

**Black Hills/Colorado Electric Utility Company, LP
Non-Intermittent Resource Solicitation
Questions and Answers**

Q&A Released on 5/15/09

Q051509-1. The posted response to Q041009-1 does not adequately address the question. It is understandable that certain members of the bid evaluation team are not aware of the unregulated affiliates' activities; however, the RFP Manager, the RFP executive sponsor or regulatory affairs should be able to provide an answer and ensure that an affiliate is not being provided an undue preference over other potential market participants. For clarification purposes, can you please answer whether Black Hills non-regulated affiliates have any access to or, are able to use, any infrastructure or assets owned, leased or controlled by Black Hills Colorado Electric (the regulated utility), including fuel supply infrastructure, contracts or service, land or land access, water rights, transmission service interconnection, etc.

A. All members of the bid evaluation team, including the RFP Manager and the RFP executive sponsor, have been and continue to be prohibited from communicating about potential bids with any persons involved with any affiliate bids. This prohibition was put into place in order to ensure that affiliates would not have any unfair advantage in the bid evaluation. Therefore, the bid evaluation team cannot inquire into any affiliate bidding plans.

However, here is what the bid evaluation team does know:

- BH/CO Electric does not own any natural gas fuel supply infrastructure or contracts. Its two natural gas-fired units in Pueblo, Colorado (totaling 29 MW) are interconnected to the local gas utility, Public Service Company of Colorado. Black Hills Corporation has a holding company structure. Fuel supplies for BH/CO Electric and the four former Aquila gas retail utilities are provided by Black Hills Utility Holdings, Inc., one of the central services providers in the Black Hills organization, pursuant to service agreements. BH/CO Electric has a Cost Assignment and Allocation Manual on file with the Colorado Public Utilities Commission which includes its service agreements with affiliates.

There is an existing interruptible transportation agreement with PSCo that is used to deliver natural gas to the BH/CO Electric natural gas-fired units in Pueblo when needed. Gas is currently purchased from marketers at the city gate.

- BH/CO Electric acquired water rights when it purchased the Colorado assets of Aquila, Inc. These water rights are associated with existing power plants in Pueblo, Canon City and Rocky Ford. None of these water rights are available for use by any affiliates or bidders.
- Any generation additions in the Company's service territory by any bidder (including any affiliate bidder) will require a new transmission service interconnection.

Affiliates must bid in the same manner as any other bidders. Affiliates who wish to submit a bid must fill out the same forms as all other bidders and are not permitted to communicate with the bid evaluation team except through the submittal of requests submitted to the RFP email address and attendance at the bidder's meeting. Any affiliate bids will be evaluated in the same manner as all other bids.