

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

<b>IN THE MATTER OF THE APPLICATION OF</b>	)	<b>ORDER AUTHORIZING</b>
<b>BLACK HILLS POWER, INC. REQUESTING</b>	)	<b>UNLIMITED SHORT-TERM</b>
<b>AUTHORITY TO INCUR SHORT-TERM DEBT</b>	)	<b>DEBT</b>
	)	
	)	<b>EL01-001</b>

On January 4, 2001, the Public Utilities Commission (Commission ) received an application from Black Hills Power, Inc. requesting authority to incur short-term debt. In Docket EL94-006, Black Hills Corporation (the predecessor-in-interest of Black Hills Power, Inc.) was relieved of the statutory limits of SDCL 49-34A-30, which prohibits a public utility from incurring short-term indebtedness of more than 5 percent of the par value of other securities of the public utility then outstanding, and was authorized to incur short-term debt of a total aggregate amount not to exceed 30% of its total capitalization.

Due to corporate restructuring, any advances made under credit facilities that are currently in place could cause Black Hills Power, Inc. to exceed the short-term debt limitations placed upon it in EL94-006. Prior to August 31, 2001, Black Hills Corporation anticipates putting in place new credit facilities at the holding company level which will relieve Black Hills Power, Inc. from any obligation it has upon the creation of new credit facilities. Black Hills Power, Inc. is seeking an Order approving and authorizing 1) that Black Hills Power, Inc., is released and relieved of any statutory obligations under SDCL 49-34A-30; 2) that Black Hills Power, Inc. is relieved of the short-term indebtedness limitations set forth in Docket EL94-006 concerning the Order authorizing it to incur short-term debt; and 3) that Black Hills Power, Inc. shall not be subject to any short-term debt limitations prior to September 2, 2001, and as of that date, shall then be obligated to a short-term indebtedness obligation of not more than 30% of Black Hills Power, Inc.'s total capitalization, which is its equity and long-term indebtedness.

At a duly noticed ad hoc meeting held on February 14, 2001, the Commission considered Black Hills Power, Inc.'s application. Commission Staff recommended that Black Hills Power, Inc. be relieved of the short-term indebtedness limitations set forth in Docket EL94-006 concerning the Order authorizing it to incur short-term debt; and that Black Hills Power, Inc. shall not be subject to any short-term debt limitations prior to September 2, 2001, and as of that date, shall then be obligated to a short-term indebtedness obligation of not more than 30% of Black Hills Power, Inc.'s total capitalization, which is its equity and long-term indebtedness.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-20 to 49-34A-34, inclusive. Pursuant to SDCL 49-34A-32, the Commission finds the following: the assumption is for a lawful object; it is within the corporate purposes of Black Hills Power, Inc. and compatible with the public interest; it is necessary or appropriate for or consistent with the proper performance by Black Hills

Power, Inc. of service as a public utility and will not impair its ability to perform that service; and it is reasonably necessary or appropriate for such purposes. It is therefore

ORDERED, that Black Hills Power, Inc. be relieved of the short-term indebtedness limitations set forth in Docket EL94-006 concerning the Order authorizing it to incur short-term debt; and that Black Hills Power, Inc. shall not be subject to any short-term debt limitations prior to September 2, 2001, and as of that date, shall then be obligated to a short-term indebtedness obligation of not more than 30% of Black Hills Power, Inc.'s total capitalization, which is its equity and long-term indebtedness; and it is

FURTHER ORDERED, that neither the assumption of debt by Black Hills Power, Inc. pursuant to the provisions of this Order nor any other act or deed done or performed in connection therewith shall be construed to obligate the state of South Dakota to guarantee the payment in any manner whatsoever of any debt assumed or guaranteed hereunder; and it is

FURTHER ORDERED, that the issuance of this order by the Commission authorizing the hereinabove described authority to incur short-term debt does not constitute the Commission's determination of any utility ratemaking issues whatsoever, which issues are expressly reserved for decision until they are presented to the Commission in appropriate proceedings; and it is

FURTHER ORDERED, that the assumption of short-term debt by Black Hills Power, Inc. pursuant to this Order is not construed to mean that the Commission is in any way prohibited at some future date from finding Black Hills Power, Inc.'s capital structure in need of adjustment.

Dated at Pierre, South Dakota, this 23<sup>rd</sup> day of February, 2001.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>Delvin Kalbo</i></u>
Date:	<u>2/26/01</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

*James A. Burg*  
JAMES A. BURG, Chairman

*Pam Nelson*  
PAM NELSON, Commissioner

*Laska Schoenfelder*  
LASKA SCHOENFELDER, Commissioner