

Gary,

I don't want to dive too much into the merits of this case, as that isn't allowed, but I don't believe any of this request is related to the Keystone pipeline. The rural electric cooperatives have said publicly that they (and not Black Hills Power) will be supplying that load.

You ask me to deny the request, but I don't yet have enough information to determine whether or not their request is reasonable. Such a determination will have to be based on hard facts and evidence in the record. Their request does seem quite high, and is larger than we have seen in quite a few years. We are in the process of examining the request, and I can promise you that we will be subjecting it to great scrutiny. We have both internal and external experts reviewing the filing, trying to determine which costs have been prudently incurred by Black Hills Power and which have not been. Our ultimate decision will need to be based on what the costs look like after that review. 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.

Gary, 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: Gary Ladner

Sent: Wednesday, March 03, 2010 9:27 PM

To: Johnson, Dustin (PUC)

Cc: Kolbeck, Steve; Hanson, Gary (PUC); Van Gerpen, Patty; Binder, Tim; Gregg, Deb; David Jacobson

Subject: Black Hill Power and TransCanada Keystone Pipeline

Dear Public Utilities Commission,

I urge you to get involved to deny the purported Black Hills Power (BHP) 26.6% rate increase.

BHP "maintained that the main reason for its rate request – the construction of a new power plant - is the best thing for consumers. The utility said the new plant is the most efficient and economical way to meet the growing demand for power."

What they fail to disclose is that most if not all of the power will we used for the TransCanada Keystone Pipeline. The pumps are huge and take an enormous amount of energy. If BHP dose not use power for the TransCanada Keystone Pipeline they could supply power for BHP consumers for 30 plus years without a new power plant.

Some say that the State would lose \$38 million in taxes if the pipeline were not built in South Dakota. The sad fact is that the BHP consumers will pay the \$38 million in taxes through the 26.6% increase.

If TransCanada Keystone Pipeline wants to build the pipeline and yes America needs oil, the cost of electrical power to the pumps should be spread to all Americans not just BHP consumers.

Please, stop the 26.6% increase purposed by BHP.

Gary Ladner
Rapid City, SD 57702