



Gary Hanson, Chairperson
Chris Nelson, Vice Chairperson
Kristie Fiegen, Commissioner

South Dakota

PUBLIC UTILITIES COMMISSION

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July 3, 2014

Marv Rozeboom
[REDACTED]

Dear Mr. Rozeboom:

This is in response to your letter to the commission regarding Xcel Energy's application to increase rates.

When a utility files a rate case with the commission, we are obligated by law to thoroughly process the case. We cannot simply say no and reject it outright as we are required to investigate it and make a just and reasonable decision. This process can take almost a year to complete. Each commissioner, the commission's staff and expert consultants hired by staff review the entire 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. All discussion involving commissioners on the case must be in public or available to the public. Enclosed is a document which helps explain the rate case process.

My fellow commissioners and I are consumers too, and we understand how rate increases affect all of us. None of us want to raise rates. In fact, we hate to agree to any rate increase.

It is important to understand the reasons Xcel cited when filing this case, including investments in plant infrastructure and compliance with federal mandates. The commission is currently processing a Black Hills Power rate case and these needs have been stated as cause for that case also. Xcel relayed their need to file another rate case when their last case was processed during 2012 and 2013. The commissioners referenced this and the utility ultimately agreed to hold off on filing the case longer than planned.

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. It is important that we pay attention to these cost-causers since they affect all of our lives.

Since this is an open case, your comment and my response will be filed in this docket. You can follow the docket at www.puc.sd.gov by clicking on Commission Actions, Commission Dockets, Electric Dockets, 2014 Electric Dockets, and scrolling down to EL14-058.

Thank you for taking the time to write and share your concerns. I appreciate hearing from consumers like you. I will always work to keep utility costs as low and affordable and reasonable as possible.

Sincerely,

Gary Hanson
Gary Hanson