

From: Rick Bell [REDACTED]
Sent: Thursday, March 26, 2026 12:29 PM
To: PUC-PUC <PUC@state.sd.us>
Subject: [EXT] Additional Comments on EL26-003

Dear Sirs,

As a residential customer, I am submitting these additional comments on the proposed tariff EL26-003 by Black Hills Power, Inc. (d/b/a Black Hills Energy).

1.) Energy Charge Increase – The proposed tariff plans to increase the residential energy usage from \$0.08827 to \$0.12602 per kWh – that’s an absurd 43% increase in the cost of electricity! Even if BHE has not increased this rate in over a decade, it is equivalent to more than 4% per year compounded over 10 years ($1.04^{10} = 1.42$). But the average rate of inflation over the last decade has only been about 3% per year using the U.S. Consumer Price Index (CPI). So allowing BHE to have this large increase above the rate of inflation is clearly unreasonable.

2.) No increase in the Generation Credit Rate (GCR) – The GCR remains unchanged at \$0.0248/kWh for small qualified generators who return power to the grid. If the PUC now allows BHE to have a large increase in the energy charge, then electricity must be worth more than it has been in the past. Therefore, not increasing the GCR at the same time means that BHE would be taking this power from people who return electricity to the grid at a discounted rate compared to the retail rate they charge for it. Given that the proposed Energy Charge is \$0.12602 per kWh and the proposed Cost Adjustment Summary is \$0.04639 per kWh, this means that a GCR of \$0.0248/kWh is equivalent to only 14% of the pretax cost that BHE is charging other retail customers. In addition, the GCR has actually been reduced over the last 10 years from \$0.0332/kWh to \$0.0248/kWh, so this a *reduction* of 34% while on the other hand, BHE wants a 43% *increase* in their Energy Charge as noted above. Bottom line, if the residential energy usage is allowed to increase by 43%, then the GCR should also be increased by 43% and it should go from \$0.0248/kWh to 0.0355 per kWh in any new tariff.

3.) Increase Customer Charge – The monthly customer charge is the main method that BHE has to offset their fixed costs. However, the proposed increase in the residential customer charge from \$12.00 to \$12.75 per month is only a 6.25% increase. But since this proposed tariff by aims to increase energy costs by an overall average of 25%, the residential customer charge should be commensurate with this increase and it should be raised from \$12.00 to \$15.00 per month. If the average increase in cost allowed by the Commission is ultimately lowered to say only 20% or 15% (or some other amount), the monthly customer charge could also be raised less to be in accordance with a lower average increase.

4.) Employee Bonuses – Finally, according to an anonymous source, it has been reported that BHE's employee bonuses were increased by an extra 10% last year in anticipation of the proposed rate increases. This should not be allowed and I would ask the Commission to look into this allegation closely because such information is not available to the public in the docket.

Sincerely,

Richard A Bell
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Rapid City, SD 57701