



## SOUTH DAKOTA ELECTRIC RATE BOOK

### FUEL AND PURCHASED POWER ADJUSTMENT

Section No. 3C

Fourth Revised Sheet No. 13

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Cancels Third Revised Sheet No. 13

### FUEL AND PURCHASED POWER ADJUSTMENT

#### ANNUAL SYSTEM FUEL AND PURCHASED POWER (FPP) COSTS (Line 1)

FPP Costs include all purchased power; fuel consumed for plant generation, including but not limited to coal, fuel oil and natural gas; plus costs for certain re-agents used in conjunction with fuel consumed for plant generation; less costs associated with Power Marketing; and a sharing of Power Marketing Operating Income. The Annual System FPP Costs shall be calculated on an annual basis using the total of:

- a. Total fuel costs of the Company's generation for items listed in the Federal Energy Regulatory Commission's (FERC) Accounts: 501 for Fuel and 547 for Other Power Production, as well as any other costs of fuel consumed to generate electricity not listed in these two accounts. The base price for coal, included in this cost, is determined in accordance with the methodology set forth in the Statement R of the Company's 2006 rate application Docket No. EL06-019;
- b. The costs of re-agents necessary to use in conjunction with fuel consumed for plant generation. This includes lime and the associated freight, ammonia and other chemicals;
- c. The costs of all energy or short term capacity purchases listed under FERC account 555; including any Renewable Ready Credit in a subaccount of FERC account 555; plus the costs/benefits of WEIS market participation, including energy purchase costs in FERC account 555 and energy sales revenue in FERC account 447;
- d. The energy imbalance administrative fees in FERC account 575;
- e. Less, ninety percent (90%) of the share of margin generated by the sale of Renewable Energy Credits;
- f. Less, FPP used for Power Marketing Sales; and
- g. Less a share of Power Marketing Operating Income as described below.
- h. Less the removal of EFLS Tariff energy purchases.

(N)

#### POWER MARKETING OPERATING INCOME (PMOI)

As an incentive to provide the lowest cost FPP to customers, Power Marketing revenues and expenses will be included in the Fuel and Purchase Power Adjustment clause as follows:

- a. Power Marketing Sales revenues are defined as short-term (generally less than one year) energy or capacity sales to wholesale customers and sales of emission allowances.
- b. The Company's long-term (generally one year or longer) customer obligations will be served with the lowest cost resources during each hour that the Company engages in Power Marketing Sales except for the following: 1) Any renewable resource energy; and 2) Specific energy or capacity blocks, up to 75MW, purchased to cover capacity needs for 3 weeks or more [but not to exceed 6 months] in length. For these two situations, the cost of capacity or energy shall be directly assigned to the Company's long-term customers. Any remaining resources may be scheduled for, and if scheduled will be charged to, Power Marketing Sales as the costs of goods sold.
- c. Fifty percent (50%) of the base salary and benefit costs of the Company's generation dispatch and power marketing personnel shall be included as a power marketing expense.



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### FUEL AND PURCHASED POWER ADJUSTMENT

#### POWER MARKETING OPERATING INCOME (Continued)

- d. Any transmission expense incurred to facilitate Power Marketing Sales shall be included as an expense.
- e. Bonuses payable to the Company's generation dispatch and power marketing personnel as a result of Power Marketing Sales shall be included as an expense.
- f. Any specifically identified expenses associated with Power Marketing Sales, such as legal expense or bad debt expense, shall be included as an expense.

#### SHARING OF POWER MARKETING OPERATING INCOME

The calculated Pre-Tax PMOI will be multiplied by 70% to determine the amount of the credit to be applied as a reduction to the FPP costs.

The Power Marketing Operating Income Credit shall not be less than \$1,000,000 over the 12 month period.

#### ANNUAL RETAIL ENERGY SALES (Line 2)

Annual Retail Energy Sales are the total sales of Electricity, for retail customers less energy sales to EFLS Tariff customers

(N)

#### APPROVED BASE FPP COSTS (Line 4)

The Base FPP Costs are as approved by the Commission in Docket No. EL09-018.

#### SOUTH DAKOTA ANNUAL RETAIL ENERGY SALES (Line 7)

The South Dakota Annual Retail Energy Sales are the total South Dakota retail energy kilowatt hour sales for the previous period for all classes of service authorized by the Commission less energy sales to EFLS Tariff customers

(N)

#### SD BALANCING ACCOUNT (Line 9)

This Balancing Account amount on Line 9 (positive or negative) is the amount from the previous filing (SD Net Amount to (Refund)/Charge) less the actual FPPA amount (Refunded) or Charged for the period, adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the annual rate of seven percent (7%). The FPPA (Refund)/Charge will be applied monthly to the Balancing Account, first to the interest balance, and thereafter to the principal amount.

#### INCREMENTAL SD JURISDICTIONAL COSTS (Line 10)

These costs represent the difference of the actual ad valorem and wholesale contract revenue as compared to the amount in base rates as approved in Docket No. EL14-026, Statement P, page 1, lines 19 and 27.



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### TRANSMISSION COST ADJUSTMENT

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### TRANSMISSION COST ADJUSTMENT

#### APPLICABLE

This Transmission Cost Adjustment (TCA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission). The TCA shall be calculated annually based on actual system transmission costs for the twelve months April through March as compared to the base year transmission costs, and shall include an over-or-under recovery from prior years' adjustments through the Balancing Account. Black Hills Power, Inc. (the Company) will update and make a TCA filing with the Commission on an annual basis no later than May 10th.

#### TRANSMISSION COST ADJUSTMENT CALCULATION

For the Twelve months  
ended March 31, 2024

1.	Annual System Transmission Costs less EFLS Tariff load ratio share costs	\$	26,232,879		(N)
2.	Power Marketing Transmission Costs	\$	830,012		
3.	Transmission Costs Reimbursed by Others	\$	1,366,280		
4.	Net Transmission Costs (Line 1 – Line 2 – Line 3 – \$1.00 per MWh EFLS Tariff customer credit)	\$	24,036,587		(N)
5.	Annual Retail Energy Sales less annual energy sales to EFLS Tariff customers)		1,839,274,059	kWh	(N)
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$	0.01307	/kWh	
7.	Base Transmission Costs	\$	0.00810	/kWh	
8.	Difference (Line 6 – Line 7)	\$	0.00497	/kWh	
9.	South Dakota Annual Year Retail Energy Sales (less annual energy sales to EFLS Tariff customers		1,523,147,587	kWh	(N)
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$	7,570,044		
11.	For Each Customer Class Calculate the Customer Class Allocation of Total South Dakota Transmission Expense Based Upon Class Allocators in Table 1 – Multiply Each Class Allocator by Line 10				

	Customer Class Allocation Factor	Allocated Amount
Residential Service	34.00%	\$2,573,815
Small General Service	34.33%	\$2,598,796
Large General Service	20.73%	\$1,569,720
Industrial Contract Service	9.97%	\$754,733
Lighting Service	0.97%	\$73,429



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### TRANSMISSION COST ADJUSTMENT

Table 1 – South Dakota Customer Class Capacity Allocation Factors

South Dakota Customer Class	Customer Class Capacity Allocation Factor
Residential Service	34.00%
Small General Service	34.33%
Large General Service	20.73%
Industrial Contract Service	9.97%
Lighting Service	0.97%

### TRANSMISSION SERVICES

The TCA shall recover the charges under the Company's Joint Open Access Transmission Tariff approved by the Federal Energy Regulatory Commission (FERC). The TCA may also include allowed charges billed to the Company by any other transmission provider.

Transmissions Services shall include all Network Integrated Transmission Service, all Point-to-Point Transmission Service, including all associated ancillary service charges, and regulation expenses, required to support the Company's system energy sales.

### ANNUAL SYSTEM TRANSMISSION COSTS (Line 1)

The Annual System Transmission Costs are the total Company annual year costs for Transmission Services minus EFLS Tariff customers allocated load ratio share. (N)

### POWER MARKETING TRANSMISSION COSTS (Line 2)

Power Marketing Sales are defined as short-term sales to wholesale customers. The Power Marketing Transmission Costs are those transmission costs incurred in facilitating Power Marketing Sales.

### TRANSMISSION COSTS REIMBURSED BY OTHERS (Line 3)

These are the transmission costs of the Company that are reimbursed by others.

### NET TRANSMISSION COSTS (Line 4)

Annual System Transmission Costs minus Power Marketing Transmission Cost minus Transmission Cost Reimbursed by Other - \$1.00 per MWh EFLS Tariff credit (\$1.00 per MWh x MWh's for all energy delivered to EFLS Tariff customers). (N)

### ANNUAL RETAIL ENERGY SALES (Line 5)

Annual Retail Energy Sales are the total of FERC accounts for Sales of Electricity by Rate Schedules less energy sales to EFLS Tariff customers. (N)

### BASE TRANSMISSION COSTS (Line 7)

The Base Transmission Costs are as approved by the Commission in Docket EL09-018.

### SOUTH DAKOTA ANNUAL RETAIL ENERGY SALES (Line 9)

The South Dakota Annual Year Retail Energy Sales are the total South Dakota retail energy sales for all classes of service authorized by the Commission less energy sales to EFLS Tariff customers. (N)