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(Addressee Name)  
(Company Name)  
0000 Main Street, Suite 0000  
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Jan. 30, 2017

Subject: Cogeneration and Small Power Production Service Customers

Dear (Mr./Mrs./Ms.) (Name):

This is to inform you that on Dec. 30, 2016, Black Hills Energy filed a request for approval from the South Dakota Public Utilities Commission for an adjustment to the company's Cogeneration and Small Power Production Service Generation Credit Rate(s), to become effective on March 1, 2017. The proposed Generation Credit Rate(s) in the request is \$0.0270 / kWh.

The company is required by South Dakota PUC Order to refile the Generation Credit Rate(s) every two years for qualified facilities with a design capacity of 100kW or less. The current Generation Credit Rate(s) is \$0.0332 / kWh.

The proposed Generation Credit Rate is a result of calculating the rate with updated data. The new Generation Credit Rate(s) in our request is due to changes in the company's generation mix, which is a major factor in the calculation.

Our proposed filing will contain the data supporting the rate calculation. As the company's generation mix, market price inputs and energy requirements change, the Generation Credit Rate(s) also will change, and this will be reflected in the Generation Credit Rate(s) request filed every two years.

We are privileged to provide you with safe, reliable energy and appreciate you as a customer. If you have any questions about the Generation Credit Rate(s) change, please contact me at 605-721-1502, Monday through Friday, 8 a.m. to 5 p.m. The entire filing also is available for examination at any Black Hills Energy business office, or you can review the entire filing on the South Dakota Public Utilities Commissions' website under Docket No. EL16-042.

Sincerely,

Jason S. Keil