



4. The electric cost adjustments are set forth in the rate summation tariff sheet contained in Exhibit No. 2, attached hereto. The ECA rates will be published in Black Hills Power's South Dakota Electric Rate Book located in Section No. 2, Original Sheet Nos. 2 through 2D and Section No. 3C, Original Sheet No. 11, all attached in Exhibit No. 2.
5. The ECA for Black Hills Power was approved in Docket No. EL06-019, the Company's most recent rate case. The ECA consists of three separate adjustments: 1) the Conditional Energy Cost Adjustment (CECA); 2) the Transmission Cost Adjustment (TCA); and 3) the Steam Plant Fuel Cost Adjustment (SPFCA). Each adjustment applies to all rate schedules for all classes of service authorized by the Commission. Each adjustment is calculated annually by taking the projected South Dakota retail energy sales (kWh) divided by the net amount to be refunded or charged, thus deriving the adjustment per kWh. The three adjustments are combined into the ECA for each rate class, which increases or decreases the rate accordingly.
6. Conditional Energy Cost Adjustment (CECA). The CECA is calculated annually based on actual system costs for the Other Fuel and Purchased Power (OFAPP) for the previous calendar year as compared to the base year OFAPP costs, and includes an over or under recovery from prior years' adjustments through the Balancing Account. The Balancing Account has a zero balance because this is the first ECA filing. The calculation of the CECA is attached as Exhibit 3. The CECA for this period, for all customer classes, is \$0.00042/kWh.
7. Transmission Cost Adjustment (TCA). The TCA is 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. The Balancing Account has a zero balance because this is the first ECA filing. The calculation of the TCA is attached as Exhibit 4. The TCA for each customer class is based upon Class Allocators, found in

Table 1 of Section 3C, Original Sheet No. 5. The TCA for this period is a decrease for each class as follows:

**Customer Class Transmission Cost Adjustment**

Residential Service	\$(0.00021)/kWh
Small General Service	\$(0.00025)/kWh
Large General Service	\$(0.00018)/kWh
Industrial Contract Service	\$(0.00016)/kWh
Lighting Service	\$(0.00020)/kWh

8. Steam Plant Fuel Cost Adjustment (SPFCA). The SPFCA recovers the fuel cost associated with the steam plant generation resources of Black Hills Power used to serve retail customers. The SPFCA is 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 includes an over or under recovery from prior years' adjustments through the Balancing Account. The Balancing Account has a zero balance because this is the first ECA filing. The calculation of the SPFCA is attached as Exhibit 5. The SPFCA for this period, for all customer classes, is \$0.00032/kWh.
  
9. The proposed ECA rate for each customer class is as follows: 1) Residential Service \$0.00053/kWh; 2) Small General Service \$0.00049/kWh; 3) Large General Service \$0.00056/kWh; 4) Industrial Contract Service \$0.00058/kWh; and 5) Lighting Service \$0.00054/kWh
  
10. Approximately 63,000 South Dakota retail customers are affected by the ECA rate change. The annual increase in the cost of service is \$800,452. This equates to approximately a 0.7% increase in total revenues.
  
11. The Company made an administrative change to its TCA tariff to clarify the name of the rate classifications, which is attached as Exhibit 6. The Company also revised the Table of Contents pages to its rate book, which are attached as Exhibit 7.

12. In support of this Application, attached hereto and made a part hereof by this reference are Exhibit Nos. 1 through 8, showing supporting data for the proposed ECA:

<u>Exhibit No. 1</u>	Report of Tariff Change
<u>Exhibit No. 2</u>	Rate Summation Sheet (Section No. 2, Original Sheet Nos. 2 through 2D), and Energy Cost Adjustment Summary (Section No. 3C, Original Sheet No. 11)
<u>Exhibit No. 3</u>	CECA Tariff calculation (Section No. 3C, First Revised Sheet No. 1)
<u>Exhibit No. 4</u>	TCA Tariff calculation (Section No. 3C, First Revised Sheet No. 5 and Original Sheet No. 5A)
<u>Exhibit No. 5</u>	SPFCA Tariff calculation (Section No. 3C, First Revised Sheet No. 8)
<u>Exhibit No. 6</u>	TCA Tariff (Section No. 3C, First Revised Sheet Nos. 6 and 7)
<u>Exhibit No. 7</u>	Table of Contents (Section No. 1, Sixteenth Revised Sheet No. 1 and Twelfth Revised Sheet No. 3)
<u>Exhibit No. 8</u>	Notice to Customers

13. Black Hills Power requests that this Application be deemed complete and in compliance with its tariffs and applicable Administrative Rules, and requests a waiver of any noncompliance for rules that are not material to this Application.

WHEREFORE, Black Hills Power respectfully requests that the Commission enter an order approving the proposed tariffs and ECA rate, and placing the rate into effect for service on and after March 1, 2008.

Dated this 1st day of February, 2008.

BLACK HILLS POWER, INC.

By:  \_\_\_\_\_

Brian G. Iverson  
Senior Counsel and Director of Rates

**REPORT OF TARIFF CHANGE**

**Name of Utility:** Black Hills Power, Inc.

**Address of Main Office:** PO Box 1400, 625 Ninth Street, Rapid City, SD 57709

**Black Hills Power Inc.'s South Dakota Electric Rate Book**

- Section No. 1—Sixteenth Revised Sheet No. 1
- Section No. 1—Twelfth Revised Sheet No. 3
- Section No. 2—Original Sheet No. 2
- Section No. 2—Original Sheet No. 2A
- Section No. 2—Original Sheet No. 2B
- Section No. 2—Original Sheet No. 2C
- Section No. 2—Original Sheet No. 2D
- Section No. 3C—First Revised Sheet No. 1
- Section No. 3C—First Revised Sheet No. 5
- Section No. 3C—Original Sheet No. 5A
- Section No. 3C—First Revised Sheet No. 6
- Section No. 3C—First Revised Sheet No. 7
- Section No. 3C—First Revised Sheet No. 8
- Section No. 3C—Original Sheet No. 11

**Change:** Electric Cost Adjustment to be implemented March 1, 2008

**Reason for Change:** Reflect the increase in the cost of service, as determined by the three adjustments that make up the ECA.

	<b>Present Rate</b>	<b>Proposed Rate</b>
Residential Service	--	\$0.00053/kWh
Small General Service	--	\$0.00049/kWh
Large General Service	--	\$0.00056/kWh
Industrial Contract Service	--	\$0.00058/kWh
Lighting Service	--	\$0.00054/kWh

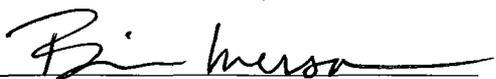
**Approximate increase/(decrease) in revenue:** \$686,195

**Points affected:** Approximately 63,000 South Dakota retail customers

**Increase/(decrease) to cost of service:** Approximately \$800,452

**Remarks:** The facts, opinions, documents and exhibits needed to support the proposed changes are included in the Application and exhibits thereto.

BLACK HILLS POWER, INC.

By:   
 Brian G. Iverson  
 Senior Counsel and Director of Rates



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**RATE SUMMARY SHEET**

Section No. 2  
Original Sheet No. 2

Page 1 of 5

**RATE SUMMARY SHEET**

	Billing Code		Billing Units	Base Rate	ECA	Total Rate
<b>RESIDENTIAL SERVICE</b>						
Regular Residential Service	10	Customer Charge	per Month	\$ 8.00		\$ 8.00
		Energy Charge	¢/kWh	8.41	0.053	8.463
Total Electric Service	12	Customer Charge	per Month	\$ 10.50		\$ 10.50
		Energy Charge	¢/kWh	6.81	0.053	6.863
Demand Service	14	Customer Charge	per Month	\$ 11.50		\$ 11.50
		Energy Charge	¢/kWh	3.26	0.053	3.313
		Demand Charge	\$/kW	5.65		5.65
Utility Controlled	17	Customer Charge	per Month	\$ 5.00		\$ 5.00
		Energy Charge	¢/kWh	4.53	0.053	4.583

ECA – Energy Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**RATE SUMMARY SHEET**

Section No. 2  
Original Sheet No. 2A

Page 2 of 5

**RATE SUMMARY SHEET**

	Billing Code		Billing Units	Base Rate	ECA	Total Rate
<b>SMALL GENERAL SERVICE</b>						
General Service	20	Customer Charge	per Month	\$ 10.00		\$ 10.00
		Energy Charge	¢/kWh			
			1st 1,000 kWh	9.33	0.049	9.379
			Next 2,000 kWh	8.08	0.049	8.129
			Next 12,000 kWh	7.15	0.049	7.199
			Additional kWh	5.85	0.049	5.899
		Demand Charge	\$/kW			
			1st 5 kW	-		-
			Next 45 kW	5.41		5.41
			Additional kW	5.10		5.10
Total Electric	23	Customer Charge	per Month	\$ 15.50		\$ 15.50
		Energy Charge	¢/kWh			
			1st 6,000 kWh	6.24	0.049	6.289
			Additional kWh	5.83	0.049	5.879
		Demand Charge	\$/kW			
			1st 5 kW	-		-
			Next 45 kW	5.00		5.00
			Additional kW	4.65		4.65
Energy Storage	25	Customer Charge	per Month	\$ 10.50		\$ 10.50
		Energy Charge	¢/kWh			
			Off-Peak	2.70	0.049	2.749
			On-Peak	4.35	0.049	4.399
		Demand Charge	\$/kW			
			Off-Peak	-		-
			On-Peak	6.50		6.50
Utility Controlled	27	Customer Charge	per Month	\$ 5.00		\$ 5.00
		Energy Charge	¢/kWh	4.53	0.049	4.579
Irrigation Pumping	26	Energy Charge	¢/kWh	6.47	0.049	6.519
		Demand Charge	\$/hp	18.88		18.88
Municipal Pumping	43	Customer Charge	per Month	\$ 15.50		\$ 15.50
		Energy Charge	¢/kWh	5.11	0.049	5.159
		Demand Charge	\$/kW			
			Summer	3.84		3.84
			Winter	3.45		3.45

ECA – Energy Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**RATE SUMMARY SHEET**

Section No. 2  
Original Sheet No. 2B

Page 3 of 5

**RATE SUMMARY SHEET**

	Billing Code		Billing Units	Base Rate	ECA	Total Rate
<b>LARGE GENERAL SERVICE</b>						
General Service Large	21&30	Energy Charge	¢/kWh			
			1st 50,000 kWh	4.72	0.056	4.776
			Next 450,000 kWh	4.61	0.056	4.666
			Additional kWh	4.25	0.056	4.306
		Demand Charge				
			1st 125 kVA	\$970.00		\$970.00
			Additional kVA			
			\$/kVA	6.20		6.20
Combined Account Billing	52&53	Customer Charge	per Service	\$ 70.00		\$ 70.00
		Energy Charge	¢/kWh			
			1st 50,000 kWh	4.72	0.056	4.776
			Next 450,000 kWh	4.61	0.056	4.666
			Additional kWh	4.25	0.056	4.306
		Demand Charge				
			1st 125 kVA	\$970.00		\$970.00
			Additional kVA			
			\$/kVA	6.20		6.20
Large Demand Curtailable		Energy Charge	¢/kWh	3.67	0.056	3.726
		Demand Charge	\$/kVA	10.02		10.02
		Curtailable Load Credit				
	22	Option A	\$/kVA	5.58		5.58
	32	Option B	\$/kVA	5.16		5.16
		Option C	\$/kVA	4.59		4.59

ECA – Energy Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**RATE SUMMARY SHEET**

Section No. 2  
Original Sheet No. 2C

Page 4 of 5

**RATE SUMMARY SHEET**

		Billing Code		Billing Units	Base Rate	ECA	Total Rate
<b>INDUSTRIAL CONTRACT SERVICE</b>							
Industrial Contract Service		31					
69 kV Service	Energy Charge		¢/kWh	3.658	0.058	3.716	
	Demand Charge		\$/kVA	5.45		5.45	
Distribution Service	Energy Charge		¢/kWh	3.910	0.058	3.968	
	Demand Charge		\$/kVA	5.78		5.78	
Forest Products Service							
Primary Voltage Service	Energy Charge	34	¢/kWh				
			1st 800,000 kWh	4.275	0.058	4.333	
			Next 1,200,000 kWh	4.000	0.058	4.058	
			Additional kWh	3.685	0.058	3.743	
	Demand Charge		\$/kVA				
			1st 2,000 kVA	6.15		6.15	
			Next 3,000 kVA	5.75		5.75	
			Additional kVA	5.15		5.15	
Secondary Voltage Service	Energy Charge	35	¢/kWh				
			1st 800,000 kWh	4.405	0.058	4.463	
			Next 1,200,000 kWh	4.125	0.058	4.183	
			Additional kWh	3.805	0.058	3.863	
	Demand Charge		\$/kVA				
			1st 2,000 kVA	6.50		6.50	
			Next 3,000 kVA	6.01		6.01	
			Additional kVA	5.40		5.40	

ECA – Energy Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**RATE SUMMARY SHEET**

Section No. 2  
Original Sheet No. 2D

Page 5 of 5

**RATE SUMMARY SHEET**

	Billing Code		Billing Units	Base Rate	ECA	Total Rate
<b>LIGHTING SERVICE</b>						
Traffic Signals	42	Customer Charge	per Month	\$ 7.50		\$ 7.50
		Energy Charge	¢/kWh	7.30	0.054	7.354
Private Area Lighting	24	Energy Charge *	¢/kWh	-	0.054	0.054
Street Lighting						
- Company Owned Service	40	Energy Charge *	¢/kWh	-	0.054	0.054
- Customer Owned Service	41	Energy Charge *	¢/kWh	-	0.054	0.054

\* Energy amount applicable to lighting service will vary monthly dependent upon the burning hours of the lighting units each month

ECA – Energy Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**ENERGY COST ADJUSTMENT SUMMARY**

Section No. 3C  
Original Sheet No. 11

(N)

**ENERGY COST ADJUSTMENT SUMMARY**

	<u>Energy Cost Adjustment (¢/kWh)</u>
<u>Residential Service</u>	
1. CECA	0.04200
2. TCA	(0.02100)
3. SPCA	0.03200
4. Total Residential Service	<u>0.05300</u>
 <u>Small General Service</u>	
5. CECA	0.04200
6. TCA	(0.02500)
7. SPCA	0.03200
8. Total Small General Service	<u>0.04900</u>
 <u>Large General Service</u>	
9. CECA	0.04200
10. TCA	(0.01800)
11. SPCA	0.03200
12. Total Large General Service	<u>0.05600</u>
 <u>Industrial Contract Service</u>	
13. CECA	0.04200
14. TCA	(0.01600)
15. SPCA	0.03200
16. Total Industrial Contract Service	<u>0.05800</u>
 <u>Lighting Service</u>	
17. CECA	0.04200
18. TCA	(0.02000)
19. SPCA	0.03200
20. Total Lighting Service	<u>0.05400</u>

CECA – Conditional Energy Cost Adjustment  
TCA – Transmission Cost Adjustment  
SPCA – Steam Plant Cost Adjustment



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**CONDITIONAL ENERGY COST ADJUSTMENT**

Section No. 3C

Page 1 of 4

First Revised Sheet No. 1 (T)  
Replaces Original 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 years' 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 10<sup>th</sup>.

**CONDITIONAL ENERGY COST ADJUSTMENT CALCULATION**

For the Year Ended  
December 31, 2007

1.	Annual System OFAPP Costs	\$ <u>22,060,841</u>
2.	Annual System Energy Sales	<u>2,331,069,322</u> kWh
3.	OFAPP Cost / kWh (Line 1 ÷ Line 2)	\$ <u>0.00946/kWh</u>
4.	Approved Base OFAPP Costs	\$ <u>0.00817/kWh</u>
5.	OFAPP Cost / kWh Difference (Line 3 – Line 4)	\$ <u>0.00129/kWh</u>
6.	Total OFAPP Change from Base (Line 2 x Line 5)	\$ <u>3,007,079</u>
7.	Cost Reduction: \$0; Unless Line 6 < 0 and > -\$1,000,000, Then Line 6 x (-1)	\$ <u>0</u>
8.	Cost Reduction per kWh (Line 7 ÷ Line 2)	\$ <u>0.00000/kWh</u>
9.	Power Marketing Credit	\$ <u>(2,018,787)</u>
10.	Power Marketing Credit / kWh Line 9 ÷ Line 2	\$ <u>(0.00087)/kWh</u>
11.	Net OFAPP Costs/kWh (Line 5 + Line 8 + Line 10)	\$ <u>0.00042/kWh</u>
12.	South Dakota Calendar Year Retail Energy Sales	<u>1,485,977,302</u> kWh
13.	Total SD (Refund)/Charge (Line 11 x Line 12)	\$ <u>624,110</u>
14.	Balancing Account (+/-)	\$ <u>0</u>
15.	Net Amount to (Refund)/Charge (Line 13 + Line 14)	\$ <u>624,110</u>
16.	Projected South Dakota Retail Energy Sales	<u>1,502,837,708</u> kWh
17.	CECA (Line 15 ÷ Line 16)	\$ <u>0.00042/kWh</u>

(N)



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**TRANSMISSION COST ADJUSTMENT**

Page 1 of 4 (T)

Section No. 3C  
First Revised Sheet No. 5  
Replaces Original Sheet No. 5

(T)  
(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 Year Ended  
December 31, 2007

(N)

1.	Annual System Transmission Costs	\$ <u>11,457,977</u>
2.	Power Marketing Transmission Costs	\$ <u>987,512</u>
3.	Transmission Costs Reimbursed by Others	\$ <u>772,075</u>
4.	Net Transmission Costs (Line 1 – Line 2 – Line 3)	\$ <u>9,698,390</u>
5.	Annual Retail Energy Sales	<u>1,678,138,215</u> kWh
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ <u>0.00578/kWh</u>
7.	Base Transmission Costs	\$ <u>0.00599/kWh</u>
8.	Difference (Line 6 – Line 7)	\$ <u>(0.00021)/kWh</u>
9.	South Dakota Calendar Year Retail Energy Sales	<u>1,485,977,302</u> kWh
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$ <u>(312,055)</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	

	Customer Class Allocation Factor	Allocated Amount
Residential Service	34.00%	(106,099)
Small General Service	34.33%	(107,129)
Large General Service	20.73%	(64,689)
Industrial Contract Service	9.97%	(31,112)
Lighting Service	0.97%	(3,027)



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**TRANSMISSION COST ADJUSTMENT**

Section No. 3C  
Original Sheet No. 5A

(N)

Page 2 of 4

**TRANSMISSION COST ADJUSTMENT**

12. Balancing Account (+/-) for each South Dakota Customer Class

Residential Service	\$ -
Small General Service	\$ -
Large General Service	\$ -
Industrial Contract Service	\$ -
Lighting Service	\$ -

13. Total Transmission Cost for each South Dakota Customer Class  
(Refund)/Charge (Line 11 + Line 12)

Residential Service	\$ (106,099)
Small General Service	\$ (107,129)
Large General Service	\$ (64,689)
Industrial Contract Service	\$ (31,112)
Lighting Service	\$ (3,037)

14. Forecast South Dakota Customer Class Annual Retail Energy Sales

	<u>kWh</u>
Residential Service	511,617,280
Small General Service	420,469,689
Large General Service	358,989,317
Industrial Contract Service	196,995,000
Lighting Service	14,766,421

15. South Dakota Customer Class Transmission Cost Adjustment  
(Line 13/Line 14)

	<u>\$/kWh</u>
Residential Service	(0.00021)
Small General Service	(0.00025)
Large General Service	(0.00018)
Industrial Contract Service	(0.00016)
Lighting Service	(0.00020)



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**STEAM PLANT FUEL COST ADJUSTMENT**

Page 1 of 3

Section No. 3C  
First Revised Sheet No. 8 (T)  
Replaces Original Sheet No. 8 (T)

**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 include an over-or-under recovery from prior years' adjustments through the Balancing Account. The Company will update and make a SPFCA filing with the Commission on an annual basis no later than February 10th.

<b><u>STEAM PLANT FUEL COST ADJUSTMENT CALCULATION</u></b>		For the Year Ended December 31, 2007	(N)
1.	Annual System Steam Plant Fuel Costs	\$ <u>16,609,549</u>	
2.	Power Marketing Steam Plant Fuel Costs	\$ <u>1,153,715</u>	
3.	Net Steam Plant Fuel Costs (Line 1 – Line 2)	\$ <u>15,455,834</u>	
4.	Annual System Energy Sales	<u>2,331,069,322</u> kWh	
5.	Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$ <u>0.00663/kWh</u>	
6.	Base Steam Plant Fuel Costs	\$ <u>0.00631/kWh</u>	
7.	Difference (Line 5 – Line 6)	\$ <u>0.00032/kWh</u>	
8.	South Dakota Calendar Year Retail Energy Sales	<u>1,485,977,302</u> kWh	
9.	Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$ <u>475,513</u>	
10.	Balancing Account (+/-)	\$ <u>0</u>	
11.	Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10)	\$ <u>475,513</u>	
12.	Projected South Dakota Retail Energy Sales	<u>1,502,837,708</u> kWh	
13.	Steam Plant Fuel Cost Adjustment (Line 11 ÷ Line 12)	\$ <u>0.00032/kWh</u>	



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**TRANSMISSION COST ADJUSTMENT**

Section No. 3C

Page 3 of 4 (T)

First Revised Sheet No. 6  
Replaces Original Sheet No. 6

(T)  
(T)

**TRANSMISSION COST ADJUSTMENT**

**Table 1 – South Dakota Customer Class Capacity Allocation Factors**

(T)

<b>South Dakota Customer Class</b>	<b>Customer Class Capacity Allocation Factor</b>
Residential Service	34.00%
Small General Service	34.33%
Large General Service	20.73%
Industrial Contract Service	9.97%
Lighting Service	0.97%

**TRANSMISSION SERVICES**

The TCA shall recover the charges under the Company's Joint Open Access Transmission Tariff approved by the Federal Energy Regulatory Commission (FERC). The TCA may also include allowed charges billed to the Company by any other transmission provider.

Transmissions Services shall include all Network Integrated Transmission Service, all Point-to-Point Transmission Service, including all associated ancillary service charges, and regulation expenses, required to support the Company's system energy sales.

**ANNUAL SYSTEM TRANSMISSION COSTS (Line 1)**

The Annual System Transmission Costs are the total Company calendar year costs for Transmission Services.

**POWER MARKETING TRANSMISSION COSTS (Line 2)**

Power Marketing Sales are defined as short-term sales to wholesale customers. The Power Marketing Transmission Costs are those transmission costs incurred in facilitating Power Marketing Sales.

**TRANSMISSION COSTS REIMBURSED BY OTHERS (Line 3)**

These are the transmission costs of the Company that are reimbursed by others.

**ANNUAL RETAIL ENERGY SALES (Line 5)**

Annual Retail Energy Sales are the total of FERC accounts for Sales of Electricity by Rate Schedules.

**BASE TRANSMISSION COSTS (Line 7)**

The Base Transmission Costs are as approved by the Commission in Docket EL06-019.

**SOUTH DAKOTA CALENDAR YEAR RETAIL ENERGY SALES (Line 9)**

The South Dakota Calendar Year Retail Energy Sales are the total South Dakota retail energy sales for all classes of service authorized by the Commission.



**SOUTH DAKOTA ELECTRIC RATE BOOK**

**TRANSMISSION COST ADJUSTMENT**

Section No. 3C

Page 4 of 4 (T)

First Revised Sheet No. 7 (T)  
Replaces Original Sheet No. 7 (T)

**TRANSMISSION COST ADJUSTMENT**

**TRANSMISSION COSTS FOR SOUTH DAKOTA (Line 10)**

This is the total dollar amount of Transmission Costs allocated to all South Dakota retail customers.

**CUSTOMER CLASS CAPACITY ALLOCATION OF TRANSMISSION EXPENSE (Line 11)**

This is the total South Dakota transmission expense multiplied by each of the customer class capacity allocators to determine the allocated share of the transmission costs (Line 10) for each customer class.

**BALANCING ACCOUNT FOR EACH CUSTOMER CLASS (Line 12)**

This Balancing Account Amount on Line 12 (positive or negative) is the Line 13 amount for each South Dakota customer class from the previous filing (Total Transmission Costs for each South Dakota Customer Class) less the actual TCA (Refund)/Charge from each customer class for the calendar 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 TCA (Refund)/Charge will be applied monthly to the Balancing Account for each customer class, first to the interest balance, and thereafter to the principal amount.

**TOTAL TRANSMISSION COST FOR EACH SOUTH DAKOTA CUSTOMER CLASS (Line 13)**

This is the total dollar amount to be collected from or reimbursed to each South Dakota Customer Class.

**FORECAST SOUTH DAKOTA ANNUAL RETAIL ENERGY SALES BY CUSTOMER CLASS (Line 14)**

These are the kilowatt hours of South Dakota retail sales projected by customer class for the period that the TCA (Line 15) will be in effect.

**TRANSMISSION COST ADJUSTMENT (Line 15)**

The TCA on Line 15 shall be included in the Company's annual Energy Cost Adjustment and shall be applied to all rate schedules in all classes of service authorized by the Commission. Each customer class TCA is calculated by dividing class allocated expense (Line 13) by the forecast kilowatt hours of retail sales for each customer class (Line 14).

**SOUTH DAKOTA CUSTOMER CLASS CAPACITY ALLOCATION FACTORS (Table 1)**

The South Dakota Customer Class Capacity Allocation Factors in Table 1 are as approved by the Commission in Docket Number EL06-019.

**EFFECTIVE DATE**

The TCA shall first be applied to South Dakota retail rate schedules on March 1, 2008, based on calendar year 2007 results, and will continue for twelve (12) months thereafter. The TCA will be updated and filed each year thereafter with the same effective date of application of March 1st.



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**On February 1, 2008, Black Hills Power, Inc. (Black Hills) filed an application with the South Dakota Public Utilities Commission (PUC) for a change to the Electric Cost Adjustment rate. This rate change affects all South Dakota Retail Customers. The application is available in this office for inspection. Please inquire at the customer service desk.**