

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION) OF BLACK HILLS POWER, INC., FOR THE) PHASE IN OF RATES REGARDING) CONSTRUCTION FINANCING COSTS OF) CHEYENNE PRAIRIE GENERATING) STATION)	STIPULATION REGARDING EFFECTIVE DATE OF INTERIM PHASE IN RATES Docket No. EL 12-062
---	--

Whereas, on December 17, 2012, Black Hills Power, Inc. (“BHP”) filed with the South Dakota Public Utilities Commission (“Commission”) an application for the phase in of rates regarding construction financing costs (“Application”), wherein BHP proposed that the phase in rate tariff be effective February 1, 2013, subject to refund until such rates are approved by the Commission; and

Whereas, the Staff of the Commission (“Commission Staff”) and BHP (jointly, the “Parties”) have been able to resolve certain issues regarding the effective date of the interim phase in rate tariff and have agreed to this Stipulation Regarding Effective Date of Interim Phase In Rates (“Stipulation”).

In consideration of the mutual promises hereinafter set forth, the Parties agree that upon execution of the Stipulation, the Parties shall file this Stipulation with the Commission together with a joint motion requesting that the Commission issue an order approving this Stipulation in its entirety without condition or modification.

This Stipulation includes all terms of settlement. The Stipulation is filed conditioned with the understanding that, in the event the Commission imposes any changes in or conditions to this Stipulation, this Stipulation may, at the option of either Party, be withdrawn and shall not

constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose in this case or in any other.

This Stipulation shall become binding upon execution by the Parties, provided however, if this Stipulation is withdrawn in accordance with the paragraph above, it shall be null, void and privileged. This Stipulation is intended to relate only to the specific matters referred to herein; neither Party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; neither Party shall be deemed to have approved, accepted, agreed or consented to any rate making principle, or any method of cost of service determination, or any method of cost allocation underlying the provisions of this Stipulation, or be advantaged or prejudiced or bound thereby in any other current or future proceeding before the Commission. Neither Party nor representative thereof shall directly or indirectly refer to this Stipulation or that part of any order of the Commission as precedent in any other current or future rate proceeding before the Commission.

BHP and Staff do hereby stipulate as follows:

1. BHP's phase in plan rate ("PIPR") shall be effective commencing April 1, 2013, and the PIPR is subject to refund until such rates are approved by the Commission, and are subject to true-up and further subject to the Commission's right to perform an annual review and to adjust the PIPR as a result of that annual review. The PIPR tariff will terminate with the effective date of new base rates that include BHP's investment and costs of the Cheyenne Prairie Generating Station ("CPGS"). Any balance remaining in the Balancing Account (as defined in the Application) by customer class at the termination of the PIPR tariff will be collected or remitted to the respective customers over the next six months from the effective date of the new

base rates. The PIPR shall be collected by BHP only with regard to the financing costs associated with the financing of CPGS and for no other assets.

2. If the Commission does not approve the PIPR or approves some lesser rate, BHP will make the appropriate refunds to customers with interest at 7% through the use of a Balancing Account.

3. The PIPR shall be effective for interim rates on and after April 1, 2013 pursuant to the PIPR tariff sheet, which is attached hereto as Stipulation Exhibit 1, and which is incorporated by reference. The legislative version of the PIPR tariff sheet is attached as Stipulation Exhibit 2. The initial PIPR will be effective for the period April 1, 2013 through July 31, 2013. The PIPR will be updated on a regular basis with compliance filings no later than thirty days prior to the requested effective date for Commission review and audit. Future compliance filing dates are as follows:

Compliance Filing date no later than:	Effective Period
July 1, 2013	August 1, 2013 – October 31, 2013
October 1, 2013	November 1, 2013 – January 31, 2014
January 1, 2014	February 1, 2014 – April 30, 2014
April 1, 2014	May 1, 2014 – September 30, 2014*
*The last quarterly compliance filing will cover a five month period anticipating an October 1, 2014 commercial operation date of Cheyenne Prairie Generating Station and new base rates.	

4. BHP shall be allowed to collect, during the period April 1, 2013 through July 31, 2013, BHP’s estimated revenue requirement for February, March, April, May, June and July of 2013, in the amount of \$1,381,413, as shown on Stipulation Exhibit 3, which is incorporated by reference. BHP shall also be allowed to collect a carrying charge on the estimated February and

March revenue requirements as shown in Stipulation Exhibit 3. Stipulation Exhibit 3 also sets forth the customer impact for Residential Service and Small General Service, and includes the estimated monthly CPGS construction costs.

5. Except as modified by this Stipulation, BHP's proposed PIPR tariff is set forth in its Application filed December 17, 2012.

6. The filing fee to be paid by BHP for its Application in this docket, as determined pursuant to SDCL 49-34A-77, may be used by the Commission and Staff for review of the Application itself and for review of any BHP quarterly or annual filings, or for an annual review by the Commission. At BHP's option, BHP may recover the filing fee from its customers in BHP's next periodic PIPR following the final determination of the filing fee or in BHP's next rate case.

7. The Parties do hereby request that the Commission enter an Order approving this Stipulation and authorizing BHP to file Stipulation Exhibit 1 as its tariff sheet for the PIPR, effective April 1, 2013.

This Stipulation is entered into effective this 8th day of January, 2013.

BLACK HILLS POWER, INC.

By: Richard C. Fominis
Its: Vice President, Operations

SOUTH DAKOTA PUBLIC UTILITIES
COMMISSION STAFF

By: Karen E. Cremer
Its: Staff attorney