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**From:** PUC  
**Sent:** Monday, October 06, 2014 4:21 PM  
**To:** [REDACTED]  
**Subject:** XCEL RATE CASE, EL14-58

Mr. Enga:

Thank you for submitting your comments regarding the Xcel Energy rate increase application currently before the commission.

You reference your concern with recovering your solar installation costs with Xcel's payment rates. The rates Xcel pays to small qualifying facility customers such as you are revised outside of a general rate case. The last docket revising these rates was filed in 2013, resulting in the changes you noticed on your December 2013 bill. Here is a link to that docket, EL13-030: <http://www.puc.sd.gov/Dockets/Electric/2013/EL13-030.aspx>

The rates paid to small qualifying facility customers in South Dakota are based on the utility's avoided cost. You mention that in Minnesota, Xcel has given tens of millions of dollars in direct subsidies to help individuals pay for their initial solar installation costs and their rates make it possible to recover the cost of the solar installations. Xcel's other MN customers, who do not have solar systems, must pick up the tab for the subsidies paid to individuals with solar systems. In South Dakota, we strive to make rates fair for all customers and reduce subsidies that must be paid for by other customers.

Keep in mind that the commissioners are charged with making a just and reasonable decision on all rate cases. That decision must be fair for the public we serve and that includes all Xcel Energy customers in South Dakota – those with their own energy installations as well as those who do not – and ensuring customers have a safe, reliable utility to serve them.

You mention that another rate increase so soon is not reasonable. Yes, it is frustrating that another docket for a rate increase was filed relatively close to the previous rate request. Xcel's prior rate increase application was filed June 29, 2012 and the utility requested a 11.53 percent increase. The commission processed that case and authorized a 9.06 percent increase effective May 1, 2013. Interim rates were effective Jan. 1, 2013, and the overage that Xcel charged in the interim was refunded. Xcel relayed their need to file another rate case when their last case was processed during calendar years 2012 and 2013. As part of the decision on the docket, the commission required Xcel not to file any application for a rate increase in base rates effective 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 the previous case.

You urge the PUC to reject the current rate increase proposal. When a utility files a rate case with the commission, we are obligated by law to thoroughly process the case. We cannot simply reject it outright since we are required to investigate it and make a just and reasonable decision. The processing of such a case can take almost a year to complete. Each commissioner, the commission's staff and expert consultants hired by staff will review the entire case – also referred to as a docket – separately, along with any intervenors in the case. We will request and review additional data and information from the utility before a decision is rendered.

It is important to understand the reasons Xcel cited in their application when filing this case, including investments in plant infrastructure and compliance with federal mandates. Here is a link to Xcel's rate case docket, EL14-058, with the complete application: <http://www.puc.sd.gov/Dockets/Electric/2014/el14-058.aspx> Here is a link to the prior Xcel rate case, EL12-046, to reference that application: <http://www.puc.sd.gov/Dockets/Electric/2012/el12-046.aspx>

The commission is currently processing a Black Hills Power electric rate case, a MidAmerican electric rate case, and a MidAmerican natural gas rate case. These same needs have been stated as causes for those cases also.

In 2010 we began receiving numerous rate dockets from natural gas and electric utilities. Mandates from the federal Environmental Protection Agency continue to place greater costs on utilities, such as \$400 million-plus on the Big Stone power plant alone, and in several cases have forced the closure of power plants. We are seeing the effects of legislative requirements and EPA regulations on utility rates throughout the country. Utilities are also replacing aging power plants and infrastructure. These cost-causers affect all of our lives.

My fellow commissioners and I are consumers too. We have family of several generations who are affected by utility costs and we understand how rate increases affect all of us. We have a strong desire to keep rates down and to protect the citizens against increases. None of us want to raise rates. In fact, we hate to agree to any rate increase.

Given your interest, I encourage you to follow along as the case is processed. Your message and my response will be filed under Comments and Responses in this docket. 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>

Thank you again for sharing your concerns. I will always work to keep utility costs as low and affordable and reasonable as possible.

Gary Hanson, Chairperson  
South Dakota Public Utilities Commission  
[www.puc.sd.gov](http://www.puc.sd.gov)