

Jim,

What gives you any indication we "didn't do [our] job?" This is a contested case (like a civil or criminal trial). There are thousands and thousands of pages of evidence to review, hundreds of questions that need to be asked of Black Hills Power, and millions of dollars to be accounted for. That type of due diligence should not be rushed. We are going to subject Black Hills Power to all of the scrutiny their sizable request warrants (and that's a lot of scrutiny). We have six regulatory experts and two outside regulatory consulting firms working on this case, and they need to have enough time to prepare their case. Just think about how long most court cases and legal processes take. That's what this is -- an administrative law proceeding. There will be discovery, witnesses testifying under oath, cross-examination by attorneys, and evidence introduced into the record. All of that takes time. I suspect that the party most irritated by the Commission's methodical and thorough review is Black Hills Power. That is too bad, but I am not going to rush this process. The ratepayers deserve sufficient scrutiny of this filing.

It is worth noting that there are two ratepayer groups that have intervened as formal participants in this case. Both of those groups also agreed they needed additional time to prepare for hearing. They felt customers would be better served by not rushing this process.

This entire process is designed to determine what expenses were prudently incurred by Black Hills Power. You needn't worry that you will be paying for "**extremely** poor planning on BHP&L's part" or for a "failed project" or for "poor management." You won't be. Black Hills ratepayers also won't be paying to "fulfill the power needs of other states."

Jim, I can promise you that everyone at the commission involved with this proceeding wants your electric rates to be as low as they reasonably can be to provide safe and reliable energy. None of us got into utility regulation to hurt our friends, family, and fellow South Dakotans. We are working hard and I believe the final outcome of this proceeding will absolutely serve the public interest.

Thanks,
Dusty

Dustin "Dusty" Johnson
Public Utilities Commission
605-773-3201

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

From: James P Roling
Sent: Wednesday, March 17, 2010 9:19 AM
To: Johnson, Dustin (PUC)
Cc: Jim & Kathy Roling
Subject: RE: Black Hills Power & Light Impending 20% rate Hike

Mr. Johnson,

Thank you for your response.

Interesting. Why wasn't this "exhaustive analysis" done before the 6 month deadline? Let me get this straight – unless there is any data, research or resistance to a utility's submitted docket rate raise, state law allows them to implement said increase; no matter what it is? In other words, because the PUC didn't do their job, BHP&L is guaranteed a 20 to 26.6% rate hike? That's totally unacceptable. As a fairly logical person, it would seem to me that as an elected individual responsible for ensuring fair and equitable utility rates, you would immediately say: "where is the proof?" If there is no proof, no increase is warranted. The burden of proof needs lie with the utility – to prove/justify their increase. Why would this take 6 months to determine?

Further, as a former consulting engineering firm employee, I know that all utility companies do "Long Rang Plans" and "Rate Studies". Seems to me *extremely* poor planning on BHP&L's part to submit a huge rate increase instead of a 1 to 2% over a number of years – this smells of a rather different nature. If it were simply a matter of power demand for our area, I am certain they knew of the need for this power plant years ago. No, it appears to me a huge increase such as this is a "knee-jerk" reaction to a failed project or "unforeseen circumstances" which need to be thoroughly verified as viable expenses to pass on to the end customer. The verification of benefit needs to be established to the customer base – of what benefit is an increase in rate that is used to cover poor management or investment in power plants that fulfill the power needs of other states?

If you are in the Hills right now, I'd like to talk to you.

Regards,

Jim

James P. Roling, BSME

From: Dustin Johnson

Sent: Tuesday, March 16, 2010 6:49 PM

To: James P Roling

Subject: Re: Black Hills Power & Light Impending 20% rate Hike

Jim,

The rate approved was an interim rate in place until we can finish our exhaustive analysis of BHP, their operation, and their decisions. They have a lot to prove.

Our only options under state law for this interim rate was 20 percent or 26.6 percent. Not much of a decision, I know.

I am in the Hills right now talking to customers. I'll write more later.

Dusty

Dustin "Dusty" Johnson
Public Utilities Commission
(605) 773-3201

From: James P Roling
To: Johnson, Dustin (PUC)
Cc: Jim & Kathy Roling
Sent: Tue Mar 16 18:31:16 2010
Subject: Black Hills Power & Light Impending 20% rate Hike

Mr. Johnson,

I would like to ask you how you as a Public Utilities Commissioner can justify allowing Black Hills Power & Light a 20% rate hike as reported below:

RAPID CITY, S.D. (AP) _ South Dakota regulators have given Black Hills Power approval to raise customers' rates by 20 percent on an interim basis, starting next month.

The [Public Utilities Commission](#) will not decide until this summer on a request for a permanent rate increase of 26.6 percent. If regulators reject it or approve an increase lower than 20 percent, the utility would have to make refunds to customers.

[Black Hills Power](#) filed the request last September in large part to cover the costs of a new generating plant in Wyoming.

The electric bill for a typical homeowner will rise by about \$13 a month under the interim 20 percent hike. There are about 64,000 customers in the utility's service territory.

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Was this power plant needed or was it a boondoggle the customer/consumer is once again footing the bill for? Could this not have been avoided or at least planned better – say 1 or 2% over a 5 year period instead of a shocking 20% rip? As a customer, I would like to see the justification for this increase. I as well as many others have lost jobs due to the economic slow down, making it increasingly more difficult for us to maintain a standard of living. Yet, utility companies and elected officials remain insulated, voting for their own raises and rate hikes. This is NOT acceptable and these same entities will have to reap what they sow. You as our representatives, in our interest need to assure us that this hike is: 1) justifiable, 2) In Our Best Interest 3) Absolutely Necessary.

I am certain that many utilities across the state are becoming concerned about what they will do when many homeowners begin to buy wind generator systems; how this will affect their power factor, demand rates, etc. This movement may be isolated at first, but will gain in popularity until it becomes a force to be reckoned with. I can guarantee you that when BHP&L, or any utility for that matter, does this type of thing without just cause or at least does not inform the public, there **will** be repercussions. I am certain that individuals as well as organized neighborhoods, townships & developments will find a way. This will end up costing the utility far more in the long run; plus, if I am not mistaken – adding insult to injury, they will have to pay the consumer when the meter runs backwards.

I remember as a kid hearing the NSP jingle, “NSP is Penny Cheap to You”. Although those days are arguably gone, it doesn’t mean that we the consumer is ready to be “taken to the cleaners” either. ANY hike must be justified to the end consumer; and if it can’t be justified, then the

company that took the risk will just have to “buck up” and pay for it. We the consumer didn’t ask the utility to build a new power plant for us. At no time was I informed or asked whether I would like to invest in a new venture.

During the days of the “penny cheap” energy, everyone clamored to come “on board” – we all believed our cheap energy would stay cheap. It has for many, many years until these late years. Now that we are all hooked on electricity, we all “over the barrel”, it seems that these companies are taking advantage of the monopoly they now enjoy (isn’t there a law against a monopoly?). We need your voice to protect us, be sure you do that; for if this goes through you can bet that your future as a Public Utilities Commissioner will not exist.

Frustrated and Concerned,

Jim

James P. Roling, BSME