
From: PUC

Sent: Monday, June 30, 2014 3:16 PM

Subject: FW: Xcel Energy Proposed Rate Hike

Mr. Steele:

You mentioned the aircraft expense with regard to Xcel Energy's rate increase request filed on June 23, 2014. Since this case was just filed, the commission has a great deal of investigation ahead on this docket, EL14-058. However, you may wish to read some of the key documents in the prior Xcel rate case, EL12-046. Here is a link to that docket:

<http://www.puc.sd.gov/Dockets/Electric/2012/el12-046.aspx>

Here is a link to the commission staff's memorandum on the settlement stipulation which may interest you:

<http://www.puc.sd.gov/commission/dockets/electric/2012/EL12-046/memo/memo.pdf>

And here are letters from Xcel regarding the commission staff's and commissioners' questions regarding aircraft expense in that case: <http://www.puc.sd.gov/commission/dockets/electric/2012/EL12-046/ltr040513.pdf>

and <http://www.puc.sd.gov/commission/dockets/electric/2012/EL12-046/ltr040513b.pdf>

As you will see, Xcel's aircraft expense allowed by the commission to be passed along to South Dakota ratepayers in that case totaled approximately \$58,000.

Gary Hanson, Chairperson

South Dakota Public Utilities Commission

www.puc.sd.gov

As you wrote, Xcel Energy filed a rate increase application before the commission on June 29, 2012, and the final rates as a result of this case were implemented on May 1, 2013. Interim rates went into effect on January 1, 2013, in accordance with state law, subject to refund. The overall increase for customers was approximately 9.06 percent, as opposed to the 11.53 percent the utility requested. As part of the decision on this docket, Xcel agreed to comply with the commission's requirement to not file any application for rate increase in base rates to go into effect before Jan. 1, 2015. The utility's current rate request is proposed to begin on that date, two years after interim rates were effective in 2013.

Commissioners and staff will be reviewing this case during the next few months and this investigation can take up to a year. Each commissioner and the commission staff, along with any expert consultants utilized by staff analysts and the staff attorney, will separately analyze all filings in the case, asking for more data from the utility beyond the initial information in Xcel's application. These responses from the utility will also be carefully analyzed.

The commission cannot simply deny this requested increase since state law requires that the PUC thoroughly investigate and process the case. We will do this as we do with other rate cases and all dockets that come before the commission as governed by federal and state laws. Here is the page on our web site linking to this docket, EL14-058, and I encourage you to follow along as the case is processed so you can become familiar with the issues in the case:

<http://www.puc.sd.gov/Dockets/Electric/2014/default.aspx> Your comment and my response will be filed under Comments and Responses so all parties to this open docket can review these.

I understand the difficulty of dealing with increased costs. That is a challenge for all of us as consumers of goods and services. My fellow commissioners and I have relayed many times in recent years that increased federal mandates such as those in the news daily regarding the EPA and other issues, result in costs which are passed along to South Dakotans via our electricity and other bills. Here is a link to a release the commission issued on the previous Xcel rate case:

<http://www.puc.sd.gov/News/2013/041213.aspx>

and here is a link to a document explaining the commission's processing of rate increase requests:

<http://www.puc.sd.gov/commission/Publication/electricratecasehandout.pdf>

Gary Hanson, Chairperson
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