

# **Chesapeake Regulatory Consultants, Inc**

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May 24, 2010

Deputy Executive Director  
South Dakota Public Utilities Commission  
500 E. Capitol Avenue  
Pierre, South Dakota 57501

Robert G. Towers  
Basil L. Copeland, Jr.  
David E. Peterson

**RECEIVED**

**JUN 01 2010**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**RE: Second Letter Request for Contract Amendment  
SDPUC Docket No. EL09-018 (Black Hills Power Company rate case)**

Dear Ms. Van Gerpen:

This letter updates and supplements my May 12 Request for Contract Amendment by accounting for the additional hours spent on the case during April and May and by explaining specifically my estimate of the additional hours that are likely to be required until the case concludes with a decision from the Commission. decision.

My May 12 letter was accompanied by our billing for services rendered through March amounting to \$57,760.98. This letter is accompanied by a supplemental bill, for services rendered in April and to date in May amounting to \$17,920.00, making our total charges to date \$75,680.98. Thus our billings to date now exceed by \$9,055.98 the \$66,625 Maximum Reimbursement provided for in our January 5 contract with the Commission and cause us to request an amendment to the contract ceiling. However, because we are anticipating that still more time will be required to prepare for and participate in the hearing now scheduled for late June, we are requesting an increase of \$22,000 in the Maximum Reimbursement.

Our May 12 billing and the additional bill accompanying this letter explain the work performed to date. I believe that an additional 76 man-hours is likely to be required to work with counsel and Staff analysts to prepare for and participate in the Commission's hearing. This estimate covers work that will be required of Messrs. Peterson and Copeland and myself. I have assumed that, as in past cases where Staff and the Applicant utility have reached a settlement, we would not be required to attend the hearing in person but, rather, we would participate by telephone saving both time and travel expenses. The additional 76 man-hours at our billing rate of \$160/hour would result in additional charges of \$12,160 and bring our total charges on the case to \$87,840.98. This would be \$21,215.98 more than the Maximum Reimbursement provided for in our existing contract and is the basis for our requested \$22,000 amendment.

Of course, we will continue to strive for efficiencies in our work and our charges for preparing for and participating in the hearing will be limited to the time actually required.

As explained in my May 12 letter, while it is difficult to identify the specific causes for the higher-than-expected charges in this case, the work has been complicated by the presence of two very active intervenor groups, unanticipated work concerning Integrated Resource Planning issues and the extended discussions and negotiations with the Company in an effort to reach an understanding and settlement of several important issues.

Please let me know if you need anything more from us for your consideration of this request.

Sincerely,



Robert G. Towers  
President