

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

IN THE MATTER OF THE)	DOCKET NO. EL14-026
APPLICATION OF BLACK HILLS)	
POWER, INC., FOR AUTHORITY TO)	
INCREASE ITS ELECTRIC RATES)	
)	
)	

NOTICE OF INTENT TO IMPLEMENT INTERIM RATES

Pursuant to SDCL 49-34A-17, Black Hills Power, Inc. (“Black Hills Power” or “Company”) respectfully submits to the South Dakota Public Utilities Commission (“Commission”) this Notice of Intent to Implement Interim Rates for its South Dakota electric customers for service on and after October 1, 2014 (the “Interim Rate Increase”). Under this statute, no Commission action is required to implement interim rates. The Interim Rate Increase of \$14,634,238 or approximately 9.27 percent will remain in effect until final rates are implemented following the Commission’s determination of the pending Application for Authority to Increase Electric Rates (“Application”).

In support of this Notice of Intent, The Company submits the following:

1. On March 31, 2014, Black Hills Power filed with this Commission its Application for approval to increase rates for electric service to customers in its South Dakota service territory on and after October 1, 2014. The Application requested an increase of approximately \$14.6 million in annual revenues from Black Hills Power’s South Dakota customers.
2. Pursuant to SDCL 49-34A-14, the Commission suspended the operation of the schedule of rates proposed by the Company for 180 days beyond March 31, 2014. Black Hills Power’s proposed rate increase will no longer be subject to suspension after September 27, 2014.

3. On April 11, 2014, Black Hills Power filed revised pages of Application Exhibits A, B, C, and D.
4. A final decision by the Commission regarding Black Hills Power's proposed rate increase is not anticipated to be entered prior to October 1, 2014.
5. 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.

Therefore, Black Hills Power has the right, on October 1, 2014, to implement the proposed rates set forth in its Application.

6. 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. Black Hills Power has selected the option of implementing the Interim Rate Increase in accordance with the proposed rate design in the Application, as set forth in Volume 1, Section 2, and to apply the increase to the base rate components of customer bills beginning with service provided on October 1, 2014.
7. In the event the Commission ultimately approves final rates that are lower than the Interim Rate Increase for any particular customer or customer class, Black Hills Power will track the individual customer billing impacts during this interim period. Further, Black Hills Power 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 Black Hills Power's Application has previously been provided. While there is no notice required by South Dakota statute or administrative rule for implementation of the Interim Rate Increase, the Company will provide notice to its customers as follows:

- a. Notice will be given to the public no later than September 15, 2014, by posting, as prescribed in South Dakota Administrative Rule 20:10:13:18, a copy of this “Notice of Intent to Implement Interim Rates” in a conspicuous place in the business offices and service offices of Black Hills Power in South Dakota; and
- b. Notice will be given to the public no later than September 15, 2014, by publishing a copy of this “Notice of Intent to Implement Interim Rates” on the Company’s website.

For the reasons set forth above, Black Hills Power respectfully informs the Commission of its intent to implement an Interim Rate Increase for service on and after October 1, 2014, and until final rates are implemented following the entry of the Commission’s decision and order in this matter, or until any appeals are exhausted.

Black Hills Power 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 in the Commission’s final decision regarding the pending Application.

Respectfully submitted by Black Hills Power, Inc. on this 3rd day of September, 2014.

BLACK HILLS POWER, INC.



By: Jon Thurber, Manager of Regulatory Affairs