

February 28, 2017

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: *Black Hills Power, Inc.*  
Docket No. ER17-\_\_\_\_-000  
2017 Annual Formula Rate Update Informational Filing

Dear Secretary Bose:

Pursuant to the formula rate protocols set forth in Attachment H of the Joint Open Access Transmission Tariff of Black Hills Power, Inc. (“Black Hills Power”), Basin Electric Power Cooperative, and Powder River Energy Corporation (“Joint Tariff”), Black Hills Power hereby submits its annual formula rate update for informational purposes (“Informational Filing”).<sup>1</sup> The updated formula rate will be used to recover Black Hills Power’s Annual Transmission Revenue Requirement (“ATRR”), effective January 1, 2017, under Attachment H of the Joint Tariff. Black Hills Power’s updated ATRR is based on actual cost data for 2015 and estimated cost data for 2017.

## I. COMMUNICATIONS

Please direct all communications and correspondence in this proceeding to the individuals indicated below:

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<sup>1</sup> Pursuant to the Federal Energy Regulatory Commission’s (“Commission”) directives, Black Hills Power is submitting this Informational Filing in a new docket. See *Black Hills Power, Inc.*, 148 FERC ¶ 61,035, at P 28 (2014); *Midcontinent Indep. Sys. Operator, Inc.*, 146 FERC ¶ 61,212, at P 71 (2014).

## II. INFORMATIONAL FILING

Section V of the formula rate protocols set forth in Attachment H of the Joint Tariff provides that, by March 1 of each year, Black Hills Power shall submit to the Commission an informational filing of its projected net revenue requirement and annual true-up in connection with the postings required by Section II of the formula rate protocols during the prior year. Section V further provides that the informational filing is to include information reasonably necessary to determine: (1) that input data under the formula rate are properly recorded in any underlying workpapers; (2) that Black Hills Power has properly applied the formula rate and these procedures; (3) the accuracy of data and the consistency with the formula rate of the net revenue requirement and rates under review; (4) the extent of accounting changes that affect formula rate inputs; and (5) the reasonableness of projected costs. The formula rate protocols require Black Hills Power to submit, in its informational filing, the formula rate template and underlying workpapers in native format fully populated with formulas intact.

In accordance with the requirements under Section V of the formula rate protocols contained in Attachment H of the Joint Tariff, Black Hills Power provides the following:

- This Transmittal Letter;
- 2015 BHP Attachment H Transmission Rate True-Up;
- 2015 BHP Attachment H True-Up Supplemental Supporting Schedules;
- 2017 BHP Attachment H ATRR Rates;
- 2017 BHP Attachment H ATRR Supplemental Supporting Schedules; and
- 2017 BHP Attachment H ATRR Rates Effective 1-30-2017.

The formula rate protocols also require that the informational filing describe any corrections or adjustments made during that period, and describe all aspects of the formula rate or its inputs that are the subject of an ongoing dispute under the informal or formal challenge procedures set forth in Section IV of the formula rate protocols.

There has been one significant change to the 2017 forecast since the September 2016 OASIS posting required by Section II.2 of the formula rate protocols. On November 30, 2016, Power River Energy Corporation (“PRECorp”) filed proposed revisions to its component of the total ATRR under the Joint Tariff.<sup>2</sup> In that proceeding, the Commission accepted PRECorp’s proposed increase of \$826,000 to its then-effective ATRR, which increase became effective on January 30, 2017. In light of the Commission’s action, Black Hills Power updated its projected revenue requirement for Service Year 2017. Specifically, Black Hills Power increased the Attachment H projected net revenue requirement by

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<sup>2</sup> See *Black Hills Power, Inc.*, Docket No. ER17-441-000 (January 26, 2017) (unpublished letter order).

\$826,000 to reflect PRECorp's revised ATRR. This update, however, had no effect on Black Hills Power's 2017 projected ATRR under its formula rate.

As noted above, Section V of the formula rate protocols also requires Black Hills Power to describe any aspect of the formula rate or its inputs that is the subject of dispute under the informal or formal challenge procedures available under Attachment H. At the time of this filing, no aspect of Black Hills Power's formula rate, Black Hills Power's Annual True-Up for Service Year 2015, or Black Hills Power's projected net revenue requirement for Service Year 2017 is the subject of an ongoing dispute under the informal or formal challenge procedures set forth in Section IV of the formula rate protocols.

Additionally, the Attachment H formula rate protocols require that Black Hills Power's Annual True-Up for the preceding Service Year and projected net revenue requirement for the following Service Year be posted on its website and OASIS by June 1 and September 30 of each year, respectively. Further, within ten days of posting the Annual True-Up and projected net revenue requirement, Black Hills Power is required to provide notice of such postings to Interested Parties via an email exploder list for which Interested Parties may subscribe on the Black Hills Power website.<sup>3</sup> Black Hills Power has met these requirements.

Following the posting of the Annual True-Up and projected net revenue requirement, Sections II.6-7 of the formula rate protocols require that Black Hills Power hold open meetings with Interested Parties to permit Black Hills Power to explain and clarify its Annual True-Up and projected net revenue requirement, and to provide Interested Parties an opportunity to seek information and clarifications from Black Hills Power regarding the same. The open meetings on the Annual True-Up is to be held by July 1 each year, and the open meeting on the projected net revenue requirement is to be held by October 30 each year.<sup>4</sup>

The following table summarizes Black Hills Power's compliance with the specific deadlines set forth in the protocols as well as the dates that Black Hills Power provided notice and posted on its website and OASIS the updated Attachment H projected ATRR for 2017 due to PRECorp's rate increase described above:

<b>Activity</b>	<b>Due Date</b>	<b>Date Activity Completed</b>
Determine Annual True-Up for Rate Year 2015 and Post on Website and OASIS	June 1, 2016	May 31, 2016
Send notice by email exploder list the posting of	June 10, 2016	June 1, 2016

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<sup>3</sup> Attachment H, §§ II.1-2.

<sup>4</sup> Attachment H, §§ II.6-7

the True-Up calculation		
Send notice by email exploder list and post on website and OASIS of Annual True-Up meeting	June 7, 2016	June 7, 2016
Hold Annual True-Up Meeting	July 1, 2016	June 14, 2016
Determine Projected Net Revenue Requirement for Rate Year 2017 and Post on Website and OASIS	September 30, 2016	September 28, 2016
Send Notice by email exploder list the posting of Attachment H Rates	October 8, 2016	September 30, 2016
Send notice by email exploder list and post on website and OASIS of Annual Projected Rate Meeting	October 19, 2016	October 14, 2016
Hold Annual Projected Rate Meeting	October 30, 2016	October 25, 2016
Revised Projected Net Revenue Requirement for Rate Year 2017 and Post on Website and OASIS	January 31, 2017	January 31, 2017
Send Notice by email exploder list the posting of Revised Attachment H Rates		February 13, 2017

### III. SERVICE

In accordance with Section V.1 of the Attachment H formula rate protocols, Black Hills Power will provide notice of this Informational Filing via an email exploder list and by posting the docket number assigned to this Information Filing on Black Hills Power's website and OASIS within five days.

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Thank you for your attention to this matter. Please contact the undersigned if you have any questions concerning this Informational Filing.

Respectfully submitted,

/s/ Blake R. Urban

Catherine P. McCarthy

Blake R. Urban

*Counsel to Black Hills Power, Inc.*