

APPLICATION OF BLACK HILLS POWER, INC.,)
d/b/a BLACK HILLS ENERGY FOR APPROVAL TO)
AMEND ITS COGENERATION AND SMALL) Docket No. EL 21-_____
POWER PRODUCTION TARIFF)

Black Hills Power, Inc., d/b/a Black Hills Energy (“Black Hills Power,” “Applicant,” or the “Company”), a South Dakota corporation, submits this Application to change an existing tariff. Black Hills Power respectfully requests an Order from the South Dakota Public Utilities Commission (“Commission”) permitting the Applicant to revise Black Hills Power’s Cogeneration and Small Power Production Service (“QF Service Tariff”) tariff. If such permission is granted, the Applicant requests an effective date of the amendments to the tariff of June 1, 2021.

In this Application, Black Hills Power is requesting Commission approval to amend its existing Cogeneration and Small Power Production Service tariff to become its QF Service Tariff. This amendment will put in place conditions of service for customers installing behind-the-meter generation that are fair for all Black Hills Power customers.

<u>Exhibit No. 1</u>	QF Service Tariff
<u>Exhibit No. 2</u>	Testimony of Jason S. Keil

Report of Proposed Tariff Changes

The following information is being provided pursuant to South Dakota Administrative Rule 20:10:13:26 regarding this Application for the amendment of its existing QF Service Tariff.

(1) Name and address of the public utility.

Black Hills Power, Inc. d/b/a Black Hills Energy, 7001 Mount Rushmore Road, Rapid City, South Dakota, 57702.

(2) Section and sheet number of tariff schedule.

The proposed amendment is set forth in Exhibit 1, Section No 3B, Sheets 9-10.

(3) Description of the change.

Black Hills Power proposes this revision to its QF Service Tariff to revise the rates and terms of service for qualifying generation facilities (“Qualifying Facility”) placed into operation on or after June 1, 2021. Currently, customers with a Qualifying Facility can self-generate and “bank” any excess generation as an offset to any of the customer’s electricity needs during the monthly billing period. Existing customers with Qualifying Facilities will be exempt from the terms of the Amended QF Service Tariff until May 31, 2041. The intent of this exemption is to allow the earliest adopters of Qualified Facilities to experience minimal economic impact as a result of this important change in utility business practice. The change will make the business relationship with Black Hills Power one where the customer purchases 100% of their electricity requirements under standard service tariffs and Black Hills Power will pay the customer for any metered Qualified Facility generation at its avoided cost rate, which is updated and approved by the Commission in each odd numbered year. The testimony of Mr. Keil more fully describes the proposed changes.

(4) Reason for the change.

Black Hills Power's reason for this amendment to its QF Service Tariff is that the current conditions of service for customers with Qualified Facilities (renewable generation) allows these customers to not pay the full cost of their Black Hills Power provided electricity requirements and to shift costs to other customers within their customer class. Black Hills Power believes that now is the best time to make this change, so that current and future customers can be fully aware of the true long-run economics of their decision to invest in renewable generation. Black Hills Power is experiencing increasing customer interest in installing customer-sited renewable generation for both economic and climate change response reasons and waiting to address this customer inequity will make the cross-subsidy situation more difficult to correct, both due to more customers being impacted and the dollar amount of the subsidy provided by all customers without Qualifying Facilities. Mr. Keil's testimony discusses the reasons for the tariff amendment in more detail.

(5) Present rate(s).

Varies by customer as some customers are on different rate schedules. The current Generation Credit Rate is \$0.0248 / kWh.

(6) Proposed rate(s).

Under the amended QF Service Tariff, customers will continue to pay their assigned rate schedule charges for all consumed energy, whether "self-generated" or from the "grid" and customers will be paid for all generation as measured by the installed production meter at the avoided cost rate, or Energy Purchase Rate, as set forth in the QF Service Tariff.

(7) Proposed effective date of modified rate(s):

Black Hills Power proposes an effective date of June 1, 2021 for the QF Service Tariff.

(8) Approximation of approval amount of increase or decrease in revenue:

The change is intended to increase revenue retention. The Company has not estimated future Qualifying Facility additions within its South Dakota service area.

(9) Points affected:

The proposed tariff changes will apply throughout the Black Hills Power electric service area in South Dakota for all customers with QF Facilities of 1MW or less.

(10) Estimation of the number of customers whose cost of service will be affected and annual amount of either increases or decreases, or both, in cost of service to those customers:

Approximately 84 South Dakota customers will be affected at the end of the grandfather period, which is May 31, 2041.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed change:

Black Hills Power has supplied Exhibit No. 1 and Exhibit No. 2.

Company Representatives

Jason Keil
Manager - Regulatory
P.O. Box 1400
Rapid City, SD 57709-1400
Phone: (605) 721-1502
jason.keil@blackhillscorp.com

Marc Eyre
Vice President - Electric Operations
P.O. Box 1400
Rapid City, SD 57709-1400
Phone: (605) 399-5075
marc.eyre@blackhillscorp.com

Todd Brink
Associate General Counsel
P.O. Box 1400
Rapid City, SD 57709-1400
Phone: (605) 721-2516
todd.brink@blackhillscorp.com

Jerrad Hammer
Director – Regulatory & Finance
P.O. Box 1400
Rapid City, SD 57709-1400
Phone: (605) 399-5136
jerrad.hammer@blackhillscorp.com

Verification

Attached is the Verification signed by Jason S. Keil, who is authorized to act on behalf of Black Hills Power, Inc. d/b/a Black Hills Energy, affirming that the contents of the Application are true, accurate and correct to the best of his understanding, knowledge and belief.

Conclusion

Based on this Application and the supportive exhibits, Black Hills Power respectfully requests the Commission issue an order approving Black Hills Power's proposed Amendment to its QF Service Tariff with an effective date of June 1, 2021.

Dated: March 18, 2021

BLACK HILLS POWER, INC. d/b/a Black Hills Energy

By: 

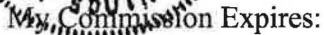
Jason S. Keil
Manager, Regulatory & Finance

COUNTY OF PENNINGTON)

knowledge, information, and belief.

Jason S. Keil, Manager – Regulatory & Finance

acknowledged that he executed the same as his free act, and deed.



Notary Public

My Commission Expires June 22, 2023