# RENEWABLE READY PROGRAM – CONFIDENTIAL MEMORANDUM OF UNDERSTANDING

**DRAFT TERMS**

| Term Length: | • 15 years (term options include 5, 10 and 15 years).  
|            | • After the initial term, contracts shall auto-renew with one (1) year terms unless either party provides contractually required notice. |
| Fees:      | • Initial application fee: $500 |
| Regulatory:| • These terms are contingent on Black Hills Energy receiving the relevant regulatory approvals which may include new and/or amended tariffs. |
| Renewable Energy Availability and Subscription Level: | • Customer elects to subscribe to **100%** of the energy consumed at the service locations listed in this term sheet. The amount of subscribed energy will be converted to a share of renewable energy generating capacity as follows: |
|            | Capacity of Proposed Facility – 20,000 kW |
|            | Total Estimated Facility Production – 78,840,000 kWh  
|            | (kWh = kW X 365 days X 24 hours X 45%) |
|            | **Customer’s Annual Subscription – 5,140,920 kWh**  
|            | (rolling 12 months of kWh purchased) |
|            | **Customer’s Share of Production – 3.2604 %**  
|            | (Customer kWh / Total kWh Production) |
|            | **Customers Subscribed Capacity – 1,304.1 kW** (Customer kW = Customer Share of Production % X Facility Capacity) |
|            | • Customer may choose up to 100% of the energy usage for the last twelve (12) months at identified service location(s). |
| Service Location(s): | **Acct #1:** 2599586806    Arena (Civic Center)  
|            | **Acct #2:** 5663465737    Exhibit Hall (Civic Center)  
|            | **Acct #3:** 6405223291    Theater (Civic Center)  
|            | **Acct #4:** 7457148635    Energy Plant (Civic Center) |
| Current rate structure/application of subscribed energy: | • At the above service location(s), customer is currently subject to SD SD827, SD720 and SD755. Customer understands that all standard rate components under their current tariff will continue to apply.  
• Customer understands that a subscription under this program is in addition to its existing rate structure and that subscribed energy under this program will be subject to:  
  o an additional charge for renewable energy (kWh) generated by the customer’s share of production in any given billing cycle during the term of this agreement.  
  o a credit against the fuel and purchased power costs for renewable energy (kWh) generated for the customer’s share of production in any given billing cycle during the term of this agreement. |
| Billing components to be offset by subscribed energy: | • Cost of fuel  
• Cost of purchased power  
• Currently $.02217/kWh (2018); adjustments filed on an annual basis by June 1st. |
| Subscribed Energy Rates: | • Fifteen (15) year term - $.024/kWh  
• Ten (10) year term - $.026/kWh  
• Five (5) year term - $.028/kWh  
• Final pricing will be determined during the regulatory approval process.  
• Pricing may be subject to adjustment at the end of a subscription term. |
| Early Termination Fee: | • Applicable when customer discontinues taking service at the subscribed premise(s) or when over a twelve month period the customer’s load declines to below 90% of the contracted subscription amount.  
• In the event a customer’s load falls below 90% of the contracted subscription amount, a pro rata portion of the termination fee will be assessed.  
• The termination fee shall be as approved by the SD Public Utilities Commission and provided for in the subscriber contract. |
| Assignability: | • If customer ceases to receive service at the premises and begins taking service at another location within Black Hills Energy-SD’s service territory, Black Hills Energy-SD will automatically transfer the program subscription to the new service location. The subscription shall not exceed 100% of customer’s load at new location.  
• If consumption during the first 12 months of service at the new meter is lower than 90% of the contracted subscription amount, the contract shall be reduced to a contract subscription amount that matches the 12-month energy usage at the new meter and the customer will pay a pro-rated portion of the early termination fee.  
• The original subscription term will continue to apply to the transferred subscription. |
| Other: | • Renewable energy credits (RECs) equal to the renewable energy (kWh) generated by the customer’s share of production shall be transferred to or retired on behalf of the subscribing customer.  
• Onsite generation at a contracted service location shall not reduce a
Upon execution, this Confidential Memorandum of Understanding will be considered receipt of the customer’s written application for a subscription under the Renewable Ready Program to be filed with the South Dakota Public Utilities Commission and development of a final agreement may commence. This Confidential Memorandum of Understanding may be provided confidentially to the South Dakota Public Utilities Commission as a part of Black Hills Energy’s efforts to secure required regulatory approvals for the Renewable Ready program.

This Confidential Memorandum of Understanding is non-binding on any party, or on any party’s affiliate(s). As such, it is not intended to be received, delivered, or accepted as an agreement, or as a partial agreement to any particular term or any terms collectively. No party (including each party’s affiliate(s)) shall rely on this Confidential Memorandum of Understanding prior to the execution of a final agreement.