

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY'S APPLICATION FOR ADJUSTMENT IN ITS COGENERATION AND SMALL POWER PRODUCTION SERVICE SIMULTANEOUS NET BILLING GENERATION CREDIT RATE(S)** )  
 )  
 ) **Docket EL16-\_\_\_\_\_**  
 )

---

**BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY'S APPLICATION FOR ADJUSTMENT IN ITS COGENERATION AND SMALL POWER PRODUCTION SERVICE SIMULTANEOUS NET BILLING GENERATION CREDIT RATE(S)**

---

**INTRODUCTION**

Black Hills Power, Inc. d/b/a Black Hills Energy ("BHP" or the "Company"), a South Dakota corporation, respectfully requests approval from the South Dakota Public Utilities Commission (the "Commission") for an adjustment to the Company's Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s), to become effective on March 1, 2017.

**EXHIBITS THAT SUPPORT THE APPLICATION**

- Exhibit 1 – Informational Compliance Filing pursuant to 18 CFR 292.302
- Exhibit 2 – BHP's proposed legislative tariff
- Exhibit 3 – BHP's proposed tariff in clean form
- Exhibit 4 – BHP's proposed customer notice
- Exhibit 5 – BHP's rate calculation

**REPORT OF PROPOSED TARIFF CHANGES**

The following information is consistent and being provided pursuant to South Dakota Administrative Rule 20:10:13:26 regarding this application for an adjustment to the Company's Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s):

- (1) **Name and address of the public utility:**

Black Hills Power, Inc. d/b/a Black Hills Energy  
625 Ninth Street  
Rapid City, SD 57701

**(2) Section and sheet number of tariff schedule:**

The Company's Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s) tariff sheets, Section No. 3B, Sheets No. 4, 6 and 9, contained in Exhibit 2 and Exhibit 3 attached hereto.

**(3) Description of the change:**

BHP requests Commission approval to change its Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s) contained in its tariff, Section No. 3B, Sheets No. 4, 6 and 9.

**(4) Reason for the change:**

Pursuant to 18 CFR 292.302, at least every two years, Black Hills must provide to its State regulatory authority data from which avoided cost may be derived and pursuant to South Dakota Public Utilities Commission Order Approving Tariff Sheets for Black Hills in Docket F-3365, Black Hills is ordered to refile the tariff sheets at least once every two years and as a matter of course in all general rate case filings for qualified facilities with a design capacity of 100 kW or less.

**(5) Present rate(s):**

Generation Credit: \$0.0332 / kWh of cogeneration delivered

**(6) Proposed rate(s):**

Generation Credit: \$0.0270 / kWh of cogeneration delivered

The Company calculated its Generation Credit Rate(s) by averaging the seasonal avoided energy costs for nine (9) months of 2017, twelve (12) months of 2018 and three (3) months of 2019. The seasonal prices used for the Generation Credit Rate(s) calculation are the avoided costs calculated in the Company's Informational Compliance Filing attached as Exhibit 1, table A-1. The full calculation of the Company's Generation Credit can be found in Exhibit 5.

**(7) Proposed effective date of modified rate(s):**

BHP proposes that the new rate(s) be effective March 1, 2017.

The Company plans to provide Notice to customers regarding the proposed Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s) change. This Notice will be placed in a conspicuous place in each business office in Black Hills' affected electric service territory in South Dakota for at least 30 days before the change becomes effective and has been attached and identified as Exhibit 4. The Company will work with Commission staff to determine if there are any suggested modifications to the customer notice.

### **COMPANY REPRESENTATIVES**

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

Mr. Vance Crocker  
Vice President – Electric Operations  
409 Deadwood Ave  
P.O. Box 1400  
Rapid City, SD 57709  
Phone: (605) 721-2612  
[vance.crocker@blackhillscorp.com](mailto:vance.crocker@blackhillscorp.com)

Jason Keil  
Manager – Regulatory  
625 Ninth St.  
P.O. Box 1400  
Rapid City, SD 57709  
Phone: (605) 721-1502  
[jason.keil@blackhillscorp.com](mailto:jason.keil@blackhillscorp.com)

Todd Brink  
Associate General Counsel  
625 Ninth St.  
P.O. Box 1400  
Rapid City, SD 57709  
Phone: (605) 721-1502  
[todd.brink@blackhillscorp.com](mailto:todd.brink@blackhillscorp.com)

## **VERIFICATION**

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, affirming that the contents of the Application are true, accurate and correct to the best of his understanding, knowledge and belief.

## **CONCLUSION**

Based on this Application and exhibits, BHP respectfully requests that the Commission issue an order approving the proposed Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate(s).

Dated this 30<sup>th</sup> day of December, 2016.


**BEFORE THE PUBLIC UTILITY COMMISSION OF SOUTH DAKOTA**

**STATE OF SOUTH DAKOTA    )**

**SS:**

**COUNTY OF PENNINGTON    )**

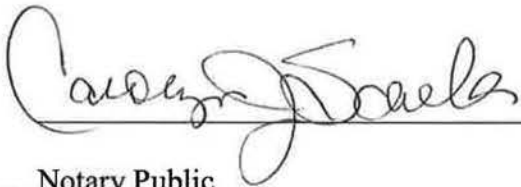
I, Jason S. Keil, being duly sworn, do hereby depose and say that I am Manager - Regulatory for Black Hills Power, Inc. d/b/a Black Hills Energy, that I have read such Application, and that the facts set forth therein are true and correct to the best of my knowledge, information and belief.



---

Jason S. Keil, Manager - Regulatory

Subscribed and sworn to before me this 30<sup>th</sup> day of December, 2016.



---

Notary Public

My Commission Expires: 1-10-2021

