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Sent: Wednesday, January 16, 2013 11:11 AM

To: Hanson, Gary (PUC); Nelson, Chris; kristie.Feigen@state.sd.us

Subject: Please make a stand re. Proposed rate increase on SD that will be an economic boon for WY and not SD.

Good morning.

I feel there is a story behind the story Of the recent BHP proposed rate hikes, that is a detrimental impact to our state, that should be more broadly understood by the residents of S. Dakota.

I attended a presentation by BHP last night re the rate hikes for S.D. customers, being asked to the SOUTH DAKOTA P.U.C. that will directly finance jobs and a marvelous new gas-fired plant -> for WYOMING.

When asked why are we being asked to pay more so that jobs can go to another state, and not here, the reasoning was that Cheyenne has better access to natural gas than is available in the Black Hills area. When pointed out that this seemed odd given our central location to the mecca of energy production all around us, the proposed Keystone pipeline and other routing of gas thru this area, the answer was that a precedent was already occurring in Cheyenne. Challenging again, that if they were to locate the plant here instead of there it would be an economic game-changer for our area directly contributing to the aspiration of OUR area being a new energy hub, while locating it in WY would fully stunt that aspiration, the response was akin to "we don't want to use our clout here, when we can more easily follow (the herd) other non-local utility companies who are already developing consolidation in Cheyenne, it's just easier for us to do it there". Yeah? So let them pay for it then.

It was also pointed out that most of our energy production was already coming from Wyoming (Gillette) any way... the obvious SD question was; hasn't the Wyoming economy benefitted enuf already from the rates we pay here?

When the question was raised about using the rate increase to adhere to the SDPUC's '08 mandate for 10% renewable ratio by 2015, that could foster economic development for S. DAKOTA, the BHP officials basically said, that renewables have fallen out of favor and they do not take that mandate seriously. A review of the BHP annual report on your website dated 6/28/2012, seems to confirm that position.

After the presentation, I sat down with BHP officials to push the issue further, particularly after they presented all the 'benefits' they have brought to our area, 'anyway'. My point to them was that the benefits they presented were either nominal, mostly PR rebates that increase their customer base/loyalty, & no different than benefits they deliver elsewhere (and in fact quite less), and most of them were also as, or more, beneficial to BHP's protection of assets & largesse than to local residents.

They asked for examples, and I pointed out that in many other areas (e.g., Colorado) BHP promotes the local economy with subsidized energy audits, whereas here, they do that in-house (competing with local businesses) at no charge, thus de-valuing the service of small businesses locally. I also pointed out that large utility companies across the country provide \$1000's+ per home rebates to builders who build energyStar (or equivalent) homes, but here they are providing ZERO incentives (of any kind) to builder's, & thus no energyStar homes are being built for our area (west river). Their counter was that for other states it's easier to get PUC approval for such programs, but in SD the PUC is too conservative, and would never approve such a thing, thus their hands were tied by you, the SDPUC.

Thus the irony, per BHP; the SD PUC is expected to approve increasing our rates for a huge economic boon in Wyoming and their business climate, & thereby stunting our own energy hub aspirations in the process, for the state-of-the-art plant (or renewable equivalent) that could instead be built here. But, the same PUC would never approve a proposal that will help our local economy thru incentives for energy efficient new homes.

Bottom line, I don't feel S. Dakota residents really understand (yet) what it is they are being asked to pay for. I don't feel there has been any reporting (yet) on the actual investment (boon) in capital and employees (direct/indirect) that Cheyenne benefits from, at our expense, or the alternative impact that could be happening here. I also don't feel we know how the S. DAKOTA PUC might be influenced by the clout of BHP, without also taking into full consideration what is in the best interests of our residents, in this regard.

How do state officials weigh in? How is the PUC influenced in its decision to raise our rates that so dramatically helps a different state? Please take a stand for our economic benefit in our own state, and not a neighboring state. Please, show us that you are going the extra mile to really impact our state, and not another.

Can you help shine more light on these observations? I feel this will become a dramatic debate, rather quickly. I, and others are asking for media to investigate these matters further, raise public awareness, and will soon begin contacting state and national congressional reps to weigh in. There is already a grass roots activity underway here in the Black Hills area via professional networking groups, realtor associations, home builder associations and the RC chamber of commerce.

Please advise...

Thank you,

Bruce Bowden

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