

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

<b>IN THE MATTER OF THE APPLICATION OF</b>	)	<b>ORDER AUTHORIZING THE</b>
<b>BLACK HILLS POWER, INC. FOR AN ORDER</b>	)	<b>ISSUANCE OF UP</b>
<b>AUTHORIZING ISSUANCE OF FIRST</b>	)	<b>TO \$75,000,000 OF FIRST</b>
<b>MORTGAGE BONDS</b>	)	<b>MORTGAGE BONDS</b>
	)	<b>EL02-011</b>

On May 30, 2002, the South Dakota Public Utilities Commission ("Commission") received an application from Black Hills Power Inc. ("Black Hills"), requesting authority to issue and sell up to \$75,000,000 of First Mortgage Bonds ("New Bonds"). The New Bonds would be secured by and issued under the Indenture and Deed of Trust of Black Hills to J.P. Chase Morgan, as Trustee ("Indenture").

Black Hills stated that it proposed "to sell the New Bonds through a registered public offering and to register the New Bonds in accordance with the Form S-3 Registration Statement under the Securities Act of 1933. Black Hills intends to obtain maximum economy and effect the most favorable terms in its borrowings. The specific designation, aggregate principal amount, authorized denominations, purchase price, maturity, rate and time of payment of any interest, and redemption terms or other specific terms will be determined by market conditions at the time of the offering." Black Hills stated that the new bonds are proposed to be issued as a result of recent and forthcoming capital expenditures, debt service requirements, and to establish a debt/equity ratio more consistent with other typical utility companies.

At its regularly scheduled June 13, 2002, meeting, the Commission considered Black Hills' application. The Commission has jurisdiction over this matter pursuant to SDCL 49-34A, specifically 49-34A-29 to 49-34A-34, inclusive. Commission Staff recommended approval with the conditions that Commission authorization does not constitute the Commission's determination of any utility ratemaking issues and that the issuance of securities does not mean that the Commission is in any way prohibited at some future date from finding Black Hills' capital structure in need of adjustment. The Commission voted to approve the application and authorize the issuance of First Mortgage Bonds as requested by Black Hills with the conditions requested by Staff. Pursuant to SDCL 49-34A-42, the Commission finds the following: the issuance and sale of the New Bonds is for a lawful object; it is within the corporate purposes of Black Hills and compatible with the public interest; it is necessary or appropriate for or consistent with the proper performance by Black Hills of service as a public utility and will not impair its ability to perform that service; and is reasonably necessary or appropriate for such purposes.

It is therefore

ORDERED, that Black Hills is authorized to sell up to \$75,000,000 of aggregate principal amount of First Mortgage Bonds from time to time, with such authority to expire September 30, 2002, in the manner set forth in its application; and it is

FURTHER ORDERED, that neither the issuance of securities by Black Hills pursuant to the provisions of this Order nor any other act or deed done or performed in connection therewith shall be construed to obligate the State of South Dakota to guarantee the payment in any manner whatsoever of any security authorized, issued, assumed, or guaranteed hereunder; and it is

FURTHER ORDERED, that the issuance of this Order by the Commission authorizing the hereinabove described securities transactions is a securities authorization only and does not constitute the Commission's determination of any utility ratemaking issues whatsoever, which issues are expressly reserved for decision until they are presented to the Commission in appropriate proceedings; and it is

FURTHER ORDERED, that the issuance of securities by Black Hills pursuant to this Order is not construed to mean that the Commission is in any way prohibited at some future date from finding Black Hill's capital structure in need of adjustment.

Dated at Pierre, South Dakota, this 19<sup>th</sup> day of June, 2002.

<b>CERTIFICATE OF SERVICE</b>	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Aldine Kalbo</u>
Date:	<u>6/21/02</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Robert K. Sahr  
ROBERT K. SAHR, Commissioner