
From: Janak, Dave

Sent: Thursday, December 20, 2012 4:20 PM

To: Nelson, Chris

Subject: BHP proposed increase

Chris;

I feel a little like I have been here before. The last time I sent you a series of e-mails related to the last time BH Corporation was requesting a significant rate increase from the PUC. Then as now RCAS is opposed to this proposed increase. BH Power is effectively a monopoly in this market, there are no alternatives for school districts or consumers or commercial businesses to go to for electric power. BH Power is claiming that it regulation caused it to have to build new plants and now those plants need to be paid for. The updating of

critical infrastructure is normally considered a cost of doing business, and those costs are rarely passed on to customers.

The district has an annual electric bill that exceeds \$1,000,000.00. The proposed increase would add \$45,000 to this bill by 2014 with no increase in usage. If our usage goes up the increase is compounded with no corresponding increase in ongoing revenues. This equates to cutting a teacher from the class room to pay the electric bill.

Chris, I have mentioned before a public entity rate may be a solution that would be acceptable to all concerned. This has precedent in South Dakota. In the 90's the timber industry was able to negotiate a discounted rate exclusive to that industry. In that case they were a for profit industry that could manage both revenue and expenses. In our case we are a government entity that has very little control over revenue, and can only cut so much in expenses before we are no longer able to deliver the services that the public expects.

I would encourage you to oppose the rate increase proposal for Black Hills Power.

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