

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF BLACK HILLS)	
POWER, INC. d/b/a BLACK HILLS)	Docket EL24-_____
ENERGY FOR APPROVAL TO AMEND ITS)	
ENERGY COST ADJUSTMENT TARIFF TO)	
INCLUDE COSTS AND BENEFITS)	
RELATED TO WEIS MARKET)	
PARTICIPATION)	

**APPLICATION OF BLACK HILLS POWER, INC. d/b/a BLACK HILLS ENERGY FOR
APPROVAL TO AMEND ITS ENERGY COST ADJUSTMENT TARIFF**

Black Hills Power, Inc. d/b/a Black Hills Energy (“Black Hills Power” or the “Applicant”), a South Dakota corporation, submits this Application to change an existing tariff. Black Hills Power respectfully requests and Order from the South Dakota Public Utilities Commission (the “Commission”) permitting the Applicant to revise Black Hills Power’s Energy Cost Adjustment (“ECA”) tariff (“ECA Tariff”). The requested changes are reflected in the revised tariff sheets included in Exhibit 1 to this Application.

INTRODUCTION

In this Application, Black Hills Power is requesting Commission Approval to amend its existing ECA tariff to include administrative costs and revenue from market energy sales related to the participation in Southwest Power Pool (“SPP”) Western Energy Imbalance Service (“WEIS”) market. Currently Black Hills Power includes all WEIS market energy purchases in FERC Account 555, which is currently authorized in its tariff. Black Hills Power is requesting to add FERC Account 575, which includes WEIS administrative costs, and FERC Account 447, which includes the revenue associated with WEIS energy sales in the calculation of its Annual System Fuel and Purchased Power (“FPP”) Costs within the ECA calculation.

EXHIBITS THAT SUPPORT THE APPLICATION

Exhibit 1 – Proposed ECA Tariff

REPORT OF PROPOSED TARIFF CHANGES

The following information is consistent and being provided pursuant to South Dakota Administrative Rule § 20:10:13:26 regarding this Application for the amendment of the existing ECA Tariff:

1. Name and address of the public utility:

Black Hills Power, Inc. d/b/a Black Hills Energy
7001 Mount Rushmore Rd.
Rapid City, SD 57702

2. Section and sheet number of tariff schedule:

The proposed amendment to the ECA is set forth in Exhibit 1, Section No. 3C, Sheet No. 13.

3. Description of the change:

The Application requests the ECA Tariff be amended to include administrative costs and revenue from market energy sales related to the participation in the WEIS in its FPP ECA calculation. Currently Black Hills Power includes all of its WEIS market energy purchases in FERC Account 555, which is currently authorized to be included within the ECA. Black Hills Power is requesting to add FERC Account 575, which includes WEIS administrative costs, and FERC Account 447, which includes the revenue associated with WEIS energy sales in the calculation of its FPP. FERC Account 575 contains the administrative fees related to WEIS participation. Approximately \$200K of WEIS fees have been accumulated in this account since April 2023 and it is anticipated that future WEIS administrative fees will remain at the \$200K to \$210K level on an annual basis. For the calendar year 2023, the net benefit (the net of WEIS

purchases in FERC Account 555 + WEIS Administrative Fees in FERC Account 575 – WEIS revenue from sales in FERC Account 447) of participation in the WEIS market was approximately \$1.3 million. The net benefit of participation in the WEIS market for Q1-2024 (January 2024 through March 2024) is estimated to be approximately \$280,000. With Commission approval of this Application for Black Hills Power to revise its ECA Tariff, approximately \$1.58 million of net benefit would be included in Black Hills Power’s next ECA filing on May 10, 2024.

4. Reason for the change:

In February 2021, SPP launched the WEIS market, which balances generation and load regionally and in real-time for participants in the Western Interconnection. The market centrally dispatches energy for participating resources throughout the region every five minutes, enhancing both the reliability and affordability of electricity delivery from utilities to their customers. Black Hills Power began participating in the WEIS market in April 2023 to support its management of real-time energy imbalance.

5. Present rate:

N/A

6. Proposed rates:

N/A

7. Proposed effective date of modified rates:

Black Hills Power proposes and effective date of May 1, 2024, for the amended ECA tariff.

8. Approximation of annual amount of increase or decrease in revenue:

Black Hills Power anticipates \$1-3 million WEIS benefits per year to be passed on to customers depending upon market conditions.

9. Points affected:

The proposed tariff changes will apply to all customers throughout the Black Hills Power electric service area in South Dakota.

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

Approximately 72,000 South Dakota customer will be affected.

11. Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

Exhibit 1 of the Application includes the changes to the ECA tariff that are specifically requested.

COMPANY REPRESENTATIVES

Copies of all notices, other correspondence and all inquiries concerning this Application should be sent to:

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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 that the Commission issue an order approving Black Hills Power’s proposed Amendment to its Energy Cost Adjustment Tariff with an effective date of May 1, 2024.

Dated this 8th day of April, 2024

Black Hills Power, Inc. d/b/a Black Hills Energy

By: 

Jason S. Keil
Manager - Regulatory

