



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 5

TRANSMISSION COST ADJUSTMENT

(N)

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 previous calendar year 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 an informational TCA filing with the Commission on an annual basis.

TRANSMISSION COST ADJUSTMENT CALCULATION

1.	Annual System Transmission Costs	\$ _____
2.	Power Marketing Transmission Costs Credit	\$ _____
3.	Transmission Costs Reimbursement	\$ _____
4.	Net Transmission Costs (Line 1 – Line 2 – Line 3)	\$ _____
5.	Annual Retail Energy Sales	_____ kWh
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ _____/kWh
7.	Base Transmission Costs	\$0.00613/kWh
8.	Difference (Line 6 – Line 7)	\$ _____/kWh
9.	South Dakota Calendar Year Retail Energy Sales	_____ kWh
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$ _____
11.	Balancing Account (+/-)	\$ _____
12.	Balance of Transmission Costs for South Dakota (Line 10 + Line 11)	\$ _____
13.	Projected South Dakota Retail Energy Sales	_____ kWh
14.	Transmission Cost Adjustment (Line 12 ÷ Line 13)	\$ _____/kWh



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 6

TRANSMISSION COST ADJUSTMENT

(N)

TRANSMISSION SERVICES

The TCA shall recover the charges under the Company's Common Use System Open Access Transmission Tariff approved by the Federal Energy Regulatory Commission (FERC). The TCA may also include allowed charges billed to the Company by any other transmission provider.

Transmissions Services shall include all Network Integrated Transmission Service, all Point-to-Point Transmission Service, including all associated ancillary service charges, and regulation expenses, required to support the Company's system energy sales.

ANNUAL SYSTEM TRANSMISSION COSTS (Line 1)

The Annual System Transmission Costs are the total Company calendar year costs for Transmission Services.

POWER MARKETING TRANSMISSION COSTS CREDIT (Line 2)

Power Marketing Sales are defined as short-term sales to wholesale customers. The Power Marketing Transmission Costs are those transmission costs incurred in facilitating Power Marketing Sales.

TRANSMISSION COSTS REIMBURSEMENT (Line 3)

These are the transmission costs of the Company that are reimbursed by others.

ANNUAL RETAIL ENERGY SALES (Line 5)

Annual Retail Energy Sales are the total of FERC accounts for Sales of Electricity by Rate Schedules.

BASE TRANSMISSION COSTS (Line 7)

The Base Transmission Costs are as approved by the Commission.

SOUTH DAKOTA CALENDAR YEAR RETAIL ENERGY SALES (Line 9)

The South Dakota Calendar Year Retail Energy Sales are the total South Dakota retail energy sales for all classes of service authorized by the Commission.

BALANCING ACCOUNT (Line 11)

This balance (positive or negative) is the Line 12 amount from the previous filing (Balance of Transmission Costs for South Dakota) less the actual TCA revenue for the calendar year as adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the annual rate of seven percent (7%). The TCA revenue will be applied monthly to the Balancing Account, first to the interest balance, and thereafter to the principal amount.



Black Hills Power, Inc.
Rapid City, South Dakota

Exhibit JAS-1

SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 7

TRANSMISSION COST ADJUSTMENT

(N)

BALANCE OF TRANSMISSION COSTS FOR SOUTH DAKOTA (Line 12)

This is the total dollar amount to be collected from or reimbursed to South Dakota retail customers.

PROJECTED SOUTH DAKOTA RETAIL ENERGY SALES (Line 13)

These are the kilowatt hours of retail sales projected for the South Dakota retail energy sales for the period that the TCA (Line 14) will be in effect.

TRANSMISSION COST ADJUSTMENT (Line 14)

The TCA shall be included in the Company's annual Energy Cost Adjustment and shall be applied to all rate schedules in all classes of service authorized by the Commission.

EFFECTIVE DATE

The TCA shall first be applied to South Dakota retail rate schedules on March 1, 2008, based on calendar year 2007 results, and will continue for twelve months thereafter. The TCA will likewise be updated and filed each year thereafter with the same effective date of application of March 1st.



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 8

STEAM PLANT FUEL COST ADJUSTMENT

(N)

APPLICABLE

This Steam Plant Fuel Cost Adjustment (SPFCA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission). The SPFCA shall recover the fuel costs associated with the steam plant generation resources of Black Hills Power, Inc. (the Company) used to serve retail customers.

The SPFCA shall be calculated annually based on actual system steam plant fuel costs for the previous calendar year as compared to the base year steam plant fuel costs, and shall include an over-or-under recovery from prior years' adjustments through the Balancing Account. The Company will update and make an informational SPFCA filing with the Commission on an annual basis.

STEAM PLANT FUEL COST ADJUSTMENT CALCULATION

1.	Annual System Steam Plant Fuel Costs	\$ _____
2.	Power Marketing Steam Plant Fuel Costs Credit	\$ _____
3.	Net Steam Plant Fuel Costs (Line 1 – Line 2)	\$ _____
4.	Annual System Energy Sales	_____ kWh
5.	Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$ _____/kWh
6.	Base Steam Plant Fuel Costs	\$0.00630/kWh
7.	Difference (Line 5 – Line 6)	\$ _____/kWh
8.	South Dakota Calendar Year Retail Energy Sales	_____ kWh
9.	Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$ _____
10.	Balancing Account (+/-)	\$ _____
11.	Balance of Steam Plant Fuel Costs for South Dakota (Line 9 + Line 10)	\$ _____
12.	Projected South Dakota Retail Energy Sales	_____ kWh
13.	Steam Plant Fuel Cost Adjustment (Line 11 ÷ Line 12)	\$ _____/kWh



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 9

STEAM PLANT FUEL COST ADJUSTMENT

(N)

ANNUAL SYSTEM STEAM PLANT FUEL COSTS (Line 1)

The Annual System Steam Plant Fuel Costs are the total Company calendar year costs for steam fuel as stated in the Federal Regulatory Commission's (FERC) Account 501.

POWER MARKETING STEAM PLANT FUEL COSTS CREDIT (Line 2)

Power Marketing Sales are defined as short-term sales to wholesale customers. The Power Marketing Steam Plant Fuel Costs are those steam plant fuel costs incurred in facilitating Power Marketing Sales. The Company's long-term customer obligations will be served with the lowest cost resources. Any remaining resources may be scheduled for, and if scheduled will be charged to, Power Marketing Sales as the costs of goods sold.

ANNUAL SYSTEM ENERGY SALES (Line 4)

Annual System Energy Sales are the total of FERC accounts for Sales of Electricity by Rate Schedules and Sales for Resale, less Power Marketing Sales.

BASE STEAM PLANT FUEL COSTS (Line 6)

The Base Steam Plant Fuel Costs are as approved by the Commission.

SOUTH DAKOTA CALENDAR YEAR RETAIL ENERGY SALES (Line 8)

The South Dakota Calendar Year Retail Energy Sales are the total South Dakota retail energy sales for all classes of service authorized by the Commission.

BALANCING ACCOUNT (Line 10)

This balance (positive or negative) is the Line 11 amount from the previous filing (Balance of Steam Plant Fuel Costs for South Dakota) less the actual SPFCA revenue for the calendar year adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the annual rate of seven percent (7%). The SPFCA revenue will be applied monthly to the Balancing Account, first to the interest balance, and thereafter to the principal amount.

BALANCE OF STEAM PLANT FUEL COSTS FOR SOUTH DAKOTA (Line 11)

This is the total dollar amount to be collected from or reimbursed to South Dakota retail customers.

PROJECTED SOUTH DAKOTA RETAIL ENERGY SALES (Line 12)

These are the kilowatt hours of retail sales projected for the South Dakota retail energy sales for the period that the SPFCA (Line 13) will be in effect.



Black Hills Power, Inc.
Rapid City, South Dakota

Exhibit JAS-2

SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 10

STEAM PLANT FUEL COST ADJUSTMENT

(N)

STEAM PLANT FUEL COST ADJUSTMENT (Line 13)

The SPFCA shall be included in the Company's annual Energy Cost Adjustment and shall be applied to all rate schedules in all classes of service authorized by the Commission.

EFFECTIVE DATE

The SPFCA shall first be applied to South Dakota retail rate schedules on March 1, 2008, based on calendar year 2007 results, and will continue for twelve months thereafter. The SPFCA will likewise be updated and filed each year thereafter with the same effective date of application of March 1st.

Date Filed: June 30, 2006

By: Jacqueline A. Sargent
Director of Rates

Effective Date: For service on
and after January 1, 2007



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 1

CONDITIONAL ENERGY COST ADJUSTMENT

(N)

APPLICABLE

This Conditional Energy Cost Adjustment (CECA) applies to all rate schedules for all classes of service authorized by the South Dakota Public Utilities Commission (Commission).

The CECA shall be calculated annually based on actual system costs for Other Fuel and Purchased Power (OFAPP) for the previous calendar year as compared to the base year OFAPP 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 an informational CECA filing with the Commission on an annual basis.

CONDITIONAL ENERGY COST ADJUSTMENT CALCULATION

1.	Annual System OFAPP Costs	\$ _____
2.	Power Marketing Credit	\$ _____
3.	Net OFAPP Costs (Line 1 – Line 2)	\$ _____
4.	Annual System Energy Sales	_____ kWh
5.	Adjusted OFAPP Costs (Line 3 ÷ Line 4)	\$ _____/kWh
6.	Base OFAPP Costs	\$0.01094/kWh
7.	Difference (Greater of ZERO or Line 5 – Line 6)	\$ _____/kWh
8.	South Dakota Calendar Year Retail Energy Sales	_____ kWh
9.	OFAPP Costs to South Dakota (Line 7 x Line 8)	\$ _____
10.	Balancing Account (+/-)	\$ _____
11.	Balance of OFAPP Costs for South Dakota (Line 9 + Line 10)	\$ _____
12.	Projected South Dakota Retail Energy Sales	_____ kWh
13.	Conditional Energy Cost Adjustment (Line 11 ÷ Line 12)	\$ _____/kWh



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 2

CONDITIONAL ENERGY COST ADJUSTMENT

(N)

ANNUAL SYSTEM OTHER FUEL AND PURCHASED POWER (OFAPP) COSTS (Line 1)

Other Fuel and Purchased Power includes all purchased power, and all fuel consumed for non-steam plant generation, including but not limited to fuel oil and natural gas. The Annual System OFAPP Costs shall be calculated on a calendar year basis using the total of:

- a. Other fuel costs of the Company's generation for items listed in the Federal Energy Regulatory Commission's (FERC) account 547 for Other Power Production; and,
- b. The costs of all capacity and energy purchases listed under FERC account 555; and,
- c. Any other costs of fuel consumed to generate electricity not listed in FERC accounts 501 or 547;
- d. Less, the associated other fuel and purchased power expenses for Power Marketing Sales.

POWER MARKETING NET INCOME

The following will be used to determine Power Marketing Net Income realized from Power Marketing Sales:

- a. Power Marketing Sales revenues are defined as short-term sales to wholesale customers.
- b. The Company's long-term customer obligations will be served with the lowest cost resources during each hour that the Company engages in Power Marketing Sales. Any remaining resources may be scheduled for, and if scheduled will be charged to, Power Marketing Sales as the costs of goods sold.
- c. Fifty percent (50%) of the base salary and benefit costs of the Company's generation dispatch and power marketing personnel shall be included as a power marketing expense.
- d. Any transmission expense incurred to facilitate Power Marketing Sales shall be included as an expense.
- e. Bonuses payable to the Company's generation dispatch and power marketing personnel as a result of Power Marketing Sales shall be included as an expense.
- f. Any specifically identified expense associated with Power Marketing Sales, such as legal expense or bad debt expense, shall be included as an expense.
- g. The Company's federal income taxes based on the then current maximum marginal tax rate for corporations (currently 35%), plus any other Company taxes or governmental impositions, resulting from the Company's Power Marketing Sales activities, shall be included as an expense.



SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 3

CONDITIONAL ENERGY COST ADJUSTMENT

(N)

POWER MARKETING CREDIT (Line 2)

The Annual System OFAPP costs shall be credited as follows:

If Power Marketing Net Income is Less than \$3,000,000, a \$2,000,000 credit will be applied to the Annual System OFAPP Costs.

If Power Marketing Net Income is between \$3,000,000 and \$6,000,000, a \$2,000,000 credit will be applied, plus a credit of twenty five percent (25%) of Power Marketing Net Income between \$3,000,000 and \$6,000,000.

If Power Marketing Net Income is greater than \$6,000,000, a \$2,750,000 credit will be applied, plus a credit of fifty percent (50%) of Power Marketing Net Income greater than \$6,000,000.

ANNUAL SYSTEM ENERGY SALES (Line 4)

Annual System Energy Sales are the total of FERC accounts for Sales of Electricity by Rate Schedules and Sales for Resale, less Power Marketing Sales.

BASE OFAPP COSTS (Line 6)

The Base OFAPP Costs are as approved by the Commission.

SOUTH DAKOTA RETAIL ENERGY SALES (Line 8)

The South Dakota Retail Energy Sales are the total South Dakota retail energy sales for all classes of service authorized by the Commission.

BALANCING ACCOUNT (Line 10)

This balance (positive or negative) is the Line 11 amount from the previous filing (Balance of OFAPP Costs for South Dakota) less the actual CECA revenue for the calendar year adjusted for applicable interest. The Balancing Account shall have interest applied or credited monthly at the annual rate of seven percent (7%). The CECA revenue will be applied monthly to the Balancing Account, first to the interest balance, and thereafter to the principal amount.

BALANCE OF OFAPP COSTS FOR SOUTH DAKOTA (Line 11)

This is the total dollar amount to be collected from or reimbursed to South Dakota retail customers.

PROJECTED SOUTH DAKOTA RETAIL ENERGY SALES (Line 12)

These are the kilowatt hours of retail sales projected for the South Dakota retail energy sales for the period that the CECA (Line 13) will be in effect.



Black Hills Power, Inc.
Rapid City, South Dakota

Exhibit JAS - 3

SOUTH DAKOTA ELECTRIC RATE BOOK

Section No. 3C
Original Sheet No. 4

CONDITIONAL ENERGY COST ADJUSTMENT

(N)

CONDITIONAL ENERGY COST ADJUSTMENT (Line 13)

The CECA shall be included in the Company's annual Energy Cost Adjustment and shall be applied to all rate schedules in all classes of service authorized by the Commission.

EFFECTIVE DATE

The CECA shall first be applied to South Dakota retail rate schedules on March 1, 2008, based on calendar year 2007 results, and will continue for twelve (12) months thereafter. The CECA will likewise be updated and filed each year thereafter with the same effective date of application of March 1st.