



Chris Kilpatrick
Director Resource Planning and Electric Rates
chris.kilpatrick@blackhillscorp.com

625 9th St.
Rapid City, SD 57701
P: 605.721.2748
F: 605.721.2568

December 17, 2012

HAND-DELIVERED

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, South Dakota 57501

Re: Application of Black Hills Power, Inc. for an Increase in Electric Rates

Dear Ms. Van Gerpen:

Black Hills Power, Inc. (Company) hereby submits its Application to the South Dakota Public Utilities Commission (Commission) for authority and consent to make certain changes in its charges for retail electric service provided to the Company's South Dakota customers, for authority and consent for a new transmission facility cost recovery tariff, for an accounting order for vegetation management, and other changes to the tariffs for service to its South Dakota electric customers.

The Company herewith submits an original and twelve (12) copies of the following, together with a CD with a pdf version:

<u>VOLUME</u>	<u>SECTION</u>	
1	1	Letter of Transmittal Notice of Proposed Changes of Rates and Charges Attestation by the Authorized Accounting Representative
	2	Tariffs, in legislative and non-legislative format
	3	Comparison of Revenue under Present and Proposed Rates

VOLUME

SECTION

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Statements A through R showing the Revenue Requirement, including Schedules as appropriate

- A. Balance Sheet
- B. Income Statement
- C. Statement of Retained Earnings
- D. Cost of Plant
- E. Accumulated Depreciation
- F. Working Capital
- G. Rate of Return
- H. Operation and Maintenance Expense
- I. Operating Revenues
- J. Depreciation Expense
- K. Income Taxes
- L. Taxes Other Than Income
- M. Overall Cost of Service
- N. Allocated Cost of Service by Jurisdiction
- O. Allocated Cost of Service by South Dakota Customer Class
- P. Energy Cost Adjustment Factors
- Q. Description of Utility Operations
- R. Coal Supply Pricing

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Work Papers 1-4

VOLUME

SECTION

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Testimony of Witnesses

- Richard C. Loomis
- Glynda O. Rahn
- Michael J. Fredrich
- Christopher J. Kilpatrick
- Erin E. Wentz
- Laura E. Patterson
- Jeff Berzina
- Jan Kirsch
- Mark Lux
- Brian G. Iverson
- William E. Avera
- Kyle D. White

The Application proposes an approximate 9.94% increase for South Dakota electric revenues and other changes to the tariffs for service to its South Dakota electric customers. The proposed changes to the rate schedules would increase revenues from South Dakota customers by \$13,745,826, based on the billings issued for sales of electric energy for the twelve months ended June 30, 2012. The proposed changes would affect the billings of approximately 65,000 customers in South Dakota. The requested effective date of the proposed changes is April 1, 2013.

The additional revenue requested in the Application is needed to offset the increased costs incurred by the Company in providing service to its customers.

The Company also requests approval, effective April 1, 2013, of a transmission facility cost recovery tariff (see Exhibit CJK-2 to Direct Testimony of Christopher J. Kilpatrick or proposed tariff Section No. 3C original Sheet No. 22) and approval of an accounting order for vegetation management (see Exhibit CJK - 3 to Direct Testimony of Christopher J. Kilpatrick).

The Company hereby certifies that the Notice of Proposed Changes of Rates and Charges will be exhibited in a conspicuous place in each of the Company's local district offices in the territory affected, for at least thirty (30) days prior to the date such change is to become effective. Each Notice states that the proposed rate and charges are available in that office for inspection. The Company also certifies Notice has been or is being provided to the public in all respects as required by ARSD §§ 20:10:13:17 through 20:10:13:19.

In addition to complying with the requirements of the Commission's administrative rules and regulations pertaining to notifying customers of the Application, the Company's letters are being mailed to the Company's key account customers and community and government leaders; and all of our customers will be made aware of this Application through our Notice that will be included in customer bills, our press release and our website www.blackhillspower.com, which will contain information describing the Application. We are also prepared to meet with customer groups as requested to provide detailed information regarding our Application. Finally, copies of the Application will be available in all of our local district offices.

The Commission's communications with the Company regarding this Application should be directed to:

Chris Kilpatrick, Director of Resource Planning and Rates
Black Hills Power, Inc.
P.O.Box 1400 – 625 Ninth Street
Rapid City, South Dakota 57709-1400
(605) 721-2748
Chris.kilpatrick@blackhillscorp.com

with a copy to:

Todd L. Brink, Senior Counsel
Black Hills Power, Inc.
P.O.Box 1400 – 625 Ninth Street
Rapid City, South Dakota 57709-1400
(605) 721-2516
Todd.brink@blackhillscorp.com



with a copy to:

Lee A. Magnuson
Lindquist & Vennum, PLLP
101 South Reid Street, Suite 302
Sioux Falls, SD 57103
605-978-5201
lmagnuson@lindquist.com

The Applicant's legal name is Black Hills Power, Inc. with its principal place of business in Rapid City, South Dakota. The Company is a corporation, organized on August 27, 1941 under the laws of South Dakota.

The Company provides retail electric service in South Dakota, Wyoming and Montana.

The Company requests confidential treatment of the following in their entirety:

Schedule I-1 pg 9
Schedule I-1 pg 10
Schedule K-1
Schedule K-3

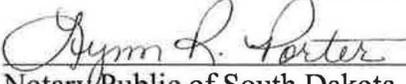
The noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public. The Company requests these noted documents be treated as confidential forever.

Respectfully submitted,

BLACK HILLS POWER, INC.

By 
Chris Kilpatrick
Director of Resource Planning and Rates

Sworn to and subscribed before this 11th day of December, 2012.


Notary Public of South Dakota

My Commission Expires: 12-1-14

