

**From:** PUC

**Sent:** Tuesday, August 13, 2019 2:44 PM

**To:** [REDACTED]

**Subject:** EL19-028, EL18-038

Mr. Anderson,

This is in response to your email to Commissioner Chris Nelson on Aug. 11, with questions and comments regarding Public Utilities Commission dockets EL19-028 and EL18-038.

You asked if Black Hills Energy has a valid precedent to bring a request to the commission for deferred accounting treatment regarding the South Dakota Sun projects' transaction and development costs for EL19-028. The commission has approved utility requests for deferred accounting treatment in the past. However, this is the first time the commission has been asked to rule on deferred accounting treatment for a solar project transaction such as this. Therefore, you are correct that we cannot answer your question at this time. The PUC staff analysts and attorney working on the docket will conduct discovery and analyze responses to form positions on the docket. Following analysis, staff will present findings and recommendations for the commissioners' consideration and decisions.

The calculations of avoided costs become complicated, as you noted with your review of docket EL18-038. Some inputs to the models used to calculate the avoided costs are proprietary, although the commission strives to make as much information available to the public as possible. You are correct that there is disparity in the calculations of avoided costs proposed by BHE and Energy of Utah. PUC staff has filed testimony explaining its views. The commissioners will consider the evidence presented for the docket and conduct a hearing before making decisions on the appropriate avoided cost for this particular PURPA project.

This response will be posted in these two open dockets for commissioners' and other parties' review. We encourage you to follow these dockets as they continue to be processed. Please contact the PUC by emailing [PUC@state.sd.us](mailto:PUC@state.sd.us) if you have additional comments or questions.

South Dakota Public Utilities Commission Staff

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