From: Jay Roach [redacted]
Sent: Thursday, September 17, 2026 8:57 AM
To: PUC-PUC <PUC@state.sd.us>
Subject: [EXT] BHE Proposed Rate Increase Docket Number: EL26-003

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF

BLACK HILLS POWER, INC. D/B/A

BLACK HILLS ENERGY FOR AUTHORITY

TO INCREASE RATES FOR ITS UTILITY

SERVICE IN SOUTH DAKOTA

DOCKET NO. EL26-003

PUBLIC COMMENT IN OPPOSITION

TO PROPOSED ELECTRIC RATE INCREASE

September 17, 2026

South Dakota Public Utilities Commission

Attn: Executive Director Leah Mohr

500 East Capitol Avenue

Pierre, SD 57501-5070

puc@state.sd.us

Commissioners Nelson, Fiegen, and Hanson:

My name is Jay Roach. I am a residential electric customer of Black Hills Power, Inc. d/b/a Black Hills Energy ("BHE") in Rapid City, South Dakota. I submit this comment in strong opposition to BHE's application in Docket EL26-003. I respectfully request that the Commission **deny** the requested increase, or in the alternative **substantially reduce** it, and that the Commission refuse to treat this filing as if a 25 percent shock to household bills is an ordinary cost of doing business.

I. THE REQUEST IS EXCESSIVE AND NOT JUST AND REASONABLE

On February 19, 2026, BHE asked this Commission for authority to collect an additional $50,553,697 in annual base electric revenue from approximately 75,000 South Dakota customers. That is an increase of approximately 25.1 percent in total revenue, and approximately 39.1 percent in base revenue. For a typical residential customer using 650 kWh per month, BHE's own figures show a jump from $98.96 to $124.08 per month—an increase of $25.13, or 25.4 percent. Customers on Residential Total Electric Service would see an even larger increase of $35.55 per month, or 27.0 percent.

Those figures are not theoretical. Interim rates went into effect on or about August 18, 2026, after the statutory 180-day suspension expired. Households in the Black Hills are already paying the proposed increase, subject only to later refund if the Commission does its job and cuts the request. That timing does not make the increase lawful, prudent, or fair. It makes the Commission's remaining review more important, not less.

South Dakota law does not entitle a monopoly utility to recover every dollar it spent over a twelve-year interval in a single, front-loaded increase. Rates must be just and reasonable. A one-time 25 percent increase—after BHE chose not to file a general rate case for more than a decade—shifts the entire burden of that business decision onto captive customers in a single season. The Company's talking point that this equals "about 2 percent a year" is marketing, not ratemaking. Customers do not pay rates in twelve-year averages. They pay this winter's bill.

II. THE COMBINED BURDEN WITH THE LANGE II SURCHARGE IS INTOLERABLE

I am equally opposed to BHE's separate Phase-in Plan Rate surcharge for the Lange II Generating Station, which BHE proposes to place on bills in December 2026. That surcharge is not part of the cost-of-service study in EL26-003, but it is part of the real-world bill that this Commission is supposed to judge. BHE itself estimates an additional $19.70 per month for the average residential customer, on top of the $25.13 already sought in this docket. Combined, the typical residential bill would rise from $98.96 to approximately $143.79—an increase of nearly $45 per month, or about 45 percent.

No responsible regulator can evaluate “just and reasonable” rates while pretending those two filings live in separate universes. Lange II is a roughly $320 million, 99-megawatt project. BHE seeks approximately $39.5 million a year from South Dakota customers to recover it. Stacking a 25 percent base-rate increase and a 16 percent surcharge within four months is not gradualism. It is rate shock. If infrastructure investment is necessary, the Commission has the authority—and the duty—to phase recovery, disallow imprudent or poorly timed costs, reduce the requested return, and refuse to make working families finance every dollar of a multi-year capital program at once.

III. THE APPLICATION SHOULD BE CUT, NOT RUBBER-STAMPED

BHE requests a 10.5 percent return on equity and an 8.16 percent overall rate of return. That is a generous authorized profit for a company that already enjoys a protected service territory, interim collection of the full asked-for increase, and a second recovery vehicle for its largest generation project. Equity holders are not entitled to be made whole on an aggressive ROE while residential customers absorb a 25 to 45 percent bill increase during a period of high housing, insurance, grocery, and heating costs in western South Dakota.

I urge the Commission and Staff to require BHE to prove, with evidence and not slogans, every element of this case, including:

Whether the claimed $523 million in post-2014 investment was prudent, used and useful, and not already recovered through riders, trackers, or other mechanisms;

Whether test-year and pro forma operating expenses, including vegetation management, major maintenance, administrative overhead, and affiliate charges, are reasonable;

Whether the requested 10.5 percent ROE exceeds a fair return under current capital-market conditions;

Whether rate design dumps a disproportionate share of the increase onto residential customers while some commercial classes see far smaller percentage increases;

Whether interim rates should remain at the full requested level through a hearing that is not even scheduled to take evidence until December 2026; and

Whether any increase approved in EL26-003 should be reduced to account for the separate Lange II surcharge that BHE intends to layer on in December.

Reliability and wildfire mitigation matter. I do not ask the Commission to ignore necessary investment. I ask the Commission to remember that BHE is not a competitive firm that must persuade customers to stay. It is a regulated monopoly. The price of that franchise is rigorous scrutiny, not a 25 percent “catch-up” billed to people who have no alternative supplier.

IV. IMPACT ON HOUSEHOLDS AND THE LOCAL ECONOMY

A $25 monthly increase on the base rate, followed by another $20 Lange II surcharge, is not a rounding error for fixed-income households, renters whose landlords will pass the cost through, small businesses on thin margins, or families already stretching to heat homes through a Black Hills winter. Monument Health and other large customers have already intervened because the increase threatens the cost of doing business here. Residential customers do not have counsel on the service list, but we are the ones who will write the check every month.

If the Commission approves anything close to what BHE has asked, it will have decided that investor recovery comes first and customer hardship is an afterthought. That is the opposite of the statutory standard.

V. REQUESTED RELIEF

For the reasons stated above, I respectfully request that the Commission:

1. Deny BHE’s application for a $50.55 million annual revenue increase in Docket EL26-003, or approve only that portion of the request that Staff and the record prove is used, useful, prudent, and necessary;
2. Reduce or reject the requested 10.5 percent return on equity;
3. Order refunds, with interest, of any interim rates collected above the amount ultimately found just and reasonable;

4. Consider the cumulative bill impact of the pending Lange II Phase-in Plan Rate surcharge when setting any final rates in this docket, and reject any result that produces an approximate 45 percent increase in the typical residential bill in a single calendar year; and

5. Hold a public input hearing in Rapid City, in BHE's service territory, before any final decision, so that the people who will pay these rates can be heard in person.

I oppose this increase. I oppose stacking it with the Lange II surcharge. I ask the Commission to protect the public interest and to set rates that working people in western South Dakota can actually pay.

Thank you for receiving this comment and for placing it in the docket record.

Respectfully submitted,

Jay Roach

[redacted]

Rapid City, South Dakota 57702