

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

APPLICATION OF BLACK HILLS)
POWER, INC. FOR APPROVAL) Docket EL15-_____
OF TARIFF REVISIONS)

Black Hills Power, Inc. (“Black Hills Power” or “Company”), a South Dakota corporation, respectfully requests approval from the South Dakota Public Utilities Commission (“Commission”) to revise its tariff to reflect changes to the line extension policy and secondary service voltage options. Black Hills Power is a wholly-owned subsidiary of Black Hills Corporation. Through the present Application, the Company is requesting that the revisions to Section 5, Rules and Regulations, be effective on March 1, 2016.

The following information is provided to satisfy the tariff schedule change notification requirements set forth in South Dakota Administrative Rule 20:10:13:26:

(1) Name and address of the public utility:

Black Hills Power, Inc.
625 Ninth Street
PO Box 1400
Rapid City, SD 57709

(2) Section and sheet number of tariff schedule:

The proposed legislative and clean tariff sheets are provided herewith as Exhibit 1 and Exhibit 2, respectively. The tariff sheets are revisions for the South Dakota Electric Rate Book in Section 5, Sheet Nos. 17, and 23 - 27.

(3) Description of the change:

The proposed tariff revisions provide changes to the line extension policy and secondary service options. In Section 5, Sheet No. 17, the Company proposes to remove secondary service voltage options from the tariff that are no longer offered. In Section 5, Sheet Nos. 23 – 27, the Company proposes to make a number of changes to the line extension policy.

First, Black Hills Power requests to remove the sections that contained static line extension allowance amounts and construction costs. The line extension allowance amounts and construction costs were last updated in 2007, and the Company proposes to modify the tariff to allow the line extension allowance amounts and construction costs to be based on current rates, usages, and costs.

Second, Black Hills Power proposes a new Supplemental Design Fee for line extension design estimates. The Company will prepare two design estimates at no cost to the Applicant. If the Applicant requests additional design estimates, each and every additional estimate will be assessed a Supplemental Design Fee of \$100. The Supplemental Design Fee will be non-refundable, however, the Supplemental Design Fee will be applied to the cost to construct the line extension where the Applicant commits to construct the line extension within 180 days of the date of the first design estimate.

The Company also proposes clean up changes to following sections of the line extension policy:

- 802 – Definitions – General Construction Policy
- 803.1 B – Residential Service, Charges
- 803.1 D (1) – Residential Service, Refunds

Please review Exhibits 1 and 2 for details.

(4) Reason for the change:

In Docket EL06-019, the Company established the line extension allowance based on rates approved in Black Hills Power's 2006 rate case. Since that time, base rates have been adjusted three times and the line extension allowance no longer reflects four times the annual revenue amounts under the applicable Rate Schedules as described by tariff. Similarly, the distribution construction costs specified by tariff were last updated in Docket EL06-019 and are below current market rates. The Company proposes to remove the sections of the tariff that specify a specific line extension allowance amount or distribution construction cost, and add language to allow Black Hills Power to calculate the line extension allowance and costs based on current rates, usage levels, and construction costs. This proposal will eliminate the need to update the tariff when construction costs change, usage levels change, or rates are adjusted.

The Supplemental Design Fee proposal is designed to promote efficient utility operations and require the cost causer to pay for the services provided by Black Hills Power. Currently, line extension design estimates are free of charge to customers. Prospective customers can request a construction estimate for underground service, overhead service, or a combination of both. In addition, cabin owners in Black Hills Power's service territory can request construction estimates on an annual basis to see what current construction

costs are. On average, the Company's construction representative spends approximately two to five hours per request at a cost of \$140 to \$350. If the prospective customer requests multiple design estimates and ultimately does not take service, existing customers ultimately bear the burden of these costs. The primary purpose of the Supplemental Design Fee is not to generate additional revenue, but to deter prospective customers who are not seriously considering extending electric service from requesting construction estimates simply because the estimates are free of charge.

The other proposed tariff changes enhance the clarity of the line extension policy or reflect current practices.

(5) Present rate:

Not applicable.

(6) Proposed rate:

Not applicable.

(7) Proposed effective date of modified rate:

Black Hills Power proposes that the tariff revisions be effective March 1, 2016.

(8) Approximation of annual amount of increase or decrease in revenue:

Black Hills Power does not anticipate a material change to revenue as a result of these revisions. The Supplemental Design Fee may result in additional revenue but it cannot be quantified at this time.

(9) Points affected:

These proposed tariff changes would apply throughout the Company's electric service area in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers:

Black Hills Power anticipates only customers in need of a line extensions will be affected.

Copies of all notices, other correspondence and all inquiries concerning this

Application should be sent to:

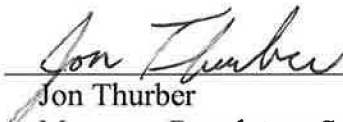
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WHEREFORE, Black Hills Power respectfully requests that the Commission issue an order approving tariff revisions to reflect changes to the line extension policy and standard secondary service voltages.

Dated this 4th day of December 2015.

BLACK HILLS POWER, INC.

By: 
Jon Thurber
Manager, Regulatory Services

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

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STATE OF SOUTH DAKOTA)
COUNTY OF PENNINGTON) **SS:**

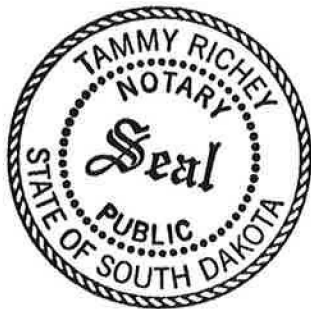
I, Jon Thurber, being duly sworn, do hereby depose and say that I am Manager of Regulatory Services for Black Hills Power, Inc., Applicant in the foregoing Application; that I have read such Application; and that the facts set forth therein are true and correct to the best of my knowledge, information, and belief.

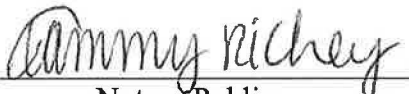


Jon Thurber
Manager, Regulatory Services

Subscribed and sworn to before me this 4th day of December, 2015.

(SEAL)





Notary Public

my commission expires: 9/14/2021