

From: sdasdona [REDACTED]
Sent: Monday, March 30, 2026 12:02 PM
To: PUC-PUC <PUC@state.sd.us>
Subject: [EXT] Request for Docket: EL26-003

Letter to South Dakota Public Utilities Commission

RE: Formal Objection to Proposed Rate Increase and Delivery Charges

Docket: EL26-003
Date: March , 2026

To the South Dakota Public Utilities Commission:
We, the undersigned consumers of Black Hills Energy, respectfully submit this formal objection pursuant to SDCL §§ 49-34A-12 and 49-34A-26.

Under these statutes, a group of twenty-five consumers have the right to request Commission review, suspension of proposed rates, and a public hearing when rates or charges may be unreasonable, unjust, or insufficiently supported.

Request

We formally request that the Commission:
Suspend the proposed rate increase
Initiate a full investigation into the proposed rates and existing charges.

Hold a public hearing to determine whether the proposed increase and current rate structure are justified.

Primary Concerns

1. Magnitude of Proposed Rate Increase
The proposed ~25% increase in electrical rates is excessive and warrants careful scrutiny.

While utilities are entitled to recover reasonable costs and investments, an increase of this magnitude requires clear justification demonstrating:

That the increase is supported by documented and necessary costs.
That pay to CEO's and other employees is excessive.
That cost controls have been reasonably applied.
That the resulting burden on customers is proportionate and justified. A 25% increase is not proportional to cost of living increases in Social Security incomes and Medicare of 2.8%.

Additionally, given continued population growth and expansion within Black Hills Energy's service area, it is reasonable to evaluate whether economies of scale have been appropriately reflected in rate design.

2. Delivery Charge –Also referred to as Cost Adjustment - Lack of Transparency and Cost Basis

A significant concern is the "Delivery Charge" applied to customer bills.

Observed issues include:

The membership charge of \$15 each month repetitively when in fact the users in question have no choice but to be a member.
The charge frequently exceeds the cost of actual energy usage

The charge fluctuates without clear explanation
The charge is applied even when energy usage is minimal or zero
We request detailed disclosure and explanation of:
The specific cost components included in the Delivery Charge
The methodology used to calculate and allocate this charge
The origin and regulatory basis for its structure

If this charge is intended to recover fixed infrastructure costs (such as transmission and distribution systems), the Commission should evaluate whether:
The cost allocation is equitable across all customers- That is to say all consumers should bear the cost equally in a fixed fee.
The structure aligns with standard regulatory practices
The variability and magnitude of the charge are justified

3. Cost Drivers and Large Load Customers

We request detailed disclosure of the primary cost drivers supporting the proposed rate increase, including but not limited to:
Load growth assumptions used in rate modeling
Capital investments tied to system expansion
Identification of large-load or high-demand customers contributing to infrastructure upgrades

Specifically, we request clarification on whether new or expanding high-demand customers (including data centers or similar large-scale energy users) are contributing to the need for system upgrades and increased costs.

If so, we request that the Commission evaluate:
Whether such costs are being appropriately allocated to those customers

Whether residential and small commercial customers are subsidizing infrastructure required for large-load users

Conclusion

Pursuant to SDCL §§ 49-34A-12 and 49-34A-26, we formally request:
Suspension of the proposed rate increase
A full investigation into both the proposed increase and delivery charge structure
A public hearing to determine whether these charges are reasonable, justified, and fairly allocated
We appreciate the Commission's attention to this matter and request a formal response.
Respectfully submitted,

The Undersigned Consumers of Black Hills Energy

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Please reply with notification that you have received this. Thank You

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