

From: South Dakota Public Utilities Commission
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Comments: Regarding EL21-011: I'd like to present another perspective on the issue of paying fixed costs through a volumetric charge. Following Mr.Kiel's example, let's look at a car owner's expense. In particular, let's examine that owner's share of responsibility for roadway upkeep. In SD, the fuel tax (volumetric) is depended on for road maintenance funding. With the advent of hybrid and electric vehicles requiring less or no fuel, state government has at least 2 options. a) make up the lost revenue with a special assessment levied on owners of these environment -sparing vehicles (SD's approach), or b) re-examine the fee structure, making sure that taxes are imposed in a manner reflecting the major sources of roadway maintenance expense (roadway wear is exponentially related to vehicle axle weight, but only linearly to miles traveled).This would result in the owner of a heavy pickup or luxury sedan paying more than at present. It's simpler for state government to tack on the hybrid/electric vehicle penalty while continuing to rely on the volumetric tax, but this is not the fairest solution, nor does it account for changes in the automotive industry, or the increasing public concern about the environmental effects of their actions. In a similar manner, the electric utility industry is in serious need of rate revisions which more accurately recover fixed expenses from fixed charges. Whether this will require further subsidization of low-income or low-usage customers is being examined country-wide. At the present moment, it would be appropriate for the Commission to request or undertake a study of this rate-structure issue in SD, including serious consideration of the value of solar. In the meantime, the small number of interconnected QF's in BHP's market is not a serious threat to the company's revenue stream, and does not require immediate action.