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*South Dakota*

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NG13-006

- 1-1) Please explain the basis for the calculation of the fuel adder of \$0.052.

When projecting forward for rate calculations, it is our opinion, that going 5 years into the future is the most credible data. Anything past 5 years is not actively traded enough to give comfort in relying on that price. As far as the fuel rate, we could have simply used the current fuel number of 1.20%, but decided to include at least one more year in the average to give more substance to the fuel rate calculation. Since we are projecting forward to build a rate, we did not want to reach too far back into history, but wanted to use the most current information available.

- 1-2) What is the basis for the allocation of A&G expenses?

Based on system wide historical information, A&G is calculated on a cost per foot basis. In a rate case, A&G would be allocated to all customers, including this customer. By including A&G in the rate, it accurately allocates A&G to all customers, and also ensures this rate covers all costs to serve this customer.

- 1-3) Please explain the basis for the annual usage forecast of 610,000 DKT.

The last three year average usage was 640,000 dkt. The annual usage forecast of 610,000 dkt represents a slight discount to that number. Within the model, we conservatively used 610,000 dkt instead of 640,000 dkt

- 1-4) On the Confidential attachment, page 1, section 3. Rates, part D. it states "All other charges and adjustments in the Tariff shall apply." If a rate case is filed prior to the deadline of this CWD, and A&G allocations are revised, will A&G allocations be adjusted in this contract or who will take on any increased burden from increased/decrease in A&G costs?

The rate specified in the contract will not change for 10 years. The rate was developed using a 3% inflation factor for both O&M and A&G to account for annual cost increases.