



Black Hills Power, Inc.
Rapid City, South Dakota

SOUTH DAKOTA ELECTRIC RATE BOOK

ENVIRONMENTAL IMPROVEMENT ADJUSTMENT

Section No. 3C

Fourth Revised Sheet No. 20

Cancels Third Revised Sheet No. 20

Page 1 of 1

ENVIRONMENTAL IMPROVEMENT ADJUSTMENT

APPLICABLE

This Environmental Improvement Adjustment (EIA) applies to all rate schedules for all classes of service authorized by the Commission.

The EIA shall be calculated annually based on actual kWh retail sales for the twelve months of June through May as compared to the actual costs, and shall include an over or under recovery from prior years' adjustments through the Balancing Account. The Company will update and make an EIA filing with the Commission on an annual basis no later than February 15th.

ENVIRONMENTAL IMPROVEMENT ADJUSTMENT RATE

An EIA rate shall be determined by dividing the environmental improvement revenue requirement and the forecasted balance of the EIA Balancing Account by the forecasted retail sales volumes for the period June 1st through May 31st for each upcoming year. The EIA rate shall be rounded to the nearest \$0.00001 per kWh.

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The EIA rate may be adjusted annually with approval of the Commission. The EIA rate is:

Residential	\$0.00012 per kWh
Small General Service	\$0.00012 per kWh
Large General Service and Industrial	\$0.00009 per kWh
Lighting	\$0.00007 per kWh

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Environmental Improvement Revenue Requirement shall be the annual revenue requirements associated with environmental improvements eligible for recovery under SDCL 49-34A-97 and approved by the Commission.

EIA Balancing Account shall be the annual environmental improvement amount approved by the Commission from the previous filing less the actual environmental improvement adjustment amount recovered during the year. The Balancing Account amount shall have interest applied or credited monthly at the annual rate of seven percent (7%).

Forecasted Retail Sales Volumes shall be the estimated total retail electric sales kWh for the designated recovery period.

EFFECTIVE DATE

The EIA will be updated and filed each year on or before February 15th with forecasted financial information with the effective date of June 1st.