March 16, 2011

Black Hills Colorado Transmission
Q1 TCPC / SB-100 Stakeholder Meeting

Improving life with energy

Black Hills Energy

Meeting Overview

- Welcome and Introductions
- Trans. Planning Department Update
- 2010/2011 LTP Study Process
- Stakeholder Comments

TCPC Overview

- FERC Order 890 – 9 Principles
  - Coordination
  - Openness
  - Transparency
  - Information Exchange
  - Comparability
  - Dispute Resolution
  - Regional Participation
  - Economic Planning Studies
  - Cost Allocation for New Projects

TCPC Meeting Policies

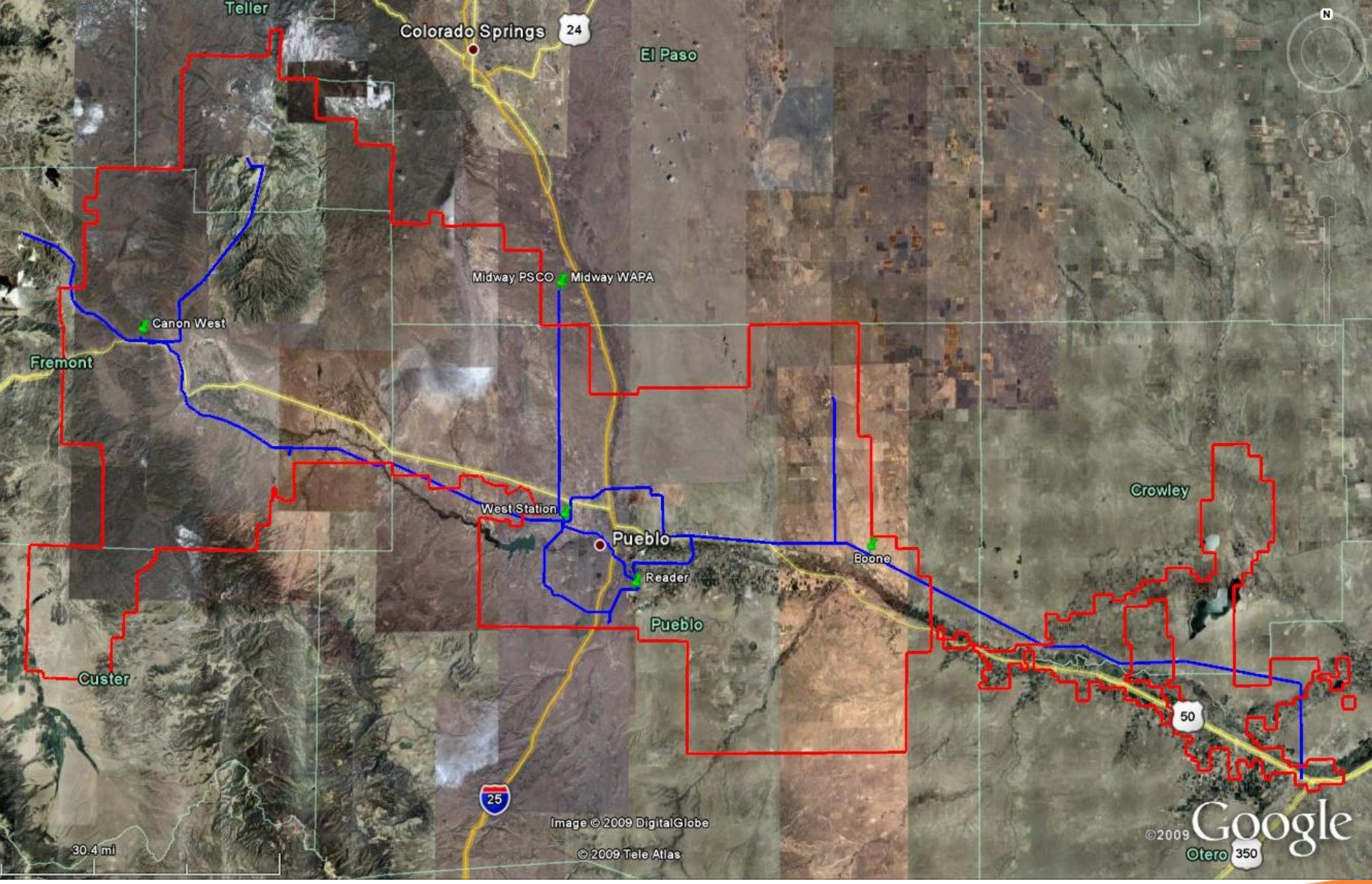
- FERC Standards of Conduct
- Anti-Trust Policy
- Confidentiality

BHCE Transmission System

- The transmission system follows the Arkansas River Valley from the Royal Gorge west of Cañon City to La Junta
- Major load centers are Pueblo, Cañon City, and Rocky Ford
- The transmission system consists of 311 miles of 115-kV transmission lines

BHCE Transmission System Interconnection Points

Interconnection Name	Interconnecting Utility
Midway (PSCo)	PSCo
Midway (WAPA)	Western, CSU, Tri-State
Boone	PSCo, Tri-State
Reader	PSCo
Cañon West	Western, PSCo
West Station	Tri-State



Black Hills Corporation

one vision
one community
one company

BHC Transmission Planning Department Updates

- CO Rule 3206: System Additions for the Next 3 Calendar Years (Added in 2010)
  - New Portland-West Station 115 kV line (2013)
  - Greenhorn-Reader 115 kV line rebuild (2014)
  - Reconductor Pueblo-Hyde Park-West Station 115 kV line (2012)

Refer to Docket No. 10M-206E for more information

BHC Transmission Planning Department Updates

CO Clean Air Clean Jobs Act (HB1365)

- Lower NOx emissions by 70% on half of coal-fired generation facilities by 12/31/2017
  - Filed proposal on Oct. 29 to retire W.N. Clark generation facility in Canon City, CO (42 MW)
  - Replace with utility-owned gas-fired generation at Baculite Mesa
  - LGI request and CPCN filed

BHC Transmission Planning Department Updates

Colorado SB07-100

- Report filed in 2009
- Biennial study process to begin again in 2011 as part of this TCPC study cycle

For more information:

https://www.oatioasis.com/BHCT/BHCTdocs/2009_SB07-100_Report_Filed.pdf

BHC Transmission Planning Department Updates

Black Hills/Colorado Electric - Large Generator Interconnection Queue

Interconnection Request Information					Facility Output (MW)		Facility Location				Generator Information		Study Report Status			
Queue Number	Queue Date	Status	Company Name	Requested Service	Summer	Winter	County	State	Point of Interconnection	Projected In-Service	Generation Type	Fuel Type	Feasibility	System Impact	Facilities	Notes
BHCT-G1	2/12/2009	Withdrawn	Black Hills Corp	NR/ER	240	240	Pueblo	CO	Reader 115 kV	10/1/2011	Combustion Turbine	Nat. Gas				Withdrawn by Customer
BHCT-G2	4/1/2009	Withdrawn	Black Hills Corp	NR/ER	120	120	Pueblo	CO	Reader 115 kV	10/1/2011	Combustion Turbine	Nat. Gas				Withdrawn by Customer
BHCT-G3	4/3/2009	Active	Black Hills Corp	NR/ER	200	200	Pueblo	CO	Airport Tap 115 kV	10/1/2011	Combustion Turbine	Nat. Gas	Complete	Complete	Complete	LGIA executed
BHCT-G4	4/3/2009	Active	Black Hills Corp	NR/ER	100	100	Pueblo	CO	Airport Tap 115 kV	10/1/2011	Combustion Turbine	Nat. Gas	Complete	Complete	Complete	LGIA executed
BHCT-G5	4/3/2009	Active	Black Hills Corp	NR/ER	100	100	Pueblo	CO	Airport Tap 115 kV	10/1/2011	Combustion Turbine	Nat. Gas	Complete	Complete	Complete	LGIA executed
BHCT-G6	12/3/2010	Active	Black Hills Corp	NR	100	100	Pueblo	CO	Baculite Mesa	1/1/2013	Combustion Turbine	Nat. Gas	NA	In progress		SISA executed
BHCT-G7	12/27/2010	Queue Number assigned to an SGIP project														Withdrawn by Customer
BHCT-G8	1/4/2011	Active	Black Hills Corp	ER	29	29	Huerfano	CO	Huerfano County	12/1/2012	Wind		NA	In progress		SISA executed
BHCT-G9	2/21/2011	Queue Number assigned to an SGIP project														

BHCE Ten Year Plan

- Baculite Mesa 115 kV substation (2011)
- Nyberg 115 kV substation (2011)
- West Station 115 kV substation expansion (2011)
- West Station-Baculite Mesa 115 kV double circuit (2011)
- Baculite Mesa-Nyberg 115 kV line (2011)
- Baculite Mesa-Airport Memorial 115 kV rebuild (2011)
- Pueblo-Hyde Park-West Station 115 kV rebuild (2012)
- Overton 115 kV substation (2013)
- Portland-West Station #2 115 kV line (2013)
- La Junta Tri-State 115 kV Interconnection (2013)
- Reader 115:69 kV transformer #1&2 replacement (2013)
- Greenhorn-Reader 115 kV line rebuild (2014)
- Baculite Mesa-Overton 115 kV line rebuild (2015)

Local Transmission Plan (LTP) Study Cycle

<table>
<tr><th>Quarter</th><th>Planning Steps</th><th>Data Collection</th><th>TCPC Meetings</th></tr>
<tr><td>Q4</td><td>Study Scope, Data Collection & Scenario Development</td><td>Open</td><td>X</td></tr>
<tr><td>Q1</td><td rowspan="2">Technical Study</td><td>Optional</td><td>X</td></tr>
<tr><td>Q2</td><td rowspan="2">Closed</td><td>X</td></tr>
<tr><td>Q3</td><td>Decision & Reporting</td><td>X</td></tr>
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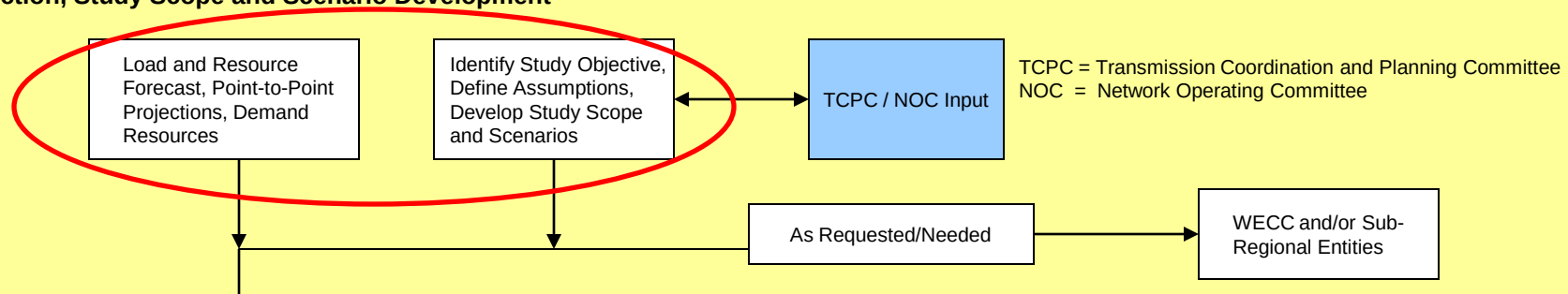
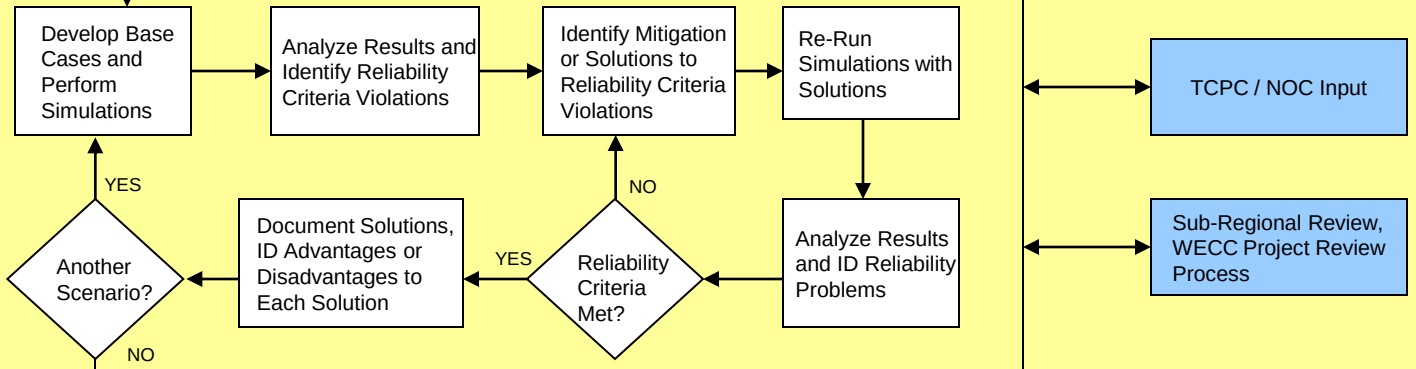
LTP Study Process

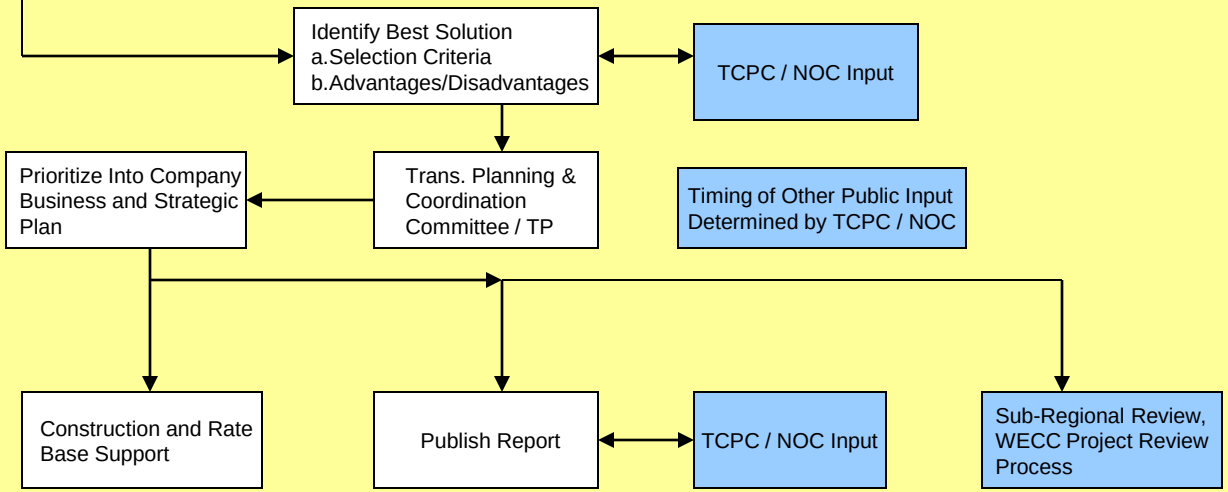
Data Collection, Study Scope and Scenario Development



Technical Study

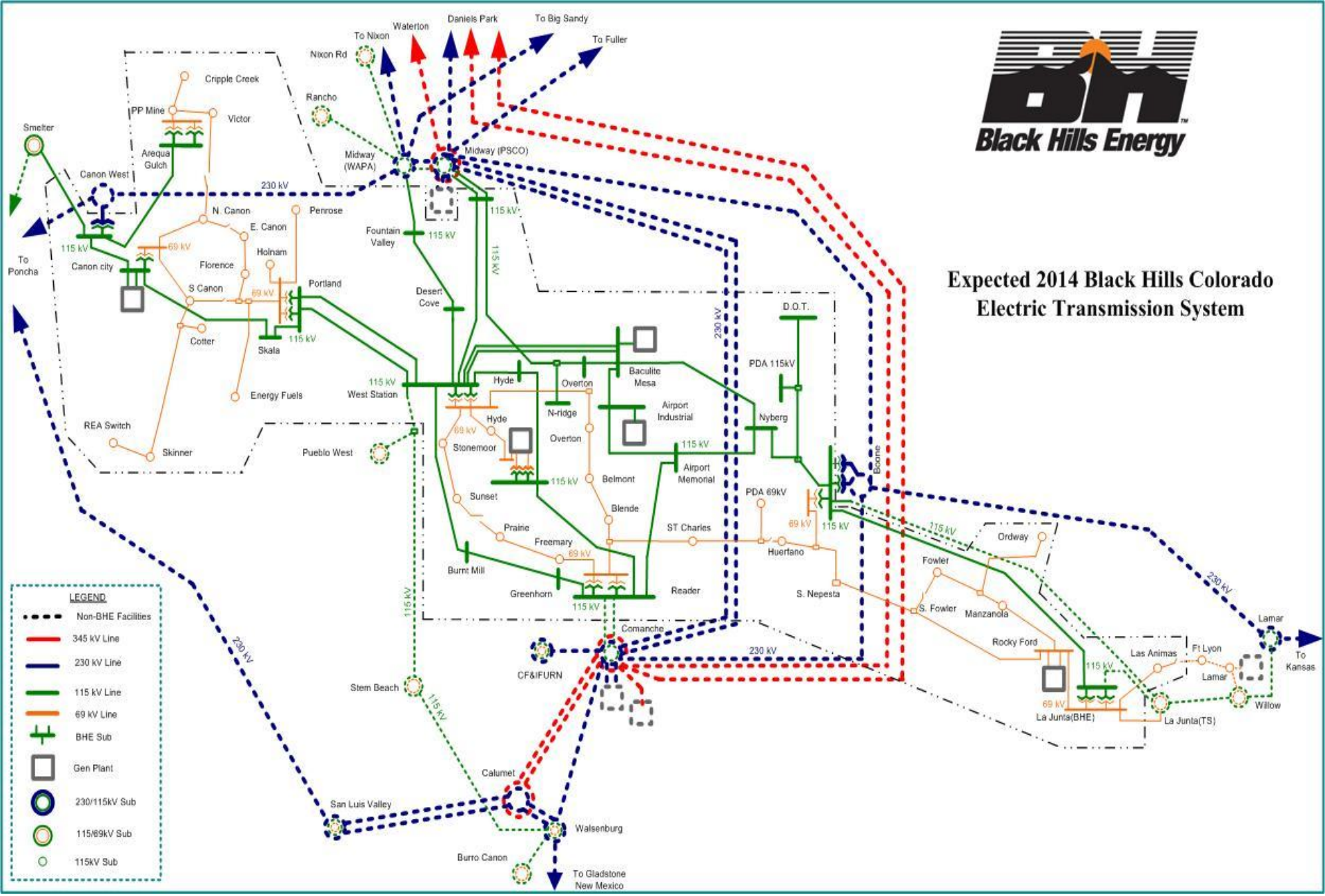


Decision And Reporting



LTP Study Scope

- 2014, 2015 and 2021 timeframes
- Analyze peak and off-peak scenarios
  - Power Flow
  - Transient Stability
- Use NERC/WECC planning criteria
- Evaluate N-0, N-1, N-2 and N-1-1 scenarios (Category A-C)
- Worst-case extreme outages evaluated (Category D)
- Validate committed projects/recommend additional solutions


Black Hills Energy
Expected 2014 Black Hills Colorado Electric Transmission System
To Nixon
Waterton
Daniels Park
To Big Sandy
To Fuller
Nixon Rd
Cripple Creek
PP Mine
Victor
Rancho
Smelter
Arequa Gulch
Midway (WAPA)
Midway (PSCO)
Canon West
230 kV
N. Canon
Penrose
E. Canon
Fountain Valley
115 kV
69 kV
Holnam
To Poncha
Canon city
Florence
S Canon
Portland
Desert Cove
Cotter
Skala
Energy Fuels
West Station
Hyde
Overton
Baculite Mesa
N-ridge
Airport Industrial
Stonemoor
Belmont
Airport Memorial
Sunset
Blende
ST Charles
Prairie
Freemary
Burnt Mill
Greenhorn
Reader
REA Switch
Skinner
Pueblo West
D.O.T.
PDA 115kV
Nyberg
PDA 69kV
Huertano
Boone
Ordway
Fowler
S. Fowler
Manzanola
Rocky Ford
S. Nepesta
Las Animas
Ft Lyon
Lamar
Willow
La Junta(BHE)
La Junta(TS)
To Kansas
Comanche
CF&IFURN
Stem Beach
San Luis Valley
Calumet
Walsenburg
Burro Canon
To Gladstone New Mexico
LEGEND
Non-BHE Facilities
345 kV Line
230 kV Line
115 kV Line
69 kV Line
BHE Sub
Gen Plant
230/115kV Sub
115/69kV Sub
115kV Sub

Near Term Baseline Cases

- 2015 Heavy Summer (peak)
  - Starting Case: TSG&T 2015HS LGI Case
- 2014 Light Autumn (off-peak)
  - Starting Case: 2010 CCPG 14LA Case

Far Term Baseline Cases

- 2021 Heavy Summer (peak)
  - Starting Case: WECC 21hs1a1p.sav
- 2021 Light Winter (off-peak)
  - Starting Case: 2010 TCPC 2020LW Study Case (with updates)

SB-100 Overview

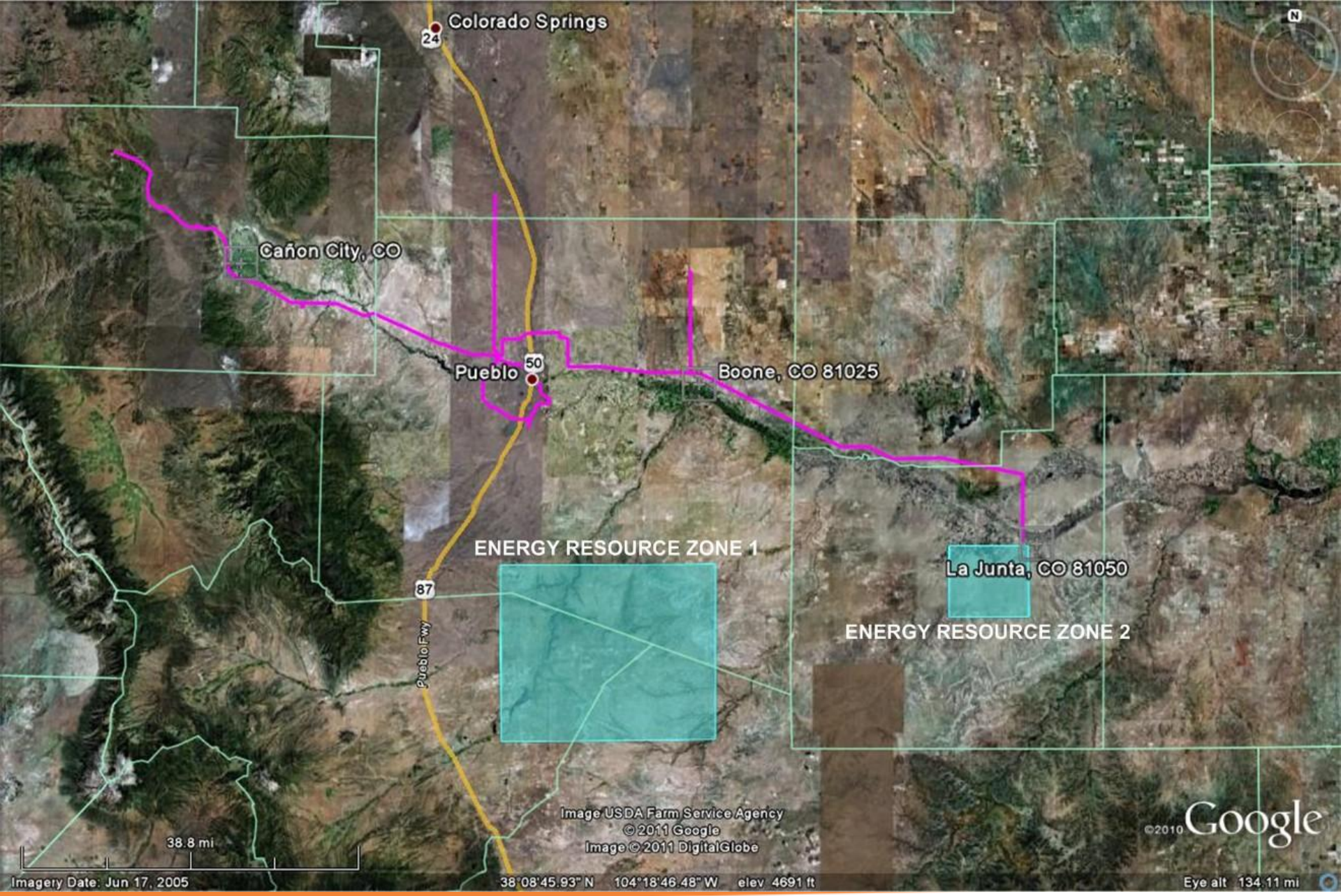
- On or before October 31 of each odd-numbered year, submit to the Commission:
  - Designated Energy Resource Zones
  - Plans for construction or expansion of transmission facilities
  - Applications for Certificates of Public Convenience and Necessity

Senate Bill 07-100 Scenarios

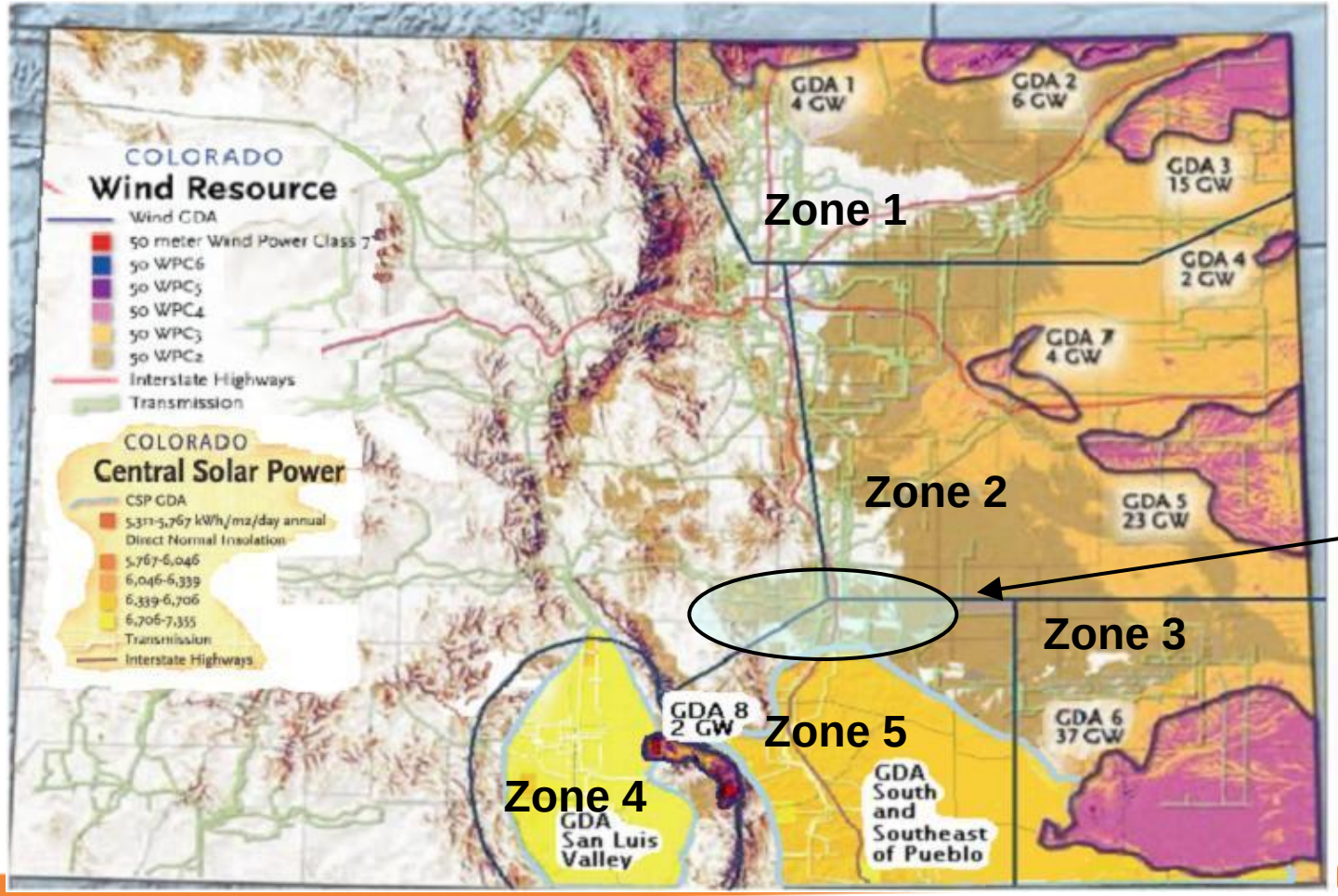
- Model transmission facilities to accommodate resource injection from Energy Resource Zones (ERZ)
- Identify maximum resource injection into BHCE system from each ERZ
- Perform SB-100 sensitivity for each of the four TCPC study cases

SB-100: ERZ Identification

- Selected based on publicly announced generation projects and the BHCT Queue
- Two active requests used for the 2011 SB-100 ERZ selection



Xcel SB-100 Energy Resource Zones



Stakeholder Comments

Comments / Suggestions

Wes Wingen, Trans. Planning Engineer

wes.wingen@blackhillscorp.com

(605) 721-2268

Eric Egge, Manager of Trans. Planning

eric.egge@blackhillscorp.com

(605) 721-2646