

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

IN THE MATTER OF THE)	DOCKET NO. EL12-061
APPLICATION OF BLACK HILLS)	
POWER, INC., FOR AUTHORITY TO)	NOTICE OF INTENT TO
INCREASE ITS ELECTRIC RATES IN)	IMPLEMENT INTERIM RATES
THE STATE OF SOUTH DAKOTA)	
)	

INTRODUCTION

Black Hills Power, Inc. (“BHP”) respectfully submits to the South Dakota Public Utilities Commission (the “Commission”) this Notice of Intent to Implement an interim rate increase for our South Dakota electric customers for service on and after June 16, 2013 (the “Interim Rate Increase”), pursuant to SDCL 49-34A-17. Under the statute, no Commission action is required to implement interim rates. The Interim Rate Increase of \$13,745,826 or approximately 9.94 percent will remain in effect until final rates are implemented following the Commission’s final determination in this matter. As authorized by SDCL 49-34A-17, BHP will use the rate design filed in this docket to recover the interim revenue requirement.

In support of this Notice of Intent, BHP submits the following:

1. On December 17, 2012, BHP filed with this Commission a request for approval to increase rates for electric service to customers in its South Dakota service territory. Thereafter, pursuant to SDCL 49-34A-14, the Commission suspended the operation of the schedule of rates proposed by BHP for 180 days beyond December 17, 2012. Therefore, BHP’s proposed rate increase will no longer be subject to suspension on and after June 15, 2013.

2. No final decision by the Commission on BHP's proposed rate increase is anticipated to be entered prior to June 15, 2013.

3. SDCL 49-34A-17 provides, in part, as follows:

The public utility may implement the proposed rate or practice if:

- (1) The proposed rate or practice has not been suspended or is no longer subject to suspension;
- (2) The commission has not issued a final decision; and
- (3) Thirty days has passed from the date of filing.

4. Therefore, under SDCL 49-34A-17, BHP has the right, after June 15, 2013, to implement its proposed rates as set forth in its December 17, 2012 application. BHP's December 17, 2012 application filed with the Commission requested proposed rates representing an increase of approximately \$13.7 million in annual revenues from BHP's South Dakota customers.

5. SDCL 49-34A-17 states that if a utility implements the proposed rate or a rate lower than the proposed rate, the utility shall use the same rate design currently in effect or the rate design the utility proposed when the petition for increased rates was filed. BHP has selected the option of implementing the Interim Rate Increase in accordance with the proposed rate design in the petition filed as set forth in Volume 1, Section 3, in Schedule I-1, and to apply the increase to the base rate components of customer bills beginning with service provided on June 16, 2013.

6. The Interim Rate Increase will be subject to refund, pending final Commission determination on the general electric rate increase. SDCL 49-34A-17 provides, in part, as follows:

In the case of a proposed increased rate, the Commission may, by order, require the public utility to keep an accurate account in detail of all amounts received by reason of the increase, specifying by whom and in whose behalf the amounts are paid. Upon completion of the hearings and decision, the commission may by further order require the public utility to refund, with interest, to customers, the portion of the increased rates found to be unjust, unreasonable, or discriminatory. The refund shall be carried out as provided in §§49-34A-22 and 49-34A-23.

7. BHP will track the individual customer billing impacts during this interim period in the event the Commission ultimately approves final rates that are lower than the Interim Rate Increase for any particular customer or customer class. Further, BHP commits to refunding its customers, with interest, any interim rate amounts that are greater than the level approved by the Commission in its final order in this case.
8. Proper notice to customers of BHP's application for rate increase has previously been provided. While there is no notice required by South Dakota statute or administrative rule related to BHP's implementation of the Interim Rate Increase, BHP will provide notice to its customers as follows:
 - a. Notice will be given to the public no later than May 15, 2013, by posting, as prescribed in South Dakota Administrative Rule 20:10:13:18, whereby a copy of this "Notice of Intent to Implement Interim Rates" will be exhibited in a conspicuous place in the business offices and service offices of BHP in South Dakota;
 - b. Notice will be given to the public no later than May 15, 2013, by publishing a copy of this "Notice of Intent to Implement Interim Rates" on the website of BHP.

For the reasons set forth above, BHP respectfully informs the Commission of BHP's intent to implement an Interim Rate Increase for service on and after June 16, 2013, pursuant to SDCL 49-34A-17, until final rates are implemented following the entry of the Commission's final decision and order in this matter, or until any appeals are exhausted.

BHP understands and agrees that placing interim rates into effect will not affect the Commission's authority to order a refund of the Interim Rate Increase pursuant to SDCL 49-34A-17, SDCL 49-34A-22 and SDCL 49-34A-23, in the event the Commission determines that a rate increase less than the Interim Rate Increase is appropriate for BHP in the Commission's final decision regarding BHP's proposed rate increase.

Respectfully submitted by Black Hills Power, Inc. on this 2nd day of May, 2013.

BLACK HILLS POWER, INC.

A handwritten signature in black ink, appearing to read "Chris Kilpatrick". The signature is written in a cursive style with a large initial "C" and "K".

By: Chris Kilpatrick, Director of Resource Planning and Rates