



FAX Received AUG 31 2006

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August 31, 2006

Patricia Van Gerpen
Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Application of Black Hills Power, Inc. for an Increase in Electric Rates
Docket No. EL06-019

Dear Ms. Van Gerpen:

Enclosed for filing please find an original and ten copies of Black Hills Power's Objection to Petition of City of Gillette to Intervene.

By copy of this letter, service is intended upon all parties of interest, per the Certificate of Service filed herein.

Sincerely,

BLACK HILLS CORPORATION

A handwritten signature in black ink, appearing to be 'B. Iverson', written over a horizontal line.

Brian G. Iverson
Senior Counsel

BGI:skh
Enclosures

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

IN THE MATTER OF THE)	EL06-019
APPLICATION OF BLACK HILLS)	
POWER, INC. FOR AUTHORITY)	BLACK HILLS POWER, INC.'S
TO INCREASE ITS ELECTRIC)	OBJECTION TO THE
RATES.)	PETITION OF CITY OF GILLETTE
)	TO INTERVENE
)	

Black Hills Power, Inc. ("BHP"), hereby answers the Petition of City of Gillette to Intervene ("Petition") in this matter. BHP objects to the Petition and requests that the proposed intervention be denied. The City of Gillette ("Gillette") lacks the requisite standing to intervene for the following reasons:

1. BHP's application herein ("Application") for an increase in electric rates is limited to its South Dakota electric customers. Gillette is a wholesale electric customer of BHP located entirely within the State of Wyoming, and as such is not a South Dakota electric customer of BHP.

2. The South Dakota Public Utilities Commission ("Commission") does not have jurisdiction over the electric rates charged by BHP to its wholesale contract customers. Therefore, if the Commission grants the requested rate increases, those rate increases will apply only to BHP's South Dakota customers, and will not, and can not, apply to BHP's customers regulated by the Federal Energy Regulatory Commission (FERC), including Gillette.

3. Contrary to Gillette's assertion in its Petition, any increase approved by the Commission will not have any effect on BHP's FERC jurisdictional wholesale contracts or retail rates in Wyoming and Montana.

4. Further, contrary to Gillette's assertion in its Petition, BHP in its Application "isolates" and restricts the requested rate revision to its South Dakota electric customers, and to the State of South Dakota.

5. The wholesale electric rates charged to Gillette by BHP are subject to and governed by a January 1, 1998, written contract between Gillette and BHP that has been approved by the FERC. Under that "Third Restated Electric Power and Energy Supply and Transmission Agreement" BHP provides Gillette's first 23 megawatts of capacity and energy. The initial term of the contract runs to June 30, 2012, and its term continues thereafter unless terminated by either party upon seven years prior notice. Thus, any change in Gillette's wholesale electric rates under the contract would be pursuant to the specific terms of that contract, and will not be affected by any action of the Commission on the Application.

6. Gillette contends that the Application may be followed by "incremental steps of rate increases," presumably by applications filed by BHP at a later date in Wyoming and Montana. Because the contract between Gillette and BHP is subject to FERC jurisdiction, any rate case other than one filed with the FERC will not affect the terms of the contract. When, and if, BHP files a rate case with the FERC regarding the services provided to Gillette, Gillette may intervene.

7. SDCL 1-26-17.1 which governs all administrative proceedings provides that a person may intervene in a contested case if their "pecuniary interests would be directly and immediately affected by an agency's order made upon the hearing." As shown above, Gillette's pecuniary interests clearly would not be directly and immediately affected by the Commission's actions in this matter.

8. In addition, ARSD 20:10:01:15.05 provides that the Commission shall grant a petition to intervene in under certain circumstances, none of which apply to petitioner:

a. Petitioner is not specifically deemed by statute to be interested in this matter;

b. Petitioner is not specifically declared by statute to be an interested party to this proceeding; and,

c. Petitioner will not be bound or affected either favorably or adversely with respect to an interest peculiar to the Petitioner as distinguished from an interest common to the public or the taxpayers in general.

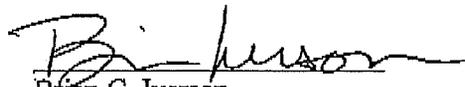
9. The Commission has already granted intervenor status to three large South Dakota industrial customers of BHP, namely, Merillat Industries, LLC, Pope and Talbot, Inc., and GCC Dacotah, Inc., who are represented by counsel who have filed lengthy Requests for Information.

10. BHP submits that granting party status to Gillette will serve no proper purpose. Further, given the extensive rights granted to all parties to the proceedings pursuant to ARSD 20:10:01:15.02, granting the intervention will be unduly burdensome to and create additional expense for BHP, the Commission, and to the Application process, all of which will ultimately impact BHP's South Dakota ratepayers.

WHEREFORE, BHP respectfully requests that Gillette's Petition to Intervene be denied.

Submitted this 31st day of August, 2006.

BLACK HILLS POWER, INC.



Brian G. Iverson
Senior Counsel
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CERTIFICATE OF SERVICE

I hereby certify that on August 31, 2006, a true and correct copy of the foregoing Black Hills Power, Inc.'s Objection to the Petition of City of Gillette to Intervene was served via United States first class mail, postage prepaid, as well as by electronic mail, where identified, on the following:

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