



NEWS & INFORMATION

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IUB allows Black Hills Energy an annual revenue increase for natural gas service

The Iowa Utilities Board (IUB) today allowed Black Hills Energy (f/k/a Aquila) an annual revenue increase of about \$10.39 million (5.87 percent) for its natural gas service distribution in Iowa.

The IUB approved the increase as part of a settlement agreement, negotiated by Black Hills Energy and the Office of Consumer Advocate, which did not include an automatic mechanism for the utility to recover certain capital expenses in the future. The Board had rejected an earlier settlement in this rate case that included the recovery mechanism.

Black Hills' monthly customer charges will continue to be \$15.60 for residential and \$23.60 for non-residential customers as they have been under temporary rates since June 13, 2008. Residential customer charges were \$10.56 and non-residential charges were \$15.68 before Black Hills filed its rate increase request in this case.

The general rate increase applies only to the portion of natural gas bills that the IUB regulates, which accounts for about 30 percent of Iowa residential bill costs. The remaining 70 percent of the typical bill is the cost of the actual natural gas used and the pipeline charges to bring it to Iowa. The IUB does not regulate those costs.

Background Information

On June 2, 2008, Black Hills filed a request for a permanent annual revenue increase of approximately \$13.56 million (7.6 percent). In addition to the general rate increase request, Black Hills had requested a three-year pilot program, called a Capital Additions Tracker, to recover capital costs of infrastructure improvements.

The June 2008 temporary increase of about 5.3 percent (\$9.38 million annual revenue increase) was permitted by Iowa law and did not require pre-approval from the IUB. The permanent rate increase approved in the second settlement includes (is not in addition to) this temporary rate increase.

The Board order issued in this case, identified as Docket No. RPU-2008-0003, is available on the IUB Electronic Filing System Web site, <https://efs.iowa.gov>.

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