

Bond Case Briefs

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PUBLIC UTILITIES - SOUTH DAKOTA

In re Black Hills Power, Inc.

Supreme Court of South Dakota - December 14, 2016 - N.W.2d - 2016 WL 7245331 - 2016 S.D. 92

Intervenors appealed Public Utility Commission's approval of amended stipulation for rate increase for electricity provider.

The Circuit Court affirmed. Intervenor appealed.

The Supreme Court of South Dakota held that:

- Provider was entitled to file adjustments to its cost analysis after its initial application;
- Commission did not act arbitrarily or capriciously in considering five-year period of pension normalization without considering sixth year; and
- Evidence supported Commission's decision to consider provider's incentive-compensation plan.

Under rule requiring analysis of system costs for test year prior to approval of rate increase, electricity provider was entitled to file adjustments to its cost analysis after its initial application for rate increase.

In considering electricity provider's application for rate increase, Public Utility Commission did not act arbitrarily or capriciously in considering five-year period of pension normalization without considering sixth year. There was no indication that Commission's acceptance of five-year normalization was in any way based on personal, selfish, or fraudulent motives or that information was in any way false.

Evidence supported decision of Public Utility Commission to consider electricity provider's incentive-compensation plan in cost analysis when considering application for rate increase. Significant amount of plan concerned employee safety and other nonfinancial goals, such as retaining key employees.