



SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

Page 1 of 4

Section No. 3C
Fourth Revised Sheet No. 5 (T)
Replaces Third 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 twelve months 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.

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TRANSMISSION COST ADJUSTMENT CALCULATION

	For the Year Ended	
1. Annual System Transmission Costs	\$ _____	
2. Power Marketing Transmission Costs	\$ _____	
3. Transmission Costs Reimbursed by Others	\$ _____	
4. Net Transmission Costs (Line 1 – Line 2 – Line 3)	\$ _____	
5. Annual Retail Energy Sales	_____ kWh	
6. Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ _____ /kWh	
7. Base Transmission Costs	\$ 0.0081 /kWh	
8. Difference (Line 6 – Line 7)	\$ _____ /kWh	(I)
9. South Dakota Annual Year Retail Energy Sales	_____ kWh	(C)
10. Transmission Costs to South Dakota (Line 8 x Line 9)	\$ _____	(T),(C)
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		(C)

	Customer Class Allocation Factor	Allocated Amount
Residential Service	34.00%	
Small General Service	34.33%	
Large General Service	20.73%	
Industrial Contract Service	9.97%	
Lighting Service	0.97%	

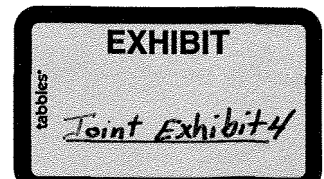
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SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

Section No. 3C

Third Revised Sheet No. 5A

(T)

Page 2 of 4

Replaces Second Revised Sheet No. 5A

(T)

TRANSMISSION COST ADJUSTMENT

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

Residential Service	\$	(C)
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	\$	(C)
Small General Service	\$	
Large General Service	\$	
Industrial Contract Service	\$	
Lighting Service	\$	

14. Forecast South Dakota Customer Class Annual Retail Energy Sales

	<u>kWh</u>	(C)
Residential Service		
Small General Service		
Large General Service		
Industrial Contract Service		
Lighting Service		

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

	<u>\$/kWh</u>	(C)
Residential Service		
Small General Service		
Large General Service		
Industrial Contract Service		
Lighting Service		



SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

Page 3 of 4

Section No. 3C
Second Revised Sheet No. 6
Replaces First Revised Sheet No. 6

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TRANSMISSION COST ADJUSTMENT

Table 1 – South Dakota Customer Class Capacity Allocation Factors

South Dakota Customer Class	Customer Class Capacity Allocation Factor
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 annual year costs for Transmission Services.

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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 EL09-018.

SOUTH DAKOTA ANNUAL RETAIL ENERGY SALES (Line 9)

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

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SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

Section No. 3C

Second Revised Sheet No. 7 (T)

Replaces First Revised Sheet No. 7 (T)

Page 4 of 4

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 annual 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. (T)

TOTAL TRANSMISSION COSTS 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 will be updated and filed each year thereafter with the effective date of June 1st. (D)

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