



Black Hills Power, Inc.
Rapid City, South Dakota

SOUTH DAKOTA ELECTRIC RATE BOOK

ENERGY EFFICIENCY SOLUTIONS ADJUSTMENT

Section No. 3C
First Revised Sheet No. 21
Cancels Original Sheet No. 21

Page 1 of 1

ENERGY EFFICIENCY SOLUTIONS ADJUSTMENT

APPLICABLE

This Energy Efficiency Solutions Adjustment (EESA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission).

The EESA shall be calculated annually based on actual versus forecasted energy efficiency solutions program costs and kWh retail sales for the applicable rate schedules for the twelve months of June through May to coincide with other Black Hills Power adjustment clause mechanisms, 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 an EESA filing with the Commission on an annual basis no later than April 30th. Since the energy efficiency solutions programs will be implemented September 1, 2011, the first year rate recovery period will be from September 1, 2011 through May 31, 2012 and the last rate recovery period for the three year program will be from June 1, 2014 through May 31, 2014.

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ENERGY EFFICIENCY SOLUTIONS ADJUSTMENT RATE

An EESA rate shall be determined by dividing the energy efficiency program costs and the forecasted balance of the EESA Balancing Account by the forecasted retail sales volumes for the upcoming year. The EESA rate shall be rounded to the nearest \$0.0001 per kWh.

The EESA rate may be adjusted annually with approval of the Commission. The EESA rates for the applicable rate schedules are:

Residential: \$0.0004
Commercial/Industrial: \$0.0002

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Energy Efficiency Solutions Program Costs shall include all expenses, costs and lost margins associated with energy efficiency programs and that are approved by the Commission. All revenues recovered pursuant to the Energy Efficiency Solutions Adjustment shall be credited to the Balancing Account.

EESA Balancing Account amount is the energy efficiency program costs incurred less all revenues recovered pursuant to the Energy Efficiency Solutions Adjustment for the annual year as adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the annual rate of seven percent (7%). The EESA revenues will be applied monthly to the Balancing Account for each customer class, first to the interest balance, and thereafter to the principal amount.

Forecasted Retail Sales Volumes shall be the estimated retail electric sales for the applicable rate schedules for the designated recovery period.

EFFECTIVE DATE

After the first period effective date of September 1, 2011 to coincide with the implementation of the energy efficiency solutions programs, the EESA will be updated and filed by April 30th each year thereafter with the effective date of June 1st.