

**From:** Dennis Aanenson [REDACTED]  
**Sent:** Tuesday, March 7, 2023 10:27 AM  
**To:** Fiegen, Kristie  
**Subject:** [EXT] Response to PUC's statement regarding my inquiry

Kristie,

Please see highlighted portions below as my response to the meek statements that PUC offered in response to my inquiry.

It is very disturbing to SD consumers you are not protecting them.

Dennis

*We have sent a letter to all South Dakota legislators regarding your performance or lack thereof with protecting the Xcel Energy customers of South Dakota. I find it intriguing that your organization requires six months to perform a simple investigation and then can extend it six more months to make a decision on whether or not Xcel Energy can raise their rates. You claim that you don't have enough staff to cover everything, but how much extra staff do you need?*

**It has more than a decade since an electric rate case was processed by the Public Utilities Commission before the six-month interim rate became effective. There are four PUC analysts and one attorney working on the current Xcel rate case docket in addition to their work analyzing and processing other electric, natural gas, and telecommunications dockets. Each member of the staff team takes their responsibilities seriously. They work independently from commissioners investigating the issues of the case, contracting with and directing the work of expert witnesses as needed, and asking further questions of the utility company via discovery, as they build a solid case. Discovery means that additional questions, often data-related, are being asked by staff of the utility, beyond what has been provided in the initial rate case filing.**

**You are adding a qualifier to the question that was not present, clearly in order to obfuscate the intention of your words. How many more staff would you require in order to complete the investigation in 6 months? Why hasn't there been efforts made to expedite this manner when the financial stakes to the consumer are so high?**

**At this point for the EL22-017 docket, staff has sent more than 10 rounds of discovery. Typically the utility is granted 10 business days in which to assemble and provide its answers. Once a discovery round is answered, it usually tees up other questions, and thus additional rounds of discovery. The staff team strives to produce accurate analyses, ensuring that their proposed disallowance of specific company costs will hold up in court in the event of an appeal. It would be a disservice to ratepayers of a regulated utility if the staff team rushed through complex rate cases such as the current Xcel Energy case in less than six months, just to avoid interim rates going into effect. As you know, interim rates are subject to refund with interest depending on the commissioners' final decision on a case.**

**That discovery period is a little over three months, assuming 10 business days for each round. That leaves more than 10 weeks outside of discovery alone to conduct an investigation. Again, with the most elementary understanding of how any of these technologies work, coupled with Xcel's rather disturbing public statements, is all the investigation anyone should need to determine that their proposed rate hikes are not only immoral, they are objectively unintelligent nonsense.**

*I would like to have a breakdown of your budget in detail, WITHOUT sending me to a website that portrays vague information that raises even more questions.*

Please see the attached FY22 PUC Financial Report. For comparison to prior years and further information, see this report included in the PUC's [annual reports](#) posted online.

Something that stands out in this report is the more than 30% increase (31.3% to be precise) to the pipeline safety budget? And increase of nearly 100,000 to this budget in one year seems very odd, especially considering the Keystone XL pipeline construction was stopped, and there only shows 2 proposed new pipelines for the entire state in all of 2022. What specifically necessitates such a significant increase to that particular budget?

*Maybe someone can explain how "economic development" is a factor when making decisions in your organization – again, an extremely broad and vague topic that can be expanded with a long-winded answers that make no sense to serious questions from consumers.*

Economic development dockets are filed annually by the utility companies that chose to have and submit an economic development plan. Investments to support programs or groups designed to boost the economic development of a utility's town/group/area are considered for inclusion in such filed plans. If a group or expense is deemed not to be related to economic development, commissioners or PUC staff working on the docket will request that it is removed. If, as a result of this, the company underspends in a given year, they would need to invest additional funds during the following plan's year. The companies are aware of this and typically strive to ensure costs are justifiably economic development-related when seeking approval of annual plans and reporting on plan expenses.

What are some of the criteria for ensuring a cost is justified as economic development-related? Is there some sort of metric you use to determine this? If not, who is responsible on making the decision that a certain item is or is not "economic development-related"?

Is investing in ineffective and unreliable solar/wind energy considered for inclusion in filed "economic development" plans? If so, what (unjustifiable) possible reason could that be?

*How can economic development possibly be done when raising the rates 18%? How does this benefit consumers? Let me answer that for you – it doesn't.*

Of Xcel's requested revenue requirement, the \$50,000 for economic development accounts for .017% of the total revenue requirement. A staff analyst reviews this during the rate case's processing to ensure all expenses above \$50,000 are removed from the revenue requirement, and thus, are paid by shareholders. The company is proposing to exclude – or pay with shareholder money – \$166,111 from the 2021 test year, according to the docket's work papers. The objective of economic development investment is to attract businesses to the state of South Dakota and specifically, to a utility's service territory. As more businesses move to that territory and are typically larger energy users, more usage is derived from the system, sharing utility infrastructure costs among more ratepayers for greater cost efficiency.

You are destroying the perceived incentive you hope to achieve, how does increasing the cost of energy, drive MORE business to the state? You blatantly are not answering this question, which is disturbing in and of itself. I would love an explanation on how an increase of nearly 1/5<sup>th</sup> to energy bills, benefits consumers (the most essential part of any economy) in any measurable, meaningful, or actual way?

*How does the Governor's hunt create "economic development" for Xcel Energy? Again, it doesn't, it just places more money into the pockets of the shareholders.*

In recent years, the Governor's Invitational Pheasant Hunt was moved from Pierre to the Sioux Falls area and branded as The South Dakota Showcase. Ratepayers in Xcel Energy's service territory benefit when these new businesses and larger utility users move to the area, as explained above. Funds to host this event help promote South Dakota as an attractive location for new and expanding businesses.

So, do you have any record, evidence, or even reference of people/businesses that moved to Sioux Falls precisely because the Governor's Hunt moved there? Since there seems to be so many, a brief list should be easy to procure.

*How are you looking out for the consumers by never declining a rate increase request?*

**By law, the commission cannot simply reject a rate request without fully reviewing and processing the case. The commission must balance the needs of the utility company to provide safe, reliable service in addition to the needs of its customers. SDCL 49-34A-2 states, "Every public utility shall furnish adequate, efficient, and reasonable service." SDCL 49-34A-6 states, "Every rate made, demanded or received by any public utility shall be just and reasonable. Every unjust or unreasonable rate shall be prohibited." SDCL 49-34A-8 is titled "Criteria for determination of rates by commission". This law states, "The commission, in the exercise of its power under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, economical, and reasonable service and to the need of the public utility for revenues sufficient to enable it to meet its total current cost of furnishing such service, including taxes and interest, and including adequate provision for depreciation of its utility property used and necessary in rendering service to the public, and to earn a fair and reasonable return upon the value of its property."**

**Therefore, the commission is obligated by law to review all documents and justification provided by a utility for such a docket to ensure the rates charged are just and reasonable to all parties, ratepayers and the utility. The commission must provide the utility with sufficient revenues it needs to furnish adequate, efficient, and reasonable service.**

**For example, when Xcel filed its prior rate increase request, docket EL14-058 filed on June 23, 2014, the company requested a rate increase of approximately \$15.6 million. After a thorough review of the docket, the commissioners voted on June 15, 2015 to allow Xcel an increase of \$6.922 million. The commission determined that it was not just and reasonable to allow the full requested increase, determining that Xcel's request warranted an increase at the lessor amount. The commissioners arrived at this decision by studying the full analysis done by staff and its expert witnesses, to ensure the utility could continue to provide adequate, efficient, and reasonable service. The same review process is done for every rate case filed with the commission, in order to ensure rates are just and reasonable for all parties.**

Since you bring up SDCL 49-34A-2, "Every public utility shall furnish adequate, efficient, and reasonable service." How exactly does solar/wind furnish adequate, efficient, or reasonable service? The expectation is to meet all three, wind/solar doesn't satisfy even one. The increased investment into ineffective so-called renewable resources and subsequent divestment from coal, seems to be the key driving factor at play in increasing rates. This alone should be enough for the board to IMMEDIATELY reject the proposed rate increase. It is ludicrous this is being considered, let alone require an extension to further investigate a matter that couldn't be more clear.

What exactly about wind/solar energy investments leading to an increase in rates, is just or reasonable to the consumer? Can you provide a rough breakdown on how long it takes a wind turbine to break even in terms of creating as much energy as went into creating it? How about solar panels? Is it common that EITHER of these methods, provide a net return of more energy produced in their life than the

amount of energy required to create/service them? By literally every available metric it is neither. Divesting from coal leads to a breakdown of adequate, efficient, and reasonable service.

*With the size of your budget, why did you not publicize or even send a mailer regarding the public hearing?*

**The commission sent out a press release in advance of the public input meeting held in Sioux Falls on Nov. 14, 2022, noticed the meeting on its website, and sent letters to all commenters in the docket prior to that date to make certain they were aware of the meeting. Despite this, only a handful of the dozens of commenters attended the meeting.**

When did they send out a press release? Can you point me to it? A monumental rate increase of this magnitude should warrant a larger announcement than even standard should it not? Is there any standard to which you stipulate in what manner energy companies alert the consumers of such a massive change to their rate?

Sent letters to "all commenters in the docket prior to that date (meaning Nov.14 2022 I presume?), is that normal procedure for such matters? Noticed it on your website, does this mean that you made an announcement on the website main page of the upcoming very important meaning, or simply silently updated the calendar?

*It seems that the public is allowed to give their feedback until we're blue in the face, yet to no avail. How many times have you turned down a rate increase from Xcel Energy?*

**As mentioned above, the commission is not allowed by law to arbitrarily deny a rate increase request. As outlined above, Xcel's prior rate case, docket EL14-058, requested a 8.0% increase and the commission granted 3.6%. Xcel's rate case prior to 2014 was filed in 2012, docket EL12-046, requesting an increase of 11.5% and the commission granted 6.9%. Xcel's rate case prior to this was filed in 2011, EL11-019, requesting an increase of 9.3% and the commission granted 5.1%.**

*The PUC have been signing off on these "economic developments" aka "dark money" for over ten years. How can you possibly consider approving this? We don't see any signed off receipts on your spending, even though you spent well over what the commission approved - according to one of your websites the public is always directed to.*

**Economic development costs are shared 50% by ratepayers and 50% by shareholders, and anything above the set limit you referenced is recovered from shareholders, not ratepayers. Thus, if Xcel invests \$200,000 in a given year for economic development, its ratepayers invest a maximum of \$50,000 of that expense.**

To imply these costs are shared 50/50 is intellectually dishonest and frankly, incredibly disrespectful. Increased rates, generally speaking, are met entirely by the consumer are they not? That is assuming that the rate increases are disconnected from necessity, and disproportionate with an increase of operating cost, which these rate hikes most certainly fit that criteria.

How exactly is it confirmed that ratepayers invest no more than their capped amount? What factors come into this determination? A clear and concise answer would be best, please.

*Most of your spending has nothing to do with economic development, where is the explanation of exactly what part(s) of the economy is actually developed by all of this spending?*

**The benefits that Xcel ratepayers see from the \$50,000 investment is encouraging new businesses to move to and current businesses to expand in Xcel's service territory, to the benefit of all Xcel**

ratepayers. As new customers move to or expand in Xcel's territory, the utility's fixed costs are spread out over greater usage and a larger customer base, benefitting all customers.

*Why is the PUC not charging the shareholders for economic development, but charging consumers?*

**Every utility that has as an economic development plan approved by this commission includes investment by shareholders. No economic development plan approved by this commission is charged solely to the ratepayers. These plans typically have a 50/50 split of investment from shareholders and ratepayers. The ratepayer portion of these plans always includes a cap. However, the shareholder portion of economic development expenses are not capped and the utility's shareholders may invest additional dollars on economic development activities, and often report that they do so.**

*The public deserves an explanation on why the PUC can approve and sign a ridiculous request when your job is to protect the rate payers, not the rate payees. Even if you were to reverse your approval decision on the increase and have Xcel give refunds to the public, plus interest (just like your website says), what interest? What is the interest rate? Again – vague.*

**The commission is still reviewing and processing the EL22-017 docket and has yet to make a decision on Xcel's proposed rate increase. In the event the commission approves of a rate increase that is lower than the implemented interim rates in effect today, Xcel's ratepayers will receive a refund plus interest for the balance. Historically, this interest rate has been 7%.**

**The extension in and of itself is extremely concerning. By every available metric to a layman, this investigation would only need to be brief, momentary, and deserves to be very quickly denied. I have great concern and am very unhappy with the actions (or lack thereof) your governmental agency is performing. The bar of expectations for government work is already very low, but you somehow managed to not even come close to that. I expect the follow up response will be much better.**

*I would like a response from you, in writing with all of these explanations that you owe us as we voted you in. I hope you keep in mind that there's an election coming real soon.*

*Regards,  
Dennis Aanenson*