

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 - Fuel and Purchase Power Adjustment. This schedule is used to calculate the test year base unit cost by adding together Steam Plant Fuel, Other Production Fuel, Purchase Power expenses, Reagent costs, Incremental SD Property Taxes and Incremental SD Contract Sales. This total is then divided by the retail energy sales.

Statement P Page 2 - 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 Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	Amount
1	Total Company Costs		
1a	Steam Plant Fuel Expense (Adjusted) - FERC Account 501	Such H-9, Ln. 28	\$ 17,482,287
2			
3	Other Production Fuel Expense (Adjusted) - FERC Account 547	Such H-9, Ln. 17	1,759,552
4			
5	Purchase Power - Energy (Adjusted) - FERC Account 555	Such H-9, Ln. 7	13,266,017
6			
7	Plus: Reagent Costs- Lime, Lime Freight, Ammonia, Chemical	Such H-9, Ln. 49	1,011,946
8			
9	Base Cost for Fuel and Purchase Power Expense	Sum (Ln.1a:Ln.7)	<u><u>\$ 33,519,802</u></u>
10			
11	Incremental South Dakota Jurisdictional Costs		
12	Property Taxes		
13	Annual SD Property Taxes (Note 1):		
14	Total Company Amount	Stmt L, Ln. 14	\$ 5,042,451
15	FERC Jurisdictional Property Taxes	FERC Formula Rate	601,902
16	Retail Jurisdictional - SD, WY, & MT	Ln. 14 - Ln. 15	4,440,549
17	SD Property Tax Allocation - Total Plant	Stmt N-1, Such AP, Ln. 100	<u>91.201%</u>
18	SD Property Tax Amount	Ln. 16 * Ln. 17	4,049,818
19	Base SD Property Taxes	Stmt N-1, Such L, Ln. 16	4,049,818
20	Incremental Property Taxes	Ln. 18 - Ln. 19	<u><u>\$ -</u></u>
21			
22	Long-Term Contract Sales		
23	Annual SD Long-Term Contract Sales (Note 1):		
24	Total Company Amount	Stmt I, Pg 1, Ln. 10	\$ 21,472,488
25	SD Contract Sales Allocation - Demand Production	Stmt N-1, Such AP, Ln. 100	<u>89.831%</u>
26	SD Contract Sales Amount	Ln. 24 * Ln. 25	19,288,845
27	Base SD Contract Sales	Stmt N-1, Such I, Ln. 5	19,288,845
28	Incremental Contract Sales	Ln. 26 - Ln. 27	<u><u>\$ -</u></u>
29			
30	<u>kWh SALES</u>		
31			
32	Retail Energy Sales (Note 2)	WP-1 (Ln. 48(a)) * 1000	1,696,490,136
33			
34	Base Unit Cost for Fuel and Purchase Power (Note 3)	(Ln.9 + Ln. 20 - Ln 28)/ Ln.13	<u><u>\$ 0.01976</u></u> /kWh
35			
36	Base Unit Cost for Fuel and Purchase Power	Approved Docket EL09-018	<u><u>\$ 0.01460</u></u> /kWh
37			
38	Note 1: The annual SD property tax and contract sales calculations are for illustrative purposes only. The annual total company and FERC jurisdictional amounts will reflect the actual costs for the FPPA time period, allocated to SD based on the jurisdictional allocations established in this docket. The South Dakota property taxes and contract sales will be compared to the amount included in base rates to determine the incremental change that needs to be recovered or credited to customers through the FPPA.		
39	Note 2: The revised FPPA rate will be calculated using retail energy sales instead of system energy sales. This modification allows for the collection of fuel costs associated with contract sales from retail customers. The matching principle supports the inclusion of the fuel costs associated with contract sales as retail customers are receiving 100% of the wholesale contract revenues through the ECA per Docket EL12-062.		
40	Note 3: In Docket EL12-061, the Commission approved removing the ECA costs from base rates. The calculation is for illustrative purposes only.		
41			
42			
43			
44			
45			
46			
47			

BLACK HILLS POWER, INC.
DERIVATION OF BASE UNIT COST OF TRANSMISSION
For the Pro Forma Test Year Ended September 30, 2013

Line No.	Description	Reference	Amount
1	Transmission Expense (Adjusted)- FERC Account 565	Sch H-9, Ln. 38	\$ 17,732,568
2			
3	Base Cost for Transmission Expense		<u>\$ 17,732,568</u>
4			
5	<u>kWh SALES</u>		
6			
7	Retail Energy Sales	WP-1 Ln.48(a) * 1000	1,696,490,136
8			
9	Base Unit Cost for Transmission	Ln.3 / Ln.7	<u>\$ 0.01045</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 4, line 1.		