

From: PUC  
Sent: Wednesday, February 1, 2023 2:45 PM  
To: [REDACTED]  
Subject: EL22-017

**Mr. Aanenson,**

**This is in response to your emails sent to each of the Public Utilities Commissioners regarding the Xcel Energy rate case currently being processed, as well as other issues. Given that this concerns an open docket, [EL22-017](#), the commissioners have requested that PUC staff respond to you.**

**Following are our responses to each of your questions or issues (*italicized below*).**

**Your email and this response will be posted under Comments and Responses in the EL22-017, docket.**

**South Dakota Public Utilities Commission Staff**  
**[PUC.sd.gov](http://PUC.sd.gov)**

*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.**

**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.**

*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.**

*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.**

*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.**

*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.**

*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.**

*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.**

*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.**

*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%.**

*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*

