

SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

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Section No. 3C
First Revised Sheet No. 16 (T)
Replaces Original Sheet No. 16 (T)

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 of 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, 2011

1.	Annual System Transmission Costs	\$	<u>19,718,885</u>	(l)
2.	Power Marketing Transmission Costs	\$	<u>1,876,695</u>	
3.	Transmission Costs Reimbursed by Others	\$	<u>693,332</u>	
4.	Net Transmission Costs (Line 1 - Line 2 - Line 3)	\$	<u>17,148,858</u>	
5.	Annual Retail Energy Sales		<u>1,683,721,843</u> kWh	
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$	<u>0.0102</u> /kWh	
7.	Base Transmission Costs	\$	0.0081 /kWh	
8.	Difference (Line 6 - Line 7)	\$	<u>0.0021</u> /kWh	(l)
9.	South Dakota Calendar Year Retail Energy Sales		<u>1,460,761,897</u> kWh	
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$	<u>3,067,600</u>	
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			
			Cust. Class Allocation Factor	Allocated Amount
	Residential Service		34.00%	1,042,984
	Small General Service		34.33%	1,053,107
	Large General Service		20.73%	635,913
	Industrial Contract Service		9.97%	305,840
	Lighting Service		0.97%	29,756

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TRANSMISSION COST ADJUSTMENT CALCULATION, Continued

12.	Balancing Account (+/-) for each SD Customer Class		<u>242,285</u>	(l)
	Residential Service	\$	82,377	
	Small General Service	\$	83,176	
	Large General Service	\$	50,226	
	Industrial Contract Service	\$	24,156	
	Lighting Service	\$	2,350	
13.	Total Transmission Cost for each SD Customer Class (Refund)/Charge (Line 11 + Line 12)			
	Residential Service	\$	1,125,361	
	Small General Service	\$	1,136,283	
	Large General Service	\$	686,139	
	Industrial Contract Service	\$	329,996	
	Lighting Service	\$	32,106	
14.	Forecast SD Customer Class Annual Retail Energy Sales (kWh/Class)			
	Residential Service		534,355,132	
	Small General Service		441,249,570	
	Large General Service		328,777,347	
	Industrial Contract Service		134,036,535	
	Lighting Service		14,379,294	
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)			
	Residential Service	\$	<u>0.0021</u> /kWh	
	Small General Service	\$	<u>0.0026</u> /kWh	
	Large General Service	\$	<u>0.0021</u> /kWh	
	Industrial Contract Service	\$	<u>0.0025</u> /kWh	
	Lighting Service	\$	<u>0.0022</u> /kWh	