

**FILED WITH
Executive Secretary**

January 11, 2011

IOWA UTILITIES BOARD

666 Grand Avenue, Suite 2000
Ruan Center, Des Moines, IA 50309



Brown, Winick, Graves, Cross,
Baskerville and Schoenebaum, P.L.C.

January 11, 2011

direct phone: 515-242-2415

direct fax: 515-323-8515

email: pes@brownwinick.com

Executive Secretary
Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319-0069

Re: Black Hills/Iowa Gas Utility Company LLC d/b/a Black Hills Energy
Docket No. RPU-2010-0002

Dear Executive Secretary:

Enclosed for filing on the EFS by Black Hills/Iowa Gas Utility Company d/b/a Black Hills Energy (“Black Hills Energy”) is a “Modified Joint Motion and Unanimous Settlement Agreement on All Issues” (“Modified Settlement”) that supersedes and replaces the “Joint Motion and Unanimous Settlement Agreement on All Issues” (“Initial Settlement”) previously filed on September 1, 2010. The Modified Settlement is identical with the Initial Settlement in all material respects except two: (1) Black Hills Energy’s proposed Investment Recovery Mechanism (“IRM”) has been withdrawn from consideration in this docket; and (2) the three-year rate moratorium provision included in the Initial Settlement, which was conditioned upon the Board’s approval of the IRM, has been withdrawn along with the IRM.

Also enclosed for filing are two versions (a redline version and a clean version) of tariff sheets to implement the terms and conditions of the Modified Settlement. Supporting data for the tariff sheets, including billing determinants, were previously filed in this docket on September 29, 2010, designated as Attachment F to Black Hills Energy’s responses to Board requests for additional information.

The Modified Settlement, like the Initial Settlement, provides for a revenue increase in Black Hills Energy’s jurisdictional operation of \$3.4 million, to be adjusted upward to reflect the unamortized balance of prior rate case expenses and the actual amount of rate case expense for this proceeding, amortized over a three-year period. The tariff sheets included in this filing are designed to generate additional annual revenue in the amount of \$3.4 million, but do not include any upward adjustment to reflect prior rate case expenses or any rate case expenses for this proceeding.

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Complete rate case expenses for this proceeding cannot be ascertained at the present time. As soon as they become known to Black Hills Energy, Black Hills Energy intends to submit revised tariffs that recover the rate case expenses by means of an appropriate adjustment to the volumetric rate. Black Hills Energy also intends to file a waiver request, similar to the one filed and granted in Docket No. RPU-2008-0003, allowing it to recover its rate case expenses up to the date the Board issues its final order in this docket.

Very truly yours,

/s/ Philip E. Stoffregen

Philip E. Stoffregen
Attorney for Black Hills Energy