



Jason S. Keil
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July 11, 2019

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501

**RE: DOCKET NO. EL19-022 - IN THE MATTER OF BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY FOR A COGENERATION AND SMALL POWER
PRODUCTION SERVICE SIMULTANEOUS NET BILLING RATE CHANGE**

Dear Ms. Van Gerpen,

On May 1st, 2019 Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Company”) filed an application requesting approval for a change to the Company’s Cogeneration and Small Power Production Service Simultaneous Net Billing Generation Credit Rate. The application requested a change from a single Generation Credit Rate to a solar and wind seasonal on and off peak Generation Credit Rate. After internal discussions with the Company’s billing and metering departments and attempts to implement various potential solutions, it has been determined that there would be complications for customers on the Residential Demand Rate. Specifically, the Company’s meters are only able to utilize one on and off peak period. Because of this complication, the Company is no longer requesting separate on and off peak rates and requests approval to change its existing Generation Credit rate of \$0.0275 per kWh to \$0.0248 per kWh. The Company will continue to work on a solution for a separate seasonal peak and off peak rate for a future filing.

The attached Revised Exhibit 5 provides support for the calculation of the proposed Generation Credit rate. The \$0.0248 per kWh Generation Credit rate calculation is based upon the yearly seasonal average price of a theoretical 100 kW solar qualifying facility. Black Hills Power chose the theoretical 100 kW solar qualifying facility rate because approximately 94% of the total 777.33 kW qualifying facility small power production capacity interconnected to the Company’s system is photovoltaic capacity (solar). As illustrated below, the solar season average rates between different levels of theoretical solar projects do not differ and there is a difference of \$0.0011 per kWh between a theoretical solar and wind project.

Theoretical Qualifying Facility	Seasonal Average Rate
100 kW Solar Qualifying Facility	\$0.0248 per kWh
50 kW Solar Qualifying Facility	\$0.0248 per kWh
10 kW Solar Qualifying Facility	\$0.0248 per kWh
100 kW Wind Qualifying Facility	\$0.0237 per kWh
50 kW Wind Qualifying Facility	\$0.0237 per kWh
10 kW Wind Qualifying Facility	\$0.0237 per kWh

The Exhibits to support the change in rates are as follows:

Revised Exhibit 1 Proposed Tariff in Legislative Form
 Revised Exhibit 2 Proposed Tariff in Clean Form
 Revised Exhibit 5 Rate Calculation

If you have any questions, please feel free to contact me at 605-721-1502 or 402-880-6312.

Respectfully submitted,



Jason S. Keil
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 Black Hills Power, Inc. d/b/a Black Hills Energy