
From: PUC

Sent: Tuesday, January 27, 2015 8:52 AM

To: [REDACTED]

Subject: BHP Rate Case, EL14-026

Ms. Campbell:

Thank you for your comment. It will be added to the Black Hills Power rate case docket, <http://www.puc.sd.gov/Dockets/Electric/2014/EL14-026.aspx>, along with this response. Because commissioners have a decision-making role in docket matters, any discussion with a commissioner about an open docket must take place in an open, public forum. By placing your comments in the docket file, other commissioners and interested parties will have access to your comments for consideration.

When a utility files a rate case with the commission, the commission is obligated by law to thoroughly process the case. We cannot simply reject it since we are required to investigate it and make a just and reasonable decision. This process typically takes about a year. Each commissioner, the commission's staff and expert consultants hired by staff will review the entire case (also referred to as a docket) separately, along with any intervenors in the case. We request and review additional information from the utility before a decision is reached.

You mention more salaries and bonuses for BHP executives, owners and investors. BHP is one entity owned by Black Hills Corporation's shareholders, along with several other entities. Since BHP is a public utility, federal and state laws govern how it must operate and how the commission must regulate it – which is distinctly different than for most other businesses. However, the commission does not regulate BHC. The laws include what is commonly known as "ring-fencing" and this prevents an investor-owned utility of being stripped of its profits by shareholders. The intent is to retain sufficient funds to operate the utility and reinvest in the system in order to provide safe, reliable service to the utility's customers.

The cost of electricity is on the for you and me, and 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 have open rate case request dockets before the commission. The most-often cited reason for these increased rates by the utilities filing them 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, EL14-026, at <http://www.puc.sd.gov/commission/dockets/electric/2014/EL14-026/crocker.pdf>

Here is a document which explains the processing of electric utility rate case requests which may be helpful to you. It references the South Dakota Codified Laws governing utilities and the commission regarding electric rate requests: <http://www.puc.sd.gov/commission/Publication/electricratecasehandout.pdf>

You also mention your frustration with your WOW internet/cable provider. The South Dakota Public Utilities Commission does not regulate information services (internet or cable). The FCC oversees information services, and here is a link for you to file a complaint with the FCC: <http://www.fcc.gov/complaints>

Chris Nelson, Chairman
South Dakota Public Utilities Commission
www.puc.sd.gov