



December 3, 2013

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Jim Wilcox, Principal Manager
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Re: Docket Number RM13-002 - In the Matter of the Consideration of Standards to Govern Avoided Cost Determinations

Dear Ms. Van Gerpen:

Xcel Energy appreciates this opportunity to offer the following comments regarding a prospective rule making regarding the development of standards around the determination of avoided cost.

The commission staff has identified six possible issues that may be addressed in a rulemaking docket:

- 1) Requirements for the creation of a Legally Enforceable Obligation (LEO);
- 2) Acceptable methodology or methodologies for determination of avoided cost;
- 3) Appropriateness of particular methods in specified circumstances;
- 4) Appropriate contract term;
- 5) Standards for determination of when capacity credits shall be allowed; and
- 6) The appropriate method(s) for computing the magnitude and duration of such credits

Xcel Energy supports the opening of a rulemaking process and we believe that issue numbers 1, 5 and 6 referenced represent policy considerations for which having prescribed rules would be beneficial for all stakeholders.

Contrary, Xcel Energy believes that none of the remaining issues identified by Staff (Nos. 2, 3 and 4) lend themselves to one-size-fits-all solutions, and therefore addressing these particular considerations should be left to the discretion of the commission on a case by case basis.

After reviewing the initial reply comments in this preliminary inquiry, should the Commission decide to move forward and open a formal rulemaking docket, Xcel Energy would intend to then provide more detailed comments on the various areas the commission determines appropriate in the rulemaking.

The Company looks forward to participating in this proceeding.

If anyone has any questions, please call me at 339-8350

Sincerely,

A handwritten signature in black ink, appearing to read 'J Wilcox', written in a cursive style.

Jim Wilcox