

Section P

20:10:13:100. Statement P – Energy Cost Adjustment Factors. Statement P shall show the derivation of the cost adjustment factor as stated therein if the rate schedule or sales contract embodies a fuel clause or gas adjustment clause. If the fuel clause differs from the one prescribed by the commission, the statement shall show the derivation as proposed by the company and as prescribed by the commission.

Source: 2 SDR 90, effective July 7, 1976; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

General Authority:SDCL [49-34A-4](#).

Law Implemented:SDCL [49-34A-10](#), [49-34A-12](#), [49-34A-41](#).

Statement P page 1 is the Fuel and Purchase Power Adjustment. This schedule is used to calculate the test year base unit cost by taking Steam Plant Fuel, Other Production Fuel, Purchase Power expenses, to include re-agent costs and dividing by the system energy sales.

Statement P page 2 is the Transmission Adjustment. This schedule is used to calculate the test year base unit cost for Transmission by taking the adjusted Transmission expenses and dividing by the total retail energy sales.

BLACK HILLS POWER, INC.
DERIVATION OF BASE UNIT COST - FUEL AND PURCHASE POWER ADJUSTMENT
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	Amount
1	Steam Plant Fuel Expense (Adjusted) - FERC Account 501	Stmt H Sum (Ln.3(a):Ln.7(p))	\$ 20,116,803
2			
3	Other Production Fuel Expense (Adjusted) - FERC Account 547	Stmt H Sum (Ln.27(a):(p))	1,403,757
4			
5	Purchase Power - Energy (Adjusted) - FERC Account 555	Stmt H Sum (Ln.45(a):(p))	14,132,051
6			
7	Plus: Reagent Costs- Lime, Lime Freight, Ammonia, Chemical		1,324,944
8			
9	Base Cost for Fuel and Purchase Power Expense	Sum (Ln.1:Ln.7)	<u><u>\$ 36,977,555</u></u>
10			
11	<u>kWh SALES</u>		
12			
13	System Energy Sales	WP-1 (Ln. 47(a) + Ln. 52(a)) * 1000	2,001,085,862
14			
15	Base Unit Cost for Fuel and Purchase Power	Ln.9 / Ln.13	<u><u>\$ 0.01848</u></u> /kWh
16			
17	Base Unit Cost for Fuel and Purchase Power	Approved Docket EL09-018	<u><u>\$ 0.01460</u></u> /kWh
18			
19	Note: The Statement is for illustrated purposes only. The Company is not proposing a change to the base cost for the Fuel and Purchase Power Adjustment. The rate calculated on line 15 is used to calculate the removal of the Energy Cost Revenue on Statement I page 5, lines 7 and 9. The base unit cost approved in Docket EL09-018 is used to calculate the removal of the Energy Cost Revenue on Statement I page 5, line 1.		
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BLACK HILLS POWER, INC.
DERIVATION OF BASE UNIT COST OF TRANSMISSION
For the Test Year Ended June 30, 2012

Line No.	Description	Reference	Amount
1	Transmission Expense (Adjusted)- FERC Account 565	Stmt. H Sum (Ln.56(a):(p))	\$ 17,057,416
2			
3	Base Cost for Transmission Expense		<u>\$ 17,057,416</u>
4			
5	<u>kWh SALES</u>		
6			
7	Retail Energy Sales	WP-1 Ln.47(a) * 1000	1,679,251,862
8			
9	Base Unit Cost for Transmission	Ln.3 / Ln.7	<u>\$ 0.01016</u> /kWh
10			
11	Base Unit Cost for Transmission	Approved Docket EL09-018	<u>\$ 0.00810</u> /kWh
12			
13	Note: The Statement is for illustrated purposes only. The Company is not proposing a change to the base cost for the Transmission		
14	Cost Adjustment. The base unit cost approved in Docket EL09-018 is used to calculate the removal of the Energy Cost Revenue on		
15	Statement I page 5, line 1.		