

**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 1st 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	\$219,661	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	\$1,832,076	0.0837	\$1,832,076	34.1%	0.0750	\$1,641,645	20.2%	
42	Additional	14,501,520 kWh	\$ 0.0583	\$845,439	\$1,134,019	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		\$2,966,095	34.1%		\$2,656,751		
44												
45	Demand Charge											
46	5 kW:	40,768.5 kW	\$ -	\$0	\$0	-	\$0					
47	Next 45 kW:	97,977.6 kW	\$ 5.00	\$489,888	\$656,940	6.71	\$656,940	34.1%	6.50	\$636,854	30.0%	
48	Additional kW:	18,928.8 kW	\$ 4.65	\$88,019	\$118,033	6.24	\$118,033	34.1%	6.00	\$113,573	29.0%	
49	Sub-Total:	157,674.9 kW		\$577,907	\$774,973		\$774,973	34.1%		\$750,427		
50												
51	General Service - Total Electric GTE			\$2,952,999	\$3,960,729		\$3,960,729	34.1%		\$3,613,254	22.4%	
52	Total:	36,390,118 kWh		\$2,952,999	\$3,960,729		\$3,960,729	34.1%		\$3,613,254	22.4%	
53												
54												

²Ellsworth 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	\$ 2.55	\$ 1,071.00	\$ 2.38	\$ 11,746.94	34.1%	25.0%
2	330	00502531	11,550	420	\$ 1.90	\$ 798.00	\$ 2.55	\$ 1,071.00	\$ 2.38	\$ 999.60	34.2%	25.3%
3	450	00702531	2,193	60	\$ 2.30	\$ 136.85	\$ 3.08	\$ 183.26	\$ 2.88	\$ 171.36	33.9%	25.2%
4	600	01002123	600	12	\$ 8.45	\$ 101.40	\$ 11.33	\$ 135.96	\$ 10.56	\$ 126.72	34.1%	25.0%
5	600	01002132	1,143	24	\$ 8.45	\$ 145.02	\$ 11.33	\$ 277.55	\$ 10.56	\$ 258.68	91.4%	78.4%
6	600	01002133	770,479	15,392	\$ 8.45	\$ 130,065.14	\$ 11.33	\$ 174,395.03	\$ 10.56	\$ 162,542.94	34.1%	25.0%
7	600	01002233	3,000	60	\$ 8.45	\$ 507.00	\$ 11.33	\$ 679.80	\$ 10.56	\$ 633.60	34.1%	25.0%
8	600	01002531	3,648	73	\$ 3.25	\$ 237.25	\$ 4.36	\$ 318.28	\$ 4.06	\$ 296.38	34.2%	24.9%
9	600	01002541	600	12	\$ 3.25	\$ 39.00	\$ 4.36	\$ 52.32	\$ 4.06	\$ 48.72	34.2%	24.9%
10	900	01502531	1,800	24	\$ 4.55	\$ 109.20	\$ 6.10	\$ 146.40	\$ 5.69	\$ 136.56	34.1%	25.1%
11	945	01751131	1,085	14	\$ 4.90	\$ 68.27	\$ 6.57	\$ 91.54	\$ 6.13	\$ 85.41	34.1%	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	34.9%	25.8%
13	945	01751233	945	12	\$ 8.50	\$ 101.75	\$ 11.40	\$ 137.27	\$ 10.63	\$ 128.00	34.9%	25.8%
14	945	01751531	7,356	96	\$ 4.90	\$ 468.13	\$ 6.57	\$ 627.68	\$ 6.13	\$ 585.64	34.1%	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	34.1%	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	34.1%	25.0%
17	1,350	02502233	4,050	36	\$ 14.90	\$ 536.40	\$ 19.98	\$ 719.28	\$ 18.63	\$ 670.68	34.1%	25.0%
18	1,350	02502241	720	8	\$ 6.60	\$ 52.80	\$ 8.85	\$ 70.80	\$ 8.25	\$ 66.00	34.1%	25.0%
19	1,350	02502243	2,785	25	\$ 20.15	\$ 503.75	\$ 27.02	\$ 675.50	\$ 25.19	\$ 629.75	34.1%	25.0%
20	1,350	02502341	2,700	24	\$ 6.60	\$ 158.40	\$ 8.85	\$ 212.40	\$ 8.25	\$ 198.00	34.1%	25.0%
21	1,350	02502531	8,100	72	\$ 6.60	\$ 475.20	\$ 8.85	\$ 637.20	\$ 8.25	\$ 594.00	34.1%	25.0%
22	1,350	02503431	510	36	\$ 6.60	\$ 237.60	\$ 8.85	\$ 318.60	\$ 8.25	\$ 297.00	34.1%	25.0%
23	1,350	02503441	510	36	\$ 6.60	\$ 239.58	\$ 8.85	\$ 321.26	\$ 8.25	\$ 299.48	34.1%	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	34.1%	25.0%
25	2,100	04001143	128,123	732	\$ 20.15	\$ 14,754.49	\$ 27.02	\$ 19,784.93	\$ 25.19	\$ 18,444.94	34.1%	25.0%
26	2,100	04002111	1,872	10	\$ 10.75	\$ 111.79	\$ 14.42	\$ 149.95	\$ 13.44	\$ 139.76	34.1%	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	34.1%	25.0%
28	2,100	04002243	2,100	12	\$ 36.85	\$ 442.20	\$ 49.42	\$ 593.04	\$ 46.06	\$ 552.72	34.1%	25.0%
29	2,100	04002411	14,700	84	\$ 14.90	\$ 1,251.60	\$ 19.98	\$ 1,678.32	\$ 18.63	\$ 1,564.92	34.1%	25.0%
30	2,100	04002431	123,110	706	\$ 10.75	\$ 7,589.50	\$ 14.42	\$ 10,180.52	\$ 13.44	\$ 9,488.64	34.1%	25.0%
31	2,100	04002531	12,600	72	\$ 10.75	\$ 774.00	\$ 14.42	\$ 1,038.24	\$ 13.44	\$ 967.68	34.1%	25.0%
32	4,950	10001143	69,300	168	\$ 36.85	\$ 6,190.80	\$ 49.42	\$ 8,302.56	\$ 46.06	\$ 7,738.08	34.1%	25.0%
33	4,950	10002141	2,465	12	\$ 24.85	\$ 298.20	\$ 33.32	\$ 399.84	\$ 31.06	\$ 372.72	34.1%	25.0%
34	4,950	10002143	5,320	24	\$ 36.85	\$ 884.40	\$ 49.42	\$ 1,186.08	\$ 46.06	\$ 1,105.44	34.1%	25.0%
35		Sub-Total:	4,350,613		\$545,815	\$733,191		\$683,530		\$683,530	34.3%	25.2%
36					\$35,894	\$35,894		\$35,894		\$35,894	0.0%	0.0%
37					\$581,709	\$769,085		\$769,085		\$719,424	32.2%	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			<u>5,403,783</u>			\$ 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

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

Line No.	LARGE GENERAL SERVICE & INDUSTRIAL (Continued)	BILLING DETERMINANTS	PRESENT RATES	PRESENT REVENUE	AS FILED			INTERIM RATES				
					PROPOSED RATES	PROPOSED REVENUE	% INCREASE	PROPOSED RATES	PROPOSED REVENUE	% INCREASE		
1	69kV Service IC											
2	Customers	1.0										
3	6 Months Ended											
4	Energy Charge (Jul-Dec 2008)	51,826,547 kWh	\$ 0.0322	\$ 1,668,815								
5	Demand Charge (Jul-Dec 2008)	102,361 kVA	\$ 5.56	\$ 569,125								
6												
7	Energy Charge (Jan-Jun 2009)	37,324,697 kWh	\$ 0.0327	\$ 1,220,518	\$ 0.0439	\$ 3,913,740		\$ 0.0439	\$ 3,913,740			
8	Demand Charge	99,156.3 kVA	\$ 5.64	\$ 559,242	\$ 7.56	\$ 1,524,113		\$ 7.56	\$ 1,524,113			
9												
10	Total:	89,151,244 kWh		\$ 4,017,700		\$ 5,437,853			\$ 5,437,853		35.3%	
11												
12	Forest Products Service - Primary Service FPS	2.0										
13	Customers											
14	Energy Charge (Jul-Dec 2008)	9,600,000 kWh	\$ 0.0436	\$ 418,560								
15	800,000 kWh:											
16	1,200,000 kWh:	14,393,518 kWh	\$ 0.0408	\$ 587,256								
17	Additional kWh:	6,613,414 kWh	\$ 0.0376	\$ 248,664								
18		30,606,932 kWh		\$ 1,254,480								
19	Demand Charge (Jul-Dec 2008)	24,000.0 kVA	\$ 6.27	\$ 150,480								
20	2,000 kVA:											
21	3,000 kVA:	36,000.0 kVA	\$ 5.87	\$ 211,320								
22	Additional kVA:	14,808.6 kVA	\$ 5.25	\$ 77,745								
23		74,808.6 kVA		\$ 439,545								
24												
25												
26	Energy Charge (Jan-Jun 2009)	9,600,000 kWh	\$ 0.0443	\$ 425,280	\$ 0.0594	\$ 1,140,480		\$ 0.0594	\$ 1,140,480			
27	800,000 kWh:											
28	1,200,000 kWh:	14,123,798 kWh	\$ 0.0414	\$ 584,725	\$ 0.0555	\$ 1,582,711		\$ 0.0555	\$ 1,582,711			
29	Additional kWh:	4,041,727 kWh	\$ 0.0382	\$ 154,394	\$ 0.0512	\$ 545,543		\$ 0.0512	\$ 545,543			
30		27,765,525 kWh		\$ 1,164,399		\$ 3,268,734			\$ 3,268,734			
31	Demand Charge (Jan-Jun 2009)	24,000.0 kVA	\$ 6.36	\$ 152,640	\$ 8.53	\$ 409,382		\$ 8.53	\$ 409,382			
32	2,000 kVA:											
33	3,000 kVA:	36,000.0 kVA	\$ 5.96	\$ 214,560	\$ 7.99	\$ 575,453		\$ 7.99	\$ 575,453			
34	Additional kVA:	16,406.1 kVA	\$ 5.33	\$ 87,445	\$ 7.15	\$ 223,107		\$ 7.15	\$ 223,107			
35		76,406.1 kVA		\$ 454,645		\$ 1,207,942			\$ 1,207,942			
36	Total:	58,372,457 kWh		\$ 3,313,069		\$ 4,476,676			\$ 4,476,676		35.1%	

