

BLACK HILLS POWER
SD PUBLIC UTILITIES COMMISSION
DOCKET NO. EL14-034

REQUEST DATE : April 30, 2014

RESPONSE DATE : May 5, 2014

REQUESTING PARTY : South Dakota Public Utilities Commission

SDPUC Request 1-4:

According to the application, BHP is planning to issue up to \$110 million, to finance its "approximately \$93 million" interest in CPGS, and to recall the Series 2004 Campbell County bonds (\$12.2 million). Please explain why the pro-forma adjustments to capital structure on Docket EL14-026 Statement G, Page 3 of 5, do not reflect the full \$110 million.

Response to SDPUC Request 1-4:

In Docket EL14-026, the pro forma adjustments to the capital structure on Statement G, Page 3 of 5, do not reflect the full \$110 million of additional debt because the Company may not issue the full amount. The Company requested authority to issue up to \$110 million in additional first mortgage bonds, and \$50 million would fall within the Company's request. Statement G will be updated during discovery in Docket EL14-026 to reflect the actual debt transaction.

The amount of debt the Company ultimately issues will depend on market conditions. When the Company was preparing Docket EL14-026, forecasted interest rates were higher than current interest rates.

Attachments: None