



# Southeastern Electric Cooperative, Inc.

PO Box 388 • 501 South Broadway Avenue • Marion, SD 57043-0388  
Telephone: 605-648-3619 • Facsimile: 605-648-3778 • E-mail [scc@southeasternelectric.com](mailto:scc@southeasternelectric.com)

Alcester Office  
PO Box 105  
605 SD Highway 11  
Alcester, SD 57001-0105  
Telephone: 605-934-1961  
Facsimile: 605-934-1964  
Toll-Free in SD: 1-800-333-2859

February 17, 2012

Gary Hanson, Commissioner  
SD Public Utilities Commission  
Pierre, South Dakota 57501

Commissioner Hanson,

Thank you for your request for information through the South Dakota Public Utilities Commission (SDPUC) General Counsel, John Smith dated February 16, 2012. I have included this letter with my email back to SDPUC Administrative Assistant, Joy Irving along with the following items:

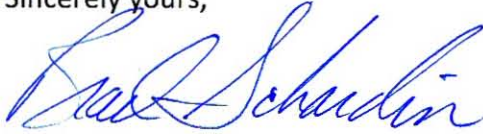
1. **Attachment #1** - The September 7, 2011 verbal Compromise Offer given to Mr. James Wilcox from Xcel Energy. This document was formalized and sent to Mr. Wilcox in this format prior to the Xcel Energy complaint being filed with the SDPUC.
2. **Attachment #2** – My explanation of Southeastern Electric Cooperative, Inc., (Southeastern) Compromise Offer to Xcel Energy based on our interpretation of SDPUC EL09-021. Mr. Tim Chance and I firmly believe that SDPUC Docket EL09-021 did reestablish and change the territorial boundaries in Section 12 and also in Section 7.

I believe that the Southeastern Compromise Offer is a reasonable offer. It allows Xcel Energy the ability to extend their facilities beyond the point they are currently serving southward to East Tree Top Street. This will add to Xcel's service territory as per Southeastern's interpretation of the line drawn by SDPUC EL09-021 shown in green on Attachment #2. Xcel Energy would pick up an additional 58 residential accounts in the blue shaded area as noted on Attachment #1. Obviously, that impacts Southeastern in relation to the loss of future members for which the system was designed to serve based on our 2007 to 2011 Construction Work Plan. Southeastern's Compromise Offer will clearly define the boundary line along the established streets of South Westwind Avenue (frontage lots from East Buckingham Street south), East Tree Top Street and east of Woodsedge Trail. Attachment #1 notes that Southeastern would go from serving 127 residential members in this area down to 69 residential members as construction expands southward. Those 69 residential members will make sufficient use of our existing facilities although not complete use of the line's capacity as was designed by our engineers and employees.

The most obvious impact or "con" with Southeastern's Compromise Offer is that our existing three phase lines were developed to serve the additional 58 residential members in the blue shaded area. That will, if accepted by Xcel Energy or established by the SDPUC, become accounts for Xcel Energy and a loss of future revenue for Southeastern to help pay for the facilities we have in place. As the Manager of Southeastern I felt my offer was a reasonable compromise for Mr. Wilcox to consider when we met at the Whispering Woods development back on September 7, 2011.

I am sure that this material may raise more questions for you or the SDPUC Staff and I would be more than willing to devote any time necessary to visit with you at your earliest convenience. I look forward to seeing Xcel Energy's proposal and commenting on it.

Sincerely yours,



Bradley J. Schardin  
General Manager