

From: PUC

Sent: Friday, November 21, 2014 2:58 PM

To: [REDACTED]

Subject: BHP Request Increase

Mr. Rasmussen:

I appreciated the opportunity to speak with you regarding your Black Hills Power electric bill. Hopefully you learned as much from me as I learned from you regarding the situation. This message will serve as a recap of our discussion.

First, it is important to remember that the rates which went into effect as of October 1, 2014, are interim rates. By law, public utilities are allowed to implement their proposed increased rates once the required 180-day suspension ends. If the commission ultimately approves rates lower than the interim rates, BHP will refund its customers the difference in rates plus interest for the interim period.

The primary increase in your bill was due to BHP implementing the interim rates and the consolidation of the 0 to 5 kW demand billing with the 5 to 50 kW bucket. Your bill previously had a demand (capacity) charge, but only for amounts over 5 kW. Rates were designed in this way since smaller general service customers falling within the 0 to 5 kW bucket had meters which did not register demand, only kilowatt hours used. According to the testimony of Charles Gray, BHP's new AMI meters now register both energy (kWh) and demand (kW) for the billing period and all general service customers can now be billed appropriately, thus providing appropriate price signals to customers. Additional information regarding BHP's proposed tariff change is found in Charles Gray's testimony in docket EL14-026: <http://www.puc.sd.gov/commission/dockets/electric/2014/EL14-026/gray.pdf>

Also, it is my interpretation from our phone conversation that regular usage patterns at the barn meter have yet to be determined as you have just finished the construction process, including the installation of an on-demand water heater for the guest quarters in the barn, which may be the reason for the disproportionate demand readings of the energy usage. Once final rates are determined upon the conclusion of this rate case and your electricity usage is more certain, it will be easier to determine what your next step should be to best manage your usage and bills.

You mentioned a couple of options you are considering since receiving your new billing: one is installing a regular hot water heater and the other is extending service to your barn from the existing meter at your residence, thus eliminating the need for the second meter. I visited with Melanie Toney at BHP, and she suggested that switching the meter that services the barn to a total electric rate may be something you want to

consider. Ms. Toney also mentioned you might be a great candidate for BHP's onsite assessment and whole home energy audit, where they visit with you to find the most cost effective solution. Please give her a call at (605) 721-1709 once you wish to start this process.

Thank you for contacting the commission with your concerns. Your message to the commission 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
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