

Direct Testimony
Glynda O. Rahn

Before the South Dakota Public Utilities Commission of
the State of South Dakota

In the Matter of the Application of
Black Hills Power, Inc., a South Dakota Corporation

For Authority to Increase Rates
In South Dakota

Docket No. EL12-____

December 17, 2012

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Exhibits

None.

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A. My name is Glynda O. Rahn. My business address is 409 Deadwood Avenue,
4 Rapid City, South Dakota 57709.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am currently employed by Black Hills Power (“Black Hills Power” or the
7 “Company”) as Operations Manager for the Rapid City district.

8 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS APPLICATION?**

9 A. I am appearing on behalf of Black Hills Power, a wholly-owned direct subsidiary
10 of Black Hills Corporation.

11 **Q. PLEASE DESCRIBE YOUR DUTIES AND RESPONSIBILITIES IN YOUR
12 CURRENT POSITION.**

13 A. In my role, I am responsible for the day to day operations of Black Hills Power in
14 Rapid City.

15 **Q. WOULD YOU PLEASE OUTLINE YOUR EDUCATIONAL AND
16 PROFESSIONAL BACKGROUND?**

17 A. I have a Bachelor of Science degree in Social Work from Chadron State College
18 and a Juris Doctorate from the University of Nebraska. I am a member of the
19 Nebraska, South Dakota and Wyoming state bars.

20 I began working with Aquila, Inc. in their Omaha, Nebraska office in 2006. In
21 that role, I provided legal support to the Gas Supply Services department and the
22 operations of the gas utilities in Nebraska, Kansas, Colorado and Iowa. Following

1 Black Hills Corporation's acquisition of the gas assets that I supported, I relocated
2 to Rapid City. From 2008-2012, I provided legal support primarily to the electric
3 operations and regulatory functions for Black Hills Power and Cheyenne Light,
4 Fuel & Power. I have been in my current role of Operations Manager for Black
5 Hills Power since January, 2012. Prior to joining Black Hills Corporation, I
6 worked in the private practice of law for Kutak Rock and Croker, Huck, Kasher,
7 DeWitt, Anderson & Gonderinger, LLC.

8 **II. PURPOSE OF TESTIMONY**

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to provide support for the tariff revisions proposed
11 in this testimony.

12 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

13 A. No.

14 **Q. HAS THE TESTIMONY WHICH YOU ARE SPONSORING BEEN**
15 **PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

16 A. Yes.

17 **III. TARIFF REVISIONS**

18 **Q. PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED REVISIONS**
19 **TO THE BLACK HILLS POWER TARIFFS?**

20 A. Black Hills Power has done a thorough review of the tariff it currently has on file
21 with the South Dakota Public Utilities Commission. The Company has proposed
22 changes to several sections of the tariff. A few of the more substantive changes

1 that I will describe further have been made to the street light tariff and the cost to
2 reconnect customers whose service was discontinued for non-payment.

3 **Q. WHY ARE YOU PROPOSING THESE CHANGES AT THIS TIME?**

4 A. Portions of the Black Hills Power tariff have not been updated for many years.
5 For that reason, many of the sections are simply out of date and need to be
6 updated.

7 **Q. PLEASE EXPLAIN THE CHANGES THE COMPANY MADE TO THE**
8 **GENERAL SERVICE-LARGE, IRRIGATION PUMPING, LARGE**
9 **POWER CONTRACT SERVICE AND FOREST PRODUCTS SERVICE?**

10 A. The changes to these sections were primarily updates.

11 General Service-Large: The Company revised the termination notice period from
12 two years to three months. The typical contract term for the General Service-
13 Large rate is three years, however, where special investment is required by the
14 Company, a longer period can be used for the contract term if necessary to protect
15 the Company's investment. In addition, if a customer elects to terminate their
16 contract they would not be eligible for our General Service Large tariff for the
17 next 12 months. In order to be reinstated on the General Service Large rate, they
18 would execute a new contract with a minimum 3 year term.

19 Irrigation Pumping: The Company revised the Irrigation Pumping statute to
20 include a contract period section. This section was added in order to set forth the
21 minimum periods associated with the service. The contract period allows us to
22 recover our capital investment and labor expended to serve the load.

1 Large Power Contract Service: The Company added the language to show how
2 the kVA and the power factor is calculated. The Company deleted the condition
3 that a customer must provide a dedicated telephone circuit as this is no longer
4 necessary. Black Hills Power's Advanced Metering Infrastructure (AMI) system
5 now provides the data formerly provided by the telephone circuit.

6 General Service-Large (Optional Combined Account Billing): We added a
7 contract term to this tariff to make sure the customer understands that this is a long
8 term commitment. The existing terms provide little revenue protection to the
9 Company if a customer closes their business within the first three years. We also
10 deleted the condition that the customer must provide a dedicated telephone circuit
11 now that our AMI system is in place.

12 Forest Products Service: We added a contract term to this tariff as well to make
13 sure the customer understands that this is a long term commitment. The existing
14 terms provide little revenue protection to the Company if a customer closes their
15 business within the first three years. The Company also deleted the condition that
16 a customer must provide a dedicated telephone circuit as this is no longer
17 necessary.

18 **Q. PLEASE EXPLAIN THE CHANGES PROPOSED IN THE STREET**
19 **LIGHTING TARIFF (SECTION 3, SHEET 21).**

20 A. The Company is proposing a few changes in this tariff as follows:

- 21 1. Reduction of the number of feet that qualifies as a standard installation (and
22 is not subject to a special installation charge) from 200 to 150. This is

1 necessary because any extension over 150 feet will typically require the
2 installation of a support pole that should be included as a special
3 installation charge.

4 2. Moving subsection (a) and deleting the word 'normal' and replacing it with
5 additional detail. These are merely clarifying changes that do not change
6 the substance of the tariff.

7 3. Revision of the energy service charge for 450 Watt Metal Halide lights to
8 be consistent with the charges for the other wattages listed.

9 **Q. PLEASE EXPLAIN THE CHANGES PROPOSED TO THE CUSTOMER**
10 **SERVICE CHARGE (SECTION 3, SHEET 28).**

11 A. The primary change to this section is an increase to the fee charged to customers
12 to reconnect an account that has been disconnected for non-payment. This fee
13 included in the tariff no longer allows Black Hills Power to recover the full costs it
14 incurs when reconnecting these customer accounts.

15 **Q. WHAT IS THE COMPANY PROPOSING AS THE NEW RECONNECT**
16 **FEE?**

17 A. The Company is proposing to increase the reconnect fee from \$15.00 during
18 regular business hours to \$30.00 where payment is received prior to 4:00 p.m.
19 mountain standard time.

20 **Q. WHY IS THE COMPANY PROPOSING THE INCREASE?**

21 A. This increase is to cover the costs incurred by Black Hills Power to reconnect
22 these accounts following a disconnection for non-payment during the hours of

1 8:00 a.m. to 4:00 p.m. Reconnections are typically handled by service order
2 mechanic employees, therefore, the Company reviewed the hourly costs of those
3 employees as well as the transportation necessary to do so. The fully loaded
4 hourly rate of the service order mechanic including benefits and equipment is
5 \$48.78. Reconnections may also be performed by line service personnel when a
6 service order mechanic is unavailable. This situation would most likely occur
7 outside of Rapid City where the service order mechanic is covering multiple
8 smaller communities and rural areas in between. The fully loaded hourly rate of
9 the line service employees including benefits and equipment is \$75.21. The time
10 necessary to disconnect and reconnect customers varies greatly depending on the
11 location of the customer's residence in relation to the BHP employee's location at
12 the time of payment. Payment in advance of a disconnection saves the Company
13 two trips to the customer's residence. Disconnected accounts that are paid after
14 4:00 p.m. will be assessed overtime fees.

15 **Q. WHAT EFFORT DOES THE COMPANY MAKE TO AVOID**
16 **DISCONNECTING CUSTOMERS?**

17 A. The Company goes beyond the notice requirements of South Dakota
18 Administrative Rule 20:10:20:03 in an effort to avoid disconnecting customers.
19 Customers that have not previously been disconnected for non-payment receive a
20 disconnect notice, followed by a reminder phone call and then a certified letter.
21 They have five days following the certified letter to pay their bill before they will
22 be disconnected. If a customer has been disconnected previously for non-

1 payment, they receive a disconnect notice in the mail and a reminder call. They
2 have two days following the reminder call to make a payment.

3 **Q. WHAT PLANS DO YOU HAVE TO NOTIFY CUSTOMERS OF THIS**
4 **CHANGE?**

5 A. Black Hills Power will include a bill message on all customer bills simultaneous
6 with implementation of the increase. In addition, notification to the customers
7 prior to the time they are disconnected will also include the increased amount.

8 **Q. IS THE COMPANY PROPOSING OTHER CHANGES TO THIS**
9 **SECTION?**

10 A. Yes. The Company is proposing revised hours that it will make customer
11 connections without applying overtime fees from 8:00 a.m. to 5:00 p.m. to 8:00
12 a.m. to 4:00 p.m. This coincides with the regular hours of the department that
13 performs this work. These connections are initial hook-ups and should be
14 distinguished from the reconnections due to non-payment.

15 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.