

BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY
EL17-026

REQUEST DATE : 06/29/17

RESPONSE DATE : 07/18/17

REQUESTING PARTY: Staff

SDPUC Request No. 1.13:

Refer to Exhibit B, General Inputs sheet.

- a) Provide support for the 2017 Avoided Electric Capacity Cost.
- b) Provide support for the 1.50% annual inflation rate.
- c) Provide support for the Environmental Externality Cost.

Response to SDPUC Request No. 1.13:

- a) Please see the attached support for the 2017 Avoided Electric Capacity Cost.
- b) Black Hills kept the inflation index constant with previous filings because of the inflationary average reported for 2016 was consistent with prior year's average inflation rates back to 2013. The Company will be increasing the annual inflationary rate in future filings if actual inflation rates continue to increase as they have in the first 6-months of 2017. The inflation index of 1.5% is also currently used by the Company within its IRP modeling process.
- c) Black Hills did not review the Environmental Externality Cost assumption because the number is only used in the Societal Test and because the test of record for South Dakota is the TRC, the Company felt that updating the assumption was not warranted.

Attachments:

Attachment 1.13 Rate Base

Responder:

Don Martinez