

Lt. Col. George A. Larson, USAF (Ret.)

Wednesday
2 April 2014

Public Utilities Commission
500 East Capital Avenue
Pierre, SD 57501

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION



Greetings from Rapid City, South Dakota.

Well Black Hills Power is digging into my pocket book again. I find their statement by Vance Crocker to be insulting. He said his company could have insured itself, but chose not to because its long term analysis had shown it was less expensive for customers to pay for the cost after a major disaster rather than for those same customers to pay higher rates for insurance. This is non-sense. They take our money and pay high salaries and profits to investors rather than use insurance as a way to pay for disasters. I have to have insurance (house, car, dental, medical, life and accident). When I ran a business I had insurance so I would not lose my business. This is poor planning and now they want me to pay. They do not do maintenance like trimming trees. You have to call and call and call and not give up to get this done. This is why Chapel Valley did not lose its main line on interruption father up where the tree limbs were not trimmed. There is a lack of management with BHP. They always blame someone else like Congress. This is outrageous. We have to pay for their mismanagement.

The statement that a customer with 650 kilowatt hours (this is ridiculously low), the real average is close to 900 to 950. I have a 100 percent energy efficient house and my usage is close to the 900 to 950. The statement that the cost will be \$130.00 a year is a lie.

Let's use my bill as an example

1. Average cost adjustment charge \$25.00 (this never is the same)
2. City sales tax \$2.39
3. State sales tax \$4.78

So, the actual cost is not \$130.00 for me but around \$180.00 and with the above added in brings the total to \$212 per year of approximately \$18.00 per month. This is going to go up because as more people use natural gas the cost adjustment is going to rise dramatically.

I am so tired of have my budget attacked to pay for other's poor management. You build a plant that is going to last 50 years. You take 1/50 of the estimated replacement cost, constantly adjusted each year to pay for replacement.

I got no one to pay for my tree cleanup which took 30 days. Cotton wood trees from my neighbor and not my trees which were trimmed and I only lost four branches, not whole tree sections. I have never seen anyone looking at my underground power boxes in my yard.

I write this with the realization that this is basically a done deal. My military retirement has already been ruined by the Democrats in Congress and the Department of Defense who have changed my retirement after I retired. I am very disturbed at the lack of fiscal responsibility in BHP. They are a monopoly where I am and I have no other option.

Oh well. Enjoy your day. My situation gets harder and harder just to pay utility bills, property taxes, fees and local/state/county taxes. You add up a \$1.00 here and another there, and your life revolves around how to pay monthly living expenses. BHP had their rate increase. It is time to spend the money they earn on their business and not high salaries, profits, advertising, and more. I don't have any excess funds. I have to make decisions on what bills to pay and how much. I can't go to my neighbor and ask them to pay my bills.

Sincerely,

Lt. Col. George A. Larson, USAF (Ret.)

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TUESDAY, APRIL 1, 2014

BHP proposes rate hike for more than 66K customers

Daniel Simmons-Ritchie
Journal staff

More than 66,000 customers could see their rates increase under a request Black Hills Power filed Monday with the state Public Utilities Commission.

If approved, the monthly bill of the average residential customer — a household that uses about 650 kilowatt hours per month — will rise by about 13 percent after Oct. 1.

For a typical household, that translates to around an extra \$130 per year.

The rate hike would be the second in two years for BHP customers if approved by the PUC.

On Oct. 1, 2013, rates were increased by an average of 6.4 percent after the company originally sought a 9.9 percent increase.

Vance Crocker, vice president of operations for the utility, said the most recent rate request is necessary to comply with federal regulations on coal-fired power plants and to recoup the cost of damage from the October blizzard that caused power outages throughout the Black Hills.

"We understand that this increasing cost is going to be a challenge for customers," he said.

In total, Black Hills Power is looking to raise about \$14.6 million in extra revenue each year. Over the next five years, about 5 percent of that sum will cover blizzard damage and 95 percent will cover costs relating to the new environmental regulations.

Crocker said his company needs to pass on the cost of the blizzard to customers since it didn't have insurance to cover the storm damages.

How much will my rates increase?

Black Hills Power has created a calculator to allow customers to look at how their rates will increase under the company's proposed increase: www.blackhillspower.com/rates/rate-applications-filings-cases/south-dakota/calculate-your-bill

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WE on Sunday
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Journal file

Black Hills Power has requested that the Public Utilities Commission agree to have ratepayers cover the cost of the millions of dollars spent to restore power after the October 2013 blizzard.

» From A1

Power

He said his company could have insured itself, but it chose not to because its long-term analysis had shown it was less expensive for customers to pay for the cost after a major disaster rather than for those same customers to pay higher rates to pay for insurance.

"So the low-cost alternative is to not carry that insurance," he said.

However, Crocker said, the overwhelming majority of revenue from the proposed rate hike is intended to cover the cost of replacing three coal-fired power

plants.

Crocker said those three plants, which have served the Black Hills for more than 50 years, are no longer in compliance with new emissions standards from the Environmental Protection Agency. Black Hills Power could have retrofitted the new plants, but the company decided it was cheaper to invest in a new natural gas plant in Cheyenne, Wyo.

The company has invested \$95 million in the \$222 million plant. Crocker said after the cost of that plant is paid off, the extra revenue from its proposed rate hike will cover other capital expenditures and the depreciation of the plant.