

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF)
CHEYENNE LIGHT, FUEL AND POWER)
COMPANY D/B/A BLACK HILLS ENERGY FOR)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT AND) DOCKET NO. 20003-201-EN-21
OPERATE TWO 115 KV SUBSTATIONS,) (RECORD NO. 15756)
ASSOCIATED TRANSMISSION LINES, AND)
RELATED FACILITIES IN LARAMIE COUNTY,)
WYOMING)

ORDER GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
(Issued December 10, 2021)

This matter is before the Wyoming Public Service Commission (Commission) upon the Application of Cheyenne Light, Fuel and Power Co. d/b/a Black Hills Energy (Cheyenne Light or Company) for a Certificate of Public Convenience and Necessity (CPCN) to construct and operate two 115kV substations, associated transmission lines, and related facilities in Laramie County, Wyoming. The Commission, having reviewed the Application, its files regarding Cheyenne Light, applicable Wyoming utility law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

1. Cheyenne Light is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(C), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.

2. On March 31, 2021, the Company filed an Application requesting a CPCN to construct and operate two 115kV substations, associated transmission lines, and related facilities in Laramie County, Wyoming (the Sweetgrass Project or Project). The Company states the Cheyenne operations of Microsoft, Inc. (Microsoft) are growing. Recently, Microsoft purchased property in the Bison Business Parkway to expand its data center operation to a third location. The Project is necessary to serve Microsoft's new data center campus.

3. The Project includes the new 115 kV Sweetgrass and Bison substations. It also includes expansion of the Cheyenne Prairie Generation Station (CPGS) and South Cheyenne substations, as well as seven new transmission lines totaling approximately 11 miles in length. The proposed Sweetgrass Project is located in Laramie County and includes interconnection ties to the Cheyenne Light transmission system.

4. The Company estimates the cost of the Sweetgrass Project to be \$42,278,547. Cheyenne Light expects construction to begin in the third quarter of 2021 with planned in-service dates in the third quarter of 2022 and the second quarter of 2023. Microsoft agreed to pay the costs of the Sweetgrass Project over a 15-year period pursuant to a Facility Expansion Agreement. The Facility Expansion Agreement contains provisions to protect Cheyenne Light and its other customers from the risk of stranded assets if Microsoft discontinues service prior to fully paying for the Project. The depreciation of the Project tracks the term of the Facility Expansion

Agreement. If Microsoft leaves the system prior to the end of that term, the net book value of the Project is immediately due from Microsoft. The Application included a *Petition for Confidential Treatment of Exhibits 2, 3 and 6*.

5. The Commission issued a *Notice of Application* on April 7, 2021. The notice period expired on May 7, 2021, without protests or interventions.

6. Cheyenne Light's Application and *Petition* came before the Commission pursuant to due notice at its July 29, 2021, Open Meeting. Jana Smoot-White, Associate General Counsel; Todd Brink, Associate General Counsel; Eric Egge, Director of Transmission and Engineering Service; and Kyra Coyle, Manager of Regulatory and Finance, appeared for the Company. Ms. Coyle and Mr. Egge provided summaries of the Application consistent with Paragraphs 2 through 4, above. The Project to serve Microsoft's new data center will interconnect with the Cheyenne Light system at the CPGS and South Cheyenne substations as well as the Campstool substation which is under construction. The Company is finalizing easement agreements and does not expect issues obtaining necessary rights-of-way.

7. Staff recommended approval of the Application subject to the conditions that the Company comply with NERC good engineering practice requirements, mitigate potential AC interference issues, follow the construction notice and reporting requirement of Commission Rule Chapter 3 Section 22, and acquire all rights-of-way before beginning construction.

8. Wyo. Stat. § 37-2-205 governs the issuance of CPCNs. It requires that a CPCN be obtained prior to commencement of construction of certain facilities, and authorizes the Commission to attach to the exercise of the rights granted by a CPCN such terms and conditions as the public convenience and necessity may require.¹

9. Commission Rule Chapter 3, Section 22 contains detailed reporting requirements for Companies receiving CPCNs. These reporting requirements apply to all phases of the construction process.

10. Based on the Application, the facts and representations presented by the Company, and the analysis of Commission Staff, the Commission finds the Application conforms to the requirements of Wyo. Stat. § 37-2-205 and the Commission's Rules. The Commission further finds that the Project will contribute to enhanced reliability, and is necessary for Cheyenne Light to provide electric service sufficient for the expanded operations of an existing customer. Approval of the Application is in the public interest subject to the conditions stated in Paragraph 7. The Company may begin construction on those portions of the Project that do not require additional rights-of-way. The Commission also finds that the Company's *Petition* complies with Commission Rule Chapter 2, Section 30.

¹ Wyo. Stat. § 37-2-205(c).

IT IS THEREFORE ORDERED:

1. Pursuant to Commission action taken on July 29, 2021, the Application of Cheyenne Light, Fuel and Power Co. d/b/a Black Hills Energy for a Certificate of Public Convenience and Necessity to construct and operate the Sweetgrass Project which consists of two 115kV substations, associated transmission lines, and related facilities in Laramie County, Wyoming, is approved.

2. The *Petition for Confidential Treatment of Exhibits 2, 3 and 6* is granted.

3. Cheyenne Light, Fuel and Power Co., d/b/a Black Hills Energy, shall comply with the NERC good engineering practice requirements, mitigate potential AC interference issues, comply with the notice and reporting requirements of Commission Rule Chapter 3 Section 22, and, acquire all necessary rights-of-way. The Company may immediately begin construction on those portions of the Project that do not require additional rights-of-way. The Company shall obtain necessary rights-of-way before commencing construction of those portions of the project that require additional rights-of-way.

4. This *Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on December 10, 2021.

PUBLIC SERVICE COMMISSION OF WYOMING



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CHRISTOPHER B. PETRIE, Chairman

A handwritten signature in blue ink, reading "Michael M. Robinson", written over a horizontal line.

MICHAEL M. ROBINSON, Deputy Chairman

A handwritten signature in blue ink, reading "Mary A. Throne", written over a horizontal line.

MARY A. THRONE, Commissioner

(SEAL)

Attest:

A handwritten signature in blue ink, reading "Ivan Williams", written over a horizontal line.

IVAN WILLIAMS, Assistant Secretary