generation

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| Qualifying facility resources? | \$0.0476 per kWh |
| Hydropower resources? | N/A |
| Natural gas resources? | N/A |
| Coal resources? | \$0.0382 per kWh |
| Spot/hourly market resources? | \$0.0217 per kWh (purchased power) |

Q27: In the 2010 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)? Information not readily available at this time

Q28: What was the comparable price in 2010 of your supply (not transmission service) resources, including:

Spot/hourly market resources? Information not readily available at this time

Q29: In the 2008 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)? Information not readily available at this time

Q30: What was the comparable price in 2008 of your supply (not transmission service) resources, including:

Spot/hourly market resources? Information not readily available at this time

Q31: Please provide any additional thoughts on Montana's Renewable Portfolio Standard

The information for questions 27-30 are not readily available at this time, but if needed we can provide this information. Please let us know if you would like us to follow-up with this.

Q32: FINAL SUBMISSION: All questions are complete and this survey is ready for submission (select no if you wish to return and complete this survey later). Yes