

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

**IN THE MATTER OF THE)
APPLICATION OF BLACK HILLS)
POWER, INC., FOR AUTHORITY TO)
INCREASE ITS ELECTRIC RATES)**

Docket No. EL 14-026

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MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT (SDSTA)

Black Hills Power, Inc., (“Black Hills Power” or “Company”) requests that the South Dakota Public Utilities Commission (“Commission”) adopt and approve, effective October 1, 2014, the Confidential Settlement Agreement (“Settlement Agreement”) between Black Hills Power and the South Dakota Science and Technology Authority (“SDSTA”)(jointly referred to as the “Parties”). Black Hills Power is authorized to advise the Commission that this Motion is made with the consent, authorization, and approval SDSTA.

The Settlement Agreement has been filed simultaneously with this Motion. The Contract with Deviations that the Parties have also entered into has been attached as an exhibit to the Settlement Agreement. Both the Settlement Agreement and the Contract with Deviations have been filed with the Commission confidentially.

This Motion for Approval is made pursuant to ARSD 10:10:01:19, and represents a negotiated settlement of all of the issues between the Parties in Docket No. EL 14-026. The terms of the Settlement Agreement are just, fair and reasonable, and consistent with South Dakota law. As a result, Black Hills Power respectfully requests the Commission approve the Settlement Agreement and the Contract with Deviations without modification.

Alternatively, Black Hills Power requests that the Commission conditionally authorize and approve, commencing October 1, 2014, the implementation of the rates set forth in the Settlement Agreement ("Settlement Rates"), subject to later approval of the Motion by the Commission, with the agreement that:

- 1) if this Motion is not subsequently approved by the Commission, the rates to be paid by SDSTA on and after October 1, 2014, shall be those rates in effect on September 30, 2014, with the difference between the applicable rates and the implemented rates subject to true up and refund or repayment as the case may be; or
- 2) if this Motion is subsequently approved by the Commission with some modification of the Settlement Rates to be paid by SDSTA, that the rates to be paid by SDSTA on and after October 1, 2014, shall be such rates as approved by the Commission, with the difference between the Settlement Rates and the applicable rates (as approved by the Commission) subject to true up and refund or repayment as the case may be.

The reason for the requested approval is that Black Hills Power intends to implement interim rates on October 1, 2014, and it would be unfair for SDSTA to pay the interim rates rather than the agreed upon rates set forth in the Settlement Agreement.

In summary, as a result of the settlement between the Parties, it is in the best interest of the Commission and the Parties that the rate agreed upon by the Parties as set forth in the Settlement Agreement be implemented on October 1, 2014, rather than requiring SDSTA to pay interim rates that are expected to go into effect on October 1, 2014.

WHEREFORE, for the foregoing reasons, Black Hills Power requests that the Commission adopt and approve, effective October 1, 2014, the attached Settlement Agreement and the Contract with Deviations, without modification, for the purposes of resolving all issues between the Parties. Alternatively, Black Hills Power requests that the Commission conditionally authorize and approve, commencing October 1, 2014, the implementation of the rates set forth in the Settlement Agreement ("Settlement Rates"), subject to later approval of the Motion by the Commission.

Dated this 3rd day of September, 2014.

BLACK HILLS POWER, INC.

By: _____

Lee A. Magnuson
Lindquist & Vennum, LLP

Its: Attorney