



Chris Kilpatrick
Director of Rates- Electric Regulation
Chris.Kilpatrick@blackhillscorp.com

625 Ninth Street• P.O. Box 1400
Rapid City, South Dakota 57709-1400
P: 605.721.2748
F: 605.721.2568

February 12, 2009

Ms Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capital
Pierre, SD 57504-5070

**Re: Black Hills Power, Inc. – submission of Second Amended Exhibit No.'s 3, 4, 5;
Docket No. EL09-002**

Dear Ms Van Gerpen:

On February 5, 2009, Black Hills Power, Inc. submitted an Amendment to the Application related to Docket No. EL09-005. The Amendment was filed to include the interest rate calculation that was inadvertently omitted in the initial application. This Amendment changed the Electric Cost Adjustment that was requested in the Application filed January 30, 2009. Through discussions with Staff, an alternative method for the calculation of interest on the Balancing Account was recommended. Although, this change in methodology does not affect the rate proposed in the Amendment to the Application, it does alter the Balancing Account for each Cost Adjustment. Enclosed for consideration are Second Amended Exhibit No.'s 3, 4, 5.

If you have any questions about this filing, please do not hesitate to contact me or Kenna Hagan at (605) 716-3961.

Sincerely,

Chris Kilpatrick

SOUTH DAKOTA ELECTRIC RATE BOOK

	Section No.	3C
Page 1 of 4	Second Revised Sheet No.	1 (T)
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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.

<u>CONDITIONAL ENERGY COST ADJUSTMENT CALCULATION</u>		For the Year Ended December 31, 2008	(T)
1.	Annual System OFAPP Costs	\$ 24,613,645	(I)
2.	Annual System Energy Sales	2,330,870,020 kWh	(D)
3.	OFAPP Cost / kWh (Line 1 ÷ Line 2)	\$ 0.01056 /kWh	(I)
4.	Base OFAPP Costs	\$ 0.00817 /kWh	
5.	OFAPP Cost / kWh Difference (line 3 - Line 4)	\$ 0.00239 /kWh	(I)
6.	Total OFAPP Change from Base (Line 2 x Line 5)	\$ 5,570,779	(I)
7.	Cost Reduction: \$0; Unless Line 6 < 0 and > -\$1,000,000, Then Line 6 x (-1)	\$ 0	
8.	Cost Reduction per kWh (Line 7 ÷ Line 2)	\$ 0.00000 /kWh	
9.	Power Marketing Credit	\$ (2,265,981)	(I)
10.	Power Marketing Credit / kWh (Line 9 ÷ Line 2)	\$ (0.00097) /kWh	(I)
11.	Net OFAPP Costs/kWh (Line 5 + Line 8 + Line 10)	\$ 0.00142 /kWh	(I)
12.	South Dakota Calendar Year Retail Energy Sales	1,466,488,375 kWh	(D)
13.	Total SD (Refund)/Charge (Line 11 x Line 12)	\$ 2,082,413	(I)
14.	Balancing Account (+/-)	\$ 121,945	(I)
15.	Net Amount to (Refund)/Charge (Line 13 + Line 14)	\$ 2,204,358	(I)
16.	Projected South Dakota Retail Energy Sales	1,543,709,359 kWh	(I)
17.	CECA (Line 15 ÷ Line 16)	\$ 0.00143 /kWh	(I)

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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.

<u>TRANSMISSION COST ADJUSTMENT CALCULATION</u>		For the Year Ended December 31, 2008	(T)																		
1.	Annual System Transmission Costs	\$ <u>12,759,381</u>	(I)																		
2.	Power Marketing Transmission Costs	\$ <u>1,665,155</u>	(I)																		
3.	Transmission Costs Reimbursed by Others	\$ <u>726,152</u>	(I)																		
4.	Net Transmission Costs (Line 1 - Line 2 - Line 3)	\$ <u>10,368,074</u>	(I)																		
5.	Annual Retail Energy Sales	<u>1,672,933,270</u> kWh	(D)																		
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ <u>0.00620</u> /kWh	(I)																		
7.	Base Transmission Costs	\$ 0.00599 /kWh																			
8.	Difference (Line 6 - Line 7)	\$ <u>0.00021</u> /kWh	(I)																		
9.	South Dakota Calendar Year Retail Energy Sales	<u>1,466,488,375</u> kWh	(D)																		
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$ <u>307,963</u>	(I)																		
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.																				
		<table border="1"> <thead> <tr> <th>Cust. Class</th> <th>Allocation Factor</th> <th>Allocated Amount</th> </tr> </thead> <tbody> <tr> <td>Residential Service</td> <td>34.00%</td> <td>104,707</td> </tr> <tr> <td>Small General Service</td> <td>34.33%</td> <td>105,724</td> </tr> <tr> <td>Large General Service</td> <td>20.73%</td> <td>63,841</td> </tr> <tr> <td>Industrial Contract Service</td> <td>9.97%</td> <td>30,704</td> </tr> <tr> <td>Lighting Service</td> <td>0.97%</td> <td>2,987</td> </tr> </tbody> </table>	Cust. Class	Allocation Factor	Allocated Amount	Residential Service	34.00%	104,707	Small General Service	34.33%	105,724	Large General Service	20.73%	63,841	Industrial Contract Service	9.97%	30,704	Lighting Service	0.97%	2,987	
Cust. Class	Allocation Factor	Allocated Amount																			
Residential Service	34.00%	104,707																			
Small General Service	34.33%	105,724																			
Large General Service	20.73%	63,841																			
Industrial Contract Service	9.97%	30,704																			
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TRANSMISSION COST ADJUSTMENT CALCULATION, Continued

12.	Balancing Account (+/-) for each SD Customer Class		<u>(13,104)</u>	(D)
	Residential Service	\$	(4,456)	(D)
	Small General Service	\$	(4,499)	(D)
	Large General Service	\$	(2,717)	(D)
	Industrial Contract Service	\$	(1,307)	(D)
	Lighting Service	\$	(127)	(D)
13.	Total Transmission Cost for each SD Customer Class (Refund)/Charge (Line 11 + Line 12)			
	Residential Service	\$	100,251	(I)
	Small General Service	\$	101,225	(I)
	Large General Service	\$	61,124	(I)
	Industrial Contract Service	\$	29,397	(I)
	Lighting Service	\$	2,860	(I)
14.	Forecast SD Customer Class Annual Retail Energy Sales (kWh/Class)			
	Residential Service		532,053,653	(I)
	Small General Service		439,935,109	(I)
	Large General Service		356,729,319	(D)
	Industrial Contract Service		200,534,000	(I)
	Lighting Service		14,457,278	(D)
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)			
	Residential Service	\$	<u>0.00019</u> /kWh	(I)
	Small General Service	\$	<u>0.00023</u> /kWh	(I)
	Large General Service	\$	<u>0.00017</u> /kWh	(I)
	Industrial Contract Service	\$	<u>0.00015</u> /kWh	(I)
	Lighting Service	\$	<u>0.00020</u> /kWh	(I)

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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 include 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 Year Ended December 31, 2008	(T)
1.	Annual System Steam Plant Fuel Costs	\$ 19,583,102	(I)
2.	Power Marketing Steam Plant Fuel Costs	\$ 1,050,774	(D)
3.	Net Steam Plant Fuel Costs (Line 1 - Line 2)	\$ 18,532,327	(I)
4.	Annual System Energy Sales	2,330,870,020 kWh	(D)
5.	Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$ 0.00795 /kWh	(I)
6.	Base Steam Plant Fuel Costs	\$ 0.00631 /kWh	
7.	Difference (Line 5 - Line 6)	\$ 0.00164 /kWh	(I)
8.	South Dakota Calendar Year Retail Energy Sales	1,466,488,375 kWh	(D)
9.	Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$ 2,405,041	(I)
10.	Balancing Account (+/-)	\$ 128,081	(I)
11.	Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10)	\$ 2,533,122	(I)
12.	Projected South Dakota Retail Energy Sales	1,543,709,359 kWh	(I)
13.	Steam Plant Fuel Cost Adjustment (Line 11 ÷ Line 12)	\$ 0.00164 /kWh	(I)