From: PUC
Sent: Tuesday, November 10, 2026 9:48 AM
To: 'Juan Harrington' [redacted]
Subject: RE: [EXT] Objection to Black Hills Energy rate approval, Docket EL26-003

Mr. Harrington:

Thank you for your correspondence regarding the Commission's approval of the settlement agreement in docket EL26-003 - In the Matter of the Application of Black Hills Power, Inc. dba Black Hills Energy for Authority to Increase Rates For its Utility Service in South Dakota. We appreciate you taking the time to review the record and share your concerns.

We recognize that any increase in utility rates can create challenges for households and businesses. The Commission does not take such decisions lightly. Under South Dakota law, the Commission is required to evaluate utility rate requests based on the evidentiary record developed in the case and determine whether the resulting rates are just and reasonable.

As you noted, Black Hills Energy had not received a base rate adjustment since 2015. The Commission's review considered extensive testimony, financial information, and the terms of the negotiated settlement agreement filed by the parties. After reviewing the record, the Commission determined that approving the settlement was consistent with applicable statutory requirements.

You question in your comments whether the utility should be relying upon its future plans, which it knows in advance, rather than seeking a rate increase after the utility has incurred the expenses. Black Hills Energy's request was based on a historical test year ending September 30, 2025. Under South Dakota law, a utility can only seek recovery in base rates for actual operations and maintenance expenses that are used and useful. A utility cannot include in its base rates any expenses for plant that is not operational at the time of the rate increase. This principle ensures that customers are paying for expenses that benefit them, not that benefit future customers.

Regarding your specific questions, the settlement agreement and supporting filings are available in the public docket. Final approved rates by class will be reflected in the tariff filings submitted pursuant to the Commission's order and will remain available for public review on the PUC's website. In addition, on Oct. 26, 2026, PUC Staff filed a detailed Memorandum Supporting Settlement Stipulation along with supporting materials. These documents are publicly available in the online docket.

Any future rider applications, including requests associated with generation facilities or other capital investments, must be reviewed in a separate proceeding. The Commission evaluates each filing on its own merits based on the evidence presented in that case.

The PUC considered the proposed merger of Black Hills Corporation and NorthWestern Energy Group, Inc. and NorthWestern Energy Public Service Corporation dba NorthWestern Energy in a separate docket, GE25-001. As part of the settlement stipulation approved by the Commission in that docket, both Black Hills Energy and NorthWestern Energy agreed that no merger-related costs shall impact rates charged to South Dakota customers. You may review the publicly available filings in that docket, including the settlement stipulations and the Commission's orders.

The Commission's action on Nov. 4, 2026, in Docket EL26-003 included approval of an Interim Refund Plan. In the approved settlement, Black Hills Energy agreed to refund customers the difference between the interim rates collected, during the period of August 18 through December 1, 2026, including interest.

We encourage you to listen to the audio recording of the Nov. 4, 2026, Commission meeting. The discussion of Docket EL26-003 begins at timecode 43:59.

Your comments and this response will be posted in the online docket.

Chris Nelson, Chairman
South Dakota Public Utilities Commission