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June 27, 2011

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 purchase power agreements for old hydro and wind energy.

In 2010, renewable resources accounted for 4.5% of South Dakota retail energy sales and none of those renewable energy credits were retired for Black Hills Power in South Dakota. 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,

A handwritten signature in black ink, appearing to read 'Chris Kilpatrick', written over a light blue horizontal line.

Chris Kilpatrick

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

Company:  
Black Hills Power

Calendar Year 2010 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	2,172,029	
SD (MWh)	1,442,669	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	491	
SD (MW)	175	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)		
Wind	98,308	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 the operation from the Happy Jack wind project, the Silver Sage wind project, and the current output from the Old Hydro, these renewable resources served approximately 4.5% of the total retail sales for Black Hills Power in 2010.
Solar	-	
New Hydro	-	
Old Hydro	29,065	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total - All States (MW)	127,373	
SD (MW)		
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	29,065	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total SD (MW)	29,065	
<b>Renewable Energy Credits Retired for SD</b>		
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)	-	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)		
Wind	1,985	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total - All States (MWh)	1,985	
Generated In SD (MWh)		
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total SD (MWh)	-	
<b>Conserved Energy &amp; Capacity</b>		
<b>Conserved Energy (MWh)</b>		
Total - All States		BHP does not currently track Conserved Energy. An energy efficiency plan that will track conserved energy has been filed with the SD PUC to be approved in 2011.
SD		
<b>Conserved Capacity (MW)</b>		
Total - All States		BHP does not currently track Conserved Energy. An energy efficiency plan that will track conserved energy has been filed with the SD PUC to be approved in 2011.
SD		