From: Juan Harrington [redacted]
Sent: Thursday, November 5, 2026 6:26 PM
To: PUC-PUC <PUC@state.sd.us>
Subject: [EXT] Objection to Black Hills Energy rate approval, Docket EL26-003

Attn: Chairman Chris Nelson (please distribute to Vice Chairperson Fiegen and Commissioner Hanson)

Dear Chairman Nelson and Commissioners:

I am writing to express my disappointment in the Commission's November 4 approval of the Black Hills Energy (BHE) settlement in Docket EL26-003. The settlement grants $27.4 million in new annual revenue. It follows interim rates, in effect since August, that raised the typical residential bill from $98.96 to $124.08 a month, an increase of $25.13 or 25.4% (the Commission's own bill-impact schedule).

I understand Black Hills Energy has not had a base rate increase since this Commission's 2015 decision. That was the company's choice, and managing it was the company's responsibility. A utility knows its capital plan years ahead. The company itself says its request works out to about 2% a year over 12 years, which concedes that small, regular adjustments were possible. Instead it let costs accumulate and handed customers one very large bill. Households cannot budget around a 25% jump in a single year. Customers should not bear the consequences of a company's decision to avoid regular, modest rate cases.

Nor is this a company in distress. Its own SEC-filed results show:

- **Net income:** $210.2 million for the first nine months of 2026, up from $186.6 million, a gain of nearly 13%. Third-quarter net income rose from $24.9 million to $41.0 million.
- **Operating income:** $397.1 million for nine months, up from $366.1 million. Electric Utilities operating income rose $31.4 million, which the company attributes partly to the South Dakota rate review.
- **Operating costs:** Operations and maintenance expense was essentially flat at $451.9 million, against $452.2 million a year earlier.
- **Earnings outlook:** 2025 adjusted earnings were $300.4 million, and 2026 guidance of $4.25 to $4.45 per share projects roughly 6% growth.
- **Shareholders:** Dividends paid in 2025 totaled $197.9 million, up 8.6%. The board has now raised the dividend for 56 consecutive years, most recently to $0.703 per quarter.
- **Other spending:** The company is spending on its merger with NorthWestern Energy ($11.7 million in merger costs through nine months) and expects its new Google data center agreement to add about $150 million in annual net income by 2030.

A company with this record can absorb a smaller, phased increase. Customers can't absorb a lump sum.

I also have specific concerns about what comes next:

1. **The settlement is "black box."** The public cannot see what return on equity or cost-by-cost adjustments were approved. Please publish the breakdown and the final bill impact for each customer class.
2. **The four-year rate moratorium excludes riders.** BHE has already asked for rider recovery of its $320 million Lange II plant. Commission documents show that, together with the base increase as requested, this would raise the average residential bill to $143.70 (45%). A moratorium that leaves this open protects customers in name only. I urge you to scrutinize that request with the same skepticism this settlement deserved.
3. **Merger costs must stay out of rates.** Please confirm in writing that no merger or transaction costs are recovered from South Dakota customers.
4. **Refunds must be prompt.** Please confirm that customers will receive timely refunds, with interest, for any difference between interim and final rates.

I recognize that the Commission says it must decide on the record. But commissioners are elected, and for most ratepayers the ballot is the only recourse left. I will remember this decision on the next Election Day and will encourage my neighbors to do the same. I request a written response.

Sincerely,
Juan Harrington
Rapid City, SD