



Chris Nelson, Chairperson
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South Dakota

PUBLIC UTILITIES COMMISSION

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February 9, 2015

Lester McClanahan

[REDACTED]
Custer, SD 57730

Dear Mr. McClanahan:

This is in response to your letter in today's mail regarding the Black Hills Power rate case increase request application currently open before the commission. You enclosed a Wall Street Journal clipping dealing with the future of the electric grid and consumer energy conservation.

When a utility files a rate request increase with the commission, the commission is obligated by law to thoroughly process the case. 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 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 including electricity sales projections from the utility before a decision is rendered.

My fellow commissioners and I pay close attention to any utility's offered justification as to a rate increase request, and you may wish to read the testimony filed by BHP with their application. You can find this online in the docket and the complete docket can be found at www.puc.sd.gov. Click on Commission Actions, Commission Dockets, Electric Dockets, 2014 Electric Dockets, and scroll down to EL14-026. I am enclosing a document titled Electric Rate Increase Requests Guide which may be helpful.

The cost of electricity is on the rise for you, 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 four 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. EPA mandates were one of the four reasons cited by BHP in filing this rate increase request.

None of us wishes to see our rates increase including my fellow commissioners. However, the law requires the commission to allow utility rates that are proven reasonable and justifiable.

Thank you for contacting the commission. All discussion involving commissioners on the case must be available to the public. Therefore, your comments and my response will be filed in the docket.

Sincerely,

Chris Nelson