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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

April 4, 2010

Dear Mr. Johnson:

I am sending this letter in regard to the proposed rate increase by Black Hills Power. I am not signing my name to this letter for fear of retaliation by the executives of BHC and BHP.

Questions:

1. It is well known that the rate based plants of BHP sell power outside of the BHP territory. This can amount to millions of dollars in profit for the company. Will the Commission be looking at the history of these sales and what the budgeted amount of these sales is for 2010? Will the Commission take these off-system sales into account when establishing the percent of rate increase? It appears to me that the rate payers pay for these plants but receive no benefit when the plants generate power for which some of it is sold to non BHP utility customers. I'm not talking about selling percentages of the plant(s) but am talking about using a utility asset for generating additional income which the rate payer does not receive any credit.
2. I have a concern about the way employees are encouraged (subtly and sometimes very directly) to account and charge for their time. This is in regard to corporate employees. Employees are encouraged to charge their time (especially during the test year) to the utility. This needs to be thoroughly reviewed and audited. The Commission also needs to look at the process used when expenses and time worked is allocated. You need to review the allocation procedures and percentages. It appears the allocation is designed to "charge" more to the BHP rate payers. I believe you will find that a high percent of time-hours worked- charged to BHP by corporate employees cannot be accounted for adequately. At times, the pressure placed on employees to charge their time to the regulated utility can be overwhelming. It has been said, "If in doubt on where to charge your time, charge it to the utility". This message starts at the top of the BHC organization.
3. The Commission also needs to look at the number of company owned vehicles that are provided to all corporate officers. These vehicles are all "top of the line" vehicles dominated by SUVs. Each officer receives a vehicle for business and personal use. All operating expenses are paid for by the company. We know that the vast majority of vehicle miles are for personal use and not business use. A high percent of the vehicle cost and operating expenses are charged back "allocated" to BHP. Many of the officers, some who do not even live in South Dakota and whose vehicle has never been driven in South Dakota, have very seldom if ever driven to some of the BHP district offices outside of Rapid City. Yet, a substantial portion of their SUV cost and their respective operating costs get charged to BHP and ultimately get passed down to the rate payer.

I encourage you and your fellow commissioners to thoroughly review and audit these areas.

I hope you can understand why I need to be anonymous.

Thank you.