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June 24, 2010

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

Re: Black Hills Power, Inc. – South Dakota Renewable Energy Objective Report

Dear Ms. Van Gerpen:

Pursuant to SDCL 49-34A-105, Annual Reports Concerning Renewable and Recycled Energy Objective, following is a status of Black Hills Power's renewable energy program.

Black Hills Power does not currently own any renewable generation, however, Black Hills Power has a purchase power agreement for old hydro and a purchase power agreement for wind energy.

In 2009, renewable resources accounted for 4.0% of South Dakota retail energy sales and none of those renewable energy credits were retired for Black Hills Power. Black Hills Power will continue to pursue prudent renewable energy generation and purchase opportunities that will achieve environmental improvements at the lowest reasonable cost to customers and a fair return to shareholders. Some of Black Hills Power's challenges are due to the physical location of our system and quality of renewable opportunities. In addition, if renewable energy generation is not connected to our transmission, the price to deliver the energy becomes difficult to overcome. The final barrier to renewable energy generation at a reasonable cost to customers is the ability to dispatch the energy. If the renewable energy is not firm, the cost of firming this energy becomes a significant barrier.

Feel free to contact me if there are any questions related to this report.

Sincerely,

Chris Kilpatrick

Please provide a value in each of the boxes below with an "X" in it.

Company:
Black Hills Power

Calendar Year 2009 RREO Report	Value	Comments	
Retail Sales			
Total - All States (MWh)	2,285,491		
SD (MWh)	1,430,800		
Generation Capacity Owned			
Total - All States (MW)	434		
SD (MW)	175		
Renewable Generation Capacity Owned			
Total - All States (MW)		<p>Black Hills Power (BHP) currently does not own any renewable generation, however, it has purchase power agreements for Old Hydro and wind energy. In September 2008, the Happy Jack portion of the wind project became operational and Black Hills Power began purchasing energy. The Silver Sage portion of the wind project became operational in October 2009. Based on a full year of operation from the Happy Jack wind project, three months of Silver Sage operation, and the current output from the Old Hydro, these renewable resources served approximately 4.0% of the total retail sales for Black Hills Power in 2009.</p>	
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total - All States (MW)	-		
SD (MW)			
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total SD (MW)	-		
Renewable Energy Credits Retired for SD			
Total - Generated In All States (MWh)			
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total - All States (MWh)	-		
Generated in SD (MWh)			
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total SD (MWh)	-		
Renewable Energy Credits Retired for Other States			
Total - Generated In All States (MWh)			
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total - All States (MWh)	-		
Generated in SD (MWh)			
Wind	-		
Solar	-		
New Hydro	-		
Old Hydro	-		
Hydrogen	-		
Biomass	-		
Geothermal	-		
Recycled	-		
Total SD (MWh)	-		
Conserved Energy & Capacity			
Conserved Energy (MWh)			
Total - All States		BHP does not currently track Conserved Energy, but is in the process of establishing a tracking method for all states including SD.	
SD			
Conserved Capacity (MW)			
Total - All States		BHP does not currently track Conserved Energy, but is in the process of establishing a tracking method for all states including SD.	
SD			