



SOUTH DAKOTA ELECTRIC RATE BOOK

TRANSMISSION COST ADJUSTMENT

Section No. 3C

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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 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.

TRANSMISSION COST ADJUSTMENT CALCULATION

	<u>For the Twelve months ended March 31, 2012</u>	
1. Annual System Transmission Costs	\$ 19,699,453	(T)
2. Power Marketing Transmission Costs	\$ 1,577,949	
3. Transmission Costs Reimbursed by Others	\$ 885,851	(I)
4. Net Transmission Costs (Line 1 – Line 2 – Line 3)	\$ 17,235,653	
5. Annual Retail Energy Sales	1,695,533,762 kWh	
6. Adjusted Transmission Costs (Line 4 + Line 5)	\$ 0.0102 /kWh	
7. Base Transmission Costs	\$ 0.0081 /kWh	
8. Difference (Line 6 – Line 7)	\$ 0.0021 /kWh	
9. South Dakota Annual Year Retail Energy Sales	1,466,771,127 kWh	(I)
10. Transmission Costs to South Dakota (Line 8 x Line 9)	\$ 3,080,219	(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		

	<u>Customer Class Allocation Factor</u>	<u>Allocated Amount</u>	
Residential Service	34.00%	1,047,275	(I)
Small General Service	34.33%	1,057,439	
Large General Service	20.73%	638,529	
Industrial Contract Service	9.97%	307,098	
Lighting Service	0.97%	29,878	



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TRANSMISSION COST ADJUSTMENT CALCULATION, Continued

12.	Balancing Account (+/-) for each South Dakota Customer Class	<u>571,909</u>	(I)
	Residential Service	\$ 194,449	
	Small General Service	\$ 196,336	
	Large General Service	\$ 118,557	
	Industrial Contract Service	\$ 57,019	
	Lighting Service	\$ 5,548	
13.	Total Transmission Cost for each South Dakota Customer Class (Refund)/Charge (Line 11 + Line 12)		
	Residential Service	\$ 1,241,724	
	Small General Service	\$ 1,253,775	
	Large General Service	\$ 757,086	
	Industrial Contract Service	\$ 364,117	
	Lighting Service	\$ 35,426	
14.	Forecast South Dakota Customer Class Annual Retail Energy Sales (kWh/Class)		
	Residential Service	536,031,331	
	Small General Service	437,728,883	(R)
	Large General Service	319,423,304	
	Industrial Contract Service	201,455,339	(I)
	Lighting Service	13,524,804	(R)
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)		
	Residential Service	\$ <u>0.0023/kWh</u>	(I)
	Small General Service	\$ <u>0.0029/kWh</u>	
	Large General Service	\$ <u>0.0024/kWh</u>	
	Industrial Contract Service	\$ <u>0.0018/kWh</u>	(R)
	Lighting Service	\$ <u>0.0026/kWh</u>	(I)



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<u>TRANSMISSION COST ADJUSTMENT CALCULATION</u>		For the Twelve months ended March 31, 2011 <u>2012</u>	(T)
1.	Annual System Transmission Costs	<u>\$19,718,885</u> <u>19,699,453</u>	(R)
2.	Power Marketing Transmission Costs	<u>\$1,876,695</u> <u>1,577,949</u>	
3.	Transmission Costs Reimbursed by Others	<u>\$693,332</u> <u>885,851</u>	(I)
4.	Net Transmission Costs (Line 1 – Line 2 – Line 3)	<u>\$17,148,858</u> <u>17,235,653</u>	
5.	Annual Retail Energy Sales	<u>1,683,721,843</u> <u>1,695,533,762</u> kWh	
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ <u>0.0102</u> /kWh	
7.	Base Transmission Costs	\$ <u>0.0081</u> /kWh	
8.	Difference (Line 6 – Line 7)	\$ <u>0.0021</u> /kWh	
9.	South Dakota Annual Year Retail Energy Sales	<u>1,460,761,897</u> <u>1,466,771,127</u> kWh	(I)
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	<u>\$3,067,600</u> <u>3,080,219</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		
		Customer Class Allocation Factor	Allocated Amount
	Residential Service	34.00%	<u>1,042,984</u> <u>1,047,275</u>
	Small General Service	34.33%	<u>1,053,107</u> <u>1,057,439</u>
	Large General Service	20.73%	<u>635,913</u> <u>638,529</u>
	Industrial Contract Service	9.97%	<u>305,840</u> <u>307,098</u>
	Lighting Service	0.97%	<u>29,756</u> <u>29,878</u>

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By: Chris Kilpatrick
Director of Resource Planning
and Electric Rates

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TRANSMISSION COST ADJUSTMENT CALCULATION, Continued

12. Balancing Account (+/-) for each South Dakota Customer Class 242,285,571,909 (I)

Residential Service	\$	<u>82,377,194,449</u>
Small General Service	\$	<u>83,176,196,336</u>
Large General Service	\$	<u>50,226,118,557</u>
Industrial Contract Service	\$	<u>24,156,570,019</u>
Lighting Service	\$	<u>2,350,558</u>

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

Residential Service	\$	<u>1,125,361,241,724</u>
Small General Service	\$	<u>1,136,283,253,775</u>
Large General Service	\$	<u>686,139,757,086</u>
Industrial Contract Service	\$	<u>329,996,364,117</u>
Lighting Service	\$	<u>32,106,354,26</u>

14. Forecast South Dakota Customer Class Annual Retail Energy Sales (kWh/Class)

Residential Service	<u>534,355,132,536,031,331</u>	(R)
Small General Service	<u>441,249,570,437,728,883</u>	(R)
Large General Service	<u>328,777,347,319,423,304</u>	(I)
Industrial Contract Service	<u>134,036,535,201,455,339</u>	(R)
Lighting Service	<u>14,379,294,13,524,804</u>	(R)

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

Residential Service	\$	<u>0.00210.0023/kWh</u>	(I)
Small General Service	\$	<u>0.00260.0029/kWh</u>	(I)
Large General Service	\$	<u>0.00210.0024/kWh</u>	(I)
Industrial Contract Service	\$	<u>0.00250.0018/kWh</u>	(R)
Lighting Service	\$	<u>0.00220.0026/kWh</u>	(I)