



Gary Hanson, Chairperson
Chris Nelson, Vice Chairperson
Kristie Fiegen, Commissioner

South Dakota

PUBLIC UTILITIES COMMISSION

500 East Capitol Avenue
Pierre, South Dakota 57501-5070
www.puc.sd.gov

Capitol Office
(605) 773-3201
1-866-757-6031 fax

Grain Warehouse
(605) 773-5280
(605) 773-3225 fax

Consumer Hotline
1-800-332-1782

June 6, 2014

Darwin Jensen
[REDACTED]
[REDACTED]

Dear Mr. Jensen:

This is in response to your letter dated June 2, 2014 regarding the Black Hills Power rate increase request.

When a utility files a rate case with the commission, we are obligated by law to thoroughly process the case. This typically takes almost a year to complete. Several commission staff analysts and an attorney work on the case and may also tap expert consultants to help with specific aspects of the investigation. Meanwhile, each of the commissioners analyzes the case with separate commission staff assistance, and any interveners or other parties to the case conduct their own separate investigation. This process consists of the full review of all filings in the docket and requests for and review of additional data and back-up information from the utility before a decision is rendered. Enclosed is a document which helps explain the rate case process.

You mention in your letter that the stockholders should bear the brunt of the October 2013 storm damage. Under South Dakota law a utility has the right to recover the cost of insurance or damages to their infrastructure, if the commission determines such a cost is just and reasonable. The commission must analyze this issue to ensure that the costs incurred were in the best interest of BHP's customers and determine what amount is appropriate to recover from ratepayers. Just and reasonable costs associated with the October 2013 storm would be borne by all customers over a period of years. Additionally, shareholders are legally allowed to earn a profit from their shares. Shareholders would not invest their funds in a corporation if they were not allowed a return on their investment.

None of us at the commission wish to raise your rates. We take our work seriously. However, we cannot simply refuse to consider any utility rate increase. If the increase is justified, the commission is obligated by law to allow it.

Thank you for writing and expressing your opinion. We encourage you to follow the progress of this docket on our website at <http://www.puc.sd.gov>. Your message will be filed in EL14-026.

Sincerely,

Gary Hanson

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