

**From:** PUC

**Sent:** Friday, December 12, 2014 1:59 PM

**To:** [REDACTED]

**Subject:** BHP Rate Case, EL14-026

Mr. Rasmussen:

It was nice to visit with you again yesterday regarding your concerns with Black Hills Power's pending rate case. This email will highlight some of the areas we discussed.

Please keep in mind the rates which went into effect October 1, 2014 are interim rates. By law, public utilities are allowed to implement proposed increased rates once the required 180-day suspension ends. If the commission ultimately approves rates lower than the interim rates, BHP is required to refund its customers the difference in rates plus interest for the interim period.

You indicated it felt like you were getting a "double increase in the per kW charge". To recap, the energy charge (kWh) and capacity charge (kW) are two separate charges. The energy charge (kWh) is the per unit charge for the electricity you are consuming, while the capacity charge (kW) is a charge for the demand you are putting on the system. A key driver in the pending proposed rate increase is the addition of Cheyenne Prairie Generating Station in rate base, thus essential capacity charges are appropriate to ensure the customers causing the increase are the ones paying for it.

We also discussed the varying items in the Cost Adjustment Summary, which is the billing question most frequently asked. These charges consist of: 1) Environmental Improvement Adjustment (EIA), 2) Energy Efficiency Solutions Adjustment (EESA), 3) Transmission Cost Adjustment (TCA), 4) Fuel and Purchased Power Adjustment (FPPA), and 5) Transmission Facility Adjustment (TFA). All these charges are per kWh charges and require commission approval. An explanation of these charges with current rates can be found under Section 3C, pages 12 through 22 of BHP's tariff at the following link: <http://puc.sd.gov/Tariffs/electrictariff.aspx>

Regardless of the outcome of this pending rate case, it may be in your best interest to visit with BHP regarding a switch to a more appropriate rate for your specific energy needs. You indicated that you have yet to visit with BHP's Melanie Toney. She has been made aware of your situation and awaits your phone call at (605) 721-1709.

This follow-up message and my response will be filed in the BHP rate case docket, EL14-026. Please let us know if you need any additional assistance after visiting with BHP about the options available to you.

Patrick Steffensen, Staff Analyst  
South Dakota Public Utilities Commission