

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

**IN THE MATTER OF THE APPLICATION OF)
BLACK HILLS POWER, INC. FOR)
AUTHORITY TO INCREASE ITS ELECTRIC)
RATES)
)**

**PROCEDURAL ORDER ON
PETITION FOR
RECONSIDERATION**

EL14-026

On March 31, 2014, Black Hills Power, Inc. (BHP) filed with the South Dakota Public Utilities Commission (Commission) an Application for Authority to Increase Electric Rates (Application) and supporting exhibits requesting approval to increase rates for electric service to customers in its South Dakota service territory by approximately \$14.6 million annually or approximately 9.27% based on BHP's test year ending September 30, 2013. The Application included an extensive, detailed set of schedules and pre-filed testimony in support of the proposed rates. The Application stated that a typical residential electric customer using 650 kWh per month would see an increase of \$10.91 per month. The proposed changes would affect approximately 65,500 customers in BHP's South Dakota service territory. The Application requested an effective date of October 1, 2014, for the proposed rate increase which was the anticipated start-up date for BHP's Cheyenne Prairie Generating Station, then under construction, and coincides with the 180 day limitation on suspension of a requested rate increase pursuant to SDCL 49-34A-14.

On June 6, 2014, GCC Dacotah, Inc., Pete Lien & Sons, Inc., Rushmore Forest Products, Inc., Spearfish Forest Products, Inc., Rapid City Regional Hospital, Inc., and Wharf Resources (U.S.A.), Inc. (collectively Black Hills Industrial Intervenors or BHII) filed a Petition to Intervene, and Dakota Rural Action, Inc. (DRA) filed a Petition to Intervene. On June 26, 2014, the Commission issued an Order Granting Intervention to BHII and DRA.

On December 9, 2014, BHP and Staff jointly filed a Joint Motion for Approval of Settlement Stipulation, Settlement Stipulation, and Exhibits (Settlement Stipulation). On December 30, 2014, the Commission issued an Order for and Notice of Hearing setting the matter for hearing on January 27-29, 2015. The hearing was held as scheduled on January 27 and 28, 2015. On February 10, 2015, BHP and Staff filed an Amended Settlement Stipulation between BHP and Staff (Amended Stipulation) reflecting two changes to the factual bases supporting the agreed revenue requirement due to new information contained in pre-filed testimony filed after the Settlement Stipulation was entered into and filed and evidence introduced at the hearing. On February 23, 2015, BHP and Staff filed a Joint Motion for Approval of Amended Stipulation. Following post-hearing briefing and questioning from the Commission at a hearing on March 2, 2015, the Commission issued its Final Decision and Order; Notice of Entry on April 17, 2015 (Decision).

On April 1, 2015, BHII filed Black Hills Industrial Intervenors' Petition for Rehearing and Reconsideration (Petition) requesting Commission reconsideration of the following issues:

1. The Commission's interpretation of ARSD 20:10:13:44;
2. The Commission's interpretation of SDCL 49-34A-19;
3. The Commission's interpretation of SDCL 49-34A-24;

4. The Commission's decision to accept BHP's and Staff's inclusion of \$666,068 in incentive compensation related to financial goals in BHP's cost of service¹; and

5. The Commission's decision to accept BHP and Staff's normalization of pension expenses using a five-year average instead of BHP's actual 2015 pension expense as recommended by BHII.

In the Petition, BHII also requested rehearing on the following grounds: (1) that the Commission's approval of the Amended Stipulation violated principles of equity and due process; and (2) that the Commission's approval of the Amended Settlement, over BHII's timeliness objection, contravened Rule 6 of the South Dakota Rules of Civil Procedure. In the Petition, BHII reserved the right to supplement the Petition following the Commission's issuance of its written Decision. On April 17, 2015, BHP filed Black Hills Power, Inc.'s Answer to BHII's Petition for Rehearing and Reconsideration (BHP's Answer). On April 23, 2015, BHII filed a proposed schedule for party filings and Commission consideration of the Petition. All parties informally agreed with the schedule proposed by BHII via emails to Commission Counsel. It is therefore

ORDERED, that the parties and the Commission shall adhere to the following procedural schedule in addressing the Petition except as the Commission shall otherwise order:

- BHII will submit its supplement to the Petition no later than Monday, May 11, 2015, giving BHII one week less than the Decision permits to prepare its supplement;
- BHP will submit any supplement to its Answer to the Petition no later than Friday, May 22, 2015, giving BHP approximately one week less than would otherwise be permitted under ARSD 20:10:01:30.02 to prepare its supplement; and
- A hearing will be held by the Commission on the Petition and the issues raised therein and in responses thereto by other parties in connection with the Commission's regular meeting on Tuesday, May 26, 2015, beginning at 9:30 A.M. CDT in Room 413 of the State Capitol Building in Pierre, SD.

Dated at Pierre, South Dakota, this 30th day of April, 2015.

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, electronically or by mail.
By: <u>Rolayne West</u>
Date: <u>4-30-15</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Chris Nelson
CHRIS NELSON, Chairman

Kristie Fiegen
KRISTIE FIEGEN, Commissioner

Gary Hanson
GARY HANSON, Commissioner

¹As pointed out in BHP's Answer in footnote 3, p. 7, there is an error in this issue statement since the Decision actually excluded, rather than included, \$666,068 of incentive compensation.