



Steve Kolbeck, Chair
Gary Hanson, Vice Chair
Chris Nelson, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

500 East Capitol Avenue
Pierre, South Dakota 57501-5070
www.puc.sd.gov

Capitol Office
(605) 773-3201
1-866-757-6031 fax

Warehouse
(605) 773-5280
(605) 773-3225 fax

Consumer Hotline
1-800-332-1782

June 21, 2011

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

**Re: EL11-011 - In the Matter of the Joint Request for an Electric Service Rights
Exception between Xcel Energy, Inc. and Central Electric Cooperative, Inc.**

Dear Ms. Van Gerpen:

On May 23, 2011, Xcel Energy (Xcel) and Central Electric Cooperative (Central) jointly filed a request for Commission approval of an electric service territory exception. In an agreement dated May 4, 2011, Xcel and Central (jointly the Parties) agreed to have Xcel provide service for two customers located within the service territory of Central near the town of Howard in Miner County, South Dakota.

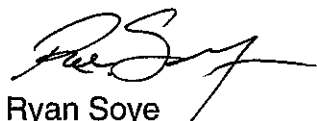
Upon review of the filing, Staff recommends the Commission approve the request for territorial exception pursuant to the agreement of the Parties.

According to 49-34A-55, electric utilities may exchange electric distribution service rights by mutual agreement, if approved by the Commission. Commission approval of exchange agreements is to be based on the public interest. The factors to consider include; (i) the elimination or avoidance of unnecessary duplication of facilities, (ii) providing adequate electric service to all areas and customers affected, and (iii) the promotion of the efficient and economical use and development of the electric systems of the contracting electric utilities.

Staff finds approval of the exception satisfies the requirements of SDCL 49-34A-55. The exception will avoid the addition of several miles of three-phase power infrastructure by Central, it will allow customers to receive necessary services, and will result in substantial monetary savings to the requesting customer and Central.

As indicated in the agreement, this request for exception does not attempt to permanently change the established service territories of the Parties. The exception applies only to the services currently existing at the identified locations. Any future changes in service rights would require review and possible renegotiation of the agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Soye", written in a cursive style.

Ryan Soye
Staff Attorney