

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)
OF CHEYENNE LIGHT, FUEL AND) DOCKET NO. 20003-199-EA-21
POWER COMPANY d/b/a BLACK HILLS) (RECORD NO. 15718)
ENERGY FOR AUTHORITY TO)
INCREASE ITS VOLUNTARY)
RENEWABLE ENERGY RIDER RATE TO)
\$0.43 PER MONTH PER 100-KWH)
BLOCK, EFFECTIVE APRIL 1, 2021)

ORDER
(Issued April 8, 2021)

This matter is before the Wyoming Public Service Commission (Commission) upon the Application of Cheyenne Light, Fuel and Power Company d/b/a Black Hills Energy (CLFP or the Company) for authority to modify its Electric Voluntary Renewable Energy Rider (VRER) rate.

The Commission, having reviewed the Application, its files regarding CLFP, applicable Wyoming public utility law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

1. CLFP is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(C), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.

2. On February 19, 2021, CLFP filed its Application pursuant to Commission Rule Chapter 3, Section 21(h) requesting authority to revise Tariff P.S.C. Wyo. No. 13, Fourth Revised Sheet No. 35 to increase its VRER rate from \$0.03 to \$0.43 per month for each 100-kilowatt hour (kWh) block sold, effective April 1, 2021.

3. The Company's VRER program was established in Docket No. 20003-140-ET-14 (Record No. 13958). It allows customers using at least 100 kWh per month to purchase renewable energy credits (RECs) in 100 kWh blocks. The Company recovers the cost of RECs and VRER program administrative costs through the rates charged participating customers. CLFP purchases RECs from Bonneville Environmental Foundation (BEF) in 1 MWh increments, and updates the VRER rate annually on April 1st.

4. The Company's proposed VRER rate increase will result in an increase of approximately \$844.80 in annual revenue.

5. The proposed \$0.43 per 100-kWh block rate is composed of the sum of REC costs of \$0.31 per block and administration costs of \$0.12 per block. The Company uses a balancing account to track VRER administrative and REC costs incurred by the Company and revenues received from customers. The Company forecasts an under-recovery in the balancing account of \$928.00 as of March 31, 2021, which includes an administrative cost under-recovery of approximately \$158.00 and a REC cost under-recovery of \$770.00. CLFP forecasts it will sell 2,112 blocks (211.2 RECs) between April 2021 and March 2022, and expects to meet this demand with 236.2 RECs, including 200 RECs purchased from BEF in March, 2021 for \$5.00 each. Based

on the under-recovery and the sales forecast, the Company calculates a new monthly rate of \$0.43 per 100-kWh block as depicted in Table 1, below.

Table 1. VRER Rate Calculation
REC Cost

Forecast -25.0 RECs* ¹ at \$5.00/REC	\$ (125.00)
REC Share of Balancing Account – projected March 31, 2021	<u>\$ 770.00</u>
Total REC Cost	\$ 645.00
Forecast Sales (100-kWh Blocks) (April 2021 – March 2022)	<u>2,112</u>
REC Cost per 100-kWh block (\$645/2,112)	\$ 0.31

Administration Cost

Administration projected cost	\$ 100.00
Administration Cost Share of Balancing Account – Projected March 31, 2021	<u>\$ 158.00</u>
Total Administration Cost	\$ 258.00
Forecast Sales (100-kWh Blocks) (April 2021 – March 2022)	<u>2,112</u>
Administration Cost per 100-kWh block (\$258./2,112)	\$0.12

Total Rate

VRER Rate per 100-kWh block (\$0.31+\$0.12)	\$0.43
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6. CLFP's Application came before the Commission for consideration pursuant to due notice at its Open Meeting on March 30, 2021. Kyra Coyle, Sr. Manager – Regulatory and Finance, and Jana Smoot White, Associate General Counsel, appeared for the Company. Ms. Coyle provided a summary of the Application and components of the proposed VRER rate. Commission Staff recommended the Commission approve the Application.

7. Based on the Application, representations by the Company, and the analysis and recommendations of Commission Staff, the Commission finds and concludes approval of the proposed modifications to the Company's VRER rate are in the public interest. The Commission further finds that the Company shall provide notice by posting on the Company's website and by sending participating customers this *Order* by first class mail or electronic mail.

IT IS THEREFORE ORDERED:

1. Pursuant to Open Meeting action taken on March 30, 2021, Cheyenne Light, Fuel and Power Company d/b/a Black Hills Energy's Application for authority to increase its electric voluntary renewable energy rider from \$0.03 to \$0.43 per month for each 100-kilowatt hour (kWh) block is approved, effective on and after April 1, 2021.

¹ (4/2021-3/2022 forecast sales=211.2 RECs) minus (3/2021 REC inventory = 236.2) equals -25.0 RECs.

2. Notice shall be provided by posting the revised tariff sheet on Cheyenne Light, Fuel and Power Company d/b/a Black Hills Energy's website, and by sending participating customers this *Order* by first class mail or electronic mail.

3. This *Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on April 8, 2021.

PUBLIC SERVICE COMMISSION OF WYOMING



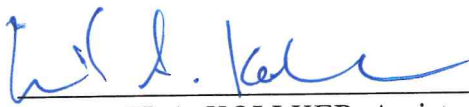

CHRISTOPHER B. PETRIE, Chairman


MICHAEL M. ROBINSON, Deputy Chair

(SEAL)


MARY A. THRONE, Commissioner

Attest:


MICHAEL A. KOLLKER, Assistant Secretary