

INTERIM REFUND PLAN

Black Hills Power, Inc. ("BHP") submits the following plan for refunding the portion of the interim rate surcharge that will exceed the amount of the Settlement Stipulation ("Stipulation") between BHP and the South Dakota Public Utilities Commission Staff (jointly "Parties"). The interim rate period subject to refund is October 1, 2014, when interim rates began, through February 28, 2015.

On September 3, 2014, BHP filed its Notice of Intent to Implement Interim Rates with the South Dakota Public Utilities Commission ("Commission") pursuant to SDCL 49-34A-17. On October 1, 2014, BHP implemented an interim increase of \$14,634,238 on an annual basis for service occurring on and after October 1, 2014.

In the Commission's January __, 2015 approval of the Stipulation, the Parties agree to an increase in South Dakota jurisdictional electric revenues of \$6,890,746 to produce total retail related revenues of \$165,122,614 for the test year ending September 30, 2013. The steps that BHP will use for distributing this refund are described below.

BHP utilizes a refund software program that calculates the amount of refund due to customers by billing component. BHP will implement final rates, effective March 1, 2015. After the final approved rates have been implemented in the billing system, BHP will calculate and issue refunds, including 7% annual interest beginning in April 2015.

The estimated total refund amount to an average residential customer will be \$26.75. Refunds of the applicable sales taxes will also be included in the refund amount. Refunds for existing customers will be in the form of a bill credit posted to the customer's account. A bill message will be developed to briefly describe the refund credit. Customers due a refund who are no longer BHP customers will receive a check if the refund amount is \$3.00 or more. Any residual un-refunded monies will be credited to all customers in the next BHP South Dakota Energy Cost Adjustment.