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May 10, 2023

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

RE: Electric Cost Adjustment Effective June 1, 2023-Non-Docketed and
Informational Submission

In accordance with South Dakota Codified Laws, Chapter 49-34A, Black Hills Power, Inc. d/b/a Black Hills Energy ("Black Hills Power") hereby submits its annual Electric Cost Adjustment ("ECA") rate change to become effective on June 1, 2023.

The ECA for Black Hills Power was approved in Docket No. EL09-018 (the "EL09-018 ECA"). The EL09-018 ECA consists of two separate adjustments: 1) the Fuel and Purchased Power Adjustment ("FPPA"); and 2) the Transmission Cost Adjustment ("TCA"). Each adjustment applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission. Each adjustment is calculated annually by taking the net amount to be refunded or charged divided by the projected South Dakota retail energy sales, thus deriving the adjustment per kWh.

The FPPA is calculated based on actual system costs for fuel and purchased power for the twelve months ending March 31, 2023, as compared to the base year fuel and purchased power costs and includes an over or under recovery from prior adjustments through the Balancing Account. The FPPA for this period, for all customer classes is \$0.01471 / kWh.

Incremental SD Jurisdiction Costs (Confidential Attachment C, Line 10) increased compared to prior filings driven by the expiration of the Minimum ECA Credit stipulated in Docket No. 12-062, Black Hills Power's application for the phase in of rates regarding construction financing costs of Cheyenne Prairie Generating Station, expiring at the end of 2021.

The TCA is calculated based on actual system transmission costs for the twelve months ending March 31, 2023, as compared to the base year transmission costs and includes an over or under recovery from prior adjustments through the Balancing Account. The TCA for each customer class is based upon Customer Class Capacity Allocation Factors specified in Black Hills Power's tariff, Table 1 of Section 3C, Original Sheet No. 18. The TCA for this period for each customer class / rate schedule is as follows:

Customer Class / Rate Schedule	TCA
Residential Service	\$0.0050 / kWh
Small General Service	\$0.0069 / kWh
Large General Service	\$0.0045 / kWh
Industrial Contract Service	\$0.0041 / kWh
Lighting Service	\$0.0059 / kWh

The ECA Rate consists of the FPPA and the TCA. The current and proposed ECA Rate for each customer class / rate schedule is as follows:

Customer Class / Rate Schedule	Current ECA Rate	Proposed ECA Rate
Residential Service	\$0.01839 / kWh	\$0.01971 / kWh
Small General Service	\$0.02029 / kWh	\$0.02161 / kWh
Large General Service	\$0.01799 / kWh	\$0.01921 / kWh
Industrial Contract Service	\$0.01759 / kWh	\$0.01881 / kWh
Lighting Service	\$0.01939 / kWh	\$0.02061 / kWh

There will be an approximate 0.90% increase to the Residential General customer class (Rate ID SD710 & SD875) based upon 686 kWh monthly usage. Currently, the average monthly bill totals \$100.74, and the proposed rates will increase the average monthly bill by \$0.91 to equal \$101.65.

The Small General Service customer class (Rate ID SD720, SD770, & SD878) will experience an approximate increase of 1.05% to their monthly bill, based on 2,618 kWh monthly usage. The current average monthly bill is \$329.13, and the proposed rates increases the average bill by \$3.46 to equal \$332.59.

In support of this filing are Attachments A through D, providing supporting data for the proposed ECA rate:

Attachment A	Legislative Format of Tariffs
Attachment B	Clean Format of Tariffs
Confidential Attachment C	FPPA Calculation
Confidential Attachment D	TCA Calculation

Black Hills Power respectfully requests confidential treatment of Attachments C and D pursuant to ARSD 20:10:01:41 due to the competitive nature of the data.

Changes from Prior ECA Period

- The Net SD Amount to (Refund)/Charge (Confidential Attachment C, Line 12), SD's share of the total Net FPP costs adjusted by the balancing account, increased by approximately \$1.9 million over the prior period driven by SD increased usage.
- System wide usage (all jurisdictions – South Dakota, Wyoming and Montana) increased by approximately 37.5 million kWh's from the prior period, and SD specific customer usage increased by approximately 33.6 million kWh's.
- Incremental SD Jurisdictional Costs (Confidential Attachment C, Line 10), the costs representing the difference of the actual ad valorem and wholesale contract revenue compared to the amount in base rates as approved in Docket No. EL14-026, increased by approximately \$12 million due to lower revenue received from wholesale contracts because of the Minimum ECA Credit stipulated in Docket No. 12-062, Black Hills Power's application for the phase in of rates regarding construction financing costs of Cheyenne Prairie Generating Station, which expired at the end of 2021.
- Property tax expense decreased this ECA period by approximately \$0.1 million.
- Power Marketing Operating Income (PMOI) (Confidential Attachment C, Line 16) is favorable from the prior period by approximately \$5.4 million, which decreased Annual System FPP Costs.
- As approved by the Commission in Docket No. EL21-016, Black Hills Power included a reduction of \$0.7 million in the commodity balancing account for the over recovery of the February 2021 Cold Weather Event Costs.

Please contact me if you have any questions.

Sincerely,



Jason S. Keil
Manager – Regulatory and Finance

Enclosures