
From: PUC

Sent: Tuesday, January 27, 2015 1:50 PM

To: [REDACTED]

Subject: BHP Rate Case, EL14-026

Mr. Champ:

I cannot tell you why your electric bill is higher than your natural gas bill without analyzing your bills or the associated information or data. You may wish to contact Black Hills Power to have a consumer service representative guide you through your bill to determine what specific electric costs for your home are highest and may be reduced. You may find it interesting to also check out energy-saving tools available from BHP at www.BHPsavemoney.com or by contacting BHP's Melanie Toney at (605) 721-1709. You may even be a candidate for and take advantage of the utility's onsite assessment and whole home energy audit.

Keep in mind that the BHP rates which went into effect Oct. 1, 2014 are interim rates. As noted in BHP's application, the utility requested an average increase of 9.25 percent. By law, public utilities are allowed to implement their proposed increased rates, subject to change after the commission's ruling, once the required 180-day suspension ends. If the commission ultimately approves rates lower than the interim rates, BHP will refund its customers the difference in rates plus interest for the interim period. The public hearing on BHP's rate increase request is going on now and you can listen live to the proceedings by going to our website www.puc.sd.gov and clicking on listen [LIVE](#) to the hearing for docket [EL14-026](#).

When a utility files a rate case, the commission is obligated by law to thoroughly process the case. This process can take almost a year to complete. Each commissioner, the commission's staff and expert consultants hired by staff will review the entire case – referred to as a docket – separately, along with any intervenors in the case. We request and review additional data and information from the utility and conduct an evidentiary hearing prior to a decision being rendered.

The cost of electricity is on the rise not only for you and me, but for other investor-owned, rural cooperative and municipal electric systems' customers throughout South Dakota and the U.S. South Dakota has six investor-owned electric utilities, and of these, four currently have open rate case request dockets before the commission. The most-cited reason for these increased rates is new federal mandates, particularly those from the Environmental Protection Agency. American Electric Power reports that 65,000 MW of electric capacity are being retired largely because of EPA regulations. That is nearly 30 times the amount of electricity the state of South Dakota uses at peak demand. EPA mandates were one of the four reasons cited by BHP in filing this rate

increase request. You can read BHP official Vance Crocker's testimony about this in the docket at <http://www.puc.sd.gov/commission/dockets/electric/2014/EL14-026/crocker.pdf>

As a consumer as well as a PUC commissioner, I appreciate your frustration for increased energy costs. I do not wish to pay increased rates either. However, the law requires the commission to fully investigate rate increase request dockets filed by the regulated utilities, and to allow utility rates that are proven reasonable and justifiable.

Gary Hanson, Commissioner
South Dakota Public Utilities Commission
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