

FAQs for Black Hills Energy Natural Gas Rate Increase Request - Docket No. RPU-2021-0002

UPDATED July 13, 2021

Background:

Black Hills Energy Company (Black Hills) filed an application with the Iowa Utilities Board (IUB) on April 15, 2021, in Docket No. RPU-2021-0002, requesting the IUB approve its notice of rate increase that will be sent to its customers. On May 14, 2021, the IUB approved Black Hills' proposed notice. On June 1, 2021, Black Hills filed an application to increase the natural gas rates it charges to its customers. The rate increase request is pending before the IUB.

On July 1, 2021, the Board issued an order that addressed a number of items. The order acknowledged that a temporary rate increase went into effect on June 11, 2021, and is subject to refund if the final rate increase approved by the IUB is less than what is collected from the temporary rate. The order docketed and suspended Black Hills' proposed permanent tariff regarding its rate increase so the IUB can review the application, ask questions, and hold a hearing to determine if a rate increase is appropriate. Finally, the order set a scheduling conference for 11 a.m. July 9, 2021, in the Utilities Board Hearing Room and remotely.

On July 13, 2021, the IUB issued an order requiring Black Hills to file additional information for review and denying Black Hills' request for waiver of several new IUB rules.

Q1: How much will my bill change?

A1: The IUB recommends reviewing your current bill to confirm your customer class. In its June 1, 2021 filing, Black Hills requests an increase in annual revenues for all customer classes combined of approximately \$10.5 million, or 17.0%. Black Hills is also proposing to increase its monthly basic service charge for residential customers from \$18.25 to \$19.50. This increase would go into effect with the final rates, not with the temporary rates. The average residential customer will see a typical monthly bill increase from \$50.68 to \$50.73 beginning June 11, 2021 (temporary rate), and tentatively another increase to \$52.70 beginning April 1, 2022, pending approval from the IUB.

| Customer Class | Typical Monthly Bill from 2020 ² | Proposed TEMPORARY Base Rate Changes 2021 | | | | Proposed Monthly FINAL Base Rates Changes 2022 Forward | | | |
|---|---|---|----------------------|-----------------------------------|--------------------------|--|----------------------|-----------------------------------|--------------------------|
| | | Base Rate Increase | Base Rate Increase % | Typical Monthly Bill ³ | Typical Overall Change % | Base Rate Increase | Base Rate Increase % | Typical Monthly Bill ⁴ | Typical Overall Change % |
| Residential (Assumes typical usage of 63 therms per month.) ¹ | \$50.68 | \$1.28 | 5.0% | \$50.73 | 0.1% | \$3.25 | 12.7% | \$52.70 | 4.0% |
| Non-Residential General Service | | | | | | | | | |
| Non-Residential Sales | \$184.74 | \$12.19 | 18.9% | \$194.48 | 5.3% | \$18.66 | 28.9% | \$200.94 | 8.8% |
| Non-Residential Transportation | \$167.01 | \$29.66 | 18.0% | \$194.21 | 16.3% | \$32.66 | 19.8% | \$197.21 | 18.1% |
| Small Volume (SV) | | | | | | | | | |
| SV Joint Sales | \$1,033.55 | \$20.82 | 8.1% | \$1,030.16 | -0.3% | \$33.31 | 12.9% | \$1,042.65 | 0.9% |
| SV Interruptible Sales | \$1,414.25 | \$23.83 | 9.8% | \$1,413.87 | 0.0% | \$46.14 | 19.1% | \$1,436.18 | 1.6% |
| SV Joint Transportation | \$796.72 | \$30.52 | 4.0% | \$803.03 | 0.8% | \$77.69 | 10.1% | \$850.20 | 6.7% |
| SV Interruptible Transportation | \$428.81 | \$28.43 | 7.0% | \$433.03 | 1.0% | \$68.75 | 17.0% | \$473.35 | 10.4% |
| Large Volume (LV) | | | | | | | | | |
| LV Joint Sales | \$9,688.28 | \$337.66 | 16.7% | \$9,957.13 | 2.8% | \$462.53 | 22.8% | \$10,082.00 | 4.1% |
| LV Interruptible Sales | \$4,349.65 | \$254.31 | 55.9% | \$4,403.96 | 1.2% | \$308.69 | 67.8% | \$4,458.34 | 2.5% |
| LV Joint Transportation | \$6,674.10 | \$695.58 | 10.5% | \$7,300.87 | 9.4% | \$1,123.12 | 17.0% | \$7,728.41 | 15.8% |
| LV Interruptible Transportation | \$2,326.16 | \$670.87 | 29.7% | \$2,928.22 | 25.9% | \$670.87 | 29.7% | \$2,928.22 | 25.9% |

Q2: Is Black Hills proposing other changes?

A2: Yes. Black Hills is requesting to eliminate charging a fee for accepting credit card payments and instead include these costs into its base rates. Black Hills is also requesting the IUB approve two riders that allow utilities to charge customer's rates approved by the Board outside of a rate case proceeding. A rider can be adjusted at a predetermined time interval without customer notice. It appears on the customer bill as a separate charge and is in addition to the base rates shown in this notice. The two riders proposed by Black Hills are:

- System Safety Integrity Rider (SSIR) – This proposed rider is intended to provide regulatory review and approval of safety-related integrity projects made after the conclusion of the rate review, but prior to construction in future years, and to provide a return on investment as the investments are made. The SSIR rider would be adjusted annually without customer notice and would appear on the customer bill as a separate charge in addition to the base rates shown in this notice.
- HEAT Incentive Program (HEAT) – This proposed rider is intended to provide residential heating and appliance rebates and builder incentives to offset the incentives and discounted winter rates offered by Iowa electric utilities, which have resulted in low customer growth for Black Hills. The HEAT rider would be adjusted annually without customer notice and would appear on the customer bill as a separate charge and is in addition to the base rates shown in this notice. The charge would be based on a fixed amount of annual incentives reviewed and approved by the IUB. These proposed changes will be decided by the IUB as part of the rate case proceeding.

Q3: When would the proposed final rate increases take effect?

A3: Black Hills proposes its final rates take effect April 1, 2022.

Q4: Is Black Hills requesting a temporary rate increase?

A4: Yes. Black Hills is requesting an overall temporary rate increase of approximately \$5.3 million, or 8.6%, set to take effect on June 11, 2021. A temporary rate increase may be collected from Black Hills customers and is subject to refund, with interest, if the temporary rates collected are higher than final rates approved by the IUB, or if the IUB determines the temporary rates were not based on previously established regulatory principles. Temporary rates will be in effect until the IUB makes a final decision in this case. The Board's July 1, 2021 order acknowledged that a temporary rate increase went into effect on June 11, 2021, and is subject to refund if the final rate increase approved by the IUB is less than what is collected from the temporary rate.

Q5: When did Black Hills last increase its rates?

A5: In 2011. Black Hills' last general rate increase, Docket No. RPU-2010-0002, was approved by the IUB on February 10, 2011 when the IUB issued an order that approved a \$3.4 million (or 2.1 percent) general rate increase, based upon a unanimous settlement on January 11, 2011.

Q6: What happens next?

A6: The IUB's [May 14, 2021 order](#) includes dates, times, and locations for seven consumer comment meetings and one virtual consumer comment meeting. At these meetings, Black Hills' customers can ask questions of Black Hills, the IUB, or the Office of the Consumer Advocate (OCA).

The July 1, 2021 order identifies that a scheduling conference in Docket No. RPU-2021-0002 shall be held July 20, 2021, at the conclusion of the Board's regular monthly public meeting, which starts at 9 a.m. The scheduling conference will also be available via webinar. Details about how to access information presented at the customer comment meetings will be available on the [IUB's online hearing and meeting calendar](#).

The IUB will then schedule a public hearing to receive evidence and testimony regarding the proposed increase in rates. The IUB will ultimately decide whether Black Hills' proposal will result in rates that are

reasonable and just or whether Black Hills' proposal must be modified such that the resulting rates will be reasonable and just.

Q7: When will the IUB issue its decision on Black Hills' proposed rate increase?

A7: Iowa Code §§ 476.6(9)(a) and 476.33(1) require the IUB to issue its final decision before April 1, 2022.

Q8: How can I participate in the docket or submit comments or objections to Black Hills' proposed increase?

A8: Customers may file comments objecting to the proposed increase or informing the IUB of any facts that would assist in determining just and reasonable rates. You can email comments or objections to customer@iub.iowa.gov. Be sure to reference the docket number for this case, RPU-2021-0002, in your email. You may also use the [Open Docket Comment Form](#) and select the docket name for this case. All comments are filed in the docket and are made part of the public record. The information is also made available to the Office of Consumer Advocate, which represents the public interest in rate cases before the IUB. Comments or objections are not individually addressed or responded to by the IUB, but they are reviewed and considered as the IUB makes its decision in the case. You may also submit verbal comments at consumer comment meetings. (See Q9 below.)

Q9: When can I deliver comments verbally?

A9: The in-person and virtual consumer comment meetings for customers to ask questions of Black Hills, the IUB, or OCA are scheduled as follows; customers received notice from Black Hills via a postal mailing:

In-person consumer comment meetings:

- Council Bluffs – 1:30 p.m. September 14, 2021, at the Council Bluffs Public Library, 400 Willow St.
- Newton – 1:30 p.m. September 21, 2021, at DMACC Newton Campus, 600 N. Second Ave.
- Ogden – 6:30 p.m. September 21, 2021, at the Leonard Good Community Center, 114 S.W. Eighth St.
- Lake Mills – 6 p.m. September 28, 2021, at Lake Mills Civic Center, 227 W. Main St.
- Decorah – 5:30 p.m. September 29, 2021, at the Hotel Winneshiek, 104 E. Water St.
- Dubuque – 5 p.m. September 30, 2021, at the Dubuque Carnegie-Stout Library, Aigler Auditorium, 360 W. 11th St.
- Spencer – 5:30 p.m. October 7, 2021, at the Clay County Event Center, 800 W. 18th St.

Virtual consumer comment meeting:

- 11:30 a.m. October 12, 2021 – Details about how to register and participate online or access information presented at the customer comment meetings will be available on the [IUB's online hearing and meeting calendar](#).

Q10: Will there be COVID-19 (coronavirus) restrictions in place at the consumer comment meetings?

A10: The IUB is following federal, state, and local guidance. As such, no COVID-19 restrictions will be in place at the consumer comment meetings.

Q11: How can I find the materials submitted to the IUB for the rate case?

A12: Public access to documents filed in this case are available in the [electronic filing system](#) (EFS) by searching under Docket No. RPU-2021-0002. Paper copies are also available (a fee may apply).

Q12: I have a complaint unrelated to the rate case regarding Black Hills; how can I have that addressed?

A12: If you contacted your utility company and have tried unsuccessfully to resolve the matter, contact IUB Customer Service staff and request assistance. Call the IUB at 877-565-4450, fill out an [Online Complaint form](#), or email customer@iub.iowa.gov. The IUB is open from 8 a.m. to 4:30 p.m. Monday through Friday.