

---

**From:** PUC

**Sent:** Friday, July 23, 2021 3:20 PM

**To:** [REDACTED]

**Subject:** EL21-016

Mr. Donat,

This is in response to your questions regarding the winter storm Uri costs that Black Hills Power is currently recovering from its customers. Commissioners Kristie Fiegen and Gary Hanson asked commission staff to provide a more thorough response to your questions. Both commissioners voted to approve commission staff's recommendation on the handling of BHP's request in docket [EL21-016](#). Your message and this response will be posted under Comments and Responses in this docket.

Commission staff cannot speak to the Winter Storm Uri impacts in other states nor the regulatory decisions made in these other jurisdictions served by a system owned by Black Hills Corporation. Each state has its own laws and jurisdiction when it comes to utility regulation, and utilities in each state are typically structured differently. A utility's power plant suppliers and energy mix in each state are rarely identical, despite identical or nearly identical names due to a system's corporate ownership. Nonetheless, BHP – owned by Black Hills Corporation – is entitled by law to recover its costs for fuel used to generate electricity for South Dakota customers, and the commission staff worked to mitigate the impact BHP's costs would have on its customers.

Had the commission not taken action to create a regulatory asset for these increased costs, these costs would have been recovered in the Electric Cost Adjustment Commodity Balancing Account (where fuel costs are normally recovered) at an interest rate of 7% versus the 1.35% agreed upon in this docket. This alone saved South Dakota's BHP customers approximately \$600,000 in interest.

The commission also had the interest of the customers in mind when considering the appropriate term of the regulatory asset amortization. As you noted, the commission approved BHP's request to amortize the regulatory asset over 12 months. Other states' regulators might have agreed to a longer term, but with that comes added interest expense. Under the approved methodology, South Dakota customers will pay less overall than they would have if spread out over two or three years, due to less interest expense.

As stated on the Contact PUC tab on the commission's home page: *If you wish to submit a comment on a PUC docket, send it to [PUC@state.sd.us](mailto:PUC@state.sd.us). Do not send docket-related comments directly to commissioners or staff. Please read the [guidelines](#) about what information must be submitted with your comment and other guidelines.*

As explained in the guidelines: *Verbal communication between a commissioner and a person with an interest in a matter before the commission that does not occur in a public forum or as part of the official record should be avoided. Those who communicate in writing with a commissioner about an open or imminent docket matter should understand that their comments will become part of the official record and subject to review by all parties and the public. Likewise, comments made at a PUC public proceeding or submitted to the commission relative to a docket matter become part of the record, open to review by all parties and the public. Because commissioners have a decision-making role in docket matters, any discussion with a commissioner about an open or imminent docket must take place in an open forum, such as a public meeting, with notice given to all parties.*

Thank you for your questions. If you have further questions, please email them to [PUC@state.sd.us](mailto:PUC@state.sd.us) or call 605-773-3201 to speak with a staff member.

South Dakota Public Utilities Commission Staff  
[PUC.sd.gov](http://PUC.sd.gov)