

**STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES DIVISION**

**FILED WITH  
Executive Secretary  
November 03, 2014  
IOWA UTILITIES BOARD**

**BEFORE THE UTILITIES BOARD**

<b>IN RE:</b>  <b>INQUIRY INTO BILL PAYMENT AGREEMENTS FOR ELECTRIC AND NATURAL GAS SERVICE</b>	<b>DOCKET NO. NOI-2014-0003</b>
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**ADDITIONAL COMMENTS OF**

**BLACK HILLS/IOWA GAS UTILITY COMPANY, LLC d/b/a BLACK HILLS ENERGY**

COMES NOW, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy ("BHE" or "Company") in response to the Order Addressing Responses to Payment Agreement Inquiry and Establishing Date for Responses filed by the Iowa Utilities Board ("Board") on August 6, 2014, and states the following:

1. The goal of payment agreements should be to increase the probability of collections while ensuring that service is available to all customers based on equitable terms and conditions. BHE strongly believes that the existing Board rules applicable to payment agreements are adequate and increase the probability of collection; therefore, do not require any modification.
2. BHE also would like to share Company statistical information centered around payment arrangements for the time period of 2011 and 2012 for its Iowa gas customers supporting that existing Board rules are adequate:
  - BHE monitors success of payment agreements by tracking the number of agreements broken and fulfilled in four (4) categories: 1) Customer Choice – 60 Day, multiple payments, 2) Monthly installment arrangements – less than 12

months, 3) Monthly installment arrangements – 12 months, and 4) Monthly installment arrangements – more than 12 months.

- Company statistics are as follows:

<b>2011 and 2012 IA Payment Arrangements</b>	<b>Total Arrangements</b>	<b># Broken</b>	<b># Fulfilled</b>	<b>Success %</b>
<b>Customer Choice - 60 Day, multiple payments</b>	27,641	6,168	21,473	77.69%
<b>Monthly Installment Arrangements - Less than 12 months</b>	354	277	77	21.75%
<b>Monthly Installment Arrangements - 12 months</b>	9,473	8,626	847	8.94%
<b>Monthly Installment Arrangements - More than 12 months</b>	1,004	866	138	13.75%

- To be included in the above data, payment arrangements need to be over twelve (12) months old. Payment arrangements from the prior winter when high gas prices occurred are not available yet.
  - The above data concludes that the longer the payment arrangement term, the lower the probability that the payment arrangement will be fulfilled.
  - BHE believes that longer term payment arrangements hurt our customers by spreading payment terms over a long period, creating long term pressure, resulting in higher percentage of defaults.
  - The statistical information presented above provides evidence that the Company's existing approach to payment arrangement is working and restricting the option of short-term arrangements or spreading payment agreement over a longer term would not be in the best interest of BHE or its customers.
3. BHE believes that budget billing is not a solution because customers who fail to complete established payment agreement terms are not eligible for budget billing.

4. BHE expresses concern that expanding the use of long term payment arrangements will drive up the uncollectible expense without providing assistance to customers most in need.
5. BHE believes that other forms of aid are appropriate for low income customers, and that payment agreement terms should not be extended, forcing all ratepayers to subsidize non-low income customers in cold winters.

Respectfully submitted,

*/s/ Jason S. Keil*

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