

BLACK HILLS/COLORADO ELECTRIC UTILITY COMPANY, LP
 d/b/a BLACK HILLS ENERGY
 105 South Victoria
 Pueblo, Colorado 81003

Colo. PUC No. 8

Original Sheet No. 75

Cancels _____ Sheet No. _____

**TRANSMISSION COST ADJUSTMENT (TCA)
 ELECTRIC**

Applicability: All rate schedules for electric service are subject to a Transmission Cost Adjustment ("TCA") rider to reflect the ongoing capital costs associated with transmission investment that are not being recovered through the Company's base rates. The TCA amount will be subject to annual changes to be effective on January 1 of each year. The TCA to be applied to each rate schedule is as set forth on Sheet No. 77.

Definitions: **Over/Under Recovery Amount** – The Over/Under Recovery Amount is the balance, positive or negative, of TCA revenues received less the Transmission Cost intended to be recovered each year through the rider.

True-Up Amount – The True-Up Amount is equal to the difference, positive or negative, between the Transmission Cost, calculated based on the projected year-end net transmission plant and transmission CWIP balances, and the Transmission Cost calculated based on the actual year-end net transmission plant and transmission CWIP balances.

Transmission Cost – For the purpose of this tariff, the Transmission Cost is defined as (1) a return, equal to the Company's weighted average cost of capital, on the projected increase in the retail jurisdictional portion of the thirteen month average net transmission plant for the thirteen months immediately preceding the year in which the TCA will be in effect; (2) the plant-related ownership costs associated with such incremental transmission investment, including depreciation, accumulated deferred income taxes, income taxes and pre-funded AFUDC, and (3) a return, equal to the Company's weighted average cost of capital, on the projected year-end transmission construction work in progress ("CWIP") balance that is not being recovered through base rates. For purposes of calculating the Transmission Cost to be recovered through the TCA that will go into effect on March 1, 2009, the Company shall calculate the incremental increase in net transmission plant in service from March 27, 2007 through December 31, 2008 to be determined as set forth under (1) above.

Transmission Cost Adjustment - The Transmission Cost Adjustment is equal to the Transmission Cost, plus, beginning with the second year of the rider, the True-Up Amount and, beginning with the third year of the rider, the Over/Under Recovery Amount, charged on a dollar per kilowatt-hour basis for all tariff schedules.

Advice Letter No.	Decision or Authority No.	
Signature of Issuing Officer	Issue Date January 13, 2009	
Title Director of Rates- Electric Regulation Black Hills Corporation	Effective Date March 1, 2009	

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Cancels _____ Sheet No. _____

TRANSMISSION COST ADJUSTMENT (TCA) (CONTINUED) ELECTRIC
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Information to be filed with the Public Utilities Commission:

Each proposed revision in the TCA will be accomplished by filing an advice letter on November 1 of each year to take effect on the next January 1 and will be accompanied by the following supporting data and information for each transmission project for which costs are being recovered through this TCA:

1. The accounting identification of the project,
2. The name of the project,
3. A brief description of the project,
4. A summary description of work performed or investment made,
5. The total actual investment for the calendar year and
6. The estimated additional investment for the calendar year.

TCA adjustment with changes in base rates:

Whenever the Company implements changes in base rates as the result of a final order in an electric Phase I rate case, it shall simultaneously adjust the TCA to remove all costs that have been included in base rates.

Interest calculation under a true up:

Over collections of rider revenues that are due to over projections of net plant and CWIP balances shall be assessed interest as part of the true-up mechanism in the TCA. To determine an over collection of rider revenues due to over projections of net plant and CWIP, the revenue requirements associated with the projected net plant in service and CWIP shall be compared to the revenue requirements associated with the actual net plant in service and CWIP for that same year. Interest is only assessed on the positive balance of rider revenues calculated on projected plant in service and CWIP compared to the calculated rider revenues based on actual plant in service and CWIP over the same time period. Interest shall be calculated at the after taxes weighted average cost of capital.

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Original Sheet No. 77

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TRANSMISSION COST ADJUSTMENT (TCA) (CONTINUED) ELECTRIC
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Transmission Cost Adjustment Data

Recovery Period March 1, 2009 - December 31, 2009

A. Projected increase in net transmission plant -- December 31, 2008 Thirteen Month Average over March 27, 2007	\$0.00
B. Ownership costs associated with incremental investment	\$0.00
C. Construction Work in Progress balance at December 31, 2008	\$10,611,788
D. Weighted Average Cost of Capital	8.76 %
E. Required Earnings [((A+C) x D) +B]	\$929,593
F. Income tax expense [E x (1/(1-.3889))] - E	\$591,587
G. Revenue Requirement	\$1,521,179
H. 2009 Sales Forecast (March 1, 2009 to December 31, 2009)	1,641,191 mWh
I. TCA RIDER	\$0.00093 per kWh

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_____ Colo. PUC No. 8
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 Cancels _____ Original Sheet No. 3

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KEY TO SYMBOLS ON REVISED TARIFF SHEETS

- C - To signify changed rate or regulation
- D - To signify discontinued rate or regulation
- I - To signify increase
- N - To signify new rate or regulation
- R - To signify reduction
- S - To signify reissued matter
- T - To signify a change in text but no change in rate or regulation

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