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February 5, 2009

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

**Re: Black Hills Power, Inc. – Amendment to the Application for Energy Cost Adjustment; Docket No. EL09-002**

Dear Ms. Van Gerpen:

Enclosed for filing is Black Hills Power, Inc.'s Amendment to the Application in the above referenced docket. This Amendment is filed to include the interest rate calculation that was inadvertently omitted in the initial application. The calculation changes the Electric Cost Adjustment rate that was requested in the Application filed January 30, 2009.

If you have any questions about this filing, please do not hesitate to contact me or Kenna Hagan at (605) 716-3961.

Sincerely,

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

Chris Kilpatrick

**BEFORE THE SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF BLACK HILLS                    )**  
**POWER, INC.’S AMENDMENT TO THE                )**  
**APPLICATION FOR APPROVAL OF ITS                ) Docket No. EL09-002**  
**ELECTRIC COST ADJUSTMENT                    )**

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**AMENDMENT TO THE APPLICATION FOR  
ELECTRIC COST ADJUSTMENT**

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Black Hills Power, Inc. (“Black Hills Power” or the “Company”), a South Dakota corporation, files this Amendment to the Application for approval of its Electric Cost Adjustment (ECA) to its electric rates, that was filed on January 30, 2009. The Amendment is to provide the addition of the interest rate calculation that was inadvertently omitted in the initial filing. In support of its Application, Black Hills Power states as follows:

1. Black Hills Power is a public utility as defined under SDCL § 49-34A-1, with a business address of PO Box 1400, 625 Ninth Street, Rapid City, SD 57709.
  
2. The information set forth in the Application requesting approval of a change to the Company’s ECA rate to be effective March 1, 2009 remains the same, except as specifically changed in this Amendment. Amended Exhibits Nos. 1 through 5 and Amended Exhibit No. 7 are attached hereto.
  
3. The interest rate calculation changes the ECA rate, which consists of three separate adjustments: 1) the Conditional Energy Cost Adjustment (CECA); 2) the Transmission Cost Adjustment (TCA); and 3) the Steam Plant Fuel Cost Adjustment (SPFCA). The correct calculation for each component is set forth in the following paragraphs. The three adjustments are combined into the ECA for each rate class, which increases or decreases the rate accordingly.

4. Conditional Energy Cost Adjustment (CECA). The calculation of the CECA is attached as Amended Exhibit No. 3. The CECA for this period, for all customer classes, is \$0.00143/kWh.
  
5. Transmission Cost Adjustment (TCA). The calculation of the TCA is attached as Amended Exhibit No. 4. The TCA for each customer class is based upon Class Allocators, found in Table 1 of Section 3C, Second Revised Sheet No. 5. The TCA for this period is an increase for each class as follows:

**Customer Class Transmission Cost Adjustment**

Residential Service	\$0.00019/kWh
Small General Service	\$0.00023/kWh
Large General Service	\$0.00017/kWh
Industrial Contract Service	\$0.00015/kWh
Lighting Service	\$0.00020/kWh

6. Steam Plant Fuel Cost Adjustment (SPFCA). The calculation of the SPFCA is attached as Amended Exhibit No. 5. The SPFCA for this period, for all customer classes, is \$0.00164/kWh.
  
7. The proposed ECA rate for each customer class is as follows:
 

Residential Service	\$0.00326/kWh
Small General Service	\$0.00330/kWh
Large General Service	\$0.00324/kWh
Industrial Contract Service	\$0.00322/kWh
Lighting Service	\$0.00327/kWh

The detailed electric cost adjustments are set forth in the Energy Cost Adjustment Summary sheet contained in Amended Exhibit No. 2, attached hereto.

8. Approximately 63,500 South Dakota retail customers are affected by the ECA rate change. The annual increase in the cost of service is \$6,455,291 or 5.68% higher than 2008 revenue.
  
9. Attached hereto as Amended Exhibit No. 7 is a copy of the amended notice that has been provided to the public in accordance with ARSD § 20:10:13:15 and pursuant to §§ 20:10:13:17 to 20:10:13:19, inclusive.
  
10. In support of this Application, attached hereto and made a part hereof by this reference are Amended Exhibit Nos. 1 through 5 and Amended Exhibit No. 7, showing supporting data for the proposed ECA:

<u>Amended Exhibit No. 1</u>	Report of Tariff Change
<u>Amended Exhibit No. 2</u>	Energy Cost Adjustment Summary (Section No. 3C, First Revised Sheet No. 11)
<u>Amended Exhibit No. 3</u>	CECA Tariff calculation (Section No. 3C, Second Revised Sheet No.1)
<u>Amended Exhibit No. 4</u>	TCA Tariff calculation (Section No. 3C, Second Revised Sheet No.5 and First Revised Sheet No. 5A)
<u>Amended Exhibit No. 5</u>	SPFCA Tariff calculation (Section No. 3C, Second Revised Sheet No.8)
<u>Amended Exhibit No. 7</u>	Notice to Customers

WHEREFORE, Black Hills Power respectfully requests that the Commission enter an order approving the proposed tariffs and ECA rate, as amended, and placing the rate into effect for service on and after March 1, 2009.

Dated this 5<sup>th</sup> day of February, 2009.

BLACK HILLS POWER, INC.

By:   
Chris Kilpatrick  
Director of Rates- Electric Regulation

**Report of Tariff Change**

**Name of Utility:** Black Hills Power Inc.; PO Box 1400, 625 Ninth Street, Rapid City, SD 57709

**Address of Main Office:** PO Box 1400, 625 Ninth Street, Rapid City, SD 57709

**Changes to Black Hills Power Inc.'s South Dakota Electric Rate Book:**

- Section No. 3C, First Revised Sheet No. 11
- Section No. 3C, Second Revised Sheet No.1
- Section No. 3C, Second Revised Sheet No.5
- Section No. 3C, First Revised Sheet No. 5A
- Section No. 3C, Second Revised Sheet No.8

**Description of the change:** Electric Cost Adjustment to be implemented March 1, 2009

**Reason for the change:** To reflect the increase in the cost of service, as determined by the Conditional Energy Costs Adjustment, the Transmission Costs Adjustment, and the Steam Plant Fuel Cost Adjustment.

	<b>Present Rate</b> ¢/kWh	<b>Proposed Rate</b> ¢/kWh
Total Residential Service	0.053	0.326
Total Small General Service	0.049	0.330
Total Large General Service	0.056	0.324
Total Industrial Contract	0.058	0.322
Total Lighting Service	0.054	0.327

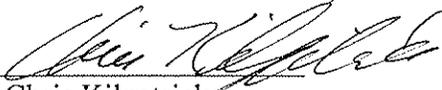
**Approximation of annual amount of increase/(decrease) in revenue:** \$4,359,384

**Points affected:** Approximately 63,500 South Dakota retail customers

**Increase/(decrease) to cost of service:** Approximately \$6,455,291

**Remarks:** The facts, opinions, documents and exhibits needed to support the proposed changes are included in the Application and exhibits thereto.

BLACK HILLS POWER, INC.

By:   
 Chris Kilpatrick  
 Director of Rates-Electric Regulation

## SOUTH DAKOTA ELECTRIC RATE BOOK

Section No.	3C
First Revised Sheet No.	11 (T)
Replaces Original Sheet No.	11 (T)

## ENERGY COST ADJUSTMENT SUMMARY

		Energy Cost Adjustment ¢/kWh	
		ECA	
<u>Residential Service</u>			
1.	CECA	0.143	(I)
2.	TCA	0.019	(I)
3.	SPFCA	0.164	(I)
4.	Total Residential Service	0.326	(I)
<u>Small General Service</u>			
5.	CECA	0.143	(I)
6.	TCA	0.023	(I)
7.	SPCFA	0.164	(I)
8.	Total Small General Service	0.330	(I)
<u>Large General Service</u>			
9.	CECA	0.143	(I)
10.	TCA	0.017	(I)
11.	SPFCA	0.164	(I)
12.	Total Large General Service	0.324	(I)
<u>Industrial Contract Service</u>			
13.	CECA	0.143	(I)
14.	TCA	0.015	(I)
15.	SPFCA	0.164	(I)
16.	Total Industrial Contract	0.322	(I)
<u>Lighting Service</u>			
17.	CECA	0.143	(I)
18.	TCA	0.020	(I)
19.	SPFCA	0.164	(I)
20.	Total Lighting Service	0.327	(I)
CECA - Conditional Energy Cost Adjustment			
TCA - Transmission Cost Adjustment			
SPFCA - Steam Plant Fuel Cost Adjustment			(T)

**SOUTH DAKOTA ELECTRIC RATE BOOK**

	Section No.	3C
	Second Revised Sheet No.	1 (T)
Page 1 of 4	Replaces First Revised Sheet No.	1 (T)

**CONDITIONAL ENERGY COST ADJUSTMENT**

**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 year's adjustments through the Balancing Account. Black Hills Power, Inc. (the Company) will update and make a CECA filing with the Commission on an annual basis no later than February 10th.

<b><u>CONDITIONAL ENERGY COST ADJUSTMENT CALCULATION</u></b>		For the Year Ended December 31, 2008	(T)
1.	Annual System OFAPP Costs	\$ 24,613,645	(I)
2.	Annual System Energy Sales	2,330,870,020 kWh	(D)
3.	OFAPP Cost / kWh (Line 1 ÷ Line 2)	\$ 0.01056 /kWh	(I)
4.	Base OFAPP Costs	\$ 0.00817 /kWh	
5.	OFAPP Cost / kWh Difference (line 3 - Line 4)	\$ 0.00239 /kWh	(I)
6.	Total OFAPP Change from Base (Line 2 x Line 5)	\$ 5,570,779	(I)
7.	Cost Reduction: \$0; Unless Line 6 < 0 and > -\$1,000,000, Then Line 6 x (-1)	\$ 0	
8.	Cost Reduction per kWh (Line 7 ÷ Line 2)	\$ 0.00000 /kWh	
9.	Power Marketing Credit	\$ (2,265,981)	(I)
10.	Power Marketing Credit / kWh (Line 9 ÷ Line 2)	\$ (0.00097) /kWh	(I)
11.	Net OFAPP Costs/kWh (Line 5 + Line 8 + Line 10)	\$ 0.00142 /kWh	(I)
12.	South Dakota Calendar Year Retail Energy Sales	1,466,488,375 kWh	(D)
13.	Total SD (Refund)/Charge (Line 11 x Line 12)	\$ 2,082,413	(I)
14.	Balancing Account (+/-)	\$ 117,760	(I)
15.	Net Amount to (Refund)/Charge (Line 13 + Line 14)	\$ 2,200,173	(I)
16.	Projected South Dakota Retail Energy Sales	1,543,709,359 kWh	(I)
17.	CECA (Line 15 ÷ Line 16)	\$ 0.00143 /kWh	(I)

**SOUTH DAKOTA ELECTRIC RATE BOOK**

Page 1 of 4	Section No.	3C
	Second Revised Sheet No.	5 (T)
	Replaces First Revised Sheet No.	5 (T)

**TRANSMISSION COST ADJUSTMENT**

**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 a TCA filing with the Commission on an annual basis no later than February 10th.

<b><u>TRANSMISSION COST ADJUSTMENT CALCULATION</u></b>		For the Year Ended December 31, 2008	(T)
1.	Annual System Transmission Costs	\$ <u>12,759,381</u>	(I)
2.	Power Marketing Transmission Costs	\$ <u>1,665,155</u>	(I)
3.	Transmission Costs Reimbursed by Others	\$ <u>726,152</u>	(I)
4.	Net Transmission Costs (Line 1 - Line 2 - Line 3)	\$ <u>10,368,074</u>	(I)
5.	Annual Retail Energy Sales	<u>1,672,933,270</u> kWh	(D)
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ <u>0.00620</u> /kWh	(I)
7.	Base Transmission Costs	\$ 0.00599 /kWh	
8.	Difference (Line 6 - Line 7)	\$ <u>0.00021</u> /kWh	(I)
9.	South Dakota Calendar Year Retail Energy Sales	<u>1,466,488,375</u> kWh	(D)
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$ <u>307,963</u>	(I)
11.	For Each Customer Class Calculate the Customer Class Allocation of Total South Dakota Transmission Expense Based Upon Class Allocators in Table 1 - Multiply Each Class Allocator by Line 10 - dollars per class.		
		Cust. Class Allocation Factor	Allocated Amount
	Residential Service	34.00%	104,707
	Small General Service	34.33%	105,724
	Large General Service	20.73%	63,841
	Industrial Contract Service	9.97%	30,704
	Lighting Service	0.97%	2,987

Continued on Next Page

SOUTH DAKOTA ELECTRIC RATE BOOK

Section No.	3C
First Revised Sheet No.	5A (T)
Replaces Original Sheet No.	5A (T)

**TRANSMISSION COST ADJUSTMENT CALCULATION, Continued**

12.	Balancing Account (+/-) for each SD Customer Class		<u>(13,421)</u>	(D)
	Residential Service	\$	(4,563)	(D)
	Small General Service	\$	(4,608)	(D)
	Large General Service	\$	(2,782)	(D)
	Industrial Contract Service	\$	(1,338)	(D)
	Lighting Service	\$	(130)	(D)
13.	Total Transmission Cost for each SD Customer Class (Refund)/Charge (Line 11 + Line 12)			
	Residential Service	\$	100,144	(I)
	Small General Service	\$	101,116	(I)
	Large General Service	\$	61,059	(I)
	Industrial Contract Service	\$	29,366	(I)
	Lighting Service	\$	2,857	(I)
14.	Forecast SD Customer Class Annual Retail Energy Sales (kWh/Class)			
	Residential Service		532,053,653	(I)
	Small General Service		439,935,109	(I)
	Large General Service		356,729,319	(D)
	Industrial Contract Service		200,534,000	(I)
	Lighting Service		14,457,278	(D)
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)			
	Residential Service	\$	<u>0.00019</u> /kWh	(I)
	Small General Service	\$	<u>0.00023</u> /kWh	(I)
	Large General Service	\$	<u>0.00017</u> /kWh	(I)
	Industrial Contract Service	\$	<u>0.00015</u> /kWh	(I)
	Lighting Service	\$	<u>0.00020</u> /kWh	(I)

**SOUTH DAKOTA ELECTRIC RATE BOOK**

	Section No.	3C
Page 1 of 3	Second Revised Sheet No.	8 (T)
	Replaces First Revised Sheet No.	8 (T)

**STEAM PLANT FUEL COST ADJUSTMENT**

**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 the SPFCA filing with the Commission on an annual basis no later than February 10th.

<b><u>STEAM PLANT FUEL COST ADJUSTMENT CALCULATION</u></b>		For the Year Ended December 31, 2008	(T)
1.	Annual System Steam Plant Fuel Costs	\$ <u>19,583,102</u>	(I)
2.	Power Marketing Steam Plant Fuel Costs	\$ <u>1,050,774</u>	(D)
3.	Net Steam Plant Fuel Costs (Line 1 - Line 2)	\$ <u>18,532,327</u>	(I)
4.	Annual System Energy Sales	<u>2,330,870,020</u> kWh	(D)
5.	Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$ <u>0.00795</u> /kWh	(I)
6.	Base Steam Plant Fuel Costs	\$ 0.00631 /kWh	
7.	Difference (Line 5 - Line 6)	\$ <u>0.00164</u> /kWh	(I)
8.	South Dakota Calendar Year Retail Energy Sales	1,466,488,375 kWh	(D)
9.	Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$ <u>2,405,041</u>	(I)
10.	Balancing Account (+/-)	\$ <u>123,109</u>	(I)
11.	Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10)	\$ <u>2,528,150</u>	(I)
12.	Projected South Dakota Retail Energy Sales	<u>1,543,709,359</u> kWh	(I)
13.	Steam Plant Fuel Cost Adjustment (Line 11 ÷ Line 12)	\$ <u>0.00164</u> /kWh	(I)

In February 2009, Black Hills Power, Inc. filed an amended application with the South Dakota Public Utilities Commission (PUC) for a change to the Electric Cost Adjustment rate. This rate change affects all South Dakota Retail Customers. For the typical residential customer using 620 kWh per month, this adjustment will increase the electric bill by \$0.00273 per kWh or approximately \$1.69 per month.

The application is available in this office for inspection. Please inquire at the customer service desk.