

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 1-8:

Provide the basis for the \$110 million amount, including the purpose for each portion of the issuance. Explain why BHP chose to request authorization to issue up to \$110 million and not more or less. Does BHP receive any benefits for financing amounts over certain thresholds?

Response to SDPUC Request 1-8:

As of March 31, 2014, Black Hills Power had approximately \$455,000,000 of bondable additions. The bondable additions support the debt issuance amount. In addition, Black Hills Power chose to request authorization to issue up to \$110 million because it believes it can support its capital structure at this level. Please see Attachment 1-5 – Statement G Update, for details.

The threshold to achieve financing efficiencies would be in excess of \$250 million, which is the minimum size for an index-eligible bond.

Attachments: None