

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

IN THE MATTER OF THE APPLICATION OF)	ORDER AUTHORIZING THE
BLACK HILLS CORPORATION FOR THE)	ISSUANCE OF STOCK
AUTHORITY TO ISSUE STOCK OPTIONS)	OPTIONS
UNDER ITS 1996 STOCK OPTION PLAN)	EL96-023

On September 27, 1996, the Public Utilities Commission (Commission) received an application from Black Hills Corporation (BHC), which operates its electric utility under the assumed name of Black Hills Power and Light Company, requesting approval of Black Hills Corporation's 1996 Stock Option Plan providing for the granting of options to acquire up to 200,000 shares of BHC's authorized but unissued common stock.

BHC stated the purpose of the plan is to enable BHC to offer certain officers and other key employees of BHC and its subsidiaries options to acquire shares of the unissued and unauthorized common stock of BHC, thereby attracting, retaining and rewarding such employees and strengthening the mutuality of interests between such employees and BHC's shareholders. In addition, BHC has represented that the plan will provide the participants therein with an incentive for excellence in individual performance and will promote teamwork among participants.

On October 8, 1996, the Commission considered BHC's application. The Commission has jurisdiction over this matter pursuant to SDCL 49-34A-29 through 49-34A-34. The Commission finds the plan is within the corporate purposes of BHC, is compatible with the public interest, is appropriate for the proper performance by BHC as a public utility, it will not impair its ability to perform that service and that it is appropriate for such purposes. It is therefore

ORDERED, that the plan, a copy of which is attached as Addendum 1 to BHC's application, authorizing BHC through a committee to be appointed by the Board of Directors of BHC to grant awards of options to certain officers and other key employees of BHC and its subsidiaries as determined by the committee from time to time in its discretion, to purchase up to 200,000 of the authorized but unissued shares of common stock of BHC be and the same is hereby approved effective October 8, 1996, and it is

FURTHER ORDERED, that neither the issuance of securities by BHC pursuant to the provision 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; nor does it constitute a representation by the State of South Dakota or its Public Utilities Commission as to the quality or safety of any securities so issued; and it is

FURTHER ORDERED, that the issuance of this Order by the Commission authorizing the issuance of securities described herein 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 an appropriate proceeding; and it is

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

Dated at Pierre, South Dakota, this 17th day of October, 1996.

CERTIFICATE OF SERVICE

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: Alaine Kalbo

Date: 10/21/96

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Kenneth Stofferahn
KENNETH STOFFERAHN, Chairman

James A. Burg
JAMES A. BURG, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner