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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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May 2, 2011

Patricia Van Gerpen
Executive Director
SD Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

Re: EL11-001 - In the Matter of the Petition of Black Hills Power, Inc. to Establish an Environmental Measures Cost Recovery Tariff

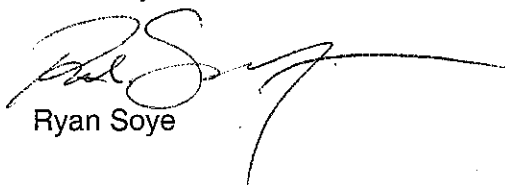
Dear Ms. Van Gerpen:

On January 25, 2011, the Commission received a petition from Black Hills Power, Inc. (BHP) requesting the Commission approve its new tariff establishing an Environmental Improvement Adjustment (EIA) pursuant to SDCL Chapter 49-34A, Sections 97 through 100. Upon review of this petition, Commission Staff (Staff) finds it necessary to conduct a more extensive analysis of specific issues in this filing. Some primary issues include rate of return, AFUDC and rate design. In order to conduct a proper review of these issues, Staff will require the assistance of an expert witness/es.

In order to expedite the acquisition of necessary expert witness services, Staff requests the Commission to provide the Executive Director with authority to enter contracts for these services in this docket. Staff recommends a total allowable contract amount of \$40,000 for these services. Any amounts expended on will be taken from the filing fee assessed by the Commission in its order dated March 14, 2011.

In accordance with South Dakota Codified Law, Staff seeks Commission approval of the forgoing action. For the reasons stated above, it is proper for the Commission to grant an order in favor of this request.

Sincerely,



Ryan Soye