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June 28, 2013

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 2012, renewable resources accounted for 5.41% 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 blue ink that reads 'Kyle D. White'. The signature is stylized and cursive.

Kyle D. White

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

Company:
Black Hills Power

Calendar Year 2012 RREO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	2,018,379	
SD (MWh)	1,481,501	
Generation Capacity Owned		
Total - All States (MW)	471	
SD (MW)	155	
Renewable Generation Capacity Owned		
Total - All States (MW)		
Wind	109,290	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 5.41% of the total retail sales for Black Hills Power in 2012.
Solar		
New Hydro		
Old Hydro	20,917	
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MW)	130,207	
SD (MW)		
Wind		
Solar		
New Hydro		
Old Hydro	20,917	
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MW)	20,917	
Renewable Energy Credits Retired for SD		
Total - Generated In All States (MWh)		
Wind	0	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	0	
Generated in SD (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
Renewable Energy Credits Retired for Other States		
Total - Generated In All States (MWh)		
Wind	5,082	
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total - All States (MWh)	5,082	
Generated in SD (MWh)		
Wind		
Solar		
New Hydro		
Old Hydro		
Hydrogen		
Biomass		
Geothermal		
Recycled		
Total SD (MWh)	0	
Conserved Energy & Capacity		
BHP has an energy efficiency solutions plan that was approved by the South Dakota Public Utilities Commission. It became effective on September 1, 2011. 2012 is the first full calendar year of Energy Efficiency program results.		
Conserved Energy (MWh)		
Total - All States		
SD	1,742	
Conserved Capacity (MW)		
Total - All States		
SD	0.33544	