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September 14, 2009

VIA HAND DELIVERY

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

RE Black Hills Power, Inc., et al.
 Order No. 890 Attachment C Compliance Filing
 Docket No. OA07-100-_____

Dear Ms. Bose:

On May 22, 2008, as supplemented on August 6, 2008, Black Hills Power, Inc. (“Black Hills Power”), filed with the Federal Energy Regulatory Commission (“FERC”) a compliance filing in the captioned docket with respect to Attachment C to the joint open access transmission tariff (“Joint Tariff”) of Black Hills Power, Basin Electric Power Cooperative, and Powder River Energy Corporation.¹ Black Hills Power made the compliance filings in response to FERC’s order accepting proposed Attachment C, as modified in accordance with the order.²

In its May 22, 2008, filing, Black Hills Power advised FERC that it would modify its methodology for assessing Transmission Reserve Margin (“TRM”) to conform its practices with the practices of other transmission providers in the Western Electric Coordinating Council (“WECC”) region. In its August 6, 2008, filing, Black Hills Power submitted a revised version of Joint Tariff Attachment C reflect a modified TRM assessment methodology. Upon further review and discussions with FERC Staff, Black Hills Power has further revised Joint Tariff Attachment C to make more consistent with the practices of other transmission providers in the WECC region

1. The Joint Tariff is designated as Black Hills Power, Inc., FERC Electric Tariff First Revised Volume No. 4.

2. Black Hills Power, Inc., Letter Order in Docket No. OA07-100-000 (April 22, 2000) (“Order”).

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Black Hills Power requests that the revised version of Joint Tariff Attachment C be accepted effective September 11, 2007. Black Hills Power requests waiver of FERC's notice requirements to the extent necessary to permit a September 11th effective date.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. C. Griffen". The signature is stylized and cursive, with a large, looped initial "M" and a distinct "G" at the end.

Michael C. Griffen
Attorney for Black Hills Power, Inc.

**Black Hills Power, Inc.
Basin Electric Power Cooperative
Powder River Energy Corporation**

Revised Joint Tariff Attachment C

Clean Version

ATTACHMENT C

METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

The Transmission Provider will assess Available Transmission Capability (“ATC”) on its system using Good Utility Practice, the engineering and operating principles, standards, guidelines, and criteria of the Transmission Provider, and applicable guidelines and standards established by the North American Electric Reliability Corporation (“NERC”), Western Electricity Coordinating Council (“WECC”), and any entity which has been authorized to promulgate or apply regional or national reliability planning standards (such as a regional transmission group), or any similar organization that may exist in the future of which the Transmission Provider is a member.

The Transmission Provider’s ATC calculation methodology is posted on its OASIS at http://www.oatiaoasis.com/BHBE/BHBEdocs/BH_Power_Attachment_C_Revision_9-14-2009.pdf

The following provides a detailed description of the Transmission Provider’s methodology to assess ATC:

1) **Algorithms Used to Calculate ATC**

a) **Scheduling and Operating Horizon:**

$$\text{Firm ATC} = \text{TTC} - \text{CU} - \text{TRM} - \text{CBM} - \text{MI}$$

$$\text{Non-firm ATC} = \text{TTC} - \text{CU} - \text{TRM} * C_{\text{TRM}} - \text{CBM} * C_{\text{CBM}} - \text{MI}$$

b) **Planning Horizon:**

$$\text{ATC} = \text{TTC} - \text{TRM} - \text{CBM} - \text{ETC}$$

Where:

TTC = Total Transfer Capability
CU = Committed Uses (ETC)
TRM = Transmission Reliability Margin
CBM = Capacity Benefit Margin
ETC = Existing Transmission Commitments
MI = Miscellaneous Impacts
 C_{TRM} = TRM Coefficient
 C_{CBM} = CBM Coefficient

Definitions

Available Transfer Capability (ATC) - A measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. Mathematically, ATC is defined as the total Total Transfer Capability (TTC) less the Transmission Reliability Margin (TRM), and the sum of the existing transmission commitments (which includes retail customer service) and the Capacity Benefit Margin (CBM).

Total Transfer Capability (TTC) - The total amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre- and post-contingency system conditions.

Transmission Reliability Margin (TRM) - The amount of transmission transfer capability to provide a reasonable level of assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and its associated effects on ATC calculations, and the need for operating flexibility to ensure reliable system operation as system conditions change. All transmission system users benefit from the preservation of TRM by transmission providers.

Capacity Benefit Margin (CBM) - The amount of firm transmission transfer capability preserved for Load Serving Entities (LSEs) on the host transmission system where their load is located, to enable access to generation from interconnected systems to meet generation reliability requirements. Preservation of CBM for a LSE allows that entity to reduce its installed generating capacity below what may otherwise have been necessary without interconnections to meet its generation reliability requirements. The transmission capacity preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies.

Existing Transmission Commitments (ETC) – Reservations of transmission capacity by network and point-to-point customers. ETC may also include forecasts to secure capacity to accommodate future native load growth and good faith requests for future transmission service.

Scheduling Horizon – The period beginning with the current hour and extending a total of eight hours.

Operating Horizon – The period beginning at end of the Scheduling Horizon and extending through the end of the last day that has been or is being prescheduled.

Planning Horizon – The period beginning at the end of the Operating Horizon and extending approximately ten years into the future.

Narrative Overview of Transmission Provider’s Methodology for Calculating ATC

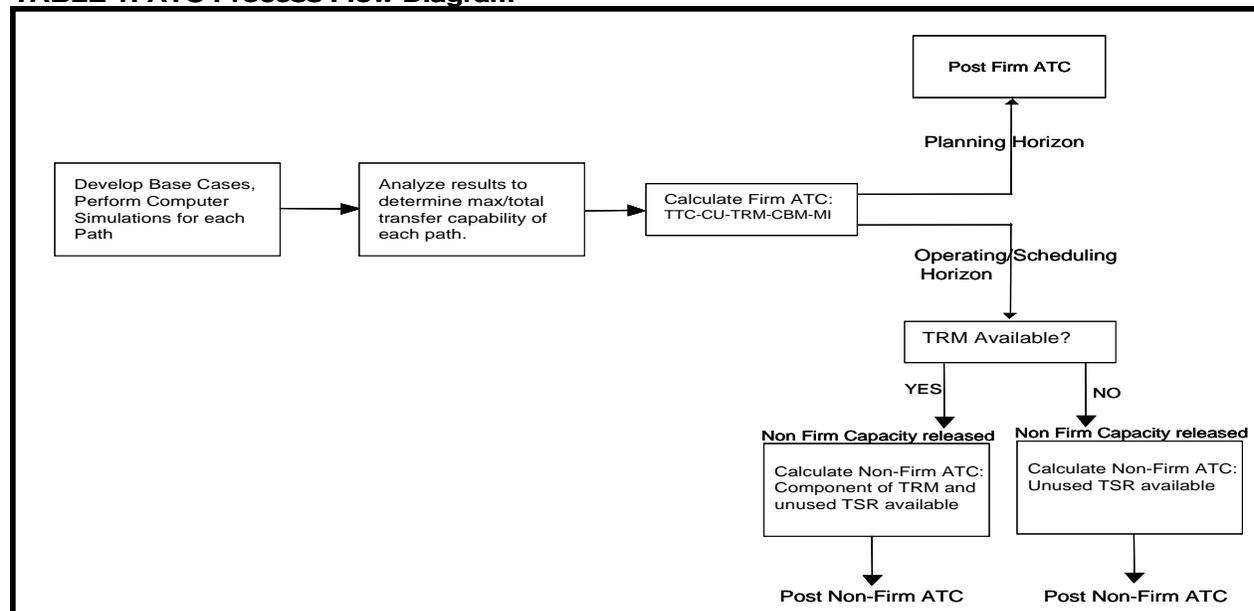
The Transmission Provider calculates firm and non-firm ATC in a manner consistent with the Western Electricity Coordinating Council’s “Determination of Available Transfer Capability Within the Western Interconnection.” Under that approach, the Transmission Provider utilizes computer simulation modeling to develop a base case that represents TTC on each defined path on the Transmission Provider’s transmission system. The Transmission Provider then calculates and allocates ATC on a path-by-path basis over the Scheduling Horizon, the Operating Horizon, and the Planning Horizon.

To determine firm ATC for the Scheduling and Operating Horizon, the Transmission Provider nets from the TTC on a particular path the path’s Existing Transmission Commitments, any Transmission Reliability Margin and Capacity Benefit Margin reserved on the path, and any other Miscellaneous Impacts relevant to the path. To determine non-firm ATC for the Scheduling and Operating Horizon, the Transmission Provider nets from the TTC on a particular path the path’s Existing Transmission Commitments, any Transmission Reliability Margin and Capacity Benefit Margin reserved on the path (each as adjusted using a TRM Coefficient and CBM Coefficient, respectively), and any other Miscellaneous Impacts relevant to the path.

To determine ATC on the Planning Horizon, the Transmission Provider nets from the TTC on a particular path the path’s Existing Transmission Commitments and any Transmission Reliability Margin and Capacity Benefit Margin reserved on the path.

2) Process Flow Diagram

TABLE 1: ATC Process Flow Diagram



3) ATC Component Calculations

a) **Total Transfer Capability**

- i) Total Transfer Capability - the amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre-and post-contingency system conditions.
- ii) TTC is calculated in the same manner for both planning and operating horizons. Within the Western Interconnection, a wide area approach is used to determine TTC on a path basis using the Rated System Path method discussed in WSCC's "Determination of Available Transfer Capability Within The Western Interconnection" and Appendix B of NERC's "Available Transfer Capability Definitions and Determination". The determination of TTC is required to conform with WSCC's "Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Reports" and WSCC's "Minimum Operating Reliability Criteria". Specific system operating conditions (system topology, load and/or generation patterns, simultaneous path loadings, and facility outages) may require that TTC or TRM be adjusted to maintain system reliability.

TTC may sometimes be better defined by a nomogram, a set of nomograms, or a series of equations than by a single number, particularly when determining TTC values for two or more parallel or interacting paths. Where the simultaneous transfer capabilities of paths are limited by the interactions between paths, the Transmission Providers will make this known on the OASIS. This may be done by posting non-simultaneous TTC and subtracting TRM, where TRM includes the difference between non-simultaneous and simultaneous limits. As an alternative to computing TRM, the Transmission Provider may post non-simultaneous TTC and describe on the OASIS the nomogram and associated curtailment conditions. In either case, Firm ATC will be based on the best estimate of the simultaneous capability of the path during the period posted. The total net schedules on a Path are not to exceed the Path TTC.

- iii) TTC calculations are performed using power flow software with WECC developed and approved base cases corresponding to the year and season to be analyzed. Study methodology includes adjusting internal and external generation to increase power transfers on a particular path. Transfers are further increased while apply category B and C contingencies until a limiting element is identified. These limits determine

the path Transfer Capability Limit. In certain instances, line rating transfer capability is used since the path is not thermally limited but is instead flow limited.

iv) The following assumptions are used in calculating TTC:

1. The underlying 69 kV system is radial and is therefore ignored.
2. When appropriate, multiple buses were treated as a single point on the system. This allows the Common Use System to be defined by series connected elements with individual TTC ratings. These segments can then be linked together to show the TTC between the Points of Delivery and Receipt.
3. Radial elements were assigned a TTC equal to line capacity.
4. Load values will be taken from the Transmission Providers' load forecasts for the time period to be analyzed. These load forecasts are periodically reviewed and updated by the Transmission Providers and extend out a minimum of ten years.
5. Generation is dispatched based on input from the LSE's taking into account forecasted native load, transmission reservations, queued transmission requests and system losses. The generation dispatch pattern will take into account type of generation (base load, gas peaking, etc.) and historical dispatch patterns.
6. TTC values will reflect system performance under single contingency outages, taking into account WECC and NERC reliability criteria.

b) Existing Transmission Commitments

- i) Existing Transmission Commitments (ETC) – The amount of transfer capability reserved for native load serving, ancillary services, existing transmission reservations and queued future transmission reservations.
- ii) Planning horizon ETC is calculated by adding the projected native load forecast, ancillary services, existing transmission service reservations and future queued transmission service requests.

The following principals and guidelines will be used to determine the individual components of ETC:

- (i) Reservations for Load Growth: Existing transfer capability will be reserved for reasonably forecasted Native Load growth. Transfer capability reserved for Native Load growth must be made available for use by others until the time that it is actually needed by the Native Load.
 - (ii) Native Load Forecasts: In making reservations for Native Load, adjustments may be made for near-term uncertainties (e.g. weather) in the operating horizon. Long-term forecasts used in the planning horizon may use both generic and contractually committed resources to meet native load requirements.
 - (iii) For Network Resources which are purchased by the LSE to serve Native Load customers, the reservation will reflect the terms of the purchase (if 50 MW may be scheduled in any hour, then 50 MW of transmission must be reserved for every hour). Where the reservation is made based on the Native Load reliability need, the LSE's will determine the applicable hours of such reliability need based on its load and resource circumstances.
 - (iv) Ancillary Services (required as a part of Native Load service): Transfer capability should be reserved under Native Load for those ancillary services required to serve Native Load. These include transfer capability required to supply load regulation and frequency response services.
 - (v) Existing Transmission Reservations: All existing firm transmission reservations are included in the determination of ETC. These reservations will include both firm point-to-point and network service reservations.
 - (vi) Future Queued Transmission Service Requests: Queued requests for transmission service applied for in accordance with the OATT will be included in the determination of ETC in the planning horizon.
- iii) Native load requirements will be based upon load forecasts internally developed by the Transmission Providers. These forecasts are developed using internal historical load databases and are updated periodically. In the planning horizon, expected yearly peak coincident load values will be used in the determination of a paths ETC.

- (4) Unplanned transmission outages (for paths in which contingencies have not already been considered in establishing the path rating): The TTC of all transmission paths will be calculated with the effects of unplanned transmission outages included. Therefore, transfer capability will not be set aside for the effects of unplanned transmission outages.
- (5) Transmission necessary for the activation of operating reserves: Transfer capability will be set aside to allow for the import and export of operating reserves on paths which connect to neighboring Rocky Mountain Reserve Group members.

TRM may be set to zero. The Transmission Providers reserve TRM only to support the activation of operating reserves and does not utilize TRM to address the other contingencies and uncertainties. Specifically, the Transmission Providers reserve TRM as needed on paths used to import generation in the case of loss of internal system generation and to meet obligations to deliver power to the other Members of the RMRG. On all other paths, TRM is set to zero, as allowed by the WECC methodology.

iii) Databases Used for TRM assessments

The RMRG Members reserve obligations (quotas) are recalculated twice a year and go into effect on April 1 and October 1 for the Summer and Winter seasons, respectively. The database used is the RMRG approved seasonal reserve quotas and supporting information.

d) **Capacity Benefit Margin**

- (a) No transfer capability is set aside for CBM on all paths.

**Black Hills Power, Inc.
Basin Electric Power Cooperative
Powder River Energy Corporation**

Revised Joint Tariff Attachment C

Blackline Version

ATTACHMENT C

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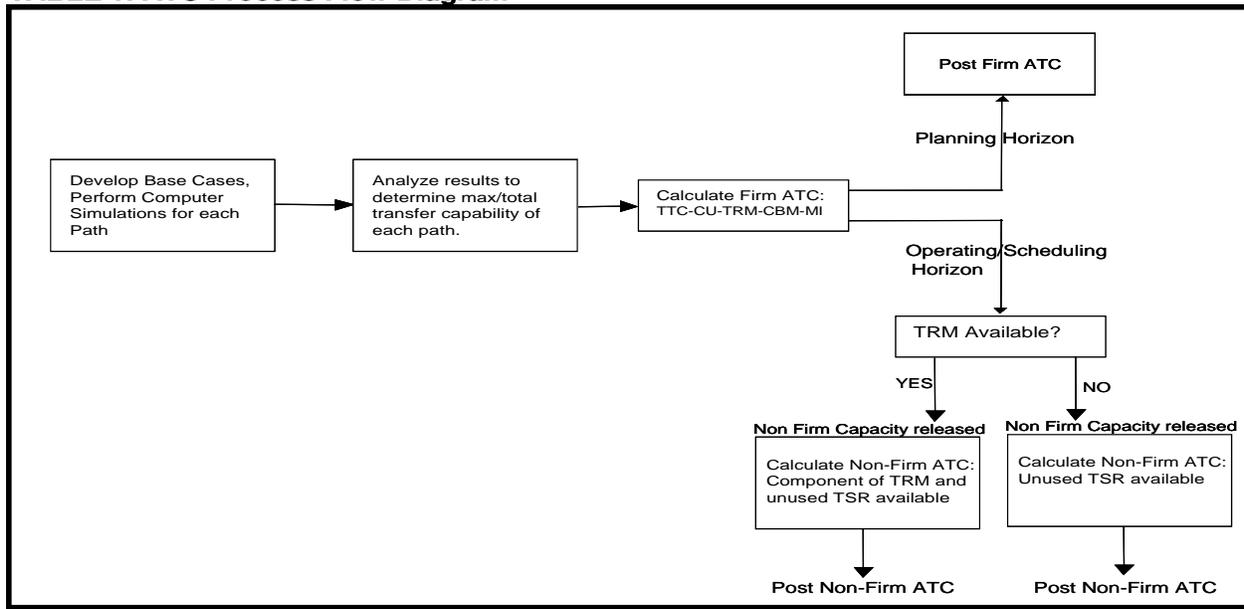
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- iii) Native load requirements will be based upon load forecasts internally developed by the Transmission Providers. These forecasts are developed using internal historical load databases and are updated periodically. In the planning horizon, expected yearly peak coincident load values will be used in the determination of a paths ETC.
- iv) Rollover rights will be accounted for through inclusion of all existing firm transmission reservations in determining ETC beyond their contracted termination date. This will only apply to reservations qualified to have rollover rights.
- v) The Transmission Provider self-provides Tariff Management and Tagging Services. The Transmission Provider therefore administers all Tariff provisions associated with Short-Term Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service. The Transmission Provider ensures that Non-Firm Capacity is properly released when real time Point-to-Point schedules replace the associated Transmission Service Requests. In addition, the Transmission Provider releases a component of TRM to be used as Non-Firm Capacity.

c) Transmission Reliability Margin

i) Definition

Transmission Reliability Margin (TRM) - that amount of transmission transfer capability necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions.

ii) Methodology

Per the WECC Document *Determination of Available Transfer Capability Within the Western Interconnection* (June 2001), ATC reductions associated with TRM may include allowances for:

- (1) **Unscheduled flow:** Unscheduled flow impacts will not be utilized in calculating TRM. Where unscheduled flows materialize, accommodations and curtailments will be made consistent with the WECC Unscheduled Flow Mitigation Plan to reduce transfers across the affected path.
- (2) **Simultaneous limitations associated with operation under a nomogram:**
- (3) **Uncertainty in load distribution and/or forecast:** Uncertainty in the Transmission Providers' load forecasts or load distribution may be factored into the TRM calculation. This uncertainty will be calculated in the planning horizon base upon a 5 year historical analysis of actual yearly peak load as compared to forecasted peak load. It is at the Transmission Providers discretion to include the uncertainty value within the TRM calculation for a path.
- (4) **Unplanned transmission outages (for paths in which contingencies have not already been considered in establishing the path rating):** The TTC of all transmission paths will be calculated with the effects of unplanned transmission outages included. Therefore, transfer capability will not be set aside for the effects of unplanned transmission outages.
- (5) **Transmission necessary for the activation of operating reserves:** Transfer capability will be set aside to allow for the import and export of operating reserves on paths which connect to neighboring Rocky Mountain Reserve Group members.

TRM may be set to zero. The Transmission Providers reserve TRM only to support the activation of operating reserves and does not utilize TRM to address the other

contingencies and uncertainties. Specifically, the Transmission Providers reserve TRM as needed on paths used to import generation in the case of loss of internal system generation and to meet obligations to deliver power to the other Members of the RMRG. On all other paths, TRM is set to zero, as allowed by the WECC methodology.

iii) Databases Used for TRM assessments

The RMRG Members reserve obligations (quotas) are recalculated twice a year and go into effect on April 1 and October 1 for the Summer and Winter seasons, respectively. The database used is the RMRG approved seasonal reserve quotas and supporting information.

d) **Capacity Benefit Margin**

(a) No transfer capability is set aside for CBM on all paths.