

Ted,

Thanks for your email. You raise a number of important issues.

First, I don't yet know whether or not the requested increase is a "farce." 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.

Second, you are right. Any increase in energy prices has an impact across the entire economy of an area. We see it with gas prices, natural gas prices, and electricity prices.

Third, I can promise you that your rates won't go to "deliver electricity to people in Colorado." South Dakota ratepayers won't pay for portions of a plant they aren't using. It doesn't matter to me if some of the plants capacity is unused or sold to another entity. Black Hills Power ratepayers are only going to pay for the portion of plant that serves Black Hills Power ratepayers.

Ted, 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:** Ted Schultz  
**Sent:** Saturday, March 06, 2010 11:21 AM  
**To:** Johnson, Dustin (PUC)  
**Subject:** Please Reduce BH Power Requested Increase  
**Importance:** High

Dusty,

I am strongly opposed to such a large increase in Black Hills Power Electrical rates. Please help us reduce this huge increase. The quoted \$12 to \$18 per month increase is a farce. At many homes and businesses this increase will far exceed 5-8 times more than that. This does not take into account other costs that will drastically rise.

I am a professional engineer that works with over 40 water systems in the Black Hills area. Every single system will see an extreme increase in water production costs which will then result in higher water bills to cover the extreme increase.

For instance the City of Sturgis will see a \$60,000 increase or more per year just to cover higher electrical rates. So raising electrical rates at such an extreme rate will have a trickle affect that will adversely affect every resident in the Black Hills service area.

I don't want my rates to help pay for new plants in Wyoming to deliver electricity to people in Colorado.  
Raise their rates not mine.

**Theodore F. Schultz, P.E.**  
**CETEC Engineering Services, Inc.**  
**Rapid City, SD 57703**