



SOUTH DAKOTA ELECTRIC RATE BOOK

CONDITIONAL ENERGY COST ADJUSTMENT

Section No. 3C

First Revised Sheet No. 2

Page 2 of 4

Replaces Original Sheet No. 2

CONDITIONAL ENERGY COST ADJUSTMENT

(N)

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

OFAPP Costs 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;
- b. The costs of all energy purchases listed under FERC account 555;
- c. Any other costs of fuel consumed to generate electricity not listed in FERC accounts 501 or 547; and
- d. Less, the associated other fuel and purchased power expenses for Power Marketing Sales.

ANNUAL SYSTEM ENERGY SALES (Line 2)

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 4)

The Base OFAPP Costs are as approved by the Commission in Docket EL06-019. The Base OFAPP cost is in effect until for service up to March 31, 2010.

(T)

COST REDUCTION (Line 7)

(N)

When the OFAPP Change from Base (Line 6) is a decrease greater than \$1,000,000 the South Dakota allocated share of these costs will be credited to customers in the following year's CECA. If the OFAPP Change from Base (Line 6) is a decrease less than or equal to \$1,000,000 no credit will occur.

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.



SOUTH DAKOTA ELECTRIC RATE BOOK

STEAM PLANT FUEL COST ADJUSTMENT

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Section No. 3C
Fourth Revised Sheet No. 8 (T)
Replaces Third 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 a SPFCA filing with the Commission on an annual basis no later than February 10th.

<u>STEAM PLANT FUEL COST ADJUSTMENT CALCULATION</u>		For the Year Ended December 31, 2009	(T)
1.	Annual System Steam Plant Fuel Costs	\$ <u>20,371,025</u>	(I)
2.	Power Marketing Steam Plant Fuel Costs	\$ <u>1,406,740</u>	(I)
3.	Net Steam Plant Fuel Costs (Line 1 – Line 2)	\$ <u>18,964,286</u>	(I)
4.	Annual System Energy Sales	<u>2,285,473,928</u> kWh	(R)
5.	Adjusted Steam Plant Fuel Costs (Line 3 ÷ Line 4)	\$ <u>0.00830/kWh</u>	(I)
6.	Base Steam Plant Fuel Costs	\$ <u>0.00631/kWh</u>	
7.	Difference (Line 5 – Line 6)	\$ <u>0.00199/kWh</u>	(I)
8.	South Dakota Calendar Year Retail Energy Sales	<u>1,430,800,272</u> kWh	(R)
9.	Steam Plant Fuel Costs to South Dakota (Line 7 x Line 8)	\$ <u>2,847,293</u>	(I)
10.	Balancing Account (+/-)	\$ <u>227,308</u>	(I)
11.	Balance of Steam Plant Fuel Costs for South Dakota (Refund)/Charge (Line 9 + Line 10)	\$ <u>3,074,601</u>	(I)
12.	Projected South Dakota Retail Energy Sales	<u>1,459,416,273</u> kWh	(R)
13.	Steam Plant Fuel Cost Adjustment (Line 11 ÷ Line 12)	\$ <u>0.00211/kWh</u>	(I)



Black Hills Power, Inc.
Rapid City, South Dakota

SOUTH DAKOTA ELECTRIC RATE BOOK

ENERGY COST ADJUSTMENT SUMMARY

Section No. 3C
Third Revised Sheet No. 11 (T)
Replaces Second Revised Sheet No. 11 (T)

ENERGY COST ADJUSTMENT SUMMARY

	Energy Cost Adjustment (¢/kWh)	
<u>Residential Service</u>		
1. CECA	0.006	(R)
2. TCA	0.279	(I)
3. SPCA	0.211	(I)
4. Total Residential Service	<u>0.496</u>	(I)
<u>Small General Service</u>		
5. CECA	0.006	(R)
6. TCA	0.346	(I)
7. SPCA	0.211	(I)
8. Total Small General Service	<u>0.563</u>	(I)
<u>Large General Service</u>		
9. CECA	0.006	(R)
10. TCA	0.254	(I)
11. SPCA	0.211	(I)
12. Total Large General Service	<u>0.471</u>	(I)
<u>Industrial Contract Service</u>		
13. CECA	0.006	(R)
14. TCA	0.268	(I)
15. SPCA	0.211	(I)
16. Total Industrial Contract Service	<u>0.485</u>	(I)
<u>Lighting Service</u>		
17. CECA	0.006	(R)
18. TCA	0.287	(I)
19. SPCA	0.211	(I)
20. Total Lighting Service	<u>0.504</u>	(I)

CECA – Conditional Energy Cost Adjustment
TCA – Transmission Cost Adjustment
SPFCA – Steam Plant Fuel Cost Adjustment