

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE  
APPLICATION OF BLACK HILLS  
POWER, INC., FOR AUTHORITY TO  
INCREASE ITS ELECTRIC RATES**

**) REQUEST FOR AUTHORITY TO  
) IMPLEMENT AN INTERIM RATE  
) INCREASE ON APRIL 1, 2010,  
) PURSUANT TO SDCL 49-34A-17,  
) UNTIL COMMISSION MAKES  
) FINAL DETERMINATION IN THIS  
) MATTER**

**EL09-018**

Comes now Black Hills Power, Inc. (“BHP”) and respectfully moves the South Dakota Public Utilities Commission (the “Commission”) for authority to implement an interim rate increase for service on and after April 1, 2010, pursuant to SDCL 49-34A-17 (the “Interim Rate Increase”), which Interim Rate Increase shall be in effect until final rates are implemented following the Commission’s final determination in this matter.

In support of this request, BHP submits the following:

1. On September 30, 2009, BHP filed with this Commission a request for approval to increase rates for electric service to customers in its South Dakota service territory. Thereafter, pursuant to SDCL 49-34A-14, the Commission suspended the operation of the schedule of rates proposed by BHP for 180 days beyond September 30, 2009. Therefore, BHP’s proposed rate increase will no longer be subject to suspension on and after March 30, 2010.
2. No final decision by the Commission on BHP’s proposed rate increase is anticipated to be entered prior to March 30, 2010.
3. SDCL 49-34A-17 provides, in part, as follows:

The public utility may implement the proposed rate or practice if:

- (1) The proposed rate or practice has not been suspended or is no longer subject to suspension;
  - (2) The commission has not issued a final decision; and
  - (3) Thirty days has passed from the date of filing.
4. Therefore, under SDCL 49-34A-17, BHP has the right to implement its proposed rates as set forth in its September 30, 2009 application ("Proposed Rates") on or after March 30, 2010. In lieu of implementing its Proposed Rates, BHP is requesting authorization to implement an Interim Rate Increase on April 1, 2010. BHP's September 30, 2009 application filed with the Commission requested Proposed Rates representing an increase of approximately \$32 million in annual revenues from BHP's South Dakota customers; the Interim Rate Increase to be implemented, if this request is approved, represents an increase of approximately \$24 million in annual revenues from BHP's South Dakota customers. If the Interim Rate Increase requested herein is not acceptable to the Commission, it is BHP's intent to utilize its right under SDCL 49-34A-17 to implement its Proposed Rates.
5. The Interim Rate Increase will be applied in accordance with the revised Schedule I-1 included with this filing, which sets forth an overall revenue increase of approximately 20.0% resulting from the application of Interim Rates, as opposed to the 26.6% increase that would become effective if BHP were to exercise its right to implement the Proposed Rates. All other provisions of the proposed tariffs filed on September 30, 2009, are being implemented on an interim basis effective April 1, 2010.
6. SDCL 49-34A-17 provides, in part, as follows:

In the case of a proposed increased rate, the commission may, by order, require the public utility to keep an accurate account in detail of all amounts received by reason of the increase, specifying by whom and in whose behalf the amounts are paid. Upon completion of the hearings and decision, the commission may by further order require the public utility to refund, with interest, to customers, the portion of the increased rates found to be unjust, unreasonable, or discriminatory. The refund shall be carried out as provided in §§49-34A-22 and 49-34A-23.
7. BHP will track the individual customer billings during this interim period in the event the Commission ultimately approves final rates which would result in lower customer billings that could be subject to refund.
8. Proper notice to customers of BHP's application for rate increase has previously been provided. While there is no notice required by South

Dakota statute or administrative rule related to BHP's implementation of its Interim Rate Increase, BHP will provide notice to its customers as follows:

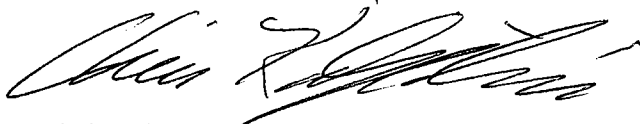
- a. Notice will be given to the public no later than March 2, 2010, by posting, as prescribed in South Dakota Administrative Rule 20:10:13:18, whereby a copy of this "Request for Authority to Implement an Interim Rate Increase on April 1, 2010, Pursuant to SDCL 49-34A-17, Until Commission Makes Final Determination in this Matter" will be exhibited in a conspicuous place in the business offices and service offices of BHP in South Dakota;
- b. Notice will be given to the public no later than March 2, 2010, by publishing a copy of this "Request for Authority to Implement an Interim Rate Increase on April 1, 2010, Pursuant to SDCL 49-34A-17, Until Commission Makes Final Determination in this Matter" on the website of BHP; and
- c. Notice will be given to the public no later than March 2, 2010, by a press release of BHP announcing this filing.

For the reasons set forth above, BHP respectfully requests that the Commission enter an Order allowing BHP to implement its Interim Rate Increase for service on and after April 1, 2010, pursuant to SDCL 49-34A-17, until final rates are implemented following the entry of the Commission's final decision and order in this matter, or until any appeals are exhausted.

BHP agrees that the granting of such an Order will not affect the Commission's authority to order a refund of the Interim Rate Increase pursuant to SDCL 49-34A-17, SDCL 49-34A-22 and SDCL 49-34A-23, in the event the Commission determines that a rate increase less than the Interim Rate Increase is appropriate for BHP in the Commission's final decision regarding BHP's proposed rate increase.

Respectfully submitted by Black Hills Power, Inc. on this 1<sup>st</sup> day of March, 2010.

BLACK HILLS POWER, INC.

A handwritten signature in black ink, appearing to read "Chris Kilpatrick", written in a cursive style.

By: Chris Kilpatrick, Director of Rates







BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

Line No.	SMALL GENERAL SERVICE DETERMINANTS	BILLING DETERMINANTS	PRESENT			AS FILED			INTERIM RATES			
			RATES	REVENUE	% INCREASE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE	
38	General Service - Total Electric GTE											
39	Customer Charge	10,568 Bills	\$ 15.50	\$163,804	\$ 20.79	\$219,661	34.1%	\$ 19.50	\$206,076	25.8%		
40	Energy Charge											
41	1st 6,000	21,888,598 kWh	\$ 0.0624	\$1,365,849	\$ 0.0837	\$1,832,076	34.1%	\$ 0.0750	\$1,641,645	20.2%		
42	Additional	14,501,520 kWh	\$ 0.0583	\$845,439	\$ 0.0782	\$1,134,019	34.1%	\$ 0.0700	\$1,015,106	20.1%		
43	Sub-Total:	36,390,118 kWh		\$2,211,288		\$2,966,095	34.1%		\$2,656,751			
44												
45	Demand Charge											
46	5 kW:	40,768.5 kW	\$ -	\$0	\$ -	\$0						
47	Next 45 kW:	97,977.6 kW	\$ 5.00	\$489,888	\$ 6.71	\$656,940	34.1%	\$ 6.50	\$636,854	30.0%		
48	Additional kW:	18,928.8 kW	\$ 4.65	\$88,019	\$ 6.24	\$118,033	34.1%	\$ 6.00	\$113,573	29.0%		
49	Sub-Total:	157,674.9 kW		\$577,907		\$774,973	34.1%		\$750,427			
50												
51	General Service - Total Electric GTE											
52	Total:	36,390,118 kWh		\$2,952,999		\$3,960,729	34.1%		\$3,613,254	22.4%		
53												
54												

<sup>2</sup>Ellsworth Military Housing roll-into GS



BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

LIGHTING SERVICE

Line No.	ANNUAL kWh PER LIGHT	LIGHTING CODE	ENERGY USE (kWh)	NUMBER OF UNITS	PRESENT		AS FILED		INTERIM RATES				
					RATES	REVENUE	PROPOSED RATES	PROPOSED REVENUE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE	% INCREASE	
1	n/a	00001111	123,125		\$	9,397.55	\$	12,602.11	\$	2.38	\$	11,746.94	25.0%
2	330	00502531	11,550	420	1.90	798.00	2.55	1,071.00	2.38	999.60	2.38	999.60	25.3%
3	450	00702531	2,193	60	2.30	136.85	3.08	183.26	2.88	171.36	2.88	171.36	25.2%
4	600	01002123	600	12	8.45	101.40	11.33	135.96	10.56	126.72	10.56	126.72	25.0%
5	600	01002132	1,143	24	8.45	145.02	11.33	277.55	10.56	258.68	10.56	258.68	78.4%
6	600	01002133	770,479	15,392	8.45	130,065.14	11.33	174,395.03	10.56	162,542.94	10.56	162,542.94	25.0%
7	600	01002233	3,000	60	8.45	507.00	11.33	679.80	10.56	633.60	10.56	633.60	25.0%
8	600	01002531	3,648	73	3.25	237.25	4.36	318.28	4.06	296.38	4.06	296.38	24.9%
9	600	01002541	600	12	3.25	39.00	4.36	52.32	4.06	48.72	4.06	48.72	24.9%
10	900	01502531	1,800	24	4.55	109.20	6.10	146.40	5.69	136.56	5.69	136.56	25.1%
11	945	01751131	1,085	14	4.90	68.27	6.57	91.54	6.13	85.41	6.13	85.41	25.1%
12	945	01751133	1,363,799	17,397	8.50	147,004.07	11.40	198,325.02	10.63	184,929.38	10.63	184,929.38	25.8%
13	945	01751233	945	12	8.50	101.75	11.40	137.27	10.63	128.00	10.63	128.00	25.8%
14	945	01751531	7,356	96	4.90	468.13	6.57	627.68	6.13	585.64	6.13	585.64	25.1%
15	1,350	02502133	319,058	2,828	14.90	42,141.24	19.98	56,508.86	18.63	52,690.69	18.63	52,690.69	25.0%
16	1,350	02502143	370,537	3,300	20.15	66,489.15	27.02	89,158.16	25.19	83,119.69	25.19	83,119.69	25.0%
17	1,350	02502233	4,050	36	14.90	536.40	19.98	719.28	18.63	670.68	18.63	670.68	25.0%
18	1,350	02502241	720	8	6.60	52.80	8.85	70.80	8.25	66.00	8.25	66.00	25.0%
19	1,350	02502243	2,785	25	20.15	503.75	27.02	675.50	25.19	629.75	25.19	629.75	25.0%
20	1,350	02502341	2,700	24	6.60	158.40	8.85	212.40	8.25	198.00	8.25	198.00	25.0%
21	1,350	02502531	8,100	72	6.60	475.20	8.85	637.20	8.25	594.00	8.25	594.00	25.0%
22	1,350	02503431	510	36	6.60	237.60	8.85	318.60	8.25	297.00	8.25	297.00	25.0%
23	1,350	02503441	510	36	6.60	239.58	8.85	321.26	8.25	299.48	8.25	299.48	25.0%
24	2,100	04001133	762,420	4,388	14.90	65,380.26	19.98	87,670.98	18.63	81,747.26	18.63	81,747.26	25.0%
25	2,100	04001143	128,123	732	20.15	14,754.49	27.02	19,784.93	25.19	18,444.94	25.19	18,444.94	25.0%
26	2,100	04002111	1,872	10	10.75	111.79	14.42	149.95	13.44	139.76	13.44	139.76	25.0%
27	2,100	04002143	228,310	1,306	36.85	48,124.85	49.42	64,540.84	46.06	60,152.80	46.06	60,152.80	25.0%
28	2,100	04002243	2,100	12	36.85	442.20	49.42	593.04	46.06	552.72	46.06	552.72	25.0%
29	2,100	04002411	14,700	84	14.90	1,251.60	19.98	1,678.32	18.63	1,564.92	18.63	1,564.92	25.0%
30	2,100	04002431	123,110	706	10.75	7,589.50	14.42	10,180.52	13.44	9,488.64	13.44	9,488.64	25.0%
31	2,100	04002531	12,600	72	10.75	774.00	14.42	1,038.24	13.44	967.68	13.44	967.68	25.0%
32	4,950	10001143	69,300	168	36.85	6,190.80	49.42	8,302.56	46.06	7,738.08	46.06	7,738.08	25.0%
33	4,950	10002141	2,465	12	24.85	298.20	33.32	399.84	31.06	372.72	31.06	372.72	25.0%
34	4,950	10002143	5,320	24	36.85	884.40	49.42	1,186.08	46.06	1,105.44	46.06	1,105.44	25.0%
35		Sub-Total:	4,350,613			\$545,815		\$733,191		\$683,530		\$683,530	25.2%
36						\$35,894		\$35,894		\$35,894		\$35,894	0.0%
37						\$581,709		\$769,085		\$719,424		\$719,424	23.7%
38													
39													

Additional Charges (1.25%):

Totals: 4,350,613



BLACK HILLS POWER, INC.  
SOUTH DAKOTA BILL FREQUENCY  
REVENUE UNDER PRESENT & PROPOSED RATES  
FOR THE TEST YEAR ENDED JUNE 30, 2009

LIGHTING SERVICE (Continued)

Line No.	ANNUAL kWh PER LIGHT	LIGHTING CODE	ENERGY USE (kWh)	NUMBER OF UNITS	PRESENT RATES	PRESENT REVENUE	AS FILED			INTERIM RATES		
							PROPOSED RATES	PROPOSED REVENUE	% INCREASE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE
33	1,350	02502311	6,750	60	\$ 6.60	\$ 396.00	\$ 8.85	\$ 531.00	34.1%	\$ 8.25	\$ 495.00	25.0%
34	1,350	02502411	570,210	5,070	\$ 6.60	\$ 33,462.00	\$ 8.85	\$ 44,869.50	34.1%	\$ 8.25	\$ 41,827.50	25.0%
35	1,350	02502412	10,800	96	\$ 9.75	\$ 936.00	\$ 13.07	\$ 1,254.72	34.1%	\$ 12.19	\$ 1,170.24	25.0%
36	2,100	04001411	6,300	36	\$ 10.75	\$ 387.00	\$ 14.42	\$ 519.12	34.1%	\$ 13.44	\$ 483.84	25.0%
37	2,100	04002111	142,800	816	\$ 10.75	\$ 8,772.00	\$ 14.42	\$ 11,766.72	34.1%	\$ 13.44	\$ 10,967.04	25.0%
38	2,100	04002112	4,200	24	\$ 13.80	\$ 331.20	\$ 18.51	\$ 444.24	34.1%	\$ 17.25	\$ 414.00	25.0%
39	2,100	04002311	71,400	408	\$ 10.75	\$ 4,386.00	\$ 14.42	\$ 5,883.36	34.1%	\$ 13.44	\$ 5,483.52	25.0%
40	2,100	04002321	6,300	36	\$ 10.75	\$ 387.00	\$ 14.42	\$ 519.12	34.1%	\$ 13.44	\$ 483.84	25.0%
41	2,100	04002411	3,071,225	17,547	\$ 10.75	\$ 188,632.12	\$ 14.42	\$ 253,030.25	34.1%	\$ 13.44	\$ 235,834.02	25.0%
42	2,100	04002412	81,702	476	\$ 13.80	\$ 6,570.18	\$ 18.51	\$ 8,812.61	34.1%	\$ 17.25	\$ 8,212.72	25.0%
43	2,100	04002422	6,300	36	\$ 13.80	\$ 496.80	\$ 18.51	\$ 666.36	34.1%	\$ 17.25	\$ 621.00	25.0%
44	2,100	04503412	144,900	828	\$ 14.50	\$ 12,006.00	\$ 19.44	\$ 16,096.32	34.1%	\$ 18.13	\$ 15,011.64	25.0%
45	4,950	10002411	400,050	1,512	\$ 24.75	\$ 37,422.00	\$ 33.19	\$ 50,183.28	34.1%	\$ 30.94	\$ 46,781.28	25.0%
46			5,403,783			\$ 351,381.12		\$ 471,272.79	34.1%		\$ 439,291.73	25.0%
47												
48												
49						\$ 169.05		\$ 169.05	0.00%		\$ 169.05	0.0%
50						\$ 351,550.17		\$ 471,441.84	34.1%		\$ 439,460.78	25.0%
51												

Additional Charges (1.25%):

Totals: 5,403,783



