

**SOUTH DAKOTA ELECTRIC RATE BOOK**

**TRANSMISSION COST ADJUSTMENT**

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Section No. 3C  
Fifth Revised Sheet No. 5 (T)  
Replaces Fourth 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>		<u>For the Three months ended March 31, 2010</u>	
1.	Annual System Transmission Costs	\$ <u>4,849,899</u>	(R)
2.	Power Marketing Transmission Costs	\$ <u>245,976</u>	(R)
3.	Transmission Costs Reimbursed by Others	\$ <u>167,070</u>	(R)
4.	Net Transmission Costs (Line 1 - Line 2 - Line 3)	\$ <u>4,436,853</u>	(R)
5.	Annual Retail Energy Sales	<u>454,263,754</u> kWh	(R)
6.	Adjusted Transmission Costs (Line 4 ÷ Line 5)	\$ <u>0.00977</u> /kWh	(I)
7.	Base Transmission Costs	\$ 0.00599 /kWh	
8.	Difference (Line 6 - Line 7)	\$ <u>0.00378</u> /kWh	(I)
9.	South Dakota Calendar Year Retail Energy Sales	<u>397,093,555</u> kWh	(R)
10.	Transmission Costs to South Dakota (Line 8 x Line 9)	\$ <u>1,501,014</u>	(R)
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 <u>Allocation Factor</u>	<u>Allocated Amount</u>
	Residential Service	34.00%	510,345 (R)
	Small General Service	34.33%	515,298 (R)
	Large General Service	20.73%	311,160 (R)
	Industrial Contract Service	9.97%	149,651 (R)
	Lighting Service	0.97%	14,560 (R)

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**TRANSMISSION COST ADJUSTMENT CALCULATION, Continued**

12.	Balancing Account (+/-) for each SD Customer Class	<u>0</u>	(R)
	Residential Service	\$ -	(R)
	Small General Service	\$ -	(R)
	Large General Service	\$ -	(R)
	Industrial Contract Service	\$ -	(R)
	Lighting Service	\$ -	(R)
13.	Total Transmission Cost for each SD Customer Class (Refund)/Charge (Line 11 + Line 12)		
	Residential Service	\$ 510,345	(R)
	Small General Service	\$ 515,298	(R)
	Large General Service	\$ 311,160	(R)
	Industrial Contract Service	\$ 149,651	(R)
	Lighting Service	\$ 14,560	(R)
14.	Forecast SD Customer Class Annual Retail Energy Sales (kWh/Class)		
	Residential Service	534,355,132	(I)
	Small General Service	441,598,982	(I)
	Large General Service	328,777,347	(I)
	Industrial Contract Service	134,036,535	(I)
	Lighting Service	14,379,294	(I)
15.	South Dakota Customer Class Transmission Cost Adjustment (Line 13/Line 14)		
	Residential Service	\$ <u>0.0010</u> /kWh	(R)
	Small General Service	\$ <u>0.0012</u> /kWh	(R)
	Large General Service	\$ <u>0.0009</u> /kWh	(R)
	Industrial Contract Service	\$ <u>0.0011</u> /kWh	(R)
	Lighting Service	\$ <u>0.0010</u> /kWh	(R)