



April 16, 2010

Chairman Dusty Johnson
South Dakota Public Utility Commission
500 E. Capitol Ave.
Pierre, SD 57501-5070

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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Dear Chairman Johnson,

I am writing to express some views regarding the current Black Hills Power rate increase application.

First, let me state that I am a retired engineer with many years in various aspects of the electric power generating industry, both fossil and nuclear. That experience encompasses development, engineering design, manufacturing and construction with such firms as Westinghouse, Babcock & Wilcox, United Engineers, Bechtel and Burns & Roe. In other words, I speak from experience, not uninformed emotion..

I know that from the mid-1950's for at least 30 years electric utility companies experienced a steady growth of demand that enabled them to plan for future generating needs sufficiently in advance to allow for raising the funds, engineering, permitting and construction of new stations. Please note that nuclear stations were an exception due to their high cost and permitting problems. This was not true for conventional fossil plants. To be sure, there were rate increases due to various operating and fuel costs and environmental regulations. But, in all those years I am not aware of any utility that asked for their ratepayers to directly help fund new fossil plant construction. Nor did they need to, because attracting investment in various forms could be planned and accomplished. However, with the oil crunch that occurred in the late 1980's many utilities were forced to realize that the nice steady demand curve had flattened, and indeed some were overbuilt. The engineering and construction industry that had supported that steady growth nearly died. I know because I was forced to change my career path rather abruptly.

Black Hills Corp. and Black Hills Power were in business long before that time frame and I believe followed the practices noted above. I can think of no valid reason why they would abandon such practices for anticipating increased demand. To be sure, the past decade has seen a proliferation of electronic devices and home building in this area that have no doubt produced an accelerated demand. That did not happen overnight and certainly could be observed as it developed.

Finally, all of the generating plants I have worked on and/or have substantial knowledge of were in the 400-600 Mw range. To me the recently put in service Wygen plant is a "baby" and should have presented little problem in planning and funding.

So is it any surprise that when asked to help fund that plant through a rate increase and the implied argument that "if you (the ratepayers) want more power, you need to help pay for it" coupled with the obvious "by the way, we'll keep the profits" causes a negative reaction? For myself, I cannot help but wonder about both the abruptness as well as the magnitude of the increase sought and look for valid answers.

I do plan to attend the meeting with Vice-Chairman Kolbeck here in Rapid City next week. I plan to do a lot of listening before having anything to say. I hope for some illumination on the matter.

Please feel free to respond by any means of your choice. The information is in my letterhead. Also if you wish, please pass a copy on to Mr. Kolbeck.

With best regards,