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December 1, 2008

Ms Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capital
Pierre, SD 57504-5070

Re: Black Hills Power, Inc. – South Dakota Renewable Energy Objective Report

Dear Ms Van Gerpen:

Pursuant to SDCL 49-34A-105, Annual Reports Concerning Renewable and Recycled Energy Objective, following is a status of Black Hills Power's renewable energy program.

Black Hills Power entered into a Renewable Energy Sales Agreement (RESA) with Cheyenne Light, Fuel and Power Company (Cheyenne Light), dated August 29, 2008, for the purchase of 20 MW of renewable energy produced by the Happy Jack Wind Farm located in Laramie County, Wyoming. The Happy Jack Wind Farm became operational September 2008. Cheyenne Light is an affiliate of Black Hills Power.

As of November 18th, Black Hills Power had purchased 7,175 MWH of wind energy from Cheyenne Light. Black Hills Power is in the process of certifying its renewable energy credits through the Western Renewable Energy Generation Information System (WREGIS).

We continue to pursue prudent renewable energy generation and purchase opportunities that will achieve environmental improvements at the lowest reasonable cost to customers and a fair return to shareholders.

Feel free to contact me if there are any questions related to this report.

Sincerely,


Brian G. Iverson