

April 3, 2007

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre SD 57501-5070

Re: Request for Approval of an Electric Service Territory Agreement Jointly Submitted by Black Hills Electric Cooperative, Inc and Black Hills Power, Inc.

Dear Ms. Van Gerpen:

Black Hills Electric Cooperative, Inc. (BHEC) and Black Hills Power, Inc. (BHP) are submitting a joint request to the South Dakota Public Utilities Commission to consider approval for relocation of an electric service territory line located in Section 29, Township 1N, Range 7E, Black Hills Meridian, Pennington County, South Dakota.

On June 22, 2001, and by Order EL01-010, the Public Utilities Commission granted approval of Electric Service Territory Boundary Change in Section 29, T1N, R7E, BHM, Pennington County, South Dakota. Since that time the developer has continued to plat and develop its property. The latest recorded plat of the subdivision differs slightly from the original master plan of the subdivision and necessitates this request for change of boundary of service territory. The reasons for the request are as follows:

- To provide the property owner, Bruntrock-Graziano-Ward, LLC, with cost savings for power line extension to the lots affected within the subdivision and to provide consistency of power suppliers to future owners living in clusters within the same block and on the same street. The proposed relocation of the electric service territory line keeps the neighborhood cluster "intact" whereby all customers within a specific geographic residential area would receive electric service from a common provider.
- The existing service territory line bisects the development. The development can and be served by both BHEC and BHP; however the five lots proposed to be transferred to BHP's territory are better served by BHP due to the topography and layout of the subdivision.
- To eliminate duplication of service. The proposed territorial transfer would allow BHP to serve lots along streets which it already has service provided to within its existing territory. If the transfer of territory would not be allowed, BHEC would have to extend into lots where BHP has distribution facilities. Because unnecessary duplication of facilities will be avoided, the total installed costs of the electric systems will be lower, thus benefiting the existing and future customers of both BHP and BHEC.

Walker Witt, General Counsel and Vice President of Administration of BHEC, and Rob Usera, Construction Representative Supervisor of BHP have reviewed alternatives and are jointly submitting a request for the Commission to consider relocation of the electric service territory line in the affected area. Key components of the proposal:

- No existing customers are impacted by the proposal.
- No existing electrical facilities are impacted by the proposal.
- The Manager/Member, Kevin L. Buntrock of the LLC has been involved in our discussion and concurs with the recommendation as proposed. A letter of consent from Mr. Bruntrock is attached.
- Under the proposal BHEC would lose approximately 5 customers and BHP would gain approximately 5 customers. In consideration of the gain in customers, BHP agrees to grant to BHEC 5 lots in T1S, Range 5E of the BHM, Pennington County, South Dakota, which request is being submitted simultaneously with this request to the Commission.

We have attached the following information for your review:

- Exhibit 1.1: Location and description of the existing electric service territory line
- Exhibit 2.0: Combined drawing of the existing and proposed service territory lines and inset map
- Exhibit 3.1: Location and description of the proposed electric service territory line
- Exhibit 3.2: Drawing of the proposed electric service territory line and inset map
- Exhibit 4.0: A letter of concurrence from the owner of the property

If you require additional information or have questions, please do not hesitate to contact us. Also please advise us as to what we can expect for a timeline moving forward. Thank you for your consideration of this request.

Sincerely,

Walker C. Witt
General Counsel and VP of Administration
Black Hills Electric Cooperative, Inc.

Rob Usera
Construction Representative Supervisor
Black Hills Power, Inc.

Enclosures:

Exhibit 1.1:

Existing Territorial Boundary between Black Hills Electric Cooperative and Black Hills Power

Beginning at the Northwest 1/4 corner of Section 29, Township 1 North,
Range 7 East, B.H.M.

thence S 0°18'26.0" E, 1514.0' along the section line,

thence N 69°27'44.0" E, 624.0'

thence S 0°0'0.0" E, 1362.0'

thence N 90°0'0.0" E, 1634.0'

thence N 36°49'13.0", 671.0'

thence N 0°0'0.0" E, 402.0'

thence N 90°0'0.0" E, 350.0'

thence N 45°59'12.0" E, 681.0'

thence S 75°09'05.0" E, 312.0'

thence N 90°0'0.0" E, 251.0'

thence S 06°59'30.0" W, 445.0'

thence S 62°06'49.0" E, 792.0'

thence N 27°38'46.0" E, 378.0'

thence N 0°0'0.0" E, 570.0'

thence N 90°0'0.0" E, 433.0'

thence S 0°14'09.0" E, 279.0'

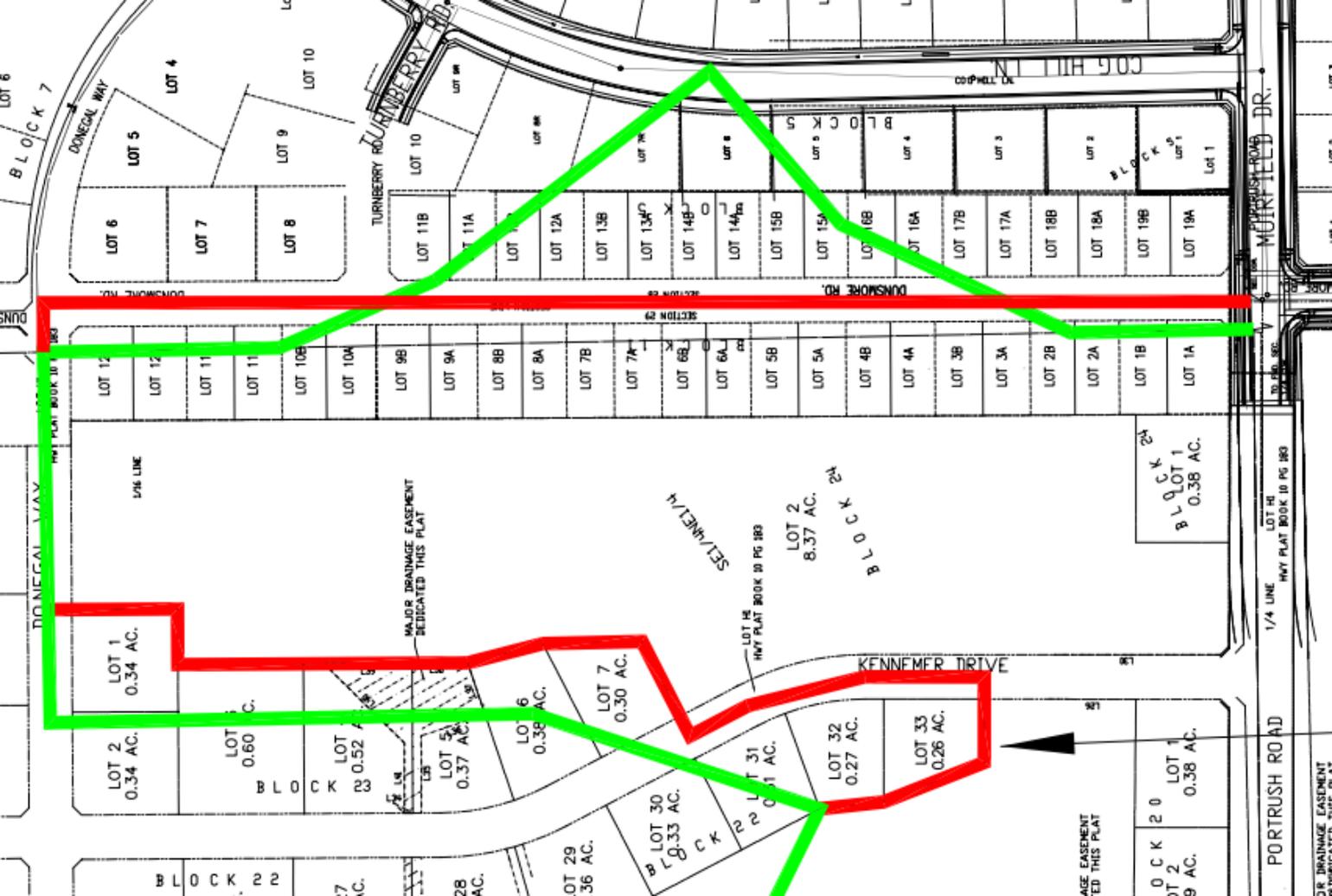
thence S 22°19'19.0" E, 201.0'

thence S 36°11'46.0" E, 405.0'

thence S 49°54'52.0" W, 237.0'

thence S 25°50'35.0" W, 299.0'

thence S 0°14'09.0" E, 216.0' along the section line to the east 1/4 corner of the same Section 29.



T1N
29
R7E



EXISTING
TERRITORY
BOUNDARY

PROPOSED
TERRITORY
BOUNDARY

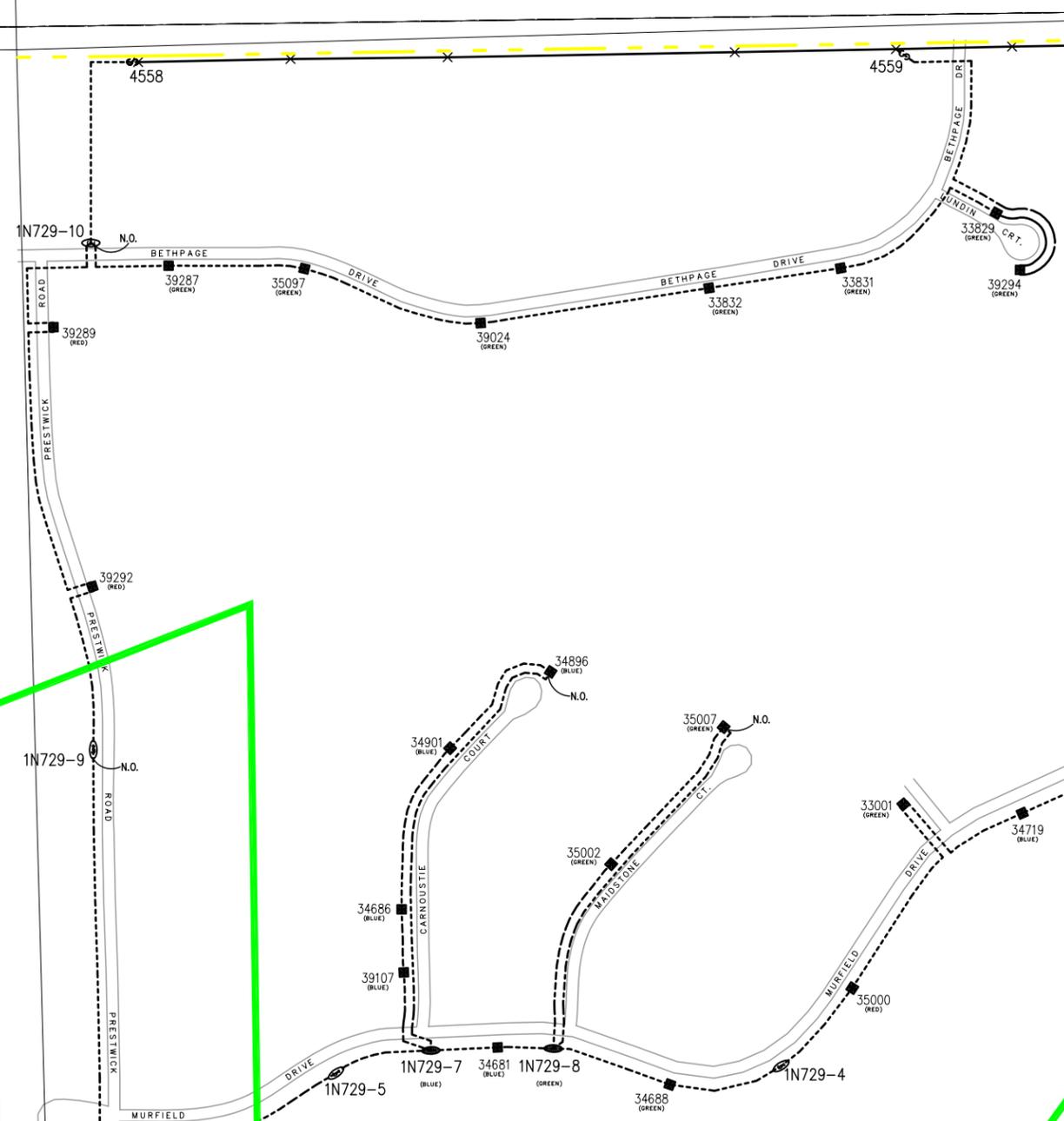


Exhibit 3.1:

Proposed Territorial Boundary between Black Hills Electric Cooperative and Black Hills Power

Beginning at the Northwest corner of Lot 32 (the south west corner of lot 31) in Block 22 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence S along the W lot lines of lots 32 & 33 in Block 22 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence E along the S lot line of Lot of 33 to the centerline of Kennemer Drive in Block 22 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence N along the centerline of Kennemer Drive for approximately 360';

Thence E along the S lot line of lot 7 of Block 23 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence N along the E lot lines of lots 7, 6, 5, 4, & 3 of Block 23 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence E along the S lot line of lot 1 Block 23 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota;

Thence N along the E lot line of Lot 1 Block 23 located in Red Rock Estates Subdivision, located in Section 29 , T1N, R7E of the BHM, Pennington County, South Dakota and continuing N until the point at which the line intersects the centerline of Donegal Way and the existing territorial boundary;

Thence E along the centerline of Donegal Way until the intersection of Donegal Way and Dunsmore Road;

Thence S along the centerline of Dunsmore road until the point at which Dunsmore Road intersects with Portrush Road

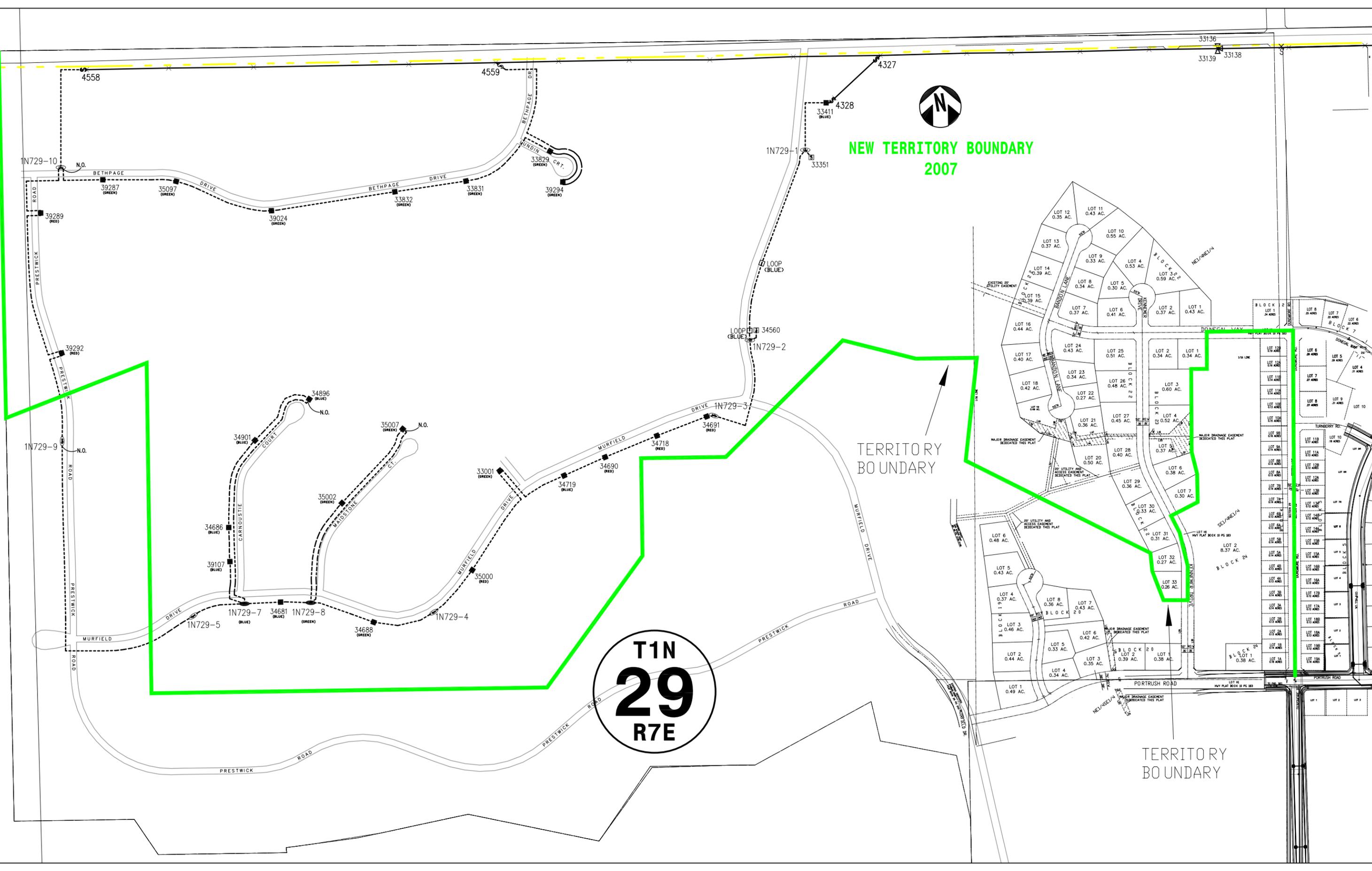


**NEW TERRITORY BOUNDARY
2007**

**T1N
29
R7E**

TERRITORY
BOUNDARY

TERRITORY
BOUNDARY



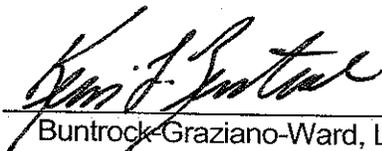
January 10, 2007

South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre SD 57501-5070

Dear Commissioners,

I hereby give consent for the transfer of the following property from the service territory of Black Hills Electric Cooperative, Inc. to the service territory of Black Hills Power, Inc.

Lots 31, 32, & 33 in Block 22 and Lots 1 & 7 in Block 23, all located in Red Rock Estates Subdivision, located in Section 29, T1N, R7E of the BHM, Pennington County, South Dakota.

 MEMBER/MANAGER
Buntrock-Graziano-Ward, LLC

JAN 15, 2006
(Date)

KEVIN. L. BUNTROCK