

**From:** Nelson, Chris  
**Sent:** Thursday, July 22, 2021 11:00 AM  
**To:** Donat, Dave [REDACTED]  
**Cc:** Van Gerpen, Patty; Gregg, Deb  
**Subject:** RE: [EXT] URI electricity charges

Mr. Donat,

Thank you for your message and interest in Black Hills Energy's cold weather costs docket EL21-016. Your message will be posted under Comments and Responses in this docket.

The concerns you have raised regarding this additional expense are valid. That said, Black Hills is legally entitled to recover their costs for the fuel used to generate electricity. Docket EL21-016 determined what method should be used to recover those costs.

At the PUC's May 13 meeting to consider this matter, I voted "no". Decisions of the commission are determined by majority vote and the majority voted to use a different methodology than normal to recover Black Hills Energy's cost for natural gas used to generate electricity during that cold weather period.

Comparing the monthly recovery amount with other states gets close to an apples and oranges comparison as each state's system has a different generation mix and were impacted differently by the cold weather event. One of the key factors to look at is how much each state's system needed to rely on natural gas generation during those coldest days. That will vary by each state. Additionally extending the recovery period adds an interest expense into the customer payment that is minimized with a shorter payment period.

You can read all of the information associated with this docket at <https://puc.sd.gov/Dockets/Electric/2021/EL21-016.aspx>. You can listen to the meeting discussion on this issue at <https://puc.sd.gov/commission/media/2021/puc05132021.mp3> beginning at 1:11:30.

Here is a link to an Information Guide posted online, <https://puc.sd.gov/contact/guidelines.aspx>, and a link to the Extreme Cold and Energy Cost FAQ posted on the PUC's website that may also be helpful, <https://puc.sd.gov/Publications/extremecoldfaq.aspx>.

I appreciate your contacting me with your questions. If you have any follow-up questions, please let me know.

Sincerely,

*Chris Nelson*

South Dakota Public Utilities Commissioner  
500 E Capitol Ave  
Pierre, SD 57501  
605-773-3201