

LAW OFFICES
MAY, ADAM, GERDES & THOMPSON LLP
503 SOUTH PIERRE STREET
P.O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

ROBERT B. ANDERSON
TIMOTHY M. ENGEL
MICHAEL F. SHAW
BRETT KOENECKE
CHRISTINA L. KLINGER
JUSTIN L. BELL
DOUGLAS A. ABRAHAM
KARA C. SEMMLER

SINCE 1881
www.magt.com

OF COUNSEL
DAVID A. GERDES
CHARLES M. THOMPSON
GLENN W. MARTENS 1881-1963
KARL GOLDSMITH 1885-1966
BRENT A. WILBUR 1949-2006
TELEPHONE
605 224-8803
TELECOPIER
605 224-6289

December 3, 2013

Writer's E-mail: brett@magt.com

Patty Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

**RE: In the Matter of the Consideration of Standards to Govern Avoided Cost
Determinations, RM-002
Our File: 0044**

Dear Ms. Van Gerpen:

On October 16, the Commission issued an Order to proceed and request comments from interested persons on standards to govern avoided cost determinations. On behalf of the South Dakota Electric Utility Companies, we offer these comments.

The commission asked whether rules should be promulgated at this time. We think the answer is yes, some. While Qualifying Facility determinations under PURPA have been few and far between in this state, that fact alone appears to have pushed all of us to this place where no rules exist on the topic. We noted in the last proceeding that it appeared that rules were being made up as the process worked out and perhaps to the detriment of all. We think customers and companies would have more predictable results and thus be better served if some rules were in place.

That said, we do not expect that the commission could make perfect rules to govern all circumstances. We do think however that the commission should consider making rules which require the consideration of existing renewable facilities already in a company's portfolio, and how much of a load should be served by renewable energy. We also think that the commission might do well to consider rules which govern the methodology for determining avoided costs which include the transmission and distribution costs as well as the generation costs. Finally it seems as though the commission should consider some rules which protect the customers from an ultimate action which might cost them significant amounts of money in return for decreased reliability. Avoided cost determinations which result in profits for developers should not be necessarily be built at customer expense. Said another way, the best course of action for our customers and companies may not coincide with the interest of developers, without regard to margins on the company's avoided costs.

Please if you would, put both Steve Willard, of the SDEUC and myself on the service list for this docket. Steve's contact info is 106 W Capitol Ave. Pierre SD 57501. My contact info is as listed above.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE

BK/sjs

Cc: Service List