

Black Hills Power Rate Increases

Rate case: On December 17, 2012, Black Hills Power, Inc. filed an Application for Increase in Electric Rates with the South Dakota Public Utilities Commission (Commission). Black Hills Power, Inc. requested an increase to revenues of \$13,745,826 or a 9.94% increase across all South Dakota customers. The proposed increase was filed in order to cover costs associated with replacing aging infrastructure and to make system improvements to continue providing safe, reliable service to customers as well as costs associated with managing the impact of Mountain Pine Beetle infested trees on infrastructure.

The Commission, on September __, 2013, authorized a 6.39% rate increase or an increase in annual revenues of \$8,831,464. As allowed by South Dakota Codified Law 49-34A-17, the Commission approved the implementation of Interim Rates effective June 16, 2013, at the rates proposed in the Docket No. EL12-061. The difference, plus 7% interest between the interim rates and the final approved rates will be refunded to customers in November 2013.

When compared to the rates in effect prior to Black Hills Power Inc.'s rate application, a typical residential customer using 650 kilowatt-hours (kWh) of power each month will see an increase of \$4.63 per month or \$0.14 per day. The actual change in each customer's monthly utility bill will vary based on their electric service rates and electricity use.

Black Hills Power, Inc. will issue a refund to customers, with interest, for the difference between the interim rates that had been implemented and final approved rates effective for electricity service on and after November 1, 2013.

Residential Service:

	Prior Rates	Final Rates
Customer Charge	\$ 8.25	\$ 8.75
Energy Charge	\$ 0.0793	\$ 0.08755
Cost Adjustments	\$ 0.0274	\$ 0.02712

Residential Service - Monthly Bill Example				
Usage	Bill at Prior Rates	Bill at New Rates	Amount of Increase	Percent Increase
300	\$ 39.69	\$ 42.10	\$ 2.41	6.06%
400	\$ 50.17	\$ 53.21	\$ 3.04	6.06%
500	\$ 60.65	\$ 64.33	\$ 3.68	6.06%
600	\$ 71.13	\$ 75.44	\$ 4.31	6.06%
700	\$ 81.61	\$ 86.56	\$ 4.94	6.06%
800	\$ 92.09	\$ 97.67	\$ 5.58	6.06%

The above analysis only includes the rate case increase.

Phase in Case: The Company filed its application on December 17, 2012, for authority to implement a phase in rate increase relating to the construction financing costs of Cheyenne Prairie Generating Station. On January 17, 2013, the Commission approved, on an interim basis and subject to refund, the phase in rate increase effective April 1, 2013, until such time as the rates were finally approved by the Commission. The Commission, on September __, 2013, granted final approval of the phase in rate increase. The total phase in rate increase over the term of the phase in plan is estimated to be three to four percent.

If you have any questions please contact your local Black Hills Power office or call toll-free 1-800-742-8948.

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Residential Total Electric Service:

	Prior Rates	Final Rates
Customer Charge	\$ 10.75	\$ 11.25
Energy Charge	\$ 0.0598	\$ 0.0667
Cost Adjustments	\$ 0.0274	\$ 0.02712

Residential Total Electric - Monthly Bill Example				
Usage	Bill at Prior Rates	Bill at New Rates	Amount of Increase	Percent Increase
800	\$ 78.99	\$ 83.49	\$ 4.50	5.70%
900	\$ 87.52	\$ 92.52	\$ 5.00	5.71%
1000	\$ 96.05	\$ 101.55	\$ 5.50	5.73%
2000	\$ 181.35	\$ 191.85	\$ 10.50	5.79%
3000	\$ 266.65	\$ 282.56	\$ 15.50	5.81%
4000	\$ 351.95	\$ 372.45	\$ 20.50	5.82%

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Residential Demand Metered Service:

	Prior Rates	Final Rates
Customer Charge	\$ 11.75	\$ 12.25
Energy Charge	\$ 0.0171	\$ 0.01878
Cost Adjustments	\$ 0.0274	\$ 0.02712

Residential Demand Metered - Monthly Bill Example					
Usage	Demand (kW)	Bill at Prior Rates	Bill at New Rates	Amount of Increase	Percent Increase
1000	6	\$ 94.67	\$ 100.29	\$ 5.62	5.94%
1200	7	\$ 109.91	\$ 116.38	\$ 6.47	5.89%
1500	8	\$ 129.41	\$ 136.71	\$ 7.30	5.64%
2000	10	\$ 164.15	\$ 173.12	\$ 8.97	5.46%
2500	12	\$ 198.89	\$ 209.53	\$ 10.64	5.35%
3000	14	\$ 233.63	\$ 245.94	\$ 12.31	5.27%

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