

From: PUC
Sent: Monday, January 13, 2014 4:36 PM
To: [REDACTED]
Subject: FW: Black Hills Power and Light

Importance: High

Ms. Rohrer:

Thank you for the comments and concerns regarding Black Hills Power's storm costs and plant closures. Last week, the Public Utilities Commission approved BHP's request to use deferred accounting for costs related to winter storm Atlas that occurred in October 2013 and to transfer the remaining plant balance for the soon to be decommissioned plants to a regulatory asset. This approval references only the interim handling of these expenses, i.e. allowing the storm-recovery-related costs and unrecovered investments and decommissioning costs to be set aside for BHP's accounting purposes so that the costs can be reviewed for possible recovery at a later date. The commission's approval of the accounting method does not mean approval of the costs. The commission will review the recovery of expenses to determine whether any of them are reasonable and thus, allowable for rate recovery in a future BHP rate filing. When BHP files their next rate case, which is expected this spring, the commission will then fully investigate and analyze whether passing on any of these costs to BHP's customers is appropriate and must be allowed within state law.

You mention BHP's 2012 annual report. The items noted in this report are for Black Hills Corporation, which includes non-utility transactions that do not affect BHP's cost of providing electric service. The utility and non-utility businesses are entirely separate, for good reason. Ratepayers should not bear the risk of the company's non-utility businesses, and in part, do not share in the rewards. Therefore, the information contained in Black Hills Corporation's annual report does not provide a complete description of BHP's costs. During a rate case, the Commission fully analyzes BHP's costs and determines the rates that are necessary to provide safe, adequate, and reliable electric service. The costs included in the company's cost of service for which customers are paying must be justified.

I understand increases are difficult to handle, especially for individuals and businesses with limited means to increase income or revenue. I assure you none of the PUC Commissioners or staff wish to increase utility rates for South Dakotans. We are consumers as well and understand how increased costs affect us all. Please be assured that I, my fellow commissioners, and the commission staff take our jobs seriously as we carefully review rate filings and process them according to state law.

I appreciate your comments and encourage you to follow BHP's future filings regarding these issues. You can do so via www.puc.sd.gov and clicking on Commission Actions, Commission Dockets, Electric Dockets, and 2014, then scrolling the list of electric dockets filed to find the one you are seeking. Your comments will be added to the current EL13-036 docket in which this accounting method was considered by the commission: <http://www.puc.sd.gov/Dockets/Electric/2013/EL13-036.aspx>

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