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June 28, 2012

Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol  
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 does not currently own any renewable generation, however, Black Hills Power has purchase power agreements for old hydro and wind energy.

In 2011, renewable resources accounted for 4.9% of South Dakota retail energy sales and none of those renewable energy credits were retired for Black Hills Power in South Dakota. Black Hills Power will 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. Some of Black Hills Power's challenges are due to the physical location of our system and quality of renewable opportunities. In addition, if renewable energy generation is not connected to our transmission, the price to deliver the energy becomes difficult to overcome. The final barrier to renewable energy generation at a reasonable cost to customers is the ability to dispatch the energy. If the renewable energy is not firm, the cost of firming this energy becomes a significant barrier.

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

Sincerely,

A handwritten signature in black ink that reads 'Chris Kilpatrick'.

Chris Kilpatrick

Please provide a value in each of the boxes below with an "X" in it.

Company:  
Black Hills Power

Calendar Year 2011 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	2,265,602	
SD (MWh)	1,478,832	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	491	
SD (MW)	175	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)	111,055	Black Hills Power (BHP) currently does not own any renewable generation, however, it has purchase power agreements for Old Hydro and wind energy. In September 2008, the Happy Jack portion of the wind project became operational and Black Hills Power began purchasing energy. The Silver Sage portion of the wind project became operational in October 2009. Based on the operation from the Happy Jack wind project, the Silver Sage wind project, and the current output from the Old Hydro, these renewable resources served approximately 4.9% of the total retail sales for Black Hills Power in 2011.
Wind		
Solar		
New Hydro		
Old Hydro	30,504	
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MW)	141,559	
<b>SD (MW)</b>		
Wind		
Solar		
New Hydro		
Old Hydro	30,504	
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MW)	30,504	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	0	
<b>Generated in SD (MWh)</b>		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)	4,964	
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	4,964	
<b>Generated In SD (MWh)</b>		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
<b>Conserved Energy &amp; Capacity</b>		
<b>Conserved Energy (MWh)</b>		BHP has an energy efficiency solutions plan that was approved by the South Dakota Public Utilities Commission. It became effective on September 1, 2011. The first year Energy Efficiency program results will be evaluated and reported to the South Dakota PUC in late 2012.
Total - All States		
SD		
<b>Conserved Capacity (MW)</b>		
Total - All States		
SD		