

Dear Mr. Rubbelke:

Thank you for your message concerning the Black Hills Power rate case, docket EL12-061.

Several large BHP customers intervened in the case which is a common occurrence in rate cases. Those who intervene become parties to a case in addition to the Public Utilities Commission staff and BHP officials. The parties follow staff's work in processing the case as the increase is considered, numerous data requests are made of the company, the company's justification for the increase is analyzed, and possible settlement is negotiated. Formal intervention as a party is available to any customer on any rate case.

The PUC staff is always a party in a docket. They represent the public interest in ensuring the only revenue increases allowed for a utility company are those that are just and reasonable as required by state law. The staff analyzes the case and adjusts the company's requested increase when it exceeds what must be allowed by state law.

The staff reviews the final agreement between interveners and the utility to ensure any agreement does not affect other customers' rates.

It is important to understand differences between customer class inputs and rates. The PUC staff and commissioners analyze these to determine appropriate rates for each customer class. For example, industrial customers have a lower per kwh rate than residential customers. However, industrial customers must pay a demand charge which residential customers do not. A utility's cost to deliver energy to an industrial customer is lower than delivering to a residential customer due to efficiencies of scale.

The staff is recommending a reduction of this BHP request by approximately a third. It will be up to the three elected PUC commissioners to make the final decision on whether to accept staff's recommendation.

The private contracts between interveners and a utility are allowed to be confidential under state law. However, the law also allows an individual to challenge the confidentiality. The PUC commissioners would make a determination regarding such a challenge, and that decision can be appealed to circuit court. Another provision in state law allows a citizen to access confidential agreements under a protective order issued by the commission.

I encourage you to learn more about the processing of rate cases by reading the "Electric Rate Increase Requests Info Guide" available at [www.puc.sd.gov](http://www.puc.sd.gov). You can view filings in this case by clicking on Commission Actions, Commission Dockets, Electric Dockets, 2012 Electric Dockets, and then EL12-061.

Your message and this response will become part of the docket so all commissioners have access to it as they review the case. I assure you they will take into account the interests of all BHP consumers as they make their decisions. Thank you for your interest in the work of the commission.

Sincerely,  
Deb Gregg  
PUC Consumer Affairs Manager