

From: PUC
Sent: Wednesday, January 15, 2014 8:51 AM
To: [REDACTED]
Subject: FW: No more rate increases!

Importance: High

KR:

Thank you for writing to me about Black Hills Power's storm-related costs. Last week, the Public Utilities Commission approved BHP's request for deferred accounting regarding expenses resulting from the October 2013 storm Atlas. This approval applies only to the interim accounting of these storm expenses. It allows BHP to set aside these costs for accounting purposes so the costs may be reviewed for possible recovery during a future rate case. The commission's approval of this accounting method does not convert to approval of the costs. The commission will review these separate expenses during a rate case to determine if any are reasonable and allowable for rate recovery in a later rate filing.

When the company files their next rate case, expected this spring, the commission will then fully analyze the costs to determine if they are appropriate and allowable under state law. Only those expenses that meet these standards will become part of the company's rates for the period of time approved in that case.

I appreciate your concern with rising costs and the ongoing struggle to keep ahead of bills. As you mention, BHP is a monopoly. And because it is a public utility, it must operate within specific laws that govern it and for which the PUC is charged with regulating. This includes the review and allowance of reasonable, just costs to operate the utility. The PUC cannot simply say no to any rate increase the utility requests to implement, regardless of justification or need. The law lays out the parameters in which a public utility (monopoly) must operate and the commission must regulate. A utility rate case typically takes about a year to completely process, from initial filing to decision. Along the way, many documents and spreadsheets are analyzed, many questions are asked of the company for further investigation by commissioners, staff and intervenors to the docket, and commissioners must ultimately make decisions within the boundaries of federal and state laws that govern utilities and regulators.

You may wish to follow BHP's future filings and rate cases to become informed of the process. These filings are added to our web site at www.puc.sd.gov. Your comment will be added to the EL13-036 docket in which this accounting method was discussed and approved by the commission.

Chairman Gary Hanson
South Dakota Public Utilities Commission
www.puc.sd.gov



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