



Public Utilities Commission

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NEWS RELEASE

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PUC STRIKES BALANCE IN DECISION ON BLACK HILLS RESOURCE PLAN

DENVER – The Colorado Public Utilities Commission (PUC) has agreed to allow Black Hills to build two of five proposed natural gas-fired generators without competitive bidding, but will require the company to seek competitive bids from independent power producers (IPP) for three other power plants.

Black Hills serves more than 90,000 customers in 21 Colorado communities, including Pueblo, Canon City, Florence and Rocky Ford. About 75 percent of its current electricity supply is obtained through a purchased power agreement with Xcel Energy. However, that contract terminates on Dec. 31, 2011.

In its Electric Resource Plan filed in August 2008, Black Hills proposed to install about 346 megawatts (MW) of its own gas-fired combustion turbines, and sought a waiver from the PUC's competitive bidding requirements.

In deliberations on Wednesday, the PUC granted preliminary authority for Black Hills to build two turbines, or 152 MW, with the rest of the resources to be obtained through outside bids. The PUC said there wasn't enough time to fully implement the competitive acquisition process as a result of the contract expiration.

In striking a balance between utility self-build and competitive IPP bidding, the PUC said its decision would minimize financial and reliability risks, while maximizing time to build the required baseload resources.

"Our decision will ensure that Black Hills customers get reliable electric power at a competitive price," PUC Chairman Ron Binz said. The PUC also said it expects Black Hills to aggressively pursue energy efficiency and renewable energy options.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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