

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

IN THE MATTER OF THE APPLICATION)	
OF BLACK HILLS POWER, INC. FOR AN)	
ORDER AUTHORIZING IT TO ISSUE AN)	APPLICATION
ADDITIONAL \$180 MILLION IN FIRST)	
MORTGAGE BONDS)	EL09-_____
)	
)	

Filed June 12, 2009

Black Hills Power, Inc. (“Applicant” or “Black Hills Power”) hereby submits this application, pursuant to SDCL §49-34A-29, to the South Dakota Public Utilities Commission (“Commission”) as follows:

1. Black Hills Power is a public utility as described at SDCL Ch. 49-34A and is engaged in the generation, transmission, distribution, purchase and sale of electric power and energy through an interconnected transmission network and a territory that serves approximately 66,000 customers located in western South Dakota, eastern Wyoming and southeastern Montana.

2. Black Hills Power’s gross operating revenues received from the sale of electric power and energy and transmission service derived from operations by states are approximately 91 percent in South Dakota, 8 percent in Wyoming and 1 percent in Montana.

3. The name, title and address of the persons to whom notice and correspondence with regard to this Application shall be addressed are as follows:

Garner M. Anderson
 Vice President, Treasurer and CRO
 Black Hills Power, Inc.
 625 Ninth Street
 P.O. Box 1400
 Rapid City, SD 57709
 T: (605) 721-2311
 F: (605) 721-2599
 Email: garner.anderson@blackhillscorp.com

Brian G. Iverson
 Vice President - Electric
 Black Hills Power, Inc.
 625 Ninth Street
 P.O. Box 1400
 Rapid City, SD 57709
 T: (605) 721-2305
 F: (605) 721-2550
 Email: brian.iverson@blackhillscorp.com

Chris Kilpatrick
 Director of Rates
 Black Hills Power, Inc.
 625 Ninth Street
 P.O. Box 1400
 Rapid City, SD 57709
 T: (605) 721-2748
 F: (605) 721-2568
 Email: chris.kilpatrick@blackhillscorp.com

Kenna Hagan
 Corporate Counsel
 Black Hills Power, Inc.
 625 Ninth Street
 P.O. Box 1400
 Rapid City, SD 57709
 T: (605) 721-2516
 F: (605) 721-2550
 Email: kenna.hagan@blackhillscorp.com

4. The remaining issued and outstanding bonds at the date of this application are as follows:

<u>Issue</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>	<u>Rate</u>
Series Y First Mtg Bonds	\$ 2,520,000	6/15/2018	9.49%
Series Z First Mtg Bonds	\$ 19,980,000	5/29/2021	9.35%
Series AC First Mtg Bonds	\$ 30,000,000	2/1/2010	8.06%
Series AE First Mtg Bonds	\$ 75,000,000	8/15/2032	7.23%
Series 1994A EIRR Bonds	\$ 2,855,000	6/1/2024	variable
Series 2004 Campbell County PCBs	\$ 12,200,000	10/1/2024	5.35%
Series 2004 Pennington County PCBs	\$ 2,050,000	10/1/2014	4.80%
Series 2004 Campbell County PCBs	\$ 1,550,000	10/1/2014	4.80%
Series 2004 Weston County PCBs	\$ 2,850,000	10/1/2014	4.80%
Bear Paw Energy Note	\$ 229,358	5/25/2012	13.66%
Total	<u>\$ 149,234,358</u>		

5. Black Hills Power is constructing Wygen III, a 100MW (net) generation plant, located near Gillette, Wyoming. Black Hills Power desires to issue first mortgage bonds in the amount of \$180 million ("Bonds" or "First Mortgage Bonds") for the permanent financing of Wygen III and other capital expenditures and to provide proceeds to fund the upcoming February 1, 2010 maturity of its \$30 million, 8.06% Series AC first mortgage bonds.

6. Black Hills Power's Board of Directors has authorized the issuance of the First Mortgage Bonds and the transactions proposed herein.

7. Black Hills Power intends to issue bonds with a maturity in the range of ten to thirty years through a registered public offering. The offering will be completed within two months of a Commission order authorizing it to do so. Eight banks have been selected to market the transaction. The annual rate of interest is expected to be 7 percent to 8 percent. The Bonds will be issued at par and Black Hills Power expects the following terms and conditions:

<u>Issue</u>	<u>Amount</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Rate</u>
Bonds of the 2009 Series	\$180 million	10-30 year	2019-2039	7%-8%

8. The approximate costs of issuing the Bonds are estimated to be \$1.8 million. Black Hills Power will record the costs of issuing the Bonds in Account 181, Unamortized Debt Expense. Such costs will be amortized in equal monthly amounts over the life of the Bonds. The amortization period will begin when the Bonds have been issued. The amortization expense will be recorded in Account 428, Amortization of Debt Discount and Expense.

9. The proposed issuance of the New Bonds serves Black Hills Power's corporate purpose and is compatible with the public interest; the object is necessary, appropriate and consistent with the proper performance by Black Hills Power of service as a public utility, will not impair its ability to perform that service, and is reasonably necessary or appropriate for such purposes.

10. No approval of any federal or state governmental commission for issuance of the securities proposed to be assumed by Black Hills Power is required except the approval of the Public Utilities Commission of South Dakota and the Public Service Commission of Wyoming. An application is being filed with each of the Commissions.

WHEREFORE, Black Hills Power respectfully requests the Commission to enter its Order approving and authorizing Black Hills Power to issue First Mortgage Bonds as described herein and that such Order be made effective upon issuance.

BLACK HILLS POWER, INC.

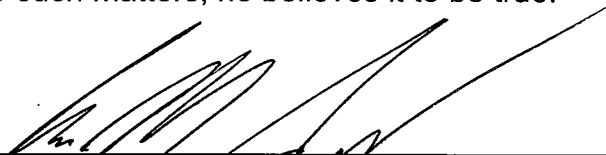
By 
Garner M. Anderson, Vice President,
Treasurer & Chief Risk Officer

Dated: 6/12/09

STATE OF SOUTH DAKOTA

COUNTY OF PENNINGTON

Garner M. Anderson, being first duly sworn on his oath, deposes and says: That he is the Vice President, Treasurer and Chief Risk Officer of Black Hills Power, Inc., named in the within and foregoing Application; that he has read the same and knows the contents thereof to be true of his own knowledge except as to those matters therein stated on information and belief, and as to such matters, he believes it to be true.



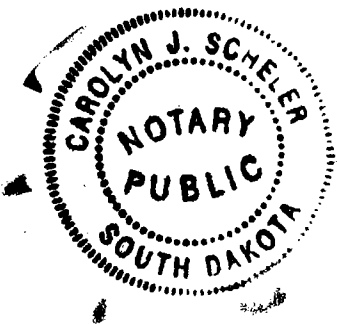
Garner M. Anderson

Subscribed and sworn to before me this 6th day of June 2009.



Notary Public Signature

My Commission Expires: 1-10-2015



(SEAL)