

-----Original Message-----

From: maryanne rohrer

To: Gary Hanson

ReplyTo: maryanne rohrer

Subject: Black Hills Power and Light

Sent: Apr 25, 2014 12:23 PM

Dear Mr. Hanson;

I am writing again to ask about the BHP rate increase request. One of the companies comments (Rapid City Journal) was that they had no insurance to pay for the damage. I would like to know if insurance was available for this type of damage and BHP simply did not purchase it. If it was available and not purchased I see no reason for customers to pay for the damage. I am not sure I see a reason for the customer to pay regardless. Thousands of families in western South Dakota suffered much damage and I don't believe a good share of them can charge anyone to recoup thier losses.

Considering that a new rate increase went into effect last fall I think it is unreasonable for another increase. We are a senior couple paying with the averaged payment plan The bill has gone up ten dollars a month over the last few months. It does not seem reasonable that a bill for electricity for two people (gas furnace and gas water heater) who average 3-4 loads of laundry a week, have the television on less than two hours a day, have energy efficient appliances, etc., should be one hundred dollars a month let alone 113 dollars a month if this is approved. Most of us just have to 'tighten our belts' when things happen and I see no reason that BHP can't do that as well. I have heard that they are building new offices just south of Rapid City but have no way of verifying that. Can you tell me if that is correct? If so, perhaps that should be put on hold until the company recovers from the storm - just as the rest of us have to do. I certainly wish competition were available in the power market.

I am afraid most of us see this as a money grab to support lack of planning and preparation for disaster. I understand that you may disagree, but that is a comment I have heard from people I am acquainted with.

Thank you for your time.

Maryanne Rohrer

001828

From: PUC

Sent: Tuesday, April 29, 2014 9:54 AM

To: [REDACTED]

Subject: FW: Black Hills Power and Light

Importance: High

Dear Ms. Rohrer:

Thank you for your April 25th message regarding the Black Hills Power rate increase request. Since BHP filed this on March 31, 2014, commissioners and staff have been investigating the filing and we are in the very early days of this process. A complex rate case such as this may take up to a year to fully process and it will take time to answer many of the questions I have as well as those from the PUC staff, my fellow commissioners, possible intervenors, as well as questions that I have heard from citizens like you.

For example, you question whether or not BHP could or should have had insurance to cover the costs of the storm damage. State law provides that a utility has the right to recover the cost of insurance. Additionally, that cost would be borne by you and other customers over a period of years. Therefore, I must weigh the cost to carry insurance that is sufficient to cover the expenses of extreme storms, similar to and even more extensive than the Atlas storm, against the potential cost of the storm. As to whether that would have been more prudent or less expensive for you as a consumer is an answer I do not have at this point. This is a decision much like you or I personally must weigh when deciding whether to carry liability-only insurance on a vehicle, or full coverage in case of an accident.

BHP is a public utility and as such, extensive laws at the federal and state levels govern it and also govern the commission as to regulatory oversight of the utility. The utility is allowed to pass along to its consumers most of the costs it incurs in providing you and me with electric service. This is in contrast to most other businesses providing us with services.

I do not know if the utility is building new offices near Rapid City, but we will learn about that during the investigation of this case.

You mention that you wish competition was available in the power market. This wish must be carefully contemplated. The costs of duplicative transmission and distribution facilities make full competition in the electric industry economically unfeasible. Some states do have “managed competition” in which customers may

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choose the generation provider. In a “competitive” electric state, the regulated utility must still deliver the electricity to customers’ homes and businesses. However, states that do allow “managed competition” tend to have higher rates than states such as South Dakota that operate under the traditional “vertically integrated” system. In the competitive states, generation providers are allowed to charge market rates which are not regulated. Choosing a generation provider does not diminish costs such as requirements to build new power plants due to EPA regulations. It only allows customers to choose which company they want to pay these costs to.

Keep in mind also that electric rate increases are something not only experienced by you as a BHP consumer, but also by the utilities across our entire country and state, whether they are investor-owned, cooperatives or municipal electric systems. EPA and other federal mandates are causing costs to increase as we are hearing about and seeing on the news every day.

May I take this opportunity to remind you that you may follow along as this docket is processed. You can review the filings in this docket, EL14-026, on our web site: <http://www.puc.sd.gov/Dockets/Electric/2014/EL14-026.aspx> Your comment and my response will be added to the docket. You may also find the Electric Rate Increase Requests guide helpful as to the complete processing of such a docket: <http://www.puc.sd.gov/commission/Publication/electricratecasehandout.pdf>

Thank you for your additional questions and comments.

Sincerely,

Gary Hanson

001830

From: Maryanne [REDACTED]
Sent: Wednesday, April 30, 2014 9:47:28 AM
To: PUC
Subject: Re: Black Hills Power and Light
Auto forwarded by a Rule

Thank you for your response and explanations.

Sent from my iPad

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