**From:** PUC
**Sent:** Tuesday, April 21, 2015 4:32 PM
**To:** [redacted]
**Subject:** NW RATE CASE, EL14-106

Mr. Everson:

This is in response to your message regarding NorthWestern Energy's electric rate increase request filed on Dec. 19, 2014, and currently being analyzed by the commission.

When a utility files a rate case with the commission, the commissioners and staff are obligated by law to thoroughly process the case. The commission cannot simply reject it since we are required to investigate and make a just and reasonable decision. This process can take almost a year to complete. Each commissioner, the commission's staff and expert consultants hired by staff as needed will review the entire case or docket separately, as will any intervenors in the case. These separate parties to the case will request and review additional data from the utility before commissioners ultimately render a decision. The law provides guidance as to how we must process and consider such a case, and it requires a decision be made within a year of the application. The commission typically needs most of that one-year period to complete its work.

To help you better understand the processing of rate increase requests, a document titled Electric Rate Increase Requests Info Guide can be found online at:
http://www.puc.sd.gov/commission/Publication/electricratecasehandout.pdf

The commission currently has open electric rate case request dockets from not only NW, but also Xcel Energy and MidAmerican Energy, as well as a natural gas rate case for the latter. We just completed processing a rate case request from Black Hills Power. Therefore, four of South Dakota's six investor-owned electric utilities have recently requested increased rates. We are also hearing of rate increases in the news from rural electric cooperatives and municipal electric systems. If you access the applications filed by the four utilities mentioned and regulated by the PUC, available on our website, you will find the reasons cited by the utilities as to the need for these proposed increases. Every one references new federal mandates including recent EPA mandates.

Because NW is a public utility and must operate within the laws that specifically govern public utilities, it cannot save in advance via customers' rates for future years' expenses. It must capture revenue for those expenses via customer rates. Rate increases to allow for such expenses must be improved by the Public Utilities Commission as required by law.

Your comments and this response will be filed in docket, EL14-106:
http://www.puc.sd.gov/Dockets/Electric/2014/el14-106.aspx

Thank you for taking the time to share your concerns. My fellow commissioners and I appreciate hearing from consumers like you.

Chairman Chris Nelson
South Dakota Public Utilities Commission
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