



Black Hills Power, Inc.
Rapid City, South Dakota

SOUTH DAKOTA ELECTRIC RATE BOOK

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COST ADJUSTMENT SUMMARY

Section No. 3C
Fifth Revised Sheet No. 11
Replaces Fourth Revised Sheet No. 11

(T)
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COST ADJUSTMENT SUMMARY

Rate Schedule	ECA¹	EIA²	Total Rate (\$/kWh)
Residential Services	\$ 0.0017	\$0.0021	\$ 0.0038
Small General Service	\$ 0.0024	\$0.0026	\$ 0.0050
Large General Service	\$ 0.0016	\$0.0018	\$ 0.0034
Industrial Contract Service	\$ 0.0022	\$0.0018	\$ 0.0040
Lighting Service	\$ 0.0018	\$0.0027	\$ 0.0045

(R)

¹ Energy Cost Adjustments (ECA) is comprised of:

Transmission Cost Adjustment (TCA) – Sheet No. 5A
Fuel and Purchase Power Adjustment (FPPA) Sheet No. 12

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² Environmental Improvement Adjustment (EIA) – Sheet No. 20

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CONDITIONAL ENERGY COST ADJUSTMENT

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Section No. 3C
Fifth Revised Sheet No. 1 (T)
Replaces Fourth Revised Sheet No. 1 (T)

CONDITIONAL ENERGY COST ADJUSTMENT

APPLICABLE

This Conditional Energy Cost Adjustment (CECA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission).

The CECA shall be calculated annually based on actual system costs for Other Fuel and Purchased Power (OFAPP) for the previous calendar year as compared to the base year OFAPP costs, and shall include an over-or-under recovery from prior year's adjustments through the Balancing Account. Black Hills Power, Inc. (the Company) will update and make a CECA filing with the Commission on an annual basis no later than February 10th.

CONDITIONAL ENERGY COST ADJUSTMENT CALCULATION

		<u>For the Three months ended March 31, 2010</u>	
1.	Annual System OFAPP Costs	\$ <u>6,161,248</u>	(R)
2.	Annual System Energy Sales	<u>622,629,333</u> kWh	(R)
3.	OFAPP Cost / kWh (Line 1 ÷ Line 2)	\$ <u>0.00990</u> /kWh	(I)
4.	Base OFAPP Costs	\$ 0.00817 /kWh	
5.	OFAPP Cost / kWh Difference (line 3 - Line 4)	\$ <u>0.00173</u> /kWh	(I)
6.	Total OFAPP Change from Base (Line 2 x Line 5)	\$ <u>1,077,149</u>	(I)
7.	Cost Reduction: \$0; Unless Line 6 < 0 and > -\$1,000,000, Then Line 6 x (-1)	\$ <u>0</u>	(R)
8.	Cost Reduction per kWh (Line 7 ÷ Line 2)	\$ <u>0.00000</u> /kWh	(R)
9.	Power Marketing Credit	\$ <u>(1,077,149)</u>	(I)
10.	Power Marketing Credit / kWh (Line 9 ÷ Line 2)	\$ <u>(0.00173)</u> /kWh	(I)
11.	Net OFAPP Costs/kWh (Line 5 + Line 8 + Line 10)	\$ <u>0.00000</u> /kWh	
12.	South Dakota Calendar Year Retail Energy Sales	<u>397,093,555</u> kWh	(R)
13.	Total SD (Refund)/Charge (Line 11 x Line 12)	\$ <u>0</u>	
14.	Balancing Account (+/-)	\$ <u>0</u>	(R)
15.	Net Amount to (Refund)/Charge (Line 13 + Line 14)	\$ <u>0</u>	(R)
16.	Projected South Dakota Retail Energy Sales	<u>1,452,937,724</u> kWh	(R)
17.	CECA (Line 15 + Line 16)	\$ <u>0.00000</u> /kWh	(R)

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TRANSMISSION COST ADJUSTMENT

Section No. 3C

Fifth Revised Sheet No. 5 (T)

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Replaces Fourth Revised Sheet No. 5 (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 previous calendar year 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 February 10th.

TRANSMISSION COST ADJUSTMENT CALCULATION

For the Three months ended March 31, 2010 (T)

1.	Annual System Transmission Costs	\$	<u>4,849,899</u>	(R)
2.	Power Marketing Transmission Costs	\$	<u>245,976</u>	(R)
3.	Transmission Costs Reimbursed by Others	\$	<u>167,070</u>	(R)
4.	Net Transmission Costs (Line 1 - Line 2 - Line 3)	\$	<u>4,436,853</u>	(R)
5.	Annual Retail Energy Sales		<u>454,263,754</u> kWh	(R)
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$	<u>0.00977</u> /kWh	(I)
7.	Base Transmission Costs	\$	0.00599 /kWh	
8.	Difference (Line 6 - Line 7)	\$	<u>0.00378</u> /kWh	(I)
9.	South Dakota Calendar Year Retail Energy Sales		<u>397,093,555</u> kWh	(R)
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$	<u>1,501,014</u>	(R)

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 - dollars per class.

	<u>Cust. Class Allocation Factor</u>	<u>Allocated Amount</u>	
Residential Service	34.00%	510,345	(R)
Small General Service	34.33%	515,298	(R)
Large General Service	20.73%	311,160	(R)
Industrial Contract Service	9.97%	149,651	(R)
Lighting Service	0.97%	14,560	(R)

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Fourth Revised Sheet No. 5A (T)
Replaces Third Sheet No. 5A (T)

TRANSMISSION COST ADJUSTMENT CALCULATION, Continued

12.	Balancing Account (+/-) for each SD Customer Class	<u>0</u>	(R)
	Residential Service	\$ -	(R)
	Small General Service	\$ -	(R)
	Large General Service	\$ -	(R)
	Industrial Contract Service	\$ -	(R)
	Lighting Service	\$ -	(R)
13.	Total Transmission Cost for each SD Customer Class (Refund)/Charge (Line 11 + Line 12)		
	Residential Service	\$ 510,345	(R)
	Small General Service	\$ 515,298	(R)
	Large General Service	\$ 311,160	(R)
	Industrial Contract Service	\$ 149,651	(R)
	Lighting Service	\$ 14,560	(R)
14.	Forecast SD Customer Class Annual Retail Energy Sales (kWh/Class)		
	Residential Service	534,355,132	(I)
	Small General Service	441,598,982	(I)
	Large General Service	328,777,347	(R)
	Industrial Contract Service	134,036,535	(R)
	Lighting Service	14,379,294	(R)
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)		
	Residential Service	\$ <u>0.0010</u> /kWh	(R)
	Small General Service	\$ <u>0.0012</u> /kWh	(R)
	Large General Service	\$ <u>0.0009</u> /kWh	(R)
	Industrial Contract Service	\$ <u>0.0011</u> /kWh	(R)
	Lighting Service	\$ <u>0.0010</u> /kWh	(R)

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STEAM PLANT FUEL COST ADJUSTMENT	Section No.	3C
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STEAM PLANT FUEL COST ADJUSTMENT

APPLICABLE

This Steam Plant Fuel Cost Adjustment (SPFCA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission). The SPFCA shall recover the fuel costs associated with the steam plant generation resources of Black Hills Power, Inc. (the Company) used to serve retail customers.

The SPFCA shall be calculated annually based on actual system steam plant fuel costs for the previous calendar year as compared to the base year steam plant fuel costs, and shall included an over-or-under recovery from prior years' adjustments through the Balancing Account. The Company will update and make the SPFCA filing with the Commission on an annual basis no later than February 10th.

<u>STEAM PLANT FUEL COST ADJUSTMENT CALCULATION</u>		For the Three months ended March 31, 2010	
1. Annual System Steam Plant Fuel Costs	\$	<u>4,809,885</u>	(R)
2. Power Marketing Steam Plant Fuel Costs	\$	<u>419,392</u>	
3. Net Steam Plant Fuel Costs (Line 1 - Line 2)	\$	<u>4,390,493</u>	
4. Annual System Energy Sales		<u>622,629,333</u> kWh	
5. Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$	<u>0.00705</u> /kWh	
6. Base Steam Plant Fuel Costs	\$	<u>0.00631</u> /kWh	
7. Difference (Line 5 - Line 6)	\$	<u>0.00074</u> /kWh	(R)
8. South Dakota Calendar Year Retail Energy Sales		<u>397,093,555</u> kWh	
9. Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$	<u>293,849</u>	
10. Balancing Account (+/-)	\$	<u>0</u>	
11. Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10)	\$	<u>293,849</u>	
12. Projected South Dakota Retail Energy Sales		<u>1,453,147,289</u> kWh	
13. Steam Plant Fuel Cost Adjustment (Line 11 + Line 12)	\$	<u>0.00020</u> /kWh	

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FUEL AND PURCHASED POWER ADJUSTMENT	Section No.	3C
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FUEL AND PURCHASED POWER ADJUSTMENT

APPLICABLE

This Fuel and Purchased Power Adjustment (FPPA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission).

The FPPA shall be calculated annually based on actual system costs for Fuel and Purchased Power (FPP) for the twelve months of April through March as compared to the base year FPP 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 FPPA filing with the Commission on an annual basis no later than May 10th.

<u>FUEL AND PURCHASED POWER ADJUSTMENT CALCULATION</u>		<u>For the Twelve months ended March 31, 2011</u>	
1.	Annual System FPP Costs	\$ <u>26,721,001</u>	(I)
2.	Annual System Energy Sales	<u>2,048,049,248</u> kWh	
3.	FPP Cost / kWh (Line 1 + Line 2)	\$ <u>0.0130</u> /kWh	
4.	Approved Base FPP Costs	\$ 0.0146 /kWh	
5.	FPP Cost / kWh Difference (line 3 - Line 4)	\$ <u>(0.0016)</u> /kWh	(I)
6.	Total FPP Change from Base (Line 2 x Line 5)	\$ <u>(3,276,879)</u>	
7.	South Dakota Annual Retail Energy Sales	\$ <u>1,460,761,897</u>	
8.	Total SD (Refund)/Charge (Line 5 x Line 7)	\$ <u>(2,337,219)</u>	
9.	SD Balancing Account (+/-)	\$ <u>(44,200)</u>	
10.	SD Surplus Energy Phase-out	\$ <u>0</u>	
11.	Net SD Amount to (Refund)/Charge (Line 8 + Line 9 + Line 10)	\$ <u>(2,381,419)</u>	
12.	Projected South Dakota Retail Energy Sales	<u>1,452,797,877</u> kWh	
13.	SD FPPA (Line 11 + Line 12)	\$ <u>(0.0016)</u> /kWh	

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By: Chris Kilpatrick
Director of Rates

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TRANSMISSION COST ADJUSTMENT

Section No. 3C

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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>	(I)
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	(I)
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	Allocated	
		Allocation Factor	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>	(I)
	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	