

**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**

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**STAFF'S RESPONSE TO
PROCEDURAL ORDER
REGARDING PRE-HEARING
MATTERS
EL09-018**

Pursuant to the Commission's Procedural Order Regarding Pre-Hearing Matters dated June 8, 2010, Staff responds as follows:

1. On or before June 17, 2010, each party and Commission Staff shall file with the Commission the following described documents:

A. A list of witnesses that each party and Staff intends to call at hearing, and for each witness, a brief summary of the proposed testimony (other than matters in the pre-filed testimony of such witness) which specifies the issue(s) to which the testimony will be directed.

At this time Staff intends to call George Evans for the purpose of moving his prefiled rebuttal testimony and exhibit into the record. It is Staff's intention to have all of its witnesses, listed below, available for cross examination regarding the Settlement Stipulation and exhibits and the Staff Memorandum and exhibits. As many of the rate case issues overlap, Staff intends to have Bob Towers testify for all of Staff's witnesses in support of the Settlement Stipulation and exhibits and the Staff Memorandum and exhibits. Mr. Towers will initially respond to questions regarding the Settlement Stipulation and exhibits and the Staff Memorandum and exhibits. The other witnesses will be available to testify in support of the Settlement Stipulation and the Staff Memorandum if needed for clarification and for cross examination purposes.

• **Terri LaBrie Baker:**

The Exhibits are included in the "Revenue Requirement" section of the Staff Memorandum on the Commission's website for this docket.

- **Exhibit__(TLB-1) Schedule 1-Lobbying**
- **Exhibit__(TLB-1) Schedule 2-Economic Development**
- **Exhibit__(TLB-1) Schedule 3-Association Dues and Donations**
- **Exhibit__(TLB-1) Schedule 4-Advertising**

• **Tim Binder:**

- **No exhibits however Mr. Binder will be available to testify as to the removal of the DSM costs as found in Exhibit__(JPT-3) Schedule 8 – Miscellaneous Adjustments.**

- **Jon Thurber:**

The following exhibits are included in the "Revenue Requirement" section of the Staff Memorandum on the Commission's website for this docket.

- Exhibit__(JPT-1) Schedule 1 – South Dakota Electric Revenue Requirement
- Exhibit__(JPT-1) Schedule 2 & Schedule 3 – South Dakota Operating Income Statement With Known and Measurable Adjustments
- Exhibit__(JPT-2) Schedule 1 & Schedule 2 – South Dakota Average Rate Base with Known and Measurable Adjustments
- Exhibit__(JPT-3) Schedule 1 – Rate Case Expense
- Exhibit__(JPT-3) Schedule 2 – Incentive Compensation
- Exhibit__(JPT-3) Schedule 3 – Workers Compensation Expense
- Exhibit__(JPT-3) Schedule 4 – Updates
- Exhibit__(JPT-3) Schedule 5 – Change In Allocation Factors
- Exhibit__(JPT-3) Schedule 6 – Wage Increase
- Exhibit__(JPT-3) Schedule 7 – Additional Personnel
- Exhibit__(JPT-3) Schedule 8 – Miscellaneous Adjustments
- Exhibit__(JPT-3) Schedule 9 – Industrial Revenue Adjustment

The following exhibits are included in the "Rate Design" section of the Staff Memorandum on the Commission's website for this docket.

- Exhibit__(JPT-4) Schedule 1 – Revenue Increase
- Exhibit__(JPT-4) Schedule 2-1 – Residential Rate Schedules
- Exhibit__(JPT-4) Schedule 2-2 – Small General Service Schedules
- Exhibit__(JPT-4) Schedule 2-3 – Large General Service & Industrial Schedules
- Exhibit__(JPT-4) Schedule 2-4 – Lighting Service Schedules
- Exhibit__(JPT-4) Schedule 2-5 – Contracts with Deviations
- Exhibit__(JPT-4) Schedule 3 – Rate Comparison

The exhibits provide sources for the derivations of the adjustments.

- **Bob Knadle:**

The Exhibits are included in the "Revenue Requirement" section of the Staff Memorandum on the Commission's website for this docket.

- Exhibit__(RLK-1) Schedule 1--Interest Synchronization Adjustment
- Exhibit__(RLK-1) Schedule 2--Generation Plant Overhaul Expense
- Exhibit__(RLK-1) Schedule 3--Post Test Year Non-Revenue Producing Plant Additions
- Exhibit__(RLK-1) Schedule 4--Annualization of Non-Revenue Producing Plant Additions
- Exhibit__(RLK-1) Schedule 5--Wygen III
- Exhibit__(RLK-1) Schedule 5--Amortization of Kirk Plant Reserve
- Exhibit__(RLK-1) Schedule 7--Depreciation Rate Change on Test Year Plant In Service

- Exhibit__(RLK-1) Schedule 8--Forecasted Wygen III O & M Cost Detail
- Exhibit__(RLK-1) Schedule 9--Renewable Energy Credits
- Exhibit__(RLK-1) Schedule 10--Wygen III Coal Cost
- Exhibit__(RLK-1) Schedule 11--Transmission Expense CUS\AC-DC Tie
- Exhibit__(RLK-1) Schedule 12--Wygen III Shared Facilities Asset Fee Not Included in Agreement

The exhibits provide the sources for the derivation of the adjustments.

- **Dave Jacobson:**

The Exhibits are included in the "Revenue Requirement" section of the Staff Memorandum on the Commission's website for this docket.

- Exhibit__(DAJ) Schedule 1 - Cash Working Capital
- Exhibit__(DAJ) Schedule 2 - Tax Collections Available for Working Capital
- Exhibit__(DAJ) Schedule 3 - Coal Price Adjustment
- Exhibit__(DAJ) Schedule 4 - Normalized Output for Coal Plants and Amounts to Power Marketing
- Exhibit__(DAJ) Schedule 5 - Generation Dispatch and Scheduling Cost Detail

- **George Evans:**

See Rebuttal Testimony filed on June 4, 2010.

- **Dave Peterson:**

- Exhibit__(DEP-1) Schedule 1-Flow Through Tax Treatment for Repair Allowance
- Exhibit__(DEP-2) Schedule 1-Black Hills Service Company Adjustment
- Exhibit__(DEP-2) Schedule 2-SD Retail Operations
- Exhibit__(DEP-3) Schedule 1-Spread of Increase Among Rate Classes

- **Bob Towers:**

No exhibits however Mr. Towers will testify in support of the Settlement Stipulation and exhibits and the Staff Memorandum and exhibits. Mr. Towers will initially respond to questions regarding the Settlement Stipulation and exhibits and the Staff Memorandum and exhibits.

- **Basil Copeland:**

- Exhibit__(BLC-1) Schedule 1-Cost of Capital

B. An exhibit list setting forth the numbering of their exhibits and a brief description of each exhibit, including all pre-filed testimonies and exhibits that will be adopted by testifying witnesses. Upon request by opposing counsel, a party shall provide a copy to opposing counsel of any exhibits that have not been previously served or provided to the parties or Staff.

Staff Exhibit 1—Staff Memorandum, public

Staff Exhibit 2—Staff Memorandum, confidential

Staff Exhibit 3—Revenue Requirement, public

Staff Exhibit 4—Revenue Requirement, confidential

Staff Exhibit 5—Rate Design, public

Staff Exhibit 6—Rate Design, confidential

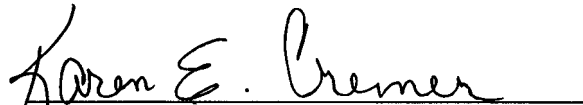
Staff Exhibit 7—Rebuttal Testimony and Appendix of George W. Evans

Staff Exhibit 7A—Exhibit GWE-1

C. A detailed summary of the specific remaining issues of fact and law for determination by the Commission.

Whether the rates, terms and conditions set forth in the Settlement Stipulation are just and reasonable and in accordance with the standards set forth in SDCL 49-34A-8.

Dated this 17th day of June, 2010.



Karen E. Cremer
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