

SOUTH DAKOTA ELECTRIC RATE BOOK

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| STEAM PLANT FUEL COST ADJUSTMENT | Section No. | 3C |
| | Fifth Revised Sheet No. | 8 (T) |
| Page 1 of 3 | Replaces Fourth Revised 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 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 | (T) |
|--|--|--|-----|
| 1. | Annual System Steam Plant Fuel Costs | \$ 4,809,885 | (R) |
| 2. | Power Marketing Steam Plant Fuel Costs | \$ 419,392 | |
| 3. | Net Steam Plant Fuel Costs (Line 1 - Line 2) | \$ 4,390,493 | |
| 4. | Annual System Energy Sales | 622,629,333 kWh | |
| 5. | Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4) | \$ 0.00705 /kWh | |
| 6. | Base Steam Plant Fuel Costs | \$ 0.00631 /kWh | |
| 7. | Difference (Line 5 - Line 6) | \$ 0.00074 /kWh | (R) |
| 8. | South Dakota Calendar Year Retail Energy Sales | 397,093,555 kWh | |
| 9. | Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8) | \$ 293,849 | |
| 10. | Balancing Account (+/-) | \$ 0 | |
| 11. | Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10) | \$ 293,849 | |
| 12. | Projected South Dakota Retail Energy Sales | 1,453,147,289 kWh | |
| 13. | Steam Plant Fuel Cost Adjustment (Line 11 + Line 12) | \$ 0.00020 /kWh | |